



\$292,900,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
THE NEW YORK AND PRESBYTERIAN HOSPITAL
OBLIGATED GROUP REVENUE BONDS, SERIES 2023A

Dated: Date of Delivery

Due: August 1, as shown on inside cover

Payment and Security: The New York and Presbyterian Hospital Obligated Group Revenue Bonds, Series 2023A (the "Series 2023 Bonds") are special limited obligations of the Dormitory Authority of the State of New York ("DASNY") payable from and secured by a pledge of (i) the payments to be made under the Loan Agreement dated as of the date of issuance of the Series 2023 Bonds (the "Loan Agreement"), between DASNY and The New York and Presbyterian Hospital ("NYPH"); (ii) the funds and accounts (except the Arbitrage Rebate Fund) as applicable to the Series 2023 Bonds authorized under DASNY's The New York and Presbyterian Hospital Obligated Group Revenue Bond Resolution, adopted by DASNY on July 26, 2023 (the "General Resolution") and established under the Series Resolution 2023-1 Authorizing Up To \$400,000,000 The New York and Presbyterian Hospital Obligated Group Revenue Bonds adopted by DASNY on July 26, 2023 (the "Series 2023-1 Resolution" and, collectively with the General Resolution, the "Resolution"); and (iii) Obligation No. 5 ("Obligation No. 5"), issued to evidence and secure NYPH's obligations under the Loan Agreement by NYPH and any other future Members of the Obligated Group (as defined herein) pursuant to the Master Trust Indenture (as defined herein).

The Series 2023 Bonds are special limited obligations of DASNY payable solely from the Revenues. The Revenues include certain payments to be made by NYPH under the Loan Agreement or to be made by the Obligated Group on Obligation No. 5, all of which payments are pledged and assigned to TD Bank, N.A., as bond trustee (the "Bond Trustee"). NYPH's payment obligations under the Loan Agreement with respect to the Series 2023 Bonds are general obligations of NYPH evidenced and secured by Obligation No. 5 issued under the Master Trust Indenture. Obligation No. 5 constitutes the joint and several general obligation of NYPH and any other future Member of the Obligated Group. *The Series 2023 Bonds are not secured by a pledge of or lien on any revenue or other assets of NYPH or any other future Member of the Obligated Group nor has any mortgage on any property of NYPH or any other future Member of the Obligated Group been granted to secure the Series 2023 Bonds.*

NYPH is currently the sole Member of the Obligated Group under the Master Trust Indenture. NYPH is not restricted by the Master Trust Indenture from incurring additional indebtedness and may grant liens on its property subject to the limitations contained in the Master Trust Indenture. See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Outstanding Indebtedness" and "PART 6 – BONDHOLDERS' RISKS" herein.

The Series 2023 Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. DASNY has no taxing power.

Description: The Series 2023 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. Interest on the Series 2023 Bonds will be payable semiannually on each February 1 and August 1, commencing February 1, 2024. See "PART 3 – THE SERIES 2023 BONDS" herein.

The Series 2023 Bonds will be initially issued under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2023 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2023 Bonds, payments of the principal and redemption price of and interest on such Series 2023 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 – THE SERIES 2023 BONDS – Book-Entry Only System" herein.

Proposed Amendments and Deemed Consent: By purchasing the Series 2023 Bonds, the purchasers, Beneficial Owners and all subsequent holders thereof will be deemed to have consented to certain Proposed Springing Amendments (as defined herein) to the Master Trust Indenture, which shall only become effective, if ever, upon receipt of requisite consents, as described herein. See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Proposed Springing Amendments to the Master Trust Indenture; Deemed Consent" herein.

Redemption: The Series 2023 Bonds are subject to redemption and purchase in lieu of redemption prior to maturity, as more fully described herein.

Tax Matters: In the opinion of Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel to DASNY, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2023 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2023 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Co-Bond Counsel, under existing statutes, interest on the Series 2023 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "PART 10 – TAX MATTERS" herein regarding certain other considerations.

MATURITY SCHEDULE – See Inside Cover Page

This Official Statement summarizes certain terms of the Series 2023 Bonds only while the Series 2023 Bonds bear interest in a Fixed Rate Mode. The Series 2023 Bonds may only be converted to another interest rate mode after the Series 2023 Bonds are subject to optional redemption as described herein. Except as set forth herein, this Official Statement does not describe (i) any other interest rate mode into which the Series 2023 Bonds may be converted, (ii) any provision relating to the tender provisions applicable to the Series 2023 Bonds after any such conversion, or (iii) the remarketing of the Series 2023 Bonds upon any such conversion and the application of the proceeds thereof. A remarketing of the Series 2023 Bonds upon any such conversion will be made solely by a separate offering document or through a private placement to a limited number of institutional investors and not by this Official Statement.

The Series 2023 Bonds are offered when, as, and if received by the Underwriters. The offer of the Series 2023 Bonds is subject to the satisfaction of certain conditions and may be withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C., New York, New York, as Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for NYPH by its special counsel, Dennett Law Offices, P.C., Great Neck, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. DASNY expects the Series 2023 Bonds to be delivered in definitive form in New York, New York on or about August 29, 2023.

Goldman Sachs & Co. LLC

Morgan Stanley

\$292,900,000

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
THE NEW YORK AND PRESBYTERIAN HOSPITAL OBLIGATED GROUP REVENUE BONDS, SERIES 2023A**

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†]
2029	\$23,285,000	5.000%	3.010%	65000BK23
2030	30,355,000	5.000	3.070	65000BK31
2031	21,290,000	5.000	3.130	65000BK49
2032	19,820,000	5.000	3.150	65000BK56
2033	33,930,000	5.000	3.160	65000BK64
2034	29,720,000	5.000	3.290 ^c	65000BK72
2035	31,205,000	5.000	3.360 ^c	65000BK80
2036	32,765,000	5.000	3.460 ^c	65000BK98
2037	34,405,000	5.000	3.570 ^c	65000BL22
2038	36,125,000	5.000	3.670 ^c	65000BL30

[†] CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© CUSIP Global Services. All rights reserved. CUSIP data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. None of DASNY, NYPH, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers. No assurance can be given that the CUSIP numbers for the Series 2023 Bonds will remain the same after the date of the issuance and delivery of the Series 2023 Bonds.

^c Priced to the first optional call date of August 1, 2033.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by DASNY, NYPH or the Underwriters to give any information or to make any representations with respect to the Series 2023 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by DASNY, NYPH or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be an offer, reoffer or sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, reoffer, solicitation or sale.

The information set forth herein relating to DASNY under the heading “**PART 7 – DASNY**” has been obtained from DASNY. All other information herein has been obtained by the Underwriters from NYPH and other sources deemed to be reliable by the Underwriters, and is not to be construed as a representation by DASNY or the Underwriters. In addition, DASNY does not warrant the accuracy of the statements contained herein relating to NYPH nor does it directly or indirectly guarantee, endorse or warrant (i) the creditworthiness or credit standing of NYPH, (ii) the sufficiency of the security for the Series 2023 Bonds or (iii) the value or investment quality of the Series 2023 Bonds.

Certain information in this Official Statement has been supplied by NYPH. NYPH has reviewed the sections of this Official Statement describing NYPH under the headings “**PART 1 – INTRODUCTION,**” “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS,**” “**PART 3 – THE SERIES 2023 BONDS,**” “**PART 4 – PLAN OF FINANCE,**” “**PART 5 – ESTIMATED SOURCES AND USES OF FUNDS,**” “**PART 6 – BONDHOLDERS’ RISKS,**” “**PART 10 – TAX MATTERS**” (with respect to underlying factual matters set forth therein), “**PART 16 – CONTINUING DISCLOSURE,**” **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL”** hereto, **APPENDIX B – “SELECT INFORMATION REGARDING THE REGIONAL HOSPITALS AND CERTAIN CONSOLIDATED FINANCIAL METRICS”** hereto, **APPENDIX C-1 – “CONSOLIDATED FINANCIAL STATEMENTS THE NEW YORK AND PRESBYTERIAN HOSPITAL YEARS ENDED DECEMBER 31, 2022 AND 2021 WITH REPORT OF INDEPENDENT AUDITORS”** hereto, **APPENDIX C-2 – “CONSOLIDATED FINANCIAL STATEMENTS THE NEW YORK AND PRESBYTERIAN HOSPITAL YEARS ENDED DECEMBER 31, 2021 AND 2020 WITH REPORT OF INDEPENDENT AUDITORS”** hereto, and **APPENDIX C-3 – “UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION THE NEW YORK PRESBYTERIAN HOSPITAL AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2023”** hereto. NYPH shall certify as of the dates of offering and delivery of the Series 2023 Bonds that such parts of this Official Statement relating to NYPH do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which the statements are made, not misleading. NYPH makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References in this Official Statement to the Act (as defined herein), the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and Obligation No. 5 do not purport to be complete. Refer to the Act, the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and Obligation No. 5 for full and complete details of their provisions. Copies of the Act, the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and Obligation No. 5 are or will be on file with DASNY and the Bond Trustee.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of DASNY or NYPH have remained unchanged after the date of this Official Statement.

The CUSIP numbers are included on the inside front cover page of this Official Statement for the convenience of the holders and potential holders of the Series 2023 Bonds. No assurance can be given that the CUSIP numbers for the Series 2023 Bonds will remain the same after the date of issuance and delivery of the Series 2023 Bonds.

The Series 2023 Bonds and Obligation No. 5 have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state, nor have the Resolution or the Master Trust Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The Series 2023 Bonds have not been registered or qualified under the securities laws of any state in reliance upon the state securities law preemption provisions under the Securities Act of 1933, as amended. In certain states, however, the filing of a notice with the state securities commission is required for the public sale of the Series 2023 Bonds in such states. The fact that a notice may have been filed in certain states cannot be regarded as a recommendation. No states nor any of their respective agencies have passed upon the merits of the Series 2023 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

In making an investment decision, investors must rely upon their own examination of the terms of the offering, including the merits and risks involved. Prospective investors should not construe the contents of this Official Statement as legal, tax or investment advice.

References to internet website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into and are not a part of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY EFFECT CERTAIN TRANSACTIONS THAT STABILIZE THE PRICE OF THE SERIES 2023 BONDS. SUCH TRANSACTIONS MAY CONSIST OF BIDS OR PURCHASES FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE SERIES 2023 BONDS. IN ADDITION, IF THE UNDERWRITERS OVERALLOT (THAT IS, SELLS MORE THAN THE AGGREGATE PRINCIPAL AMOUNT OF THE SERIES 2023 BONDS SET FORTH ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT) AND THEREBY CREATE A SHORT POSITION IN THE SERIES 2023 BONDS IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY REDUCE THAT SHORT POSITION BY PURCHASING SERIES 2023 BONDS IN THE OPEN MARKET. IN GENERAL, PURCHASES OF A SECURITY FOR THE PURPOSE OF STABILIZATION OR TO REDUCE A SHORT POSITION COULD CAUSE THE PRICE OF A SECURITY TO BE HIGHER THAN IT MIGHT OTHERWISE BE IN THE ABSENCE OF SUCH PURCHASES. THE UNDERWRITERS MAKE NO REPRESENTATION OR PREDICTION AS TO THE DIRECTION OR THE MAGNITUDE OF ANY EFFECT THAT THE TRANSACTIONS DESCRIBED ABOVE MAY HAVE ON THE PRICE OF THE SERIES 2023 BONDS. IN ADDITION, THE UNDERWRITERS MAKE NO REPRESENTATION THEY WILL ENGAGE IN SUCH TRANSACTIONS OR THAT SUCH TRANSACTIONS, IF COMMENCED, WILL NOT BE DISCONTINUED WITHOUT NOTICE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement, including the Appendices hereto, constitute projections or estimates of future events, generally known as forward-looking statements. These statements are generally identifiable by the terminology used such as “pro forma,” “may,” “believe,” “will,” “expect,” “project,” “intend,” “estimate,” “anticipate,” “plan,” “continue,” “budget” or other similar words. These forward-looking statements are based on the current plans and expectations of NYPH and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the control of NYPH that could significantly affect current plans and expectations and NYPH’s future financial position and results of operations. These risk factors include, but are not limited to, (i) the highly competitive nature of the health care business, (ii) the efforts of insurers, health care providers and others to contain health care costs, (iii) possible changes in the Medicare and Medicaid programs that may affect reimbursements to health care providers and insurers, (iv) changes in federal, state or local regulations affecting the health care industry, (v) the ongoing implementation of health care reform, (vi) the ability to attract and retain qualified management and other personnel, including affiliated physicians, nurses and medical support personnel, (vii) liabilities and other claims asserted against NYPH, (viii) changes in accounting standards and practices, (ix) changes in general economic conditions, (x) future divestitures or acquisitions which may result in additional changes, (xi) changes in revenue mix and the ability to enter into and renew managed care provider arrangements on acceptable terms, (xii) the availability and terms of capital to fund expansion plans of NYPH and to provide for ongoing capital expenditure needs, (xiii) changes in business strategy or development plans, (xiv) delays in receiving payments, (xv) the ability to implement shared services and other initiatives and realize decreases in administrative, supply and infrastructure costs, (xvi) the outcome of pending and any future litigation, (xvii) NYPH’s continuing efforts to monitor, maintain and comply with appropriate laws, regulations, policies and procedures relating to their status as tax-exempt organizations as well as their ability to comply with the requirements of the Medicare and Medicaid programs, (xviii) the ability to achieve expected levels of patient volumes and control the costs of providing services, (xix) results of reviews of NYPH’s cost reports, (xx) NYPH’s ability to comply with recently enacted legislation and/or regulations, (xxi) pandemics, epidemics and natural disasters and (xxii) the risks set forth under the heading “**PART 6 – BONDHOLDERS’ RISKS**” herein. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward-looking statements made by or on behalf of NYPH. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. NYPH does not plan to issue any updates or revisions to those forward-looking statements if or when changes in its expectations, or events, conditions or circumstances on which such statements are based, occur.

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DORMITORY AUTHORITY – STATE OF NEW YORK 515 BROADWAY, ALBANY, N.Y. 12207
REUBEN R. McDANIEL, III – PRESIDENT LISA A. GOMEZ – CHAIR

OFFICIAL STATEMENT RELATING TO
\$292,900,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
THE NEW YORK AND PRESBYTERIAN HOSPITAL
OBLIGATED GROUP REVENUE BONDS, SERIES 2023A

PART 1 – INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page, the inside cover page and the appendices hereto, is to provide information about the Dormitory Authority of the State of New York (“*DASNY*”) and The New York and Presbyterian Hospital, a New York not-for-profit corporation (“*NYPH*”), in connection with the offering by DASNY of its \$292,900,000 The New York and Presbyterian Hospital Obligated Group Revenue Bonds, Series 2023A (the “*Series 2023 Bonds*”).

The following is a brief description of certain information concerning the Series 2023 Bonds, DASNY and NYPH. A more complete description of such information and additional information that may affect decisions to invest in the Series 2023 Bonds is contained in this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in **APPENDIX D – “CERTAIN DEFINITIONS”** hereto, and in Section 1.01 in **APPENDIX G-1 – “FORM OF MASTER TRUST INDENTURE”** hereto.

DASNY

DASNY is a public benefit corporation of the State of New York (the “*State*”), created for the purpose of financing and constructing a variety of public-purpose facilities for certain governmental, educational and not-for-profit institutions. See “**PART 7 – DASNY**” herein.

The New York and Presbyterian Hospital

NYPH was created as a result of the January 1998 merger of The Society of The New York Hospital (“*New York Hospital*”) and The Presbyterian Hospital in the City of New York (“*Presbyterian Hospital*”). NYPH operates at eight campuses in the New York City boroughs of Manhattan and Brooklyn and in Westchester County, New York. NYPH serves as the academic and quaternary care hub of a network of health care providers, which, as of August 1, 2023, includes NewYork-Presbyterian/Queens (“*NYP Queens*”) and Hudson Valley Hospital Center (d/b/a NewYork-Presbyterian/Hudson Valley Hospital)

(“*NYP Hudson Valley*” and, together with NYP Queens, the “*Regional Hospitals*”), and certain other entities, all located in New York. NYPH owns and operates inpatient facilities at eight campuses and each of the Regional Hospitals owns and operates an inpatient facility at its campus, for a total of ten campuses. Over the years, NYPH has developed its relationships with the members of the network as part of its strategic goal of providing high quality, integrated care throughout the New York metropolitan area (the “*New York Metropolitan Area*”). NYPH is the teaching hospital of one of the country’s largest academic medical centers. NYPH was recognized as one of the best hospitals in the nation by being named one of 22 hospitals on the 2023-2024 *U.S. News and World Report* Best Hospitals Honor Roll. NYPH has developed highly specific, patient-centered models of care to treat its diverse patient populations.

NYPH is the primary clinical teaching facility for two of the country’s leading medical colleges: The Joan and Sanford I. Weill Medical College of Cornell University (“*Weill Cornell Medical School*”) and Columbia University Vagelos College of Physicians and Surgeons (“*Columbia VP&S*”) (collectively, the “*Medical Schools*”).

New York-Presbyterian Foundation, Inc. (“*NYPFP*”) is an affiliate that is linked to NYPH through the NYPH Board of Trustees. NYPH also is affiliated with several entities that support NYPH through fundraising and real estate holdings. These affiliated entities (“*Supporting Corporations*”) include: (i) New York-Presbyterian Fund, Inc. (“*Fund, Inc.*”), which solicits, receives, invests and administers philanthropic funds for NYPH and other healthcare charitable organizations approved by the Board of Directors of Fund, Inc. and (ii) three real estate holding companies: Royal Charter Properties, Inc., Royal Charter Properties-East, Inc., and Royal Charter Properties-Westchester, Inc. (collectively, the “*RCP Corporations*”). NYP Community Programs, Inc. (“*Community Programs*” or “*NYP Community Programs*”), a subsidiary of NYPH, serves as the parent entity of each of the Regional Hospitals. Another affiliated entity, New York-Presbyterian Healthcare System, Inc. (“*NYPHSP*”), serves as the corporate link to entities that are referred to herein as “*Corporate Members.*”

NYPH owns and operates one of the oldest hospitals in the nation. Founded over 250 years ago, it has a long history of providing medical care in the New York Metropolitan Area, with seven of NYPH’s eight campuses having roots dating back more than 100 years.

New York-Presbyterian/Weill Cornell Medical Center

Inspired by the commencement address delivered in 1769 to the first medical doctors to graduate from King’s College (now Columbia University) by Dr. Samuel Bard, George Washington’s personal physician, city leaders pledged funds for the establishment of a public hospital. This led to the creation of New York Hospital by Royal Charter granted by King George III on June 13, 1771. The first hospital facility was opened in 1791 in lower Manhattan. After relocating several times, New York Hospital began operations at its current location in the Upper East Side of Manhattan in 1932.

New York-Presbyterian/Weill Cornell Medical Center (“*NYP/Weill Cornell*”) occupies the city blocks bounded by East 68th Street to East 71st Street and from York Avenue to the East River, together with various buildings in the area. Portions of the buildings that comprise the NYP/Weill Cornell campus are owned and/or occupied by Weill Cornell Medical School. NYPH has 879 certified inpatient beds at its facilities at the NYP/Weill Cornell campus.

New York-Presbyterian Westchester Behavioral Health Center

In 1821, New York Hospital opened a hospital for the mentally ill in the Morningside Heights section of Manhattan on land now occupied by Columbia University. This facility moved to White Plains, New York in the 1890’s, and today is called NYP Westchester Behavioral Health Center (“*NYP Westchester*”).

Behavioral Health”). NYP Westchester Behavioral Health has 247 certified inpatient beds and provides inpatient and outpatient psychiatric and behavioral health services.

NewYork-Presbyterian Lower Manhattan Hospital

NewYork-Presbyterian Lower Manhattan Hospital (“*NYP Lower Manhattan*”), traces its history to 1853, when Dr. Elizabeth Blackwell, America’s first licensed female physician, opened a free dispensary to provide outpatient care for poor women and children. This dispensary became the New York Infirmary for Indigent Women and Children, which opened in 1857. After several relocations and name changes, NYP Lower Manhattan is now located at 170 William Street, Manhattan, and is the only acute care facility in Manhattan below 14th Street. It has 180 certified inpatient beds. NYP Lower Manhattan became part of NYPH in July 2013 when New York Downtown Hospital, then an affiliate of NYPH, was merged into NYPH.

NewYork-Presbyterian/Columbia University Irving Medical Center

Presbyterian Hospital was founded in 1868 by James Lenox, a New York philanthropist, and began operations in 1872 at its initial site on the Upper East Side of Manhattan. Presbyterian Hospital moved to its present location in the Washington Heights section of Manhattan in 1928. NewYork-Presbyterian/Columbia University Irving Medical Center (“*NYP/Columbia*”) occupies the city blocks bounded by West 165th Street to West 168th Street and from Broadway to Riverside Drive, together with various other buildings in the area. Portions of the buildings that comprise NYP/Columbia are owned and/or occupied by Columbia University. NYPH has 738 certified inpatient beds at its facilities on this campus.

NewYork-Presbyterian Morgan Stanley Children’s Hospital

In the late 1880s, a group of women led by Sara and Julie McNutt, sisters and physicians, established Babies Hospital in a brownstone on 55th Street and Lexington Avenue in Manhattan. That building was replaced in 1902 by an eight-story, 80-bed modern hospital. In 1929, Babies Hospital moved uptown to become part of Presbyterian Hospital. A new facility was opened in November 2003 and is now known as NewYork-Presbyterian Morgan Stanley Children’s Hospital (“*NYP Morgan Stanley*”). NYP Morgan Stanley is a pediatric acute care and ancillary services facility with 284 certified inpatient beds, and is located on a site contiguous with the NYP/Columbia campus.

NewYork-Presbyterian Allen Hospital

NewYork-Presbyterian Allen Hospital (“*NYP Allen*”) has 196 certified inpatient beds and is located at Broadway and the Harlem River in the Inwood section of Manhattan. It opened in 1988 under the sponsorship of Presbyterian Hospital and offers acute care to residents of its service area in a community-based setting. The Och Spine Hospital at NYP Allen opened in 2015 and is a premier destination for comprehensive care of conditions affecting the neck, lower back, and the entire spine.

NewYork-Presbyterian Westchester

NewYork-Presbyterian Westchester (f/k/a NewYork-Presbyterian Lawrence Hospital) (“*NYP Westchester*”) has 288 certified inpatient beds and is located in Bronxville, New York. NYP Westchester dates back to 1909 when Lawrence Hospital was founded by prominent businessman William Van Duzer Lawrence. In July 2014, Lawrence Hospital became NYPH’s first indirect hospital subsidiary, and on April 1, 2018 it was merged into NYPH.

NewYork-Presbyterian Brooklyn Methodist

NewYork-Presbyterian Brooklyn Methodist (“*NYP Brooklyn Methodist*”) has 590 certified inpatient beds and is located in Park Slope, Brooklyn, New York. NYP Brooklyn Methodist dates back to the establishment in 1881 of The Methodist Episcopal Hospital in the City of Brooklyn by a special act of the New York State Legislature. It became affiliated with NYPH in 1993 and was merged into NYPH on October 1, 2022.

See the map in **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL – NYPH CAMPUSES AND REGIONAL HOSPITALS – NYPH Campuses”** attached hereto.

For supplementary information concerning the financial operations of NYPH, see (i) **APPENDIX C-1 – “CONSOLIDATED FINANCIAL STATEMENTS THE NEW YORK AND PRESBYTERIAN HOSPITAL YEARS ENDED DECEMBER 31, 2022 AND 2021 WITH REPORT OF INDEPENDENT AUDITORS”**, (ii) **APPENDIX C-2 – “CONSOLIDATED FINANCIAL STATEMENTS THE NEW YORK AND PRESBYTERIAN HOSPITAL YEARS ENDED DECEMBER 31, 2021 AND 2020 WITH REPORT OF INDEPENDENT AUDITORS”** and (iii) **APPENDIX C-3 – “UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION THE NEW YORK PRESBYTERIAN HOSPITAL AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2023”** hereto, which should be read in their entirety.

Purpose of the Series 2023 Bonds

The proceeds of the sale of the Series 2023 Bonds will provide funds which, together with other available funds, will be used to (i) refinance all of the outstanding FHA-Insured Indebtedness (as hereinafter defined); and (ii) pay costs of issuance on the Series 2023 Bonds. See “**PART 4 – PLAN OF FINANCE**” and “**PART 5 – ESTIMATED SOURCES AND USES OF FUNDS**” herein.

Authorization of Issuance

The Series 2023 Bonds will be issued pursuant to DASNY’s The New York and Presbyterian Hospital Obligated Group Revenue Bond Resolution adopted by DASNY on July 26, 2023 (the “*General Resolution*”), the Series Resolution 2023-1 Authorizing Up To \$400,000,000 The New York and Presbyterian Hospital Obligated Group Revenue Bonds adopted by DASNY on July 26, 2023 (the “*Series 2023-1 Resolution*” and together with the General Resolution, the “*Resolution*”) and the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, and constituting Title 4 of Article 8 of the Public Authorities Law), as amended from time to time, including, but not limited to, by the Health Care Financing Consolidation Act and as incorporated thereby the New York State Medical Care Facilities Finance Agency Act being Chapter 392 of Laws of New York 1973, as amended (the “*Act*”).

In the future, additional Bonds may be issued pursuant to the General Resolution and each such series of additional Bonds shall be separately secured by the pledge and assignment to the Bond Trustee of the applicable revenues and the funds and accounts established pursuant to the applicable series resolutions. The Series 2023 Bonds and all additional series of additional Bonds hereafter issued pursuant to the General Resolution are referred to herein as the “*Bonds*.” See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS**” herein.

The proceeds of the Series 2023 Bonds will be loaned by DASNY to NYPH pursuant to the Loan Agreement dated as of the date of issuance of the Series 2023 Bonds, between DASNY and NYPH (the “*Loan Agreement*”). The Loan Agreement obligates NYPH to make payments on and in the amounts sufficient to pay principal of and interest on the Series 2023 Bonds. In addition, the repayment obligations

of NYPH with regard to the Series 2023 Bonds are evidenced and secured by Obligation No. 5 (“*Obligation No. 5*”), issued under the Master Trust Indenture dated as of January 1, 2015, as previously supplemented (the “*Master Trust Indenture*”) by and between NYPH and TD Bank, N.A., as master trustee (the “*Master Trustee*”), and the Supplemental Indenture for Obligation No. 5 dated as of August 1, 2023 (the “*Supplemental Indenture*”) by and between NYPH and the Master Trustee. See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS**” herein.

The Series 2023 Bonds

The Series 2023 Bonds will be issued as multi-modal bonds, initially bearing interest at a fixed-rate mode, will be dated their date of issuance, and will accrue interest from their date at the rates, and will mature at the times, as set forth on the inside cover page hereof. Interest on the Series 2023 Bonds will be payable semiannually on each February 1 and August 1, commencing February 1, 2024. See “**PART 3 – THE SERIES 2023 BONDS – Description of the Series 2023 Bonds**” herein.

Payment of the Series 2023 Bonds

The Series 2023 Bonds are special limited obligations of DASNY payable solely from the Revenues. The Revenues include certain payments to be made by NYPH under the Loan Agreement or to be made by the Obligated Group on Obligation No. 5, all of which payments are pledged and assigned to TD Bank, N.A., as bond trustee (the “*Bond Trustee*”). NYPH’s payment obligations under the Loan Agreement with respect to the Series 2023 Bonds are general obligations of NYPH evidenced and secured by Obligation No. 5 issued under the Master Trust Indenture. Obligation No. 5 constitutes the joint and several general obligation of NYPH and any other future Members of the Obligated Group. See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Payment of and Security for the Series 2023 Bonds,**” and “**– The Master Trust Indenture**” herein.

Source of Payment and Security for the Series 2023 Bonds

The Series 2023 Bonds will be secured by the pledge and assignment to the Bond Trustee of the payments described above to be made under the Loan Agreement, all funds and accounts authorized by the General Resolution and established by the Series 2023-1 Resolution (with the exception of the Arbitrage Rebate Fund) and payments to be made by the Obligated Group under Obligation No. 5, all as described herein. Pursuant to the terms of the General Resolution, the funds and accounts established and pledged by the Series 2023-1 Resolution secure only the Series 2023 Bonds and do not secure any other Series of Bonds that may be issued under the General Resolution, regardless of their dates of issue.

The Series 2023 Bonds and Obligation No. 5 are general obligations of NYPH. Neither the Series 2023 Bonds nor Obligation No. 5 is secured by a pledge of or lien on any revenue or any other assets of NYPH or any other future Member of the Obligated Group nor has any mortgage on any property of NYPH or any other future Member of the Obligated Group been pledged to secure the Series 2023 Bonds or Obligation No. 5.

Pursuant to an Assignment dated as of the date of issuance of the Series 2023 Bonds (the “*Assignment*”), DASNY will assign, transfer and set over to the Bond Trustee all of DASNY’s right, title and interest in any and all moneys payable to DASNY under the Loan Agreement and Obligation No. 5 and any and all other rights and remedies of DASNY (except for Unassigned Rights and moneys payable to DASNY pursuant to the Unassigned Rights) under or arising out of the Loan Agreement and Obligation No. 5.

See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Payment of and Security for the Series 2023 Bonds**” herein.

The Series 2023 Bonds are not a debt of the State nor will the State be liable thereon. DASNY has no taxing power.

Outstanding Obligations

In February 2015, NYPH issued its \$750,000,000 original aggregate principal amount of Taxable Bonds, Series 2015 (the “*Series 2015 Bonds*”), which are currently outstanding in the amount of \$750,000,000. To evidence and secure the payment obligations of NYPH with respect to the Series 2015 Bonds, NYPH issued its Obligation No. 1, dated the date of issuance of the Series 2015 Bonds, under and pursuant to the Master Trust Indenture and the Supplemental Master Indenture for Obligation No. 1, dated as of January 1, 2015, between NYPH and the Master Trustee.

In June 2016, NYPH issued its \$850,000,000 original aggregate principal amount of Taxable Bonds, Series 2016 (the “*Series 2016 Bonds*”), which are currently outstanding in the amount of \$850,000,000. To evidence and secure the payment obligations of NYPH with respect to the Series 2016 Bonds, NYPH issued its Obligation No. 2, dated the date of issuance of the Series 2016 Bonds, under and pursuant to the Master Trust Indenture and the Supplemental Master Indenture for Obligation No. 2, dated as of June 1, 2016, between NYPH and the Master Trustee.

In October 2019, NYPH issued its \$500,000,000 original aggregate principal amount of Taxable Bonds, Series 2019 (the “*Series 2019 Bonds*”), which are currently outstanding in the amount of \$500,000,000. To evidence and secure the payment obligations of NYPH with respect to the Series 2019 Bonds, NYPH issued its Obligation No. 3, dated the date of issuance of the Series 2019 Bonds, under and pursuant to the Master Trust Indenture and the Supplemental Master Indenture for Obligation No. 3, dated as of October 1, 2019, between NYPH and the Master Trustee.

In August 2020, NYPH issued its \$750,000,000 original aggregate principal amount of Taxable Bonds, Series 2020 (the “*Series 2020 Bonds*”), which are currently outstanding in the amount of \$750,000,000. To evidence and secure the payment obligations of NYPH with respect to the Series 2020 Bonds, NYPH issued its Obligation No. 4, dated the date of issuance of the Series 2020 Bonds, under and pursuant to the Master Trust Indenture and the Supplemental Master Indenture for Obligation No. 4, dated as of August 1, 2020, between NYPH and the Master Trustee.

To evidence and secure the payment obligations of NYPH with respect to the Series 2023 Bonds, NYPH will issue Obligation No. 5, to be dated the date of the issuance of the Series 2023 Bonds, under and pursuant to the Master Trust Indenture and the Supplemental Indenture. Obligation No. 5 is being issued by NYPH and will constitute an “Obligation” (within the meaning of the Master Trust Indenture) of the Obligated Group payable on a parity basis under the Master Trust Indenture with all Obligations now or hereafter issued and outstanding thereunder, including Obligation No. 1 issued in connection with the Series 2015 Bonds, Obligation No. 2 issued in connection with the Series 2016 Bonds, Obligation No. 3 issued in connection with the Series 2019 Bonds and Obligation No. 4 issued in connection with the Series 2020 Bonds, as described above. Obligation No. 5 will contain payment provisions corresponding to those of the Series 2023 Bonds.

For a discussion of Obligations that NYPH expects to issue under the Master Trust Indenture shortly after the issuance of Obligation No. 5 to evidence and secure certain outstanding indebtedness, see **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL - FINANCIAL AND**

OPERATING INFORMATION – Outstanding Long-Term Indebtedness– The MTI Indebtedness” and “– **Other Indebtedness**” hereto.

Obligations issued under the Master Trust Indenture are not secured by a security interest in, mortgage on, or pledge of any property of NYPH or a lien on any revenues of NYPH.

Additional Indebtedness

The Master Trust Indenture permits NYPH to incur additional indebtedness unlimited in amount. Such additional indebtedness, if evidenced and secured by an Obligation issued under the Master Trust Indenture, will constitute a joint and several general obligation of NYPH and any other future Member of the Obligated Group secured on a parity basis under the Master Trust Indenture with Obligation No. 5 and all other Obligations heretofore or hereafter issued thereunder the Master Trust Indenture. A particular Obligation issued under the Master Trust Indenture can be secured by a Lien on Property to the extent such Lien is permitted under the Master Trust Indenture. See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – The Master Trust Indenture.**”

Under certain conditions, the Members may incur Indebtedness that is not evidenced or secured by an Obligation issued under the Master Trust Indenture. Any such other Indebtedness may be unsecured or secured by a Lien on Property to the extent such Lien is permitted under the Master Trust Indenture. See **APPENDIX G-1 – “FORM OF MASTER TRUST INDENTURE”** hereto.

Proposed Springing Amendments to the Master Trust Indenture; Deemed Consent and Waiver

NYPH is proposing the Proposed Springing Amendments (as defined herein) to the Master Trust Indenture, which are described below under “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Proposed Springing Amendments to the Master Trust Indenture; Deemed Consent**” herein and **APPENDIX G-2 – “FORM OF SUPPLEMENTAL INDENTURE”** hereto.

By their purchase of the Series 2023 Bonds, the original purchasers thereof, on behalf of themselves and on behalf of all current and future holders of Obligation No. 5 or the Series 2023 Bonds, (i) shall consent, and shall be deemed to have consented, to the Proposed Springing Amendments; (ii) shall waive, and shall be deemed to have waived, any and all other formal notice, implementation, execution or timing requirements that may otherwise be required under the Master Trust Indenture in order to implement the Proposed Springing Amendments; and (iii) shall waive, and shall be deemed to have waived the right to revoke such consent. Upon issuance of the Series 2023 Bonds and application of the proceeds thereof, the Proposed Springing Amendments will not be in effect.

See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Proposed Springing Amendments to the Master Trust Indenture; Deemed Consent**” herein and **APPENDIX G-2 – “FORM OF SUPPLEMENTAL INDENTURE”** hereto.

Bondholders’ Risks

There are risks and other investment considerations associated with the purchase of the Series 2023 Bonds. See “**PART 6 – BONDHOLDERS’ RISKS**” herein for a discussion of some of these risks and other investment considerations.

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended (“*Rule 15c2-12*”), NYPH will enter into a written agreement (the “*Continuing Disclosure Agreement*”) with Digital Assurance Certification LLC (“*DAC*”), as disclosure dissemination agent, and the Bond Trustee. The form of the Continuing Disclosure Agreement is attached as **APPENDIX I – “PROPOSED FORM OF AGREEMENT TO PROVIDE CONTINUING DISCLOSURE”** hereto. See “**PART 16 – CONTINUING DISCLOSURE**” herein.

PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2023 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Resolution, the Loan Agreement, the Assignment, the Master Trust Indenture, the Supplemental Indenture and Obligation No. 5, copies of which are or will be on file with DASNY and the Bond Trustee. See also APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” hereto, APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” hereto, APPENDIX G-1 – “FORM OF MASTER TRUST INDENTURE” hereto and APPENDIX G-2 – “FORM OF SUPPLEMENTAL INDENTURE” hereto for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of and Security for the Series 2023 Bonds

General

The Series 2023 Bonds issued under the Resolution are special limited obligations of DASNY. The principal of, redemption price, if any, and interest on the Series 2023 Bonds are payable solely from the Revenues and all funds and accounts (excluding the Arbitrage Rebate Fund) established by the Resolution. The Revenues consist of the payments required to be made by NYPH under the Loan Agreement or to be made by the Obligated Group under Obligation No. 5 on account of the principal of, redemption price, if any, and interest on the Series 2023 Bonds. The Revenues have been assigned by DASNY to the Bond Trustee for the benefit of the holders of the Series 2023 Bonds.

NYPH’s payment obligations under the Loan Agreement with respect to the Series 2023 Bonds are general obligations of NYPH evidenced and secured by Obligation No. 5 issued under the Master Trust Indenture. Obligation No. 5 constitutes the joint and several general obligation of NYPH and any other future Member of the Obligated Group. Obligation No. 5 will be issued to DASNY, which will assign all payments under Obligation No. 5 to the Bond Trustee for the benefit of the holders of the Series 2023 Bonds.

DASNY has directed NYPH, and NYPH has agreed, to make all payments with respect to debt service on the Series 2023 Bonds under the Loan Agreement directly to the Bond Trustee. Any payments made on Obligation No. 5 shall also be made directly to the Bond Trustee. The Loan Agreement obligates NYPH to make payments on and in the amounts sufficient to pay scheduled interest payments and to pay, among other things, the principal of and interest on the Series 2023 Bonds on the third Business Day preceding the date on which they become due, and to make any payments due under Obligation No. 5. See “**PART 3 – THE SERIES 2023 BONDS – Redemption Provisions**” herein.

Pursuant to the Assignment, DASNY will assign, transfer and set over to the Bond Trustee all of its right, title and interest in any and all moneys payable to DASNY under the Loan Agreement and Obligation No. 5 and any and all other rights and remedies of DASNY (except for Unassigned Rights and moneys payable to DASNY pursuant to the Unassigned Rights) under or arising out of the Loan Agreement or Obligation No. 5.

The Series 2023 Bonds will be secured by the payments described above to be made under the Loan Agreement, all funds and accounts authorized and established under the Resolution (with the exception of the Arbitrage Rebate Fund) and payments to be made by the Obligated Group under Obligation No. 5. Pursuant to the terms of the General Resolution, the funds and accounts established and pledged by the Series 2023-1 Resolution secure only the Series 2023 Bonds and do not secure any other Series of Bonds that may be issued under the General Resolution, regardless of their dates of issue. No debt service reserve fund will be funded for the Series 2023 Bonds. See **APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION”** hereto.

The actual realization of amounts to be derived upon the enforcement of the documents relating to the Series 2023 Bonds will depend upon the exercise of various remedies specified by the Loan Agreement, the Resolution and the Master Trust Indenture. These and other remedies may, in many respects, require judicial action of a nature that is often subject to discretion and delay. Under existing law, the remedies specified by the Loan Agreement, the Resolution and the Master Trust Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in those documents. The various legal opinions to be delivered concurrently with the delivery of the Series 2023 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, fraudulent conveyance, reorganization and other laws affecting the enforcement of creditors' rights generally. See **“PART 6 – BONDHOLDERS’ RISKS”** herein and **APPENDIX G-1 – “FORM OF MASTER TRUST INDENTURE”** hereto.

The Master Trust Indenture, Supplemental Indenture and Obligation No. 5

General

NYPH will execute Obligation No. 5 to evidence and secure its payment obligations with respect to the Series 2023 Bonds and its obligations under the Loan Agreement. Obligation No. 5 is being issued by NYPH pursuant to the Master Trust Indenture and the Supplemental Indenture and will constitute an “Obligation” (within the meaning of the Master Trust Indenture) of the Obligated Group payable on a parity basis under the Master Trust Indenture with all other Obligations that may be now or hereafter issued thereunder, including Obligation No. 1 issued in connection with the Series 2015 Bonds, Obligation No. 2 issued in connection with the Series 2016 Bonds, Obligation No. 3 issued in connection with the Series 2019 Bonds and Obligation No. 4 issued in connection with the Series 2020 Bonds, each described below.

Currently, NYPH is the sole Member of the Obligated Group under the Master Trust Indenture. However, the Master Trust Indenture permits other entities, upon compliance with certain conditions, to become Members of the Obligated Group and to issue Obligations thereunder. Each Obligation will be a joint and several general obligation of the Members of the Obligated Group. Pursuant to the provisions of the Master Trust Indenture, each Member of the Obligated Group is jointly and severally obligated (subject to the right of such Member to withdraw from the Obligated Group upon satisfying the applicable provisions of the Master Trust Indenture) to make any and all payments promptly on all Obligations thereafter, and in certain cases, theretofore, issued under the Master Trust Indenture, including Obligation No. 5, according to the terms thereof. NYPH has agreed that it will not withdraw from the Obligated Group so long as Obligation No. 5 remains Outstanding.

In the future, NYPH may consider adding one or more entities, including one or more of NYPH's indirect subsidiaries and/or other affiliates, to the Obligated Group or designating such entities as Designated Affiliates under the Master Trust Indenture; it is not possible to predict the impact of adding entities to the Obligated Group or designating entities as Designated Affiliates. See **APPENDIX G-1 – “FORM OF MASTER TRUST INDENTURE – Addition of Obligated Members”** attached hereto.

Limitations on Liens

Pursuant to the Master Trust Indenture, each Member of the Obligated Group agrees that it will not create or suffer to be created or permit the existence of any Lien on its Property, and will cause each Designated Affiliate not create or suffer to be created or permit the existence of any Lien on its Property, except for Permitted Liens. Permitted Liens may be granted to secure an Obligation under the Master Trust Indenture or other Indebtedness, and include Liens where the Value of all Property that is encumbered by such Liens does not exceed 30% of the Value of all Property of the Obligated Group, calculated at the time of creation of such Lien. Therefore, the Obligated Group may incur substantial liabilities secured by Permitted Liens. See **“PART 6 – BONDHOLDERS’ RISKS”** herein and **APPENDIX G-1 - “FORM OF MASTER TRUST INDENTURE – Permitted Liens”** and **“Additional Long Term Obligations”** attached hereto.

Long-Term Debt Service Coverage Ratio

The Master Trust Indenture provides that each Member of the Obligated Group covenants to set, and to cause each of its Designated Affiliates to set, rates and charges for its facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated at the end of each Fiscal Year, will not be less than 1.10 for such Fiscal Year, subject to certain qualifications. Failure to meet the 1.10 ratio requires that the Obligated Group retain an Independent Consultant to make recommendations to increase the Long-Term Debt Service Coverage Ratio in the following Fiscal Year. So long as the consultant is retained and the Members of the Obligated Group follow the recommendation of the consultant to the extent permitted by Governmental Restrictions, the requirements of the Master Trust Indenture shall be deemed to have been complied with. See **APPENDIX G-1 - “FORM OF MASTER TRUST INDENTURE – Long-Term Debt Service Coverage Ratio”** attached hereto.

The Proposed Springing Amendments to the Master Trust Indenture propose to amend certain portions of this provision, among other things. See **APPENDIX G-2 - “FORM OF SUPPLEMENTAL INDENTURE”** attached hereto.

Certain Covenants of the Obligated Group

In addition to the provisions described above, the Master Trust Indenture and the Supplemental Indenture contains provisions, covenants and restrictions related to mergers and other corporate combinations and divestitures, and other matters. The Master Trust Indenture does not restrict the disposition of assets or establish financial tests to become a Member of or to withdraw from the Obligated Group or for the designation or de-designation of a Designated Affiliate. NYPH has agreed that it will not withdraw from the Obligated Group so long as Obligation No. 5 remains Outstanding. See **APPENDIX G-1 – “FORM OF MASTER TRUST INDENTURE”** hereto and **APPENDIX G-2 – “FORM OF SUPPLEMENTAL INDENTURE”** hereto.

The rights and remedies of the Master Trustee and of the holders of the Series 2023 Bonds and the Bond Trustee are subject to and may be limited by the application of general principles of equity and the laws of the State of New York, and the United States with respect to bankruptcy, insolvency, creditors' rights generally, now existing or hereafter enacted.

Outstanding Indebtedness

The FHA-Insured Indebtedness is outstanding as of August 1, 2023 in the principal amount of approximately \$364.7 million and will remain outstanding until it is prepaid with proceeds of the Series 2023 Bonds, together with other available funds on or about October 30, 2023 (the “*Prepayment Date*”). Until the Prepayment Date, the FHA-Insured Indebtedness will continue to be secured by a mortgage on NYPH’s NYP/Weill Cornell campus, which includes the Project, and a pledge of revenue. For additional information regarding the FHA-Insured Indebtedness, the collateral securing such indebtedness and the Intercreditor Agreement pertaining to the FHA-Insured Indebtedness and the indebtedness evidenced and secured by the Obligations under the Master Trust Indenture, including Obligation No. 5, see **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL - FINANCIAL AND OPERATING INFORMATION – Outstanding Long-Term Indebtedness – The FHA-Insured Indebtedness”** and “– **The Intercreditor Agreement**” hereto.

NYPH has previously issued the following Obligations under the Master Trust Indenture: Obligation No. 1, Obligation No. 2, Obligation No. 3, and Obligation No. 4, to secure, respectively, NYPH’s Taxable Bonds, the Series 2015 Bonds, the Series 2016 Bonds, the Series 2019 Bonds and the Series 2020 Bonds. These four Obligation are outstanding in the aggregate principal amount of \$2.85 billion and have maturity dates through 2119. Additionally, NYPH expects to issue two additional Obligations under the Master Trust Indenture shortly after the issuance of Obligation No. 5 to evidence and secure the Private Placement Note (as hereinafter defined). See **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL - FINANCIAL AND OPERATING INFORMATION – Outstanding Long-Term Indebtedness– The MTI Indebtedness,” “– Other Indebtedness”** and “– **The Intercreditor Agreement**” attached to this Official Statement for additional information.

On March 10, 2022, NYPH entered into a private placement Note Purchase Agreement which authorized the issuance and sale of \$200.0 million aggregate principal amount of Senior Notes (collectively, the “*Private Placement Note*”). The closing of the sale and the purchase of the Private Placement Note was completed in May 2022 and the maturity date of the Private Placement Note is May 2047. The Private Placement Note is an unsecured general obligation of NYPH. The Private Placement Note is outstanding in the aggregate principal amount of \$192.0 million as of June 30, 2023. Shortly after the FHA-Insured Indebtedness is repaid, NYPH plans to issue two Obligations under the Master Trust Indenture in the aggregate principal amount of \$192.0 million to further evidence and secure its obligations with respect to the Private Placement Note. See **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL - FINANCIAL AND OPERATING INFORMATION - Outstanding Long-Term Indebtedness – The MTI Indebtedness”** and “– **Other Indebtedness**” hereto.

NYPH also has various finance leases totaling \$289.5 million (as of June 30, 2023) secured by the financed equipment.

NYPH has three lines of credit with commercial banks with a total borrowing availability of \$950.0 million. Each of the lines is unsecured. As of the date of this Official Statement, there is no outstanding balance on these lines of credit. For additional details regarding these lines of credit and for other outstanding indebtedness, see **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL – FINANCIAL AND OPERATING INFORMATION – Outstanding Long-Term Indebtedness – Other Indebtedness”** hereto.

Certain of the Outstanding Indebtedness described above is secured by liens on NYPH revenues and/or certain of its property that do not secure other Indebtedness including the Series 2023 Bonds. The ability of the holders of such secured Indebtedness to exercise certain rights and to foreclose on their liens in the event of a default by NYPH could result in NYPH’s inability to repay the Series 2023 Bonds. See

“PART 6 – BONDHOLDERS’ RISKS” herein, **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL”** hereto and **APPENDIX C-1 – “CONSOLIDATED FINANCIAL STATEMENTS THE NEW YORK AND PRESBYTERIAN HOSPITAL YEARS ENDED DECEMBER 31, 2022 AND 2021 WITH REPORT OF INDEPENDENT AUDITORS”** hereto.

Proposed Springing Amendments to the Master Trust Indenture; Deemed Consent

NYPH proposes the Proposed Springing Amendments to the Master Trust Indenture. The Proposed Springing Amendments are contained in **APPENDIX G-2 – “FORM OF SUPPLEMENTAL INDENTURE”** attached hereto (the “*Proposed Springing Amendments*”).

Section 6.02 of the Master Trust Indenture provides that the Master Trust Indenture may be amended with the consent of the holders of not less than fifty-one percent (51%) in aggregate principal amount of the Obligations then Outstanding under the Master Trust Indenture and entitled to grant consents to amendments thereto. By their purchase of the Series 2023 Bonds, the original purchasers thereof, on behalf of themselves and on behalf of all current and future holders of Obligation No. 5 or the Series 2023 Bonds, (i) shall consent, and shall be deemed to have consented, to the Proposed Springing Amendments; (ii) shall waive, and shall be deemed to have waived, any and all other formal notice, implementation, execution or timing requirements that may otherwise be required under the Master Trust Indenture into order to implement the Proposed Springing Amendments; and (iii) shall waive, and shall be deemed to have waived the right to revoke such consent.

Upon issuance of the Series 2023 Bonds and application of the proceeds thereof, the consents of the holders of approximately 9.3%, in aggregate principal amount of then Outstanding Obligations (representing the consents of the holders of Obligation No. 5), shall have been obtained, and, accordingly, the holders of not less than 51% in aggregate principal amount of all Obligations shall not have been obtained with respect to the Proposed Springing Amendments. The Proposed Springing Amendments will not become effective unless and until the consent of the holders of not less than 51% in aggregate principal amount of all Obligations Outstanding under the Master Trust Indenture and entitled to consent to amendments thereto has been obtained.

Amendments of Resolution, Master Trust Indenture, Supplemental Indenture and Obligation No. 5

The General Resolution provides for the modification or amendment of the Resolution, from time to time. Such amendments could be substantial and result in the modification, waiver or removal of certain existing covenants or restrictions contained in the Resolution. Such amendments could adversely affect the security of the holders of the Series 2023 Bonds. See **APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION”** hereto. No consent is required from the holders or Beneficial Owners of the Series 2023 Bonds to any amendment to authorize the issuance of additional Bonds under the General Resolution.

The Master Trust Indenture provides for the modification, amendment or replacement of the Master Trust Indenture, from time to time, in certain circumstances without the consent of the holders of Obligations (including Obligation No. 5 or any other Obligation issued under the Master Trust Indenture to secure Indebtedness), and in other circumstances with the consent of the holders of not less than fifty-one percent (51%) of the principal amount of the Obligations issued and Outstanding under the Master Trust Indenture. In either case, such amendments could be substantial and result in the modification, waiver or removal of certain existing covenants or restrictions contained in the Master Trust Indenture. Such amendments could adversely affect the rights of the holders of the Series 2023 Bonds. See Section 6.01 in **APPENDIX G-1 – “FORM OF MASTER TRUST INDENTURE”** hereto.

See “– **Proposed Springing Amendments to the Master Trust Indenture**” above for a discussion of certain proposed amendments to the Master Trust Indenture.

Release and Substitution of Obligations Upon Delivery of a Replacement Master Trust Indenture

Upon the satisfaction of certain conditions set forth in the Master Trust Indenture, the holder of an Obligation is required to surrender such Obligation to the Master Trustee upon presentation to the holder of a replacement note or similar obligation (the “*Substitute Obligation*”) issued under an existing or new indenture, bond resolution, bond order or other instrument pursuant to which indebtedness is incurred or issued (the “*Replacement Master Trust Indenture*”) by which the party or parties purported to be obligated thereby (collectively, the “*New Obligor*”) have agreed to be bound. Such New Obligor may be financially and operationally different than the Obligated Group or could have substantial debt outstanding that would rank on parity with the Substitute Obligation.

Such replacement and substitution may only occur if, among other things, the Master Trustee shall have received, prior to such replacement and substitution, certain deliverables as required pursuant to Section 6.04 of the Master Trust Indenture. See Section 6.04 in **APPENDIX G-1 – “FORM OF MASTER TRUST INDENTURE”** hereto.

The Proposed Springing Amendments to the Master Trust Indenture propose to amend certain portions of Section 6.04 of the Master Trust Indenture, among other things. Such amendments include removing the requirement under Section 6.04 related to ratings. If a Replacement Master Trust Indenture is delivered, NYPH has agreed that it will be and remain part of any New Obligor, as a member of the new obligated group or otherwise as applicable, under such Replacement Master Trust Indenture. See **APPENDIX G-2 - “FORM OF SUPPLEMENTAL INDENTURE”** attached hereto.

Events of Default and Acceleration under the Resolution

The following constitute events of default under the Resolution with respect to the Series 2023 Bonds: (i) a default by DASNY in the payment when due of the principal, Sinking Fund Installments or redemption price of, or interest on, any Series 2023 Bond; (ii) a Determination of Taxability (as defined in the Indenture) has occurred and is continuing; (iii) a default by DASNY in the due and punctual performance of any other covenants, conditions, agreements or provisions contained in the Series 2023 Bonds or in the Resolution which continues for thirty (30) days after written notice thereof is given to DASNY by the Bond Trustee (unless, if such default is not capable of being cured within thirty (30) days, DASNY has commenced to cure such default within thirty (30) days and diligently prosecutes the cure thereof), such notice to be given in the Bond Trustee’s discretion or at the written request of holders of not less than 25% in principal amount of Outstanding Series 2023 Bonds; or (iv) an “Event of Default,” as defined in the Loan Agreement, arising out of or resulting from the failure of NYPH to comply with the requirements of the Loan Agreement shall have occurred and is continuing and all sums payable by NYPH under the Loan Agreement shall have been declared immediately due and payable (unless such declaration shall have been annulled). Failure of NYPH to make payment under the Loan Agreement shall not constitute an Event of Default under the Loan Agreement if timely payment of Obligation No. 5 is made by the Obligated Group in place of the payment due under the Loan Agreement. If an Event of Default occurs under the Master Trust Indenture (as defined therein), such default shall constitute an Event of Default under the Loan Agreement. Unless all sums payable by NYPH under the Loan Agreement are declared immediately due and payable (and such declaration shall have not been annulled), an Event of Default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that if an event of default occurs and continues (except with respect to a default described in clause (ii) above), the Bond Trustee shall, upon the written request of the holders of

not less than 50% in principal amount of the Series 2023 Bonds, by written notice to DASNY, declare the principal of and interest on the Series 2023 Bonds to be due and payable immediately. At the expiration of thirty (30) days after the giving of such notice, such principal and interest shall become immediately due and payable. The Bond Trustee shall, with the written consent of the holders of not less than 50% in principal amount of Series 2023 Bonds then Outstanding, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Bond Trustee shall give notice in accordance with the Resolution of each event of default known to the Bond Trustee to the holders within thirty (30) days after knowledge of the occurrence thereof, unless such event of default has been remedied or cured before the giving of such notice; *provided, however*, that, except in the case of default in the payment of principal, Sinking Fund Installments or redemption price of, or interest on, any of the Series 2023 Bonds, the Bond Trustee shall be protected in withholding such notice thereof to the holders if the Bond Trustee in good faith determines that the withholding of such notice is in the best interests of the holders of the Series 2023 Bonds.

PART 3 – THE SERIES 2023 BONDS

*Set forth below is a narrative description of certain provisions relating to the Series 2023 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution and the Loan Agreement, copies of which are or will be on file with DASNY and the Bond Trustee. See also **APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT”** hereto and **APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION”** hereto for a more complete description of certain provisions of the Series 2023 Bonds.*

*Except as set forth below under “**PART 3 – THE SERIES 2023 BONDS – Redemption Provisions**”, this Official Statement does not describe (i) any other interest rate mode into which the Series 2023 Bonds may be converted, (ii) any provision relating to the tender provisions applicable to the Series 2023 Bonds after any such conversion, or (iii) the remarketing of the Series 2023 Bonds upon any such conversion and the application of the proceeds thereof. A remarketing of the Series 2023 Bonds upon any such conversion will be made solely by a separate offering document or through a private placement to a limited number of institutional investors and not by this Official Statement.*

Description of the Series 2023 Bonds

The Series 2023 Bonds will be issued pursuant to the General Resolution and the Series 2023-1 Resolution and will be dated and bear interest from their date of delivery, payable February 1, 2024 and on each February 1 and August 1 thereafter, at the rates, and will mature on the dates set forth on the inside cover page of this Official Statement.

The Series 2023 Bonds are being issued as multimodal rate bonds, initially in a Fixed Rate Mode. The Series 2023 Bonds may be converted to Daily or Weekly Rates, Commercial Paper Rates, FRN Rates, Term Rates, or new Fixed Rates at the times and upon the conditions set forth in the Resolution; provided, however, the Series 2023 Bonds may only be converted to another interest rate mode on or after the date that the Series 2023 Bonds become subject to optional redemption as described under the caption “**PART 3 – THE SERIES 2023 BONDS – Redemption Provisions**” below. Upon successful conversion, the Series 2023 Bonds will be subject to mandatory tender for purchase.

The Series 2023 Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC (as defined herein), pursuant to DTC’s Book-Entry Only System. Purchasers of beneficial interests in the Series 2023 Bonds will be made in book-entry form, without

certificates. If at any time the Book-Entry Only System is discontinued for the Series 2023 Bonds, the Series 2023 Bonds will be exchangeable for other fully registered Series 2023 Bonds in any other authorized denominations of the same maturity without charge except for the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See “**Book-Entry Only System**” herein and **APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION”** hereto.

Interest on the Series 2023 Bonds will be payable by check mailed to the registered owners thereof; provided, however, that interest payable on any Interest Payment Date during which the Series 2023 Bonds are Book Entry Bonds shall be paid by wire transfer to the Depository for the Series 2023 Bonds or its nominee, at the wire transfer address therefor. See “**Book-Entry Only System**” herein.

Redemption Provisions

The Series 2023 Bonds are subject to optional redemption as described below.

Optional Redemption. The Series 2023 Bonds maturing on or after August 1, 2034 are subject to redemption prior to maturity, at the election or direction of DASNY at the direction of NYPH, on or after August 1, 2033, in any order, as a whole or in part at any time, at the Redemption Price equal to 100% of the principal amount of the Series 2023 Bonds being redeemed plus accrued interest to the redemption date.

Purchase in Lieu of Optional Redemption. The Series 2023 Bonds are also subject to purchase in lieu of optional redemption prior to maturity at the election of NYPH, on or after August 1, 2033, in any order, as a whole or in part, at any time, at a price of 100% of the principal amount of Series 2023 Bonds to be purchased, plus accrued interest to the purchase date.

Selection of Series 2023 Bonds to be Redeemed. In the case of redemption of Series 2023 Bonds, DASNY, at the direction of NYPH, will select the maturity of the Series 2023 Bonds to be redeemed. If less than all of the Series 2023 Bonds of a maturity are to be redeemed, the Series 2023 Bonds of such maturity to be redeemed will be selected by the Bond Trustee, by lot, using such method of selection as the Bond Trustee considers proper in its discretion.

Notice of Redemption. The Bond Trustee is to give notice of the redemption of the Series 2023 Bonds in the name of DASNY, by first class mail, postage prepaid, at least 20 days but not more than 45 days prior to the redemption date to the registered owners of any Series 2023 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY. Notice of redemption may be conditioned on receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of, premium, if any, and interest on such Series 2023 Bonds to be redeemed or upon the satisfaction of any other conditions specified therein. Failure of any owner to receive such notice will not affect the validity of the proceedings for the redemption of the Series 2023 Bonds with respect to which notice was given in accordance with the Resolution.

If on the redemption date moneys for the redemption of the Series 2023 Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, are held by the Bond Trustee so as to be available therefor on such date and if notice of redemption has been mailed as provided above, then, from and after the redemption date, interest on the Series 2023 Bonds or portion thereof to be redeemed will cease to accrue and such Series 2023 Bonds will no longer be considered to be Outstanding under the Resolution.

For a description of certain other provisions relating to the Series 2023 Bonds, see **APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION”** hereto.

Notice of Purchase in Lieu of Redemption and its Effect. Notice of purchase of the Series 2023 Bonds will be given by the Bond Trustee in the same manner as for notice of redemption described above under “*Notice of Redemption.*” Any Series 2023 Bonds so purchased by NYPH shall still be considered Outstanding under the Resolution.

All such purchases may be subject to conditions to NYPH’s obligation to purchase the Series 2023 Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required above, then, if sufficient money to pay the purchase price of the Series 2023 Bonds is held by the Bond Trustee, the purchase price of the Series 2023 Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase.

In the event not all of the Outstanding Series 2023 Bonds of a maturity are to be purchased, the Series 2023 Bonds to be purchased will be selected by the Bond Trustee by lot in the same manner as Series 2023 Bonds of a maturity to be redeemed in part are to be selected as described above under “*Selection of Series 2023 Bonds to be Redeemed.*”

For a description of certain other provisions relating to the Series 2023 Bonds, see **APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION”** hereto. See also “**Book-Entry Only System**” below for a description of the notices of redemption to be given to Beneficial Owners of the Series 2023 Bonds when the Book-Entry Only System is in effect.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2023 Bond certificate will be issued for each maturity and, if applicable, interest rate, of the Series 2023 Bonds, totaling in the aggregate the principal amount of the Series 2023 Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of a Series 2023 Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 Bonds, except in the event that use of the book-entry system for such Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within a particular maturity of the Series 2023 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DASNY as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from DASNY or the Bond Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Underwriters, the Bond Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to DASNY or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2023 Bond certificates are required to be printed and delivered.

DASNY may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2023 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that DASNY believes to be reliable, but DASNY takes no responsibility for the accuracy thereof.

Each person for whom a Direct Participant or Indirect Participant acquires an interest in the Series 2023 Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, and may desire to make arrangements with such Direct Participant or Indirect Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Direct Participant or Indirect Participant and to have notification made of all interest payments. NONE OF DASNY, THE BOND TRUSTEE, THE UNDERWRITERS, NYPH OR THE OTHER MEMBERS OF THE OBLIGATED GROUP WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT OR INDIRECT PARTICIPANT OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2023 BONDS.

So long as Cede & Co. is the registered owner of the Series 2023 Bonds, as nominee for DTC, references herein to the holders of the Series 2023 Bonds or registered owners of the Series 2023 Bonds (other than under "**PART 10 – TAX MATTERS**" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2023 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference will only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Bond Trustee to DTC only.

For every transfer and exchange of Series 2023 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DASNY, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2023 Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2023 Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Bond Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by DASNY or restricted registration is no longer in effect, Series 2023 Bond certificates will be delivered as described in the Resolution.

NONE OF DASNY, NYPH, THE OBLIGATED GROUP, THE UNDERWRITERS OR THE BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2023 BONDS UNDER THE

RESOLUTION; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OR PURCHASE IN LIEU OF REDEMPTION OF THE SERIES 2023 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2023 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2023 BONDS; OR (VI) ANY OTHER MATTER.

PART 4 – PLAN OF FINANCE

General

The proceeds of the sale of the Series 2023 Bonds will provide funds which, together with other available funds, will be used to (i) refinance all of the outstanding FHA-Insured Indebtedness (as hereinafter defined); and (ii) pay costs of issuance of the Series 2023 Bonds.

The Refinancing

In 2013, NYPH issued a mortgage note (the “*FHA-Insured Mortgage Note*”) to evidence its obligation to repay a loan in the original principal amount of \$500.0 million the proceeds of which were used to finance the design, construction and equipping of the Project. The FHA-Insured Mortgage Note is secured by a mortgage on the Project and on certain of NYPH’s facilities on NYPH’s NYP/Weill Cornell campus (the “*FHA-Insured Mortgage*”). The FHA-Insured Mortgage Note is further secured by other assets of NYPH, including a pledge of revenue, under the loan documents with respect thereto (the FHA-Insured Mortgages and such other loan documents, the “*FHA-Insured Loan Documents*”). As of August 1, 2023, the FHA-Insured Mortgage Note is outstanding in the principal amount of \$364.7 million (the “*FHA-Insured Indebtedness*”).

The U.S. Department of Housing and Urban Development (“*HUD*”) consented to NYPH entering into the loans relating to the Series 2015 Bonds, the Series 2016 Bonds, the Series 2019 Bonds and the Series 2020 Bonds. HUD has also consented to NYPH entering into the loan relating to the Series 2023 Bonds. HUD, the FHA-insured mortgagee, DASNY, the bond trustees for the Series 2015 Bonds, the Series 2016 Bonds, the Series 2019 Bonds and the Series 2020 Bonds, the Bond Trustee and the Master Trustee have entered into an intercreditor agreement, as amended (the “*Intercreditor Agreement*”), which provides for the cross-default of the FHA-Insured Indebtedness with the Series 2015 Bonds, the Series 2016 Bonds, the Series 2019 Bonds, the Series 2020 Bonds and the Series 2023 Bonds. In the event of a default under the FHA-Insured Loan Documents, the FHA-insured mortgagee is entitled to exercise certain rights as a secured party, including rights to take control of NYPH’s accounts and revenues, and, at the direction of HUD, to accelerate the FHA-Insured Indebtedness and foreclose on the lien of the FHA-Insured Mortgage. The proceeds of the exercise of any such rights would be applied to the payment of the FHA-Insured Indebtedness prior to the payment of the Series 2023 Bonds, the Series 2020 Bonds, the Series 2019 Bonds, the Series 2016 Bonds and the Series 2015 Bonds.

On or about the Prepayment Date, a portion of the proceeds of the Series 2023 Bonds, which will be held by the Bond Trustee, together with other available funds that will be made available by NYPH, will be applied to the repayment in full of the FHA-Insured Indebtedness. On the Prepayment Date, the FHA-Insured Mortgage will be satisfied and released and the Intercreditor Agreement and the pledge of revenues and other security interests in assets of NYPH securing the FHA-Insured Indebtedness will terminate.

PART 5 – ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Series 2023 Bonds:

	Series 2023 Bonds
Sources of Funds	
Par Amount of Bonds	\$292,900,000
Bond Premium	37,818,418
NYPH Equity ⁽¹⁾	35,294,846
Total Sources of Funds	\$366,013,264
 Uses of Funds	
Refinancing of FHA-Insured Indebtedness ⁽¹⁾	\$362,907,337
Costs of Issuance ⁽²⁾	3,105,928
Total Uses of Funds	\$366,013,264

⁽¹⁾ NYPH will be providing its equity contribution on October 30, 2023 and will pay the principal amounts of the FHA-Insured Indebtedness due on September 1, 2023 and October 1, 2023 and the interest related to these principal amounts. The equity contribution and such payments of principal and interest, together with proceeds from the escrow fund will be sufficient to prepay the remaining outstanding FHA-Insured Indebtedness.

⁽²⁾ Costs of Issuance includes Underwriters’ discount, rating agencies fees, bond trustee fees, master trustee fees, cost of printing, fees for legal counsel, accountants and other costs.

Totals may not foot due to rounding.

PART 6 – BONDHOLDERS’ RISKS

General Factors Affecting the Series 2023 Bonds and NYPH’s Revenues and Expenses

AN INVESTMENT IN THE SERIES 2023 BONDS INVOLVES A DEGREE OF RISK. A PROSPECTIVE PURCHASER OF THE SERIES 2023 BONDS IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. REFER TO “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS**” AND THIS SECTION FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2023 BONDS. The factors listed below, among others, could adversely affect NYPH’s operation, revenues and expenses to an extent and in a manner which cannot be determined at this time.

Introduction

In the last decade, health care providers, especially hospitals, have faced increasing economic pressures from both governmental health care programs and private purchasers of health care such as insurance companies and health maintenance organizations (collectively “*third-party payors*”).

The dependence of hospitals on governmental programs requires them to accept limitations on payments and comply with regulations and other restrictions and requirements triggered by participation in such programs. Some governmental and private third-party payors have entered into contracts with health care providers that require “capitated” or other fixed payments, which have the effect of shifting significant economic risks to health care providers.

Health care, especially at the hospital level, is a highly regulated industry with complicated and frequently changing governmental policies and regulations arising both from payment programs and extensive governmental oversight. Health care providers are increasingly subject to audits, investigations and litigation that may threaten access to governmental payment programs, require substantial fines and payments, generate adverse publicity and create significant legal and other transaction costs. In addition, because NYPH is a 501(c)(3) organization under Internal Revenue Code of 1986, as amended (the “Code”), it is subject to regulation and restrictions that may have adverse effects on its economic performance or threaten its tax-exempt status and the economic benefits derived from such status. In particular, such regulations and restrictions may require the provision of health care services without payment to a greater degree than is currently the case.

Although NYPH is part of a larger system as described in **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL”** attached hereto, NYPH is currently the sole Member of the Obligated Group and no other entity is obligated to make payments under the Loan Agreement or on Obligation No. 5 to provide debt service on the Series 2023 Bonds. Therefore, payment of the Series 2023 Bonds depends directly on the ability of NYPH to generate revenues sufficient to cover the debt service on the Series 2023 Bonds and all other indebtedness of NYPH.

Set forth below is a limited discussion of certain of the risks affecting NYPH and its ability to provide for payment of the Series 2023 Bonds. Investors should recognize that the discussion below does not cover all such risks; that payment provisions and regulations and restrictions change frequently; and that additional material payment limitations and regulations and restrictions may be created, implemented or expanded while the Series 2023 Bonds are outstanding. The following is not meant to be an exhaustive list of the risks associated with the purchase of any Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following special factors along with all other information described elsewhere or incorporated by reference in this Official Statement, including the Appendices hereto, in evaluating the Series 2023 Bonds.

Economic Conditions and Financial Markets

Generally. The U.S. economy is unpredictable. Economic downturns and other unfavorable economic conditions have previously impacted the health care industry and health care providers’ operations and financial condition, and the COVID-19 pandemic has adversely impacted and may continue to adversely impact the U.S. economy. If general economic conditions worsen as a result of the COVID-19 pandemic, inflation, rising costs and/or other causes, NYPH’s financial performance and its liquidity and ability to repay outstanding debt, including debt service on the Series 2023 Bonds, may be adversely affected. Broad economic factors—such as unemployment rates, inflation, interest rate increases or instabilities in consumer demand and consumer spending—could affect NYPH’s patient service volumes and its ability to collect outstanding receivables. Additionally, following the passage of the Inflation Reduction Act of 2022 (which President Biden signed into law on August 16, 2022) and the implementation of a corporate alternative minimum tax for certain entities, those entities may have less capital to invest in bond markets, and the demand for the Series 2023 Bonds could be adversely impacted.

Other economic conditions that from time to time may adversely affect NYPH’s revenues and expenses, and consequently, its ability to pay debt service on the Series 2023 Bonds, include but are not limited to: (1) an inability to access financial markets on acceptable terms at a desired time, (2) significant investment portfolio losses, (3) increased business failures and consumer and business bankruptcies, (4) federal and state budget challenges resulting in reduced or delayed Medicare and Medicaid reimbursement, (5) a reduction in the demand for health care services or patient decisions to postpone or cancel elective and non-emergency health care procedures, (6) increased malpractice, casualty and other insurance expenses, (7) reduced availability or affordability of health insurance, (8) a shortage of physician, nursing,

or other professional personnel or support staff, (9) a shortage of medical supplies and critical care unit beds caused by a public health emergency, (10) increased inflation, interest rates and operating costs, (11) a reduction in the receipt of grants and charitable contributions, (12) changing demographic developments in NYPH's service areas, (13) unavailability of liquidity during periods of economic stress caused by delayed reimbursement or payment, or increased costs of liquidity facilities, (14) increased competition from other health care institutions, and (15) issues regarding cybersecurity.

Recently, the United States experienced high levels of inflation, which is having an impact on the cost of goods and services needed by NYPH to operate their facilities. Increased labor costs have materially adversely affected NYPH. Supply chain challenges may also negatively impact NYPH's ability to maintain its facilities and construct new facilities. As a result, NYPH may experience delays and increased costs associated with inflation and such supply chain issues.

Federal Debt Limit. The federal government has, through legislation, created a debt "ceiling" or limit on the amount of debt that may be issued by the United States Treasury. In the past several years, political disputes concerning authorization of a suspension or an increase in the federal debt ceiling have led to shutdowns of substantial portions of the federal government and other federal budget authorization delays. On January 19, 2023, the outstanding debt of the United States reached the statutory debt ceiling, and the U.S. Department of Treasury began to deploy certain extraordinary measures to allow the U.S. Treasury to continue paying its obligations. On June 3, 2023, President Biden signed the Fiscal Responsibility Act of 2023 into law, suspending the debt ceiling until January 1, 2025. Any future failure by Congress to suspend or increase the federal debt ceiling, federal budget authorization delays, or any federal government shutdown or partial federal government shutdown may cause Medicare and Medicaid reimbursements to be further reduced or paid late. Any such failure to suspend or increase the federal debt limit may materially impact the operations and financial condition of NYPH. Additionally, the market price or marketability of the Series 2023 Bonds in the secondary market may be materially adversely impacted by any failure to increase the federal debt limit or other credit weaknesses discussed herein.

Federal Budget Cuts. Federal deficit reduction efforts have slowed the growth of federal Medicare and Medicaid spending. The Budget Control Act of 2011 (the "BCA") mandated significant reductions and spending caps on the federal budget, including a 2% reduction in Medicare spending which took effect in 2013, among other reductions. Legislation enacted during the COVID-19 pandemic suspended the 2% Medicare sequestration. However, the Centers for Medicare & Medicaid Services ("CMS") began to phase in the suspended sequestration cuts, with a 1% cut taking effect April 1, 2022. Effective July 1, 2022, the sequestration cuts have now reverted to 2%. In addition, although Congress waived the 4% Statutory Pay-As-You-Go (PAYGO) sequester cuts scheduled for fiscal years 2023 and 2024, it is possible that Congress could act to extend or increase these and other across-the-board reductions in future years. For example, the Fiscal Responsibility Act of 2023 included a 1% across-the-board budget cut for Federal Fiscal Year 2024 if Congress does not pass all spending bills by the end of this fiscal year.

It is possible that Congress will take action to eliminate some or all of the reductions in the future and any Congressional action could be made retroactive in order to eliminate some or all of the cuts even to the extent they were imposed. However, there is no certainty that Congress will take any action. It is also possible Congress will affirmatively extend the 2% Medicare sequestration beyond the current fiscal year 2031 expiration. Because Congress may make changes to the budget in the future, it is impossible to predict the impact any spending cuts may have upon NYPH. Similarly, it is impossible to predict whether any automatic reductions to Medicare may be triggered in lieu of other spending cuts that may be proposed by Congress. These and any additional reductions in Medicare and/or Medicaid spending could have a material adverse effect upon NYPH's financial condition.

Pandemic or Public Health Emergencies

A public health emergency, including a widespread outbreak of an infectious disease, such as COVID-19, Ebola, Zika, or H1N1, may put stress on the capacity of all or a part of NYPH's health care facilities, could result in an abnormally high demand for health care services, require that resources be diverted from one part of operations of NYPH to another part, disrupt the supply chain for equipment and supplies necessary for the operation of NYPH's facilities or impair the operation of part or all of NYPH's facilities. Public health emergencies can necessitate the cessation of outpatient treatment and elective procedures. In addition, unaffected individuals may decide to defer elective procedures or otherwise avoid medical treatment, resulting in reduced patient volumes and operating revenues at NYPH's outpatient facilities. The effect of any future public health emergency or crisis on NYPH's operations and finances could be material and cannot be predicted at this time.

The federal Coronavirus Aid, Relief, and Economic Security Act ("*CARES Act*") created a Public Health and Social Services Emergency Fund, commonly known as the Provider Relief Fund, with a direction to the U.S. Department of Health and Human Services ("*HHS*") to distribute funds through grants or other mechanisms to eligible providers for healthcare related expenses or lost revenues that are attributable to COVID-19. HHS distributed funding from the Provider Relief Fund as grants, not as loans, and did so automatically without requiring an application. However, all Provider Relief Fund recipients must attest to the program's "Terms and Conditions," which among other things, require the submission and maintenance of documentation to substantiate that funds were used for allowable expenses. To be an allowable expense under the program, the funds must have been used to prevent, prepare for and respond to COVID-19. All allowable expenses must be supported by adequate documentation in accordance with the Terms and Conditions.

HHS is actively auditing recipients of Provider Relief Funds to ensure compliance with the Terms and Conditions of the CARES Act. Violations may be pursued as false claims under the Federal False Claims Act and may occur as a result of an audit by HHS or by the filing of a whistleblower complaint under the Federal False Claims Act. NYPH is participating in the audit program and, although meetings with regulators have been favorable to date, it is possible that an audit could result in a requirement that NYPH return some funds received and/or could subject NYPH to fines or penalties for even minor or inadvertent incidents of non-compliance.

Adequacy of Revenues

The Loan Agreement and Obligation No. 5, which require NYPH to make payments of debt service on the Series 2023 Bonds, are general unsecured obligations of NYPH. No representation or assurance can be made that revenues will be realized by NYPH in amounts sufficient to pay maturing principal of, redemption premium, if any, and interest on the Series 2023 Bonds. The ability of NYPH to make payments to meet debt service on the Series 2023 Bonds depends, among other things, upon the capabilities of management of NYPH and the ability of NYPH to maximize revenues under various third-party payment programs and to minimize costs and to obtain sufficient revenues from their operations to meet such obligations. Revenues and costs are affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. The risk factors discussed below should be considered in evaluating the ability of NYPH to make payments in amounts sufficient to meet its obligations with respect to the Series 2023 Bonds and Obligation No. 5. This discussion is not, and is not intended to be, exhaustive.

The ability of NYPH to make required payments on the Series 2023 Bonds under the Loan Agreement and Obligation No. 5 is subject to, among other things, future economic and other conditions, which are unpredictable and which may affect revenues and costs and, in turn, the payment of principal of,

premium, if any, and interest on the Series 2023 Bonds. Future revenues and expenses of NYPH will be affected by events and conditions relating generally to, among other things, demand for NYPH's services, its ability to provide the services required by patients, physicians' relationships with NYPH, patient and physician satisfaction with NYPH and its facilities, management capabilities, the design and success of NYPH's strategic plans, demographic, financial and economic developments in the United States, the State and NYPH's service area, NYPH's ability to control expenses, maintenance by NYPH of relationships with managed care organizations ("MCOs") and PPOs (as defined herein), competition, rates, costs, third-party payment, legislation and governmental regulation. The ability of NYPH to operate successfully over the life of the Series 2023 Bonds may also be dependent upon its ability to finance, acquire and support additional capital replacements and improvements, which ability will be affected by legislation, regulations and applicable principles of reimbursement. Federal and state statutes and regulations are the subject of intense legislative debate and are likely to change, and unanticipated events and circumstances may occur, as evidenced by the COVID-19 pandemic, which cause variations from NYPH's expectations, and the variations may be material. **THERE CAN BE NO ASSURANCE THAT THE REVENUES OF NYPH WILL BE SUFFICIENT TO ENABLE NYPH TO MAKE SUCH PAYMENTS OF DEBT SERVICE ON THE SERIES 2023 BONDS.**

None of the provisions, covenants, terms and conditions of the Loan Agreement or the Master Trust Indenture will afford the Bond Trustee any assurance that the principal and interest under the Loan Agreement and Obligation No. 5 (which, except for money held under the General Resolution, constitute the sole source of funds for the payment of the Series 2023 Bonds) will be paid as and when due, if the financial condition of the Obligated Group deteriorates to a point where the Members of the Obligated Group are unable to pay their debts as they come due, or otherwise become insolvent. Currently, NYPH is the sole Member of the Obligated Group.

Outstanding Indebtedness

NYPH has FHA-Insured Indebtedness outstanding, which is secured by the FHA-Insured Mortgage and a pledge of accounts and revenues of NYPH. This indebtedness will be repaid on or about October 30, 2023 with proceeds of the Series 2023 Bonds and other available funds. See "**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Outstanding Indebtedness**" above for additional details. Upon repayment of the FHA-Insured Indebtedness, the FHA-Insured Mortgage and all other collateral securing such indebtedness will be released and the pledge of accounts and revenues of NYPH will terminate. See **APPENDIX A – "THE NEW YORK AND PRESBYTERIAN HOSPITAL – FINANCIAL AND OPERATING INFORMATION – Outstanding Long-Term Indebtedness– The FHA-Insured Indebtedness"** attached to this Official Statement.

There are now four Obligations in an aggregate principal amount of \$2.85 billion issued and outstanding under the Master Trust Indenture, which evidence and secure the four outstanding series of taxable bonds issued by NYPH, NYPH's Taxable Bonds, the Series 2015 Bonds, the Series 2016 Bonds, the Series 2019 Bonds and the Series 2020 Bonds. Sometime after the issuance of Obligation No. 5 to evidence and secure NYPH's obligation to make payments on the Series 2023 Bonds, NYPH expects to issue two additional Obligations under the Master Trust Indenture in the aggregate principal amount of \$192.0 million to evidence and secure the Private Placement Note issued in 2022. See **APPENDIX A – "THE NEW YORK AND PRESBYTERIAN HOSPITAL – FINANCIAL AND OPERATING INFORMATION – Outstanding Long-Term Indebtedness – The MTI Indebtedness"** and "**– Other Indebtedness**" attached to this Official Statement.

As of June 30, 2023, in addition to the four Obligations outstanding under the Master Trust Indenture, NYPH has approximately \$1.1 billion of other long-term indebtedness outstanding, which includes the FHA-Insured Indebtedness in the amount of \$367.5 million, which will be repaid in full on or

about October 30, 2023, and the Private Placement Note. See **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL – FINANCIAL AND OPERATING INFORMATION – Outstanding Long-Term Indebtedness – Other Indebtedness”** attached to this Official Statement.

New York State Department of Health Regulations and General Oversight from Federal Agencies

NYPH is subject to regulations issued by the New York State Department of Health (“DOH”). Compliance with such regulations may require substantial expenditures for administrative or other costs. Regulations or policies of DOH could change in a manner that could impose additional material fiscal and operational burdens on NYPH. In addition, regulations could change in response to a public health emergency and compliance with new or revised regulations might require additional expenditures and could adversely impact revenues. DOH could decide to revoke or not renew the operating certificate of NYPH for failure to comply with regulatory requirements. NYPH’s ability to provide services or maintain beds or to modify certain existing services is also subject to DOH review and approval. Approvals can be highly discretionary, may involve substantial delay and expense, and may require substantial changes or expenses in the proposed request. Effective June 22, 2023, New York State requires hospitals to submit with a certificate of need application for certain projects a health equity impact assessment (an “*Impact Assessment*”). An Impact Assessment must be prepared by an independent entity that addresses how a project will improve access to hospital services and health care, health equity and reduction of health disparities. It is possible that DOH could impose conditions on approval of a certificate of need application that could result in material additional costs. Accordingly, NYPH’s ability to make changes to their services and respond to changes in the competitive environment may be limited.

Similarly, NYPH is subject to regulation by other governmental agencies, including but not limited to CMS, HHS and the Office of Inspector General. These agencies frequently issue guidance that have immediate impact on NYPH’s operations, including regulations on billing and collections. They also monitor hospital operations and adherence to the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the 21st Century Cures Act (which prohibits information blocking) and mandatory self-disclosures. Compliance with new guidance and ongoing monitoring may require additional investments and expenditures for the hospital.

Potential Changes to the Tax Treatment of Bonds

Proposals to alter or eliminate the exclusion of interest on tax-exempt bonds from gross income for some or all taxpayers have been made in the past and may be made again in the future. Such legislative proposals, if enacted, could alter the federal and/or state tax treatment described under “**PART 10 – TAX MATTERS**” herein, and certain of which, whether or not enacted, could adversely affect the market value or marketability of the Series 2023 Bonds. Certain legislative proposals, if enacted, could tax all or a portion of the interest on tax exempt bonds, including the Series 2023 Bonds, for certain taxpayers under the regular income tax, the alternative minimum tax or otherwise, and could apply to bonds issued before, on, or after the date of enactment. It is unclear whether any legislation will be enacted affecting the tax treatment of interest on the Series 2023 Bonds. If any such legislation is retroactive and applies to then existing tax-exempt bonds, including the Series 2023 Bonds, the adoption of any such legislation could adversely affect the market value or marketability of the Series 2023 Bonds and the financial condition of NYPH. In addition, the adoption of any such legislation could increase the cost to NYPH of financing future capital needs.

Not-For-Profit Health Care Environment

NYPH is a not-for-profit corporation, exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code. As a not-for-profit tax-exempt organization, NYPH is subject

to federal, state and local laws, regulations, rulings and court decisions relating to its organization and operation, including its operation for charitable purposes.

In recent years, the operations or practices of certain health care providers have been challenged or questioned to determine if they are consistent with the regulatory requirements for not-for-profit tax-exempt organizations. These challenges, in some cases, are broader than concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, and instead in some cases examine core business practices of health care organizations. Areas which have come under examination have included pricing practices, billing and collection practices, charitable care methods of providing and reporting community benefit, executive compensation, exemption of property from real property taxation, private use of facilities financed with tax exempt bonds, and others. These challenges and questions have come from a variety of sources, including state attorneys general, the Internal Revenue Service (“IRS”), labor unions, Congress, state legislatures, and patients, and in a variety of forums, including hearings, audits and litigation. If NYPH were to face a challenge of this nature, it could have a material impact on the financial condition of NYPH in the future. These challenges or examinations include the matters described below.

Litigation Relating to Billing and Collection Practices. Lawsuits have been filed against various not-for-profit health care providers in federal and state courts across the country regarding billing and collection practices relating to the uninsured. The lawsuits are premised on the notion that federal and state laws require not-for-profit health care providers to provide certain levels of free or discounted health care to the uninsured. Thus, the plaintiffs in those lawsuits have alleged, among other things, that the defendants violated federal and state law by billing the uninsured at undiscounted rates, that the medical bills the defendants sent to the uninsured are inflated, and that the defendants engaged in unfair debt collection practices.

Congressional Hearings. In recent years, multiple congressional committees have conducted hearings and other proceedings inquiring into various practices of not-for-profit hospitals and health care providers. Among the legislation proposed or discussed as a result of these hearings and proceedings are: (1) establishment of minimum required levels of charity care to be provided by not-for-profit health care providers; (2) periodic review of hospitals’ tax-exempt status by the IRS; (3) greater and more uniform reporting of charitable and community benefit activities; and (4) balance billing practices.

IRS Form 990 for Not-for-Profit Corporations. The IRS Form 990 is used by 501(c)(3) not-for-profit organizations (including NYPH) to submit information required by the federal government for tax exemption. Form 990 requires detailed public disclosure of compensation practices, corporate governance, loans to management and others, joint ventures, compliance with community benefit and billing requirements, compliance with rules relating to tax-exempt bonds, political campaign activities, and other areas the IRS deems to be compliance risk areas. Form 990 makes available substantial information on compliance risk areas to the IRS and other enforcement agencies.

IRS Enforcement of Community Benefit. The IRS has undertaken a community benefit initiative directed at hospitals. The IRS determined that a lack of uniformity in definitions of community benefit used by reporting hospitals, including those regarding uncompensated care and various types of benefits, made it difficult for the IRS to assess whether any particular hospital is in compliance with current law. As a result, hospitals are required to complete Schedule H of Form 990 to report their community benefit activities, including the cost of providing charity care and other tax-exemption related information.

The Patient Protection and Affordable Care Act. The Affordable Care Act (as hereinafter defined) imposed additional requirements on non-profit hospitals in order to maintain their tax-exempt status. First, each hospital must conduct a community health needs assessment at least once every three taxable years

and adopt an implementation strategy to meet the needs identified, or be subjected to an excise tax penalty of \$50,000. Hospitals must disclose a summary of the assessment and implementation strategy and audited financial statements on Form 990. The Secretary of the Treasury must review the community benefit of the activities of each tax-exempt hospital at least once every three years and must submit an annual report to Congress with information regarding the levels of charity care, bad debt expenses, unreimbursed costs of government programs, and costs incurred by tax-exempt hospitals for community benefit activities. Second, each hospital must adopt, implement and publicize a financial assistance policy and a policy relating to emergency medical care. Third, hospitals must limit the charges for emergency or other medically necessary care provided to individuals eligible for assistance under the financial assistance policy to not more than the amounts generally billed to individuals who have insurance that covers such care. Finally, a hospital may not engage in extraordinary collection actions before making reasonable efforts to determine whether an individual is eligible for assistance under the organization's financial assistance policy.

The Treasury Department and IRS oversight and reporting on community benefit activities of 501(c)(3) hospitals may increase the likelihood that Congress will require such hospitals to provide a minimum level of charity care in order to retain their tax-exempt status and may increase IRS scrutiny of particular 501(c)(3) hospital organizations.

IRS Focus on Private Benefit and Private Inurement. The Code contains restrictions on the issuance of tax-exempt bonds for the purpose of financing and refinancing different types of health care facilities for not-for-profit organizations, including facilities generating taxable income. The Code continues to subject unrelated business income of not-for-profit organizations to taxation.

As a tax-exempt organization, NYPH is limited with respect to the use of practice income guarantees, reduced rent on medical office space, below-market interest loans, joint venture programs, and other means of recruiting and retaining physicians. The IRS scrutinizes a broad variety of contractual relationships commonly entered into by hospitals and affiliated entities, including NYPH, and has issued detailed hospital audit guidelines suggesting that field agents scrutinize numerous activities of hospitals in an effort to determine whether any action should be taken with respect to limitations on, or revocation of, their tax-exempt status or assessment of additional tax. The IRS has also commenced intensive audits of select health care providers to determine whether the activities of these providers are consistent with their continued tax-exempt status. The IRS has indicated that, in certain circumstances, violation of the fraud and abuse statutes could constitute grounds for revocation of a hospital's tax-exempt status.

Any suspension, limitation or revocation of the tax-exempt status of NYPH or assessment of significant tax liability would have a material adverse effect on NYPH.

Section 501(c)(3) of the Code specifically conditions the continued exemption of all Section 501(c)(3) organizations upon the requirement, among others, that no part of the net earnings of the organization inure to the benefit of any private individual. A violation of the prohibition against private inurement may cause the organization to lose its tax-exempt status under 501(c)(3) of the Code. The IRS has issued guidance in informal private letter rulings and general counsel memoranda on some situations that give rise to private inurement, but there is no definitive body of law and no regulations or public advisory rulings that address many common arrangements between exempt health care providers and nonexempt individuals or entities. There can be no assurances concerning the outcome of an audit or other investigation given the lack of clear authority interpreting the range of activities undertaken by NYPH.

Intermediate sanctions legislation enacted in 1996 imposes penalty excise taxes in cases where an exempt organization is found to have engaged in an "excess benefit transaction" with a "disqualified person." Such penalty excise taxes may be imposed in lieu of revocation of exemption or in addition to such revocation in cases where the magnitude or nature of the excess benefit call into question whether the

organization functions as a public charity. The tax is imposed both on the disqualified person receiving such excess benefit and on any officer, director, trustee or other person having similar powers or responsibilities who participated in the transaction willfully or without reasonable cause, knowing it will involve “excess benefit.” “Excess benefit transactions” include transactions in which a disqualified person receives compensation for services that exceeds the fair market value of the services provided by the disqualified person. “Disqualified persons” include “insiders” such as board members and officers, senior management, and members of the medical staff, who in each case are in a position to substantially influence the affairs of the organization; their family members; and entities which are more than 35% controlled by a disqualified person.

Any imposition of a penalty excise tax, or the loss of exempt status, based upon a finding that NYPH engaged in an excess benefit transaction could result in negative publicity and other consequences that could have a materially adverse effect on the operations, property or assets of NYPH.

Tax Audits. Taxing authorities have historically conducted tax audits of not-for-profit organizations to confirm that such organizations are in compliance with applicable tax rules and in some instances have collected significant payments as part of the settlement process. Such audit processes may be prolonged, and it may take several years to reach the final determination of allowable amounts.

Challenges to Real Property Tax Exemptions. Recently, the real property tax exemptions afforded to certain not-for-profit health care providers by state and local taxing authorities have been challenged on the grounds that the health care providers were not engaged in charitable activities. These challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices and excessive financial margins. There can be no assurance that these types of challenges will not occur in the future.

Financial Aid/Charity Care. Hospitals are permitted to qualify for tax-exempt status under the Code because the provision of health care historically has been treated as a “charitable” enterprise. This treatment arose before most Americans had health insurance, when charitable donations were required to fund the health care provided to the sick and disabled. Some commentators and others have taken the position that, with the onset of employer health insurance and governmental reimbursement programs, there is no longer any justification for special tax treatment for the health care industry, and the availability for tax-exempt status should be eliminated. Furthermore, federal and state tax authorities are beginning to demand that tax-exempt hospitals justify their tax-exempt status by documenting their charitable care and other community benefits.

As described above under the caption “Not-For-Profit Health Care Environment – Litigation Relating to Billing and Collection Practices,” charity care issues also serve as the basis of certain claims against major hospital systems throughout the United States on behalf of uninsured patients. Many lawsuits filed against non-profit hospitals raise a number of claims against the hospital defendants, including claims that the defendants, by accepting tax-exempt status, entered into agreements with the federal, state and local governments promising to provide free or reduced care to all those who need it; the uninsured patients are beneficiaries of those agreements and can bring suit on them; the defendants engaged in illegal and oppressive tactics against the uninsured; the defendants engaged in illegal price discrimination by charging the uninsured rates far in excess of the rates charged to such third-party payors as Medicare and certain insurers; the defendants violated state consumer fraud statutes; the defendants allowed a portion of their properties to be used by for-profit entities at less than fair value and engaged in other inappropriate transactions with doctors and certain insiders; the defendants transferred monies illegally to their affiliates for other than charitable purposes; and the defendants and the American Hospital Association, another named defendant in many of the lawsuits, conspired with the defendants to charge illegal prices to the uninsured.

Litigation has been initiated against several hospitals in the United States by individual uninsured plaintiffs alleging, among other things, that the defendants violated their duty to the plaintiffs by charging higher rates and fees for services to those plaintiffs than the hospitals received from Blue Cross Blue Shield entities, Medicare, Medicaid or other insurers. Among the remedies sought by the plaintiffs are money damages and a court order against the defendants compelling them to reduce the rates and fees charged to uninsured patients.

Federal Legislation

On January 2, 2013, the American Taxpayer Relief Act of 2012 (the “*Taxpayer Relief Act*”) was signed into law to address the federal deficit and the budget sequestration provisions of the Budget Control Act of 2011. The Taxpayer Relief Act postponed the budget sequestration provisions of the Budget Control Act of 2011 for two months to allow Congress to attempt to reach a budget compromise. With no budget compromise forthcoming, on March 1, 2013, President Obama issued a sequestration order, requiring across-the-board reductions in Federal spending. Accordingly, on March 8, 2013, the Centers for Medicare and Medicaid Services (“*CMS*”) announced that Medicare claims for payment with a date of service or date of discharge on or after April 1, 2013, will incur a two percent (2%) reduction in Medicare payment. Legislation enacted during the COVID-19 pandemic suspended the 2% Medicare sequestration. However, CMS began to phase in the suspended sequestration cuts, with a 1% cut taking effect April 1, 2022. Effective July 1, 2022, the sequestration cuts have now reverted to 2%. In addition, although Congress waived the 4% Statutory Pay-As-You-Go (PAYGO) sequester cuts scheduled for fiscal years 2023 and 2024, it is possible that Congress could act to extend or increase these and other across-the-board reductions in future years.

In 2010, the Patient Protection and Affordable Care Act was signed into law along with the Health Care and Education Reconciliation Act. Together, these laws (hereinafter referred to as the “*Affordable Care Act*”) introduced the most far-reaching changes in our national health care system since the creation of Medicare in 1965. The Affordable Care Act affects health care organizations in countless ways through insurance reforms, changes in Medicare and Medicaid provider payments, quality and transparency initiatives, and delivery system reforms. The most significant health insurance coverage reforms began in 2014 and included such provisions as prohibiting health insurers from denying coverage or refusing claims based on pre-existing conditions, expanding Medicaid eligibility, subsidizing insurance premiums, providing incentives for businesses to provide health care benefits, and establishing health insurance exchanges.

The Affordable Care Act is complex and includes many new programs and initiatives and changes to existing programs, policies, practices and laws. Further, as discussed below, the Affordable Care Act is highly politicized. Some of the specific provisions of the Affordable Care Act that may affect hospital operations, financial performance or financial conditions are described below. This list is not exhaustive.

- Annual inflation adjustments to Medicare payments have been reduced.
- Many state Medicaid programs have been expanded to a broader population.
- Medicare has begun reducing payments to hospitals found to have an excess readmissions ratio for certain conditions.
- To reduce waste, fraud, and abuse in public programs, the Affordable Care Act provides for provider enrollment screening, enhanced oversight periods for new providers and suppliers, enrollment moratoria in areas identified as being at elevated risk of fraud in all

public programs, increased penalties for fraud and abuse violations, and increased funding for anti-fraud activities.

- Medicare payments to certain hospitals to cover conditions acquired during hospitalization have been reduced and federal payments to states for Medicaid services related to hospital-acquired conditions are prohibited.
- A value-based purchasing program has been established under the Medicare program. Under this program, hospital payments will increase or decrease depending on a hospital's performance vis-a-vis established quality measures.
- Medicare and Medicaid Disproportionate Share Hospital (“*DSH*”) allotments to each state were slated for reductions, based on state-wide reduction in uninsured and uncompensated care. However, Congress has repeatedly delayed these cuts and there are efforts to eliminate the cuts entirely or seek further delay. Under current law, *DSH* cuts could go into effect at the beginning of Federal Fiscal Year 2024 unless Congress acts to delay implementation.
- Hospitals must post on their website the charge master for all services as well as the reimbursement rates negotiated with health plans. In addition, hospital websites are required to include a tool for patients to estimate their out-of-pocket costs for some selected common services that are usually not received on an emergent or urgent basis.

The Affordable Care Act and its implementation have been, and remain, politically controversial. Since its enactment, the Affordable Care Act has faced a stream of opposition from Republican lawmakers calling for its repeal or replacement, along with a string of lawsuits challenging various aspects of the law. To date, the Affordable Care Act has survived three major Supreme Court challenges and no bills wholly repealing the Affordable Care Act have passed both chambers of Congress. However, the Tax Cuts & Jobs Act effectively eliminated a key provision of the Affordable Care Act – a tax penalty associated with failing to maintain health coverage by reducing the penalty to zero dollars effective in 2019. Therefore, although there is no federal penalty for being uninsured, the rest of the Affordable Care Act continues to be in effect with some limits relating to Medicaid expansion. New legal or legislative challenges to the Affordable Care Act may occur in the future.

In addition to actual and possible legislative changes or legal challenges, executive branch actions and policies could impact the viability of the Affordable Care Act. For example, executive branch action has the potential to significantly impact the Affordable Care Act insurance exchange market by causing a reduction in the number of healthy individuals in the Affordable Care Act health insurance exchanges, a reduction in the number of plans available on the health insurance exchanges, and/or an increase in insurance premiums. President Biden has taken, and is expected to continue to undertake, executive actions that will strengthen and build on the Affordable Care Act and may reverse certain policies of the prior administration that are seen as undermining the Affordable Care Act.

The Affordable Care Act will likely continue to be the subject of legal and political challenges and Management of NYPH cannot predict the effect of such efforts. Changes to the Affordable Care Act could materially impact NYPH's operations, financial condition and financial performance. In particular, any legal, legislative or executive action that (1) reduces federal health care program spending, (2) increases the number of individuals without health insurance, (3) reduces the number of people seeking health care, or (4) otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on NYPH's business or financial condition.

Administrative Actions regarding the Affordable Care Act

On June 21, 2018, the U.S. Department of Labor published a final rule, amending the definition of “employer” under section 3(5) of the Employee Retirement Income Security Act (“ERISA”) to allow for the establishment of group or association health plans (“AHPs”) that broadens the criteria under ERISA for determining when and how employers may form associations to offer group health plans to multiple employers and self-employed individuals. The final rule was intended to expand access to group health coverage; however, the final rule also eliminates certain requirements for a health plan under the Affordable Care Act.

On July 7, 2023, HHS, the U.S. Department of Labor, and the U.S. Department of the Treasury released a notice of proposed rulemaking. The notice proposes to modify the definition of short-term, limited-duration insurance and modify the conditions for hospital indemnity or other fixed indemnity insurance to be considered an excepted benefit. The notice also solicits comments regarding specified disease excepted benefits coverage and comments regarding level-funded plan arrangements. The notice further includes a proposal that would clarify the tax treatment of certain benefit payments in fixed amounts received under employer-provided accident and health plans.

Tax Reform. On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act. The Tax Cuts and Jobs Act lowered corporate and individual tax rates and eliminated certain tax preferences and other tax expenditures. The Tax Cuts and Jobs Act also eliminated, effective 2019, the tax penalties associated with failure to comply the Affordable Care Act’s individual mandate. The elimination of the individual mandate may result in a higher uninsured rate, which may adversely affect the financial condition of NYPH.

The Tax Cuts and Jobs Act also eliminated the issuance of tax-exempt bonds to advance refund outstanding tax-exempt bonds; imposed an excise tax on exempt entities’ executive compensation in excess of \$1,000,000 per year; required that the tax on an exempt organization’s unrelated business income be computed separately for each line of business; required the inclusion of certain fringe benefits in the calculation of unrelated business income tax; and limits the use of net operating losses in computing unrelated business income tax, each of which may, collectively or individually, adversely affect the financial condition of NYPH.

Federal and State Policies Affecting Health Care Facilities. Legislation is periodically introduced in Congress and in the New York State Legislature that could result in limitations on NYPH’s revenue, third-party payments, and costs or charges, or that could result in increased competition or an increase in the level of uncompensated care required to be provided by NYPH. From time to time, legislative and regulatory proposals are made at the federal and state level to engage in broader reform of the health care industry, including proposals to promote competition in the health care industry, to contain health care costs, change existing nurse staffing ratios, impose administratively burdensome regulations and to impose additional requirements and restrictions on health care insurers, providers and other health care entities. These proposals include changes to or elimination of the 340B drug program which permits qualifying hospitals and other facilities to purchase medications at discounted rates, as well as how the applicable federal agencies will oversee and enforce the program requirements on pharmaceutical manufacturers. Additionally, members of Congress, including some of the former candidates for President of the United States, have introduced proposals to adopt a national, single-payer health system. Similar proposals are being proposed in New York State. The impact of future reform efforts on NYPH cannot be predicted at this time and may have a material effect on NYPH’s finances and operations.

Risks Related to Rules Governing Payment for Health Care Services

The Medicare and Medicaid Programs. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, disabled or qualify for the End Stage Renal Disease Program. Medicare is administered by CMS. Medicaid is funded jointly by the federal government and the states and provides medical assistance to certain needy individuals and families. Significant changes have been and may be made in the Medicare and Medicaid programs that could have a material adverse impact on the financial condition of NYPH, for example, by decreasing the amount of payment for services. In addition, the requirements for Medicare and Medicaid certification are subject to change, and to remain qualified for participation in such programs, it may be necessary for NYPH to effect changes from time to time in its facilities, equipment, personnel, billing processes, policies and services.

Medicare. Medicare pays acute care hospitals for services provided on an inpatient basis according to the inpatient prospective payment system (“*IPPS*”). IPPS pays hospitals a pre-determined amount for services. The amount of the payment is the product of a nationally determined base payment rate, which is adjusted for a variety of factors on a hospital-specific basis, and a relative weight that reflects the anticipated costs of care in a particular clinical category compared with a national average of all cases. The base rate is designed to provide some payment to hospitals for both inpatient operating and capital related costs. The base rate is adjusted by factors related to market conditions of a hospital’s geographic location and other circumstances of a particular hospital, such as whether it is a teaching hospital. The relative weight factor of an IPPS calculation depends on the clinical category of services rendered to a patient. The clinical category is determined by how a patient’s case is classified at discharge under one of hundreds of Severity Diagnosis Related Groups (“*MS-DRG*”) defined by the CMS.

The IPPS standardized base rates are updated annually based on a statistical estimate of the increase (the “*update factor*”) in the cost of goods and services used by hospitals in providing care (the “*market basket*”). Currently, the update factor equals the percentage increase in the market basket, but from time to time Congress has set updates legislatively that are less than the market basket. For every year since 1983, Congress has modified the increases and given substantially less than the increase in the market basket index. The Affordable Care Act provides for additional reductions to the market basket update, as well as other payment adjustments, in future years. There is no assurance that future updates in MS-DRG payments will keep pace with the increases in providing inpatient hospital services.

Hospitals receive additional payment for cases that exceed MS-DRG-specific cost thresholds, referred to as “*outlier payments*”. In addition, hospitals that satisfy specific program requirements may be eligible to receive additional revenue to defray the costs of organ procurement and treatments that use new technologies. With the exception of outlier cases, PPS payments are not adjusted for actual costs or variations in service or length of stay. The PPS amount and adjustments described above are calculated using formulae established by CMS that are revised periodically pursuant to federal budgetary policy. There is no assurance that NYPH will be paid amounts that adequately reflect the actual cost of providing health care or the cost of the health care technologies available to patients.

Medicare also pays providers for inpatient psychiatric services on a PPS basis. Under that system, Medicare pays for the *per diem* routine, ancillary, and capital costs associated with those services. A base *per diem* payment is adjusted to account for differences in the cost of care related to patient characteristics (*e.g.*, age, diagnosis, and length of stay) and facility characteristics (*e.g.*, location and teaching status).

The Affordable Care Act also contains reductions in Medicare market basket updates and cuts in DSH payments for providing care to low income and uninsured patients. Congress has repeatedly delayed cuts to DSH payments and advocacy efforts are underway for further delays. However, there is no certainty

that Congress will continue to delay cuts in DSH payments in future years, so this is still an area of significant risk.

CMS has implemented a rule to change the methodology of Medicare DSH allotments according to a calculation using limited data from the Medicare Cost Report Worksheet S-10. The rule has caused NYPH to experience payment reductions in connection with Medicare DSH allotments.

Beginning in 2013, Medicare inpatient payments to each hospital were reduced based on the dollar value of that hospital's percentage of preventable Medicare readmissions for certain medical conditions. In addition, as permitted by the Affordable Care Act, CMS expanded the conditions measured for the readmission rate penalties beginning in 2015 to include additional conditions.

Teaching hospitals receive adjustments to their Medicare IPPS payment rates for costs related to training physicians and other medical professionals (graduate medical education (“GME”) payments), as well as for providing care to a high level of Medicaid and disabled patients (disproportionate share payments or DSH payments). There are two forms of payment for GME: Direct Graduate Medical Education (“DGME”) and Indirect Medical Education (“IME”) payments. DGME payments support the direct costs of training (e.g., resident stipends, supervision), while IME payments support the higher infrastructure relating to teaching, greater patient acuity and the extensive “stand-by” capabilities of teaching hospitals. While a recommendation from The Medicare Payment Advisory Commission (“MedPAC”) and a CMS proposed rule both have suggested reducing the level of IME adjustments, such reduction has not yet been implemented. There can be no assurance that payments to NYPH for providing medical education will be adequate to cover the costs attributable to medical education programs for training residents, nurses and allied health professionals.

Hospital outpatient services also are paid by Medicare according to a prospective payment system for hospital outpatient services (“OPPS”). Under OPPS, most outpatient services are grouped into one of approximately 800 Ambulatory Patient Classifications and paid a uniform national payment amount adjusted for area wage differences and the average amount of resources required to provide the service (e.g., visit, chest x-ray, surgical procedure). OPPS applies to most hospital outpatient services, other than ambulance and rehabilitation services, clinical diagnostic laboratory services, dialysis for end-stage renal disease, non-implantable durable medical equipment, prosthetic devices and orthotics. Hospitals can receive three additional payments in addition to the amount determined under the standard OPPS rule: pass-through payments for certain new technologies; outlier payments for unusually costly cases; and special payments to certain children's and cancer hospitals. Outpatient services not covered by OPPS are paid on the basis of fee schedules, the lower of costs or charges, or a blend of fee schedules and costs.

In 1986 Congress enacted the Emergency Medical Treatment and Active Labor Act (“EMTALA”) in response to allegations of inappropriate hospital transfers of low-income and uninsured emergency patients. EMTALA imposes strict requirements on hospitals in the treatment and transfer of patients with emergency medical conditions.

If a hospital with 100 beds or more violates EMTALA, whether knowingly and willfully or negligently, it is subject to a civil money penalty of up to \$50,000 per violation. Failure to satisfy the requirements of EMTALA may also result in termination of the hospital's provider agreement. In addition, EMTALA creates a private cause of action for individuals who suffer personal harm as a result of an EMTALA violation, and for any hospital that suffers financial loss as a result of another hospital's violation of EMTALA. This is a complaint-driven process, so any patient or family member could allege an EMTALA violation. The statute of limitations for filing such a civil action is two years.

The Medicare payment rules are reviewed, and many of them are revised, annually based on recommendations from government advisory commissions, such as MedPAC, and other sources, including health care providers. MedPAC has encouraged CMS to reduce payments for hospital-based services to the levels paid for comparable services to freestanding independent facilities, which could lead to a decrease in Medicare payments received by NYPH. In the future, continuing revisions to these rules may also lead to a decrease in Medicare payments received by NYPH. The Medicare program has experienced frequent legislative, regulatory and administrative revisions in its payment methodologies and other provisions, many of which have sought to reduce the rate of increase in the cost of the program. It is likely that revisions will continue, some of which may adversely affect the Medicare payment which NYPH receives.

In the 2014 Medicare inpatient prospective payment system final rule, CMS promulgated the two-midnight rule. Under this rule administrative contractors auditing the medical necessity of inpatient hospital admissions have been directed to consider admissions spanning less than two midnights to be, except in rare and unusual cases, outpatient cases.

Medicare Advantage. Medicare Advantage plans are alternate insurance products offered by private companies that engage in direct managed care risk contracting with the Medicare program. Under the Medicare Advantage program these private companies agree to accept a fixed, per-beneficiary payment from the Medicare program to cover all care that the beneficiary may require.

Future legislation or regulations may alter the financial incentives available to private insurers who offer Medicare Advantage plans. Such legislation and regulations might increase or decrease its popularity of Medicare Advantage plans and level of acceptance among Medicare beneficiaries. The effect of such future legislation/regulation is unknown but could materially and adversely affect NYPH.

Other Medicare Service Payments. Medicare payment for skilled nursing services, psychiatric services, inpatient rehabilitation services, general outpatient services and home health services are based on regulatory formulas or pre-determined rates. There is no guarantee that these rates, as they may change from time to time, will be adequate to cover the actual cost of providing these services to Medicare patients.

Payment of Hospital Capital Costs. Hospitals are paid on a fully prospective basis for capital costs (including depreciation and interest) related to the provision of inpatient services to Medicare beneficiaries. Thus, capital costs are paid exclusively on the basis of a standard federal rate (based upon average national costs of capital), subject to certain adjustments (such as for disproportionate share, indirect medical education and outlier cases) specific to the hospital.

There can be no assurance that the prospective payments for capital costs will continue under either Medicare or Medicaid, or that such payments will be sufficient to cover the actual capital-related costs of NYPH allocable to Medicare patient stays, or that such payments will provide adequate flexibility in meeting NYPH's future capital needs.

Payment for Physician Services. In April 2015, the Medicare and CHIP Reauthorization Act ("MACRA") substantially revised payment methodology for physician services. MACRA moved Medicare physician reimbursement from a fee-for-service to a pay-for-performance model that seeks to control the growth of physician payments based on clinical outcomes and quality reporting, establishing a two-track Quality Payment Program ("QPP"): the Merit-Based Incentive Payment System ("MIPS") and Advanced Alternative Payment Models ("Advanced APMs"). MIPS incorporates four weighted performance categories, Quality, Cost, Promoting Interoperability and Improvement Activities, that contribute to an annual MIPS final score. The final score is compared to a performance threshold to determine Medicare payment adjustments. MIPS is a budget neutral program, meaning negative payment adjustments create the funding pool for positive payment adjustments, and payment adjustments are made on a sliding scale.

Advanced APMs are alternative payment models (“*APMs*”) that use certified electronic health record technology, provide for payment for covered professional services based on quality measures comparable to those in the quality performance category under MIPS and either require that participating APM entities bear risk for financial losses of more than a nominal amount under the APM or be a type of Medical Home Model. Eligible clinicians who meet threshold Medicare participation levels in their Advanced APMs may be entitled to incentive payments.

For the 2023 performance year, CMS introduced an additional QPP participation track, the MIPS Value Pathways (“*MVPs*”), to reduce reporting burden, encourage meaningful participation and improve patient outcomes. CMS has finalized 12 MVPs for the 2023 performance year, which include measures and activities that are related to a given specialty or medical condition. CMS expects to expand MVPs to include more specialties and subspecialties that participate in MIPS. In addition, CMS has indicated that MVP reporting will become mandatory at some point in the future, but it has not yet set a timeline for sunseting traditional MIPS.

The QPP and other federal delivery reform initiatives evidence a rapid volume-value shift within Medicare and could present challenges for NYPH and the employed or contracted clinicians with whom NYPH delivers care. The new quality reporting programs may negatively impact the reimbursement amounts received by NYPH for the cost of providing physician services.

Medicare Trust Funds. Two trust funds are maintained as part of the Medicare Program. Hospital Insurance (“*HI*”) or Medicare Part A, helps to pay for hospital, home health, skilled nursing facility, and hospice care for the aged and disabled (including certain individuals with end stage renal disease) and is financed primarily by payroll taxes paid by workers and employers. Supplementary Medical Insurance (“*SMP*”) consists of Medicare Part B and Part D. Part B helps pay for physician, outpatient, and other services for the aged and disabled who have voluntarily enrolled. Part D initially provided access to prescription drug discount cards and transitional assistance to low-income beneficiaries. In 2006 and later, Part D provides subsidized access to drug insurance coverage on a voluntary basis for beneficiaries.

The Medicare Board of Trustees annual report to Congress in March 2023 (the “*Medicare Annual Report*”) indicated that the HI Trust Fund is not adequately financed and is projected to be exhausted in 2031, three years later than projected in the prior year report. The other trust fund and various other components of the Medicare Program also have significant funding challenges. The trustees recommended that Congress and the executive branch work closely together with a sense of urgency to address the depletion of the HI Trust Fund. Accordingly, it is likely that statutory and regulatory attempts to contain increases in Medicare costs will continue in the future.

Sites of Service. Federal, state, and private payors of health care costs have increasingly sought to have providers perform services in the least costly setting and to pay similar rates for similar services performed in different settings. For example, beginning in January 2018 CMS removed restrictions limiting payment for total knee replacements to the inpatient setting. On the other hand, in January 2017, CMS began paying outpatient departments that were not located on the same campus as their affiliate inpatient hospital at a lower Physician Fee Schedule rate, rather than a higher Outpatient Prospective Payment System rate. . Congress is considering legislation to further reduce reimbursement for services at outpatient departments, with the scope and magnitude of proposed reductions under active debate. These and other similar efforts, changes, and regulations now and in the future may have a material adverse effect on NYPH’s revenues.

The Medicaid Program. Under Medicaid, the federal government provides funding to states that have medical assistance programs that meet federal standards. Competing pressures on the federal budget and the State’s attempt to address its own budgetary needs have also resulted in uncertainty with respect to

Medicaid spending. While New York State increased funding to Medicaid reimbursement rates earlier this year, there are often efforts to reduce payments to the Medicaid program, as seen in prior years. Such decreases in spending could have a material adverse impact on the future financial condition of NYPH. Further, federal legislative efforts to cap Medicaid spending have been debated in Congress. Such decreases in spending could have a material adverse impact on the future financial condition of NYPH.

Under federal law, Medicaid coverage is mandatory for persons receiving assistance from Temporary Assistance for Needy Families (previously known as Aid to Families With Dependent Children) or the federal Supplemental Social Security (“SSP”) program and for certain categories of children and pregnant women. Implementation of the Medicaid program falls to each state, however, and there are significant variations in virtually all aspects of the Medicaid program across states. State specific variations arise from the fact that the Medicaid statute allows for optional benefits and categories of beneficiaries, as well as waivers of general statutory requirements to implement specific programs or demonstration projects.

Under provisions of the Affordable Care Act, the combinations of health insurance exchanges, increased employer insurance coverage requirements and Medicaid expansions have resulted in decreases in the number of uninsured patients. The increase in insured patients could result in lower levels of bad debt and increased utilization or profitable shifts in utilization patterns for hospitals generally. However, the number of insured patients can fluctuate due to economic and other factors. In New York State, which has its own health insurance exchange and participated in the Medicaid expansion, there is generally a higher rate of insured individuals and families compared with other states. However, given the ongoing effects of the pandemic and risks in the current political climate in the nation’s capital, it remains unclear how prior gains in coverage levels in the State can be sustained and how that will impact NYPH.

Audits and Withholds. Participating providers are subject to audits and retroactive audit adjustments with respect to the Medicare and Medicaid programs. Such adjustments could exceed reserves and could be substantial. Medicare and Medicaid regulations also provide for withholding payments in certain circumstances. Any withholds that may occur could have a material adverse impact on the future financial condition of NYPH.

Compliance and Payment. Hospitals must comply with standards called “Conditions of Participation” to be eligible for Medicare and Medicaid payments. CMS is responsible for ensuring that hospitals meet these regulatory Conditions of Participation. Under applicable Medicaid rules, hospitals accredited by The Joint Commission are deemed to meet the Conditions of Participation, subject to CMS’s requirement that hospitals satisfy reenrollment criteria as required by CMS. Failure to maintain The Joint Commission accreditation or to otherwise comply with the Conditions of Participation or other applicable state licensing requirements could have a material adverse effect on the revenues of NYPH.

Private Health Plans and Insurers

Certain private insurance companies contract with hospitals to be included in their network on an “exclusive” or a “preferred” provider basis, and some insurers have plans known as “preferred provider organizations” (“PPOs”). Under such plans, there may be financial incentives for subscribers to use only those hospitals which contract with the plans. Under an exclusive provider plan, which includes most HMOs, private payors limit coverage to those services provided by selected hospitals within the provider plan. With this contracting authority, private payors may direct patients away from nonselected hospitals by denying coverage for services provided by them. In addition, PPOs and HMOs may limit the participation of a provider. Federal and state laws limit a patient’s liability and have established a dispute resolution process involving a third-party neutral when a patient receives care in an in-network hospital but some of the services are provided by out-of-network providers.

For the fiscal year ended December 31, 2022, payments from commercial insurers (including Blue Cross) represented approximately 56.9% of NYPH's net patient service revenues. Such programs individually negotiate payment terms with NYPH, which terms include discounted fee-for-service payments or discounted fixed rate per day/case of care payments. There also are additional provisions for bonuses if NYPH meets certain criteria. There is no assurance that NYPH's exposure to such contracts or arrangements will not increase in the future. Increased participation may maintain or increase the patient base, but the discounts offered to HMOs and PPOs may result in reduced payments and lower net revenue to NYPH.

Some HMOs are offering or mandating a "capitation" payment method under which hospitals are paid a predetermined periodic rate for each enrollee in the HMO who is "assigned" to, or otherwise directed to receive care at, a particular hospital. In a capitated payment system, the health care provider assumes an insurance type risk for the cost and scope of care given to the HMO's enrollees. If payment under an HMO or PPO contract is insufficient to meet the provider's costs of care, the financial condition of the provider may erode rapidly and significantly. Often, HMO or PPO contracts are enforceable for a stated term, regardless of provider losses. Recently, certain HMOs and PPOs have experienced financial difficulties, and some have resorted to bankruptcy proceedings. It is not possible, at this time, to predict the future of the managed care industry in general in relation to specific HMOs or PPOs with which NYPH contracts.

Legislative and Regulatory Actions Affecting Health Care Facilities

Federal and state governments have enacted health care fraud and abuse laws to regulate both the provision of services to government program beneficiaries and the methods and requirements for submitting claims for services rendered to those beneficiaries. These laws penalize individuals and organizations for submitting claims for services (i) they did not provide, (ii) that were not medically necessary, (iii) provided by an improper person, (iv) that involved an illegal inducement to utilize or refrain from utilizing a service or product, or (v) billed in a manner that does not comply with applicable government requirements. The scope of certain federal and state fraud and abuse laws has been expanded to include non-governmental, private health care plans.

Federal and state governments have a range of criminal, civil and administrative sanctions available to penalize and remediate health care fraud and abuse, including imposing civil money penalties, suspending payments and excluding the provider from participating in the federal and state health care programs. One or more government entities and/or private individuals can prosecute fraud and abuse cases, and courts and/or regulators can impose more than one of the available penalties for each violation.

Laws governing fraud and abuse apply to virtually all individuals and entities with which a hospital does business, including other hospitals, home health agencies, long term care entities, infusion providers, pharmaceutical providers, insurers, MCOs, PPOs, third-party administrators, physicians, physician groups and physician practice management companies. Fraud and abuse prosecutions can have a catastrophic effect on any of these entities, which can result in a material adverse impact on the financial condition of other entities in the same health care delivery system.

Federal Fraud and Abuse Law. In recent years, both the federal and state governments have increased enforcement of laws designed to combat health care fraud and practices that the governments regard as abusive, and additional fraud legislation has been adopted at both federal and state levels. Under the federal Medicare Medicaid Fraud and Abuse Amendments of 1977 to the Social Security Act, as amended (the "*Anti-Kickback Law*"), it is a felony to knowingly and willfully offer, pay, solicit or receive any remuneration (including any kickback, bribe or rebate) directly or indirectly, overtly or covertly, in cash or in kind in order to induce business for which payment is provided, in whole or in part, under a federal health care program, including Medicare and Medicaid. Penalties for each violation of the Anti-

Kickback Law include criminal fines and civil monetary penalties. The Affordable Care Act amended the Anti-Kickback Law to provide that a claim that includes items or services resulting from a violation of the Anti-Kickback Law now constitutes a false or fraudulent claim for purposes of the False Claims Act. The Anti-Kickback Law has been further amended to provide that a violation may be established without showing that an individual knew of the statute's proscriptions or acted with specific intent to violate the Anti-Kickback Law, but only that the conduct was generally unlawful. Violation of the Anti-Kickback Law is a felony, subject to a maximum fine of \$100,000 for each criminal act, imprisonment for up to five years and exclusion from the Medicare and Medicaid programs. The Office of Inspector General of Department of Health and Human Services (the "*OIG*"), the enforcement arm of HHS, can also initiate an administrative exclusion of a provider from the Medicare and Medicaid programs. In addition, civil monetary penalties of \$100,000 for each violation of the Anti-Kickback Law or damages equal to three times the amount of prohibited remuneration may be imposed and violation of this law also renders the violator civilly liable under the False Claims Act. The statute does include some exceptions, and federal regulations establish numerous "safe harbors." Arrangements that meet the safe harbor requirements are deemed not to be violations of the Anti-Kickback Law. Failure to comply with the safe harbors, however, does not mean that the activity violates the law. Arrangements that fail to qualify for safe harbor protection may or may not violate the Anti-Kickback Law depending on the facts and the intent of the parties.

The scope of the Anti-Kickback Law prohibition is, however, broadly drafted and liberally interpreted by some federal regulators and enforcement authorities. Thus, the Anti-Kickback Law may create liability in connection with a wide range of economic arrangements involving managed care entities, hospitals, physicians and other health care providers, including joint ventures, space and equipment rentals, purchases of physician practices, managed care arrangements, and management and personal services contracts.

On November 20, 2020, CMS issued its final rule updating the Stark Law, of which the majority of changes took effect starting January 19, 2021. The new rule primarily creates new narrowly tailored exceptions for value-based arrangements and provides necessary clarification and guidance, thereby increasing flexibility for compensation models involving care coordination. In addition, the rule expands the scope and eases requirements for certain existing exceptions. However, it remains to be seen how CMS will interpret and apply these new exceptions and the financial and operational impact that such changes will have on NYPH.

In the Health Insurance Portability and Accountability Act of 1996, Congress established a fraud and abuse control program to coordinate federal, state and local health care fraud and abuse activities. HIPAA also created several new federal health care crimes, many of which are broadly worded and potentially applicable to a wide range of conduct. For example, HIPAA created a general prohibition on knowingly and willfully executing or attempting to execute schemes to defraud any public or private health care benefit program or making any false or fraudulent representations in any matter involving any private or public health care program.

Several federal statutes, including the Social Security Act, the Program Fraud Civil Remedies Act of 1986 and the Federal False Claims Act (the "*FCA*") (which is discussed in more detail below), also provide for imposition of civil monetary penalties for knowingly making false or improper claims to federal health care programs. Penalties under these statutes can be severe. In addition, because NYPH has various relationships with parties located in foreign jurisdictions, NYPH is subject to certain laws applicable to businesses generally, including the Foreign Corrupt Practices Act and other anti-corruption laws. If NYPH fails to comply with these or other applicable laws and regulations, it could be subject to penalties or other adverse consequences.

Penalties for noncompliance with the above referenced statutes can be substantial and could include criminal or civil liability and/or exclusion from participation in Medicare, Medicaid and other health programs. Based on its internal processes, NYPH believes that it is in material compliance with the above referenced statutes; however, there can be no assurance that enforcement authorities would agree.

State Anti-Fraud and Abuse Law. In addition to the federal laws prohibiting kickbacks and other types of exchanges of remuneration for referrals of patients, New York law also prohibits such conduct and provides criminal and civil penalties for licensed facilities and individuals who make or receive payments for referrals of patients for health care services. Entities and individuals found to have violated this provision are subject to loss of licensure, fines and/or imprisonment.

Federal and State Self Referrals Prohibitions. The Federal Ethics in Patient Referrals Act (known as the “*Stark Law*”) prohibits the referral of Medicare and Medicaid patients for certain “designated health services” to entities with which the referring physician (or an immediate family member of such physician) has a financial relationship. The statute also prohibits the entity furnishing the “designated health services” from billing the Medicare or Medicaid program for designated health services furnished pursuant to a prohibited referral. The designated health services subject to these prohibitions are clinical laboratory services, physical and occupational therapy services, radiology services (including magnetic resonance imaging, computerized tomography and ultrasound), radiation therapy services and supplies (not including nuclear medicine), durable medical equipment and supplies, parenteral and enteral nutrients (including equipment and supplies), orthotic and prosthetic devices and supplies, speech language pathology, home health services, outpatient prescription drugs and inpatient and outpatient hospital services (not including lithotripsy).

The New York Health Care Practitioner Referral Law (the “*State Provisions*”) is similar to the Stark Law; however, it covers all patients (irrespective of payor) and prohibits practitioners from referring a patient to a health care provider for clinical laboratory services, x-ray imaging services, radiation therapy services, physical therapy, or pharmacy services if the referring practitioner (or an immediate family member) has a financial interest in the health care provider.

A financial relationship, for purposes of the Stark Law and State Provisions (the Stark Law and State Provisions are hereinafter collectively referred to as “*Stark*”), is defined as either an ownership or investment interest in the entity or a compensation arrangement between the practitioner (or immediate family member) and the entity. An ownership or investment interest may be through equity, debt, or other means and includes an interest in an entity that holds an ownership or investment interest in an entity providing the designated health services. Many ordinary business practices and economically desirable arrangements with physicians would constitute “financial relationships” within the meaning of Stark.

The Stark provisions provide certain exceptions to these restrictions, but these exceptions are narrow and an arrangement must fully comply with an exception. If the relationship (which would include compensation arrangements such as employment and other professional services relationships, and ownership or investment interests) between a physician/practitioner and the hospital cannot be made to fit within the exceptions, the hospital will not be permitted to accept referrals for designated services from the physician/practitioner who has such financial relationship.

Violations of Stark can result in denial of payment, substantial civil money penalties, and exclusion from the Medicare and Medicaid programs. In certain circumstances, knowing violations may also create liability under the FCA. Enforcement actions for any such violations could have a material adverse impact on the financial condition of a health care provider, including NYPH.

NYPH has and may have in the future various relationships with physicians that may be characterized as financial arrangements under the Stark Law and/or the State self-referral statute. The statutes and interpretive regulations contain numerous ambiguities and are subject to varying interpretations. Under these circumstances, it is not possible to ascertain with certainty the effects that the Stark Law or the State self-referral statute may have on NYPH's operations or financial results.

The False Claims Act. The criminal False Claims Act ("*criminal FCA*") makes it illegal to submit or present a false, fictitious or fraudulent claim to the federal government. Violation of the criminal FCA can result in imprisonment and/or a fine. The civil False Claims Act ("*civil FCA*"), one of the government's primary weapons against health care fraud. Under the civil FCA, those who knowingly submit, or cause another person or entity to submit, false claims for payment of government funds are liable for three times the government's damages plus civil penalties of \$5,500 to \$11,000 per civil FCA false claim. Effective February 1, 2019, these penalties increased to \$11,463 (minimum) to \$22,927 (maximum) per claim. As of August 1, 2016, the civil FCA penalties are indexed for inflation based on the Bureau of Labor Statistics' Consumer Price Index. The civil FCA also permits individuals to initiate actions on behalf of the government in lawsuits called qui tam actions. These qui tam plaintiffs, or "whistleblowers," can share in the damages recovered by the government. The Affordable Care Act expanded the activities that are violations of the civil FCA, including, among other actions, failure to report and return to a federal health care program a known overpayment within 60 days of having identified the overpayment or, for cost-reporting entities, the date (if later) on which a hospital cost report is due.

Under the civil FCA, health care providers may be liable if they take steps to obtain improper payments from the government by submitting false claims. Civil FCA violations have been alleged solely on the basis of alleged kickbacks or self-referrals or other conduct not in full compliance with applicable legal and regulatory standards. It is impossible to predict with certainty whether courts will uniformly hold that regulatory non-compliance and anti-kickback or self-referral violations are subject to prosecutions as false claims. If a provider, is faced with a civil FCA prosecution based on one of these theories, however, allocation of the funds required to contest or settle the matter could have a material adverse impact on that provider.

Federal Civil Monetary Penalty Law. The federal Civil Monetary Penalty Act ("*CMPA*") provides for administrative sanctions against health care providers for a broad range of billing and other abuses. These include violations of the fraud and abuse and Stark Law, as noted elsewhere in this discussion. In addition, a health care provider is liable under the CMPA if it knowingly presents, or causes to be presented, improper claims for payment under Medicare, Medicaid and other federal health care programs. A hospital that participates in arrangements known as "gainsharing" by paying a physician to limit or reduce services to Medicare fee-for-service beneficiaries also would be subject to CMPA penalties. A health care provider that provides benefits to Medicare or Medicaid beneficiaries that the provider knows or should know are likely to induce the beneficiaries to choose the provider for their care also would be subject to CMPA penalties. The CMPA authorizes imposition of a civil money penalty and treble damages.

Health care providers may be found liable under the CMPA even when they did not have actual knowledge of the impropriety of their action. Knowingly undertaking the action is sufficient. Ignorance of the Medicare regulations is no defense. The imposition of civil money penalties on NYPH if it were found to be in violation of CMPA could have a material adverse impact on NYPH's financial condition. The Affordable Care Act also amended the CMPA laws to establish various new grounds for exclusion and civil monetary penalties, as well as increased penalty thresholds for existing civil monetary penalties.

The Health Insurance Portability Act and Accountability Act of 1996. HIPAA established civil and criminal sanctions for health care fraud and applies to all health care benefit programs, whether public or private. HIPAA also provides for punishment of a health care provider for knowingly and willfully

embezzling, stealing, converting or intentionally misapplying any money, funds, securities, premiums, credits, property or other assets of a health care benefit program. A health care provider convicted of health care fraud could be subject to mandatory exclusion from the Medicare program.

HIPAA also required HHS to adopt national standards for electronic health care transactions, including federal privacy standards for the protection of health information kept by health care providers that conduct certain financial and administrative transactions electronically (the “*Privacy Rule*”) and standards relating to the security of such health information (the “*Security Rule*”). Compliance with the requirements of the Privacy Rule, the Security Rule and other HIPAA requirements has required NYPH to develop and use policies and procedures designed to inform patients about their privacy rights and how their protected health information may be used, to keep protected information secure, to train employees so that they understand the privacy procedures and practices of NYPH and to designate a privacy officer responsible for seeing that privacy procedures are adopted and followed.

HIPAA imposes civil monetary penalties for violations and criminal penalties for knowingly obtaining or using individually identifiable health information. The penalties are in four tiers, the highest of which would impose a fine of \$50,000 per violation and up to \$1,500,000 for all such violations of an identical requirement or prohibition during a calendar year. A civil monetary penalty is not imposed if the violation was due to reasonable cause and was corrected within 30 days.

Data security and privacy concerns for individuals seeking access to reproductive health care may result in additional legislation and regulation to enhance HIPAA’s application or create additional privacy standards to which health care entities may be subject.

The HITECH Act. Provisions in the 2008 Health Information Technology for Economic and Clinical Health Act (the “*HITECH Act*”), enacted as part of the economic stimulus legislation, increase the maximum civil monetary penalties for violations of HIPAA and grant enforcement authority of HIPAA to state attorneys general. The HITECH Act also (i) extends the reach of HIPAA beyond “covered entities,” (ii) imposes a breach notification requirement on HIPAA-covered entities, (iii) limits certain uses and disclosures of individually identifiable health information and (iv) restricts covered entities’ marketing communications.

The HITECH Act also established programs under Medicare and Medicaid to provide incentive payments for the “meaningful use” of certified electronic health record (“*EHR*”) technology. The Medicare and Medicaid EHR incentive programs provide incentive payments to eligible professionals and eligible hospitals for demonstrating meaningful use of certified EHR technology. Health care providers demonstrate their meaningful use of EHR technology by meeting objectives specified by CMS for using health information technology and by reporting on specified clinical quality measures. Beginning in 2015, hospitals and physicians who have not satisfied the performance and reporting criteria for demonstrating meaningful use will have their Medicare and/or Medicaid payments significantly reduced.

The Office for Civil Rights of HHS (“*OCR*”) is putting increased emphasis on enforcement. OCR has entered into a number of highly publicized, high value settlements with HIPAA-covered entities stemming from alleged violations of HIPAA. The settlements are also noteworthy because they indicate that OCR is interested in enforcing violations of the HIPAA Security Rule, not just the HIPAA Privacy Rule. There have also been additional cases where state attorneys general, exercising the powers given them under the HITECH Act, have brought actions against covered entities for alleged HIPAA violations seeking significant penalties.

Exclusions from Medicare or Medicaid Participation. The Secretary of HHS is required to exclude from governmental program participation (including Medicare and Medicaid) for not less than five

years any individual or entity who has been convicted of a criminal offense relating to the delivery of any item or service paid under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, felony fraud against any federal, state or locally financed health care program or an offense relating to the illegal manufacture, distribution, prescription or dispensing of a controlled substance. HHS also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud, theft, embezzlement, breach of fiduciary duty or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. The New York State Office of the Medicaid Inspector General (“*OMIG*”) also has the authority to exclude individuals and entities from participation in Medicaid. Providers are excluded for reasons that may include program-related convictions, patient abuse or neglect convictions, and licensing board disciplinary actions. Exclusion of NYPH from governmental program participation could have a material, adverse effect on NYPH.

Enforcement. Enforcement activity against health care providers has increased and enforcement authorities have adopted aggressive approaches. In the current regulatory climate, it is anticipated that many health care providers will be subject to investigation, audit or inquiry regarding the health care fraud laws mentioned above. As with other health care providers, NYPH may be the subject of OIG, U.S. Attorney General and/or Justice Department investigations, audits or inquiries in the future. Because of the complexity of these laws, the instances in which an alleged violation may arise to trigger such investigations, audits or inquiries is increasing and could result in enforcement action against NYPH.

Enforcement authorities are in a position to compel settlements by providers charged with kickback, referral, billing practice or false claims violations by imposing or threatening to withhold Medicare, Medicaid and/or similar payments and/or exclusion and/or criminal action. In addition, the cost of defending such investigations or litigation, the time and management attention consumed thereby and the facts of a particular case may dictate settlement. Therefore, regardless of the merits of a particular case or cases, NYPH could experience materially adverse settlement and/or litigation costs. Prolonged and publicized investigations could be damaging to the reputation, business and credit of NYPH, regardless of the outcome, and could have material adverse consequences on the financial condition of NYPH. In addition, the IRS has stated that violations by a tax-exempt entity of certain of the fraud and abuse laws may also result in revocation of the entity’s tax-exempt status. Certain acts or transactions may result in violation or alleged violation of federal health care fraud laws described above, and therefore penalties or settlement amounts often are compounded. Generally, these risks are not covered by insurance.

Increased Enforcement Affecting Academic Research In addition to increasing enforcement of laws governing payments to hospitals, the federal government has also increased enforcement of laws and regulations governing the conduct of clinical trials at hospitals. HHS elevated and strengthened its Office of Human Research Protection, one of the agencies with responsibility for monitoring federally funded research. In addition, the National Institutes of Health significantly increased the number of facility inspections that these agencies perform. The United States Food and Drug Administration (“*FDA*”) also has authority over the conduct of clinical trials performed in hospitals when these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that is the subject of the research. NYPH is subject to complex and ambiguous coverage principles and rules governing billing for items or services it provides to patients participating in clinical trials funded by governmental agencies and private sponsors, as well as complex rules related to the actual administration of these clinical trials, including those related to the protection of human research subjects. These agencies’ enforcement powers range from substantial fines and penalties to exclusion of researchers and suspension or termination of entire research programs, and errors in the billing of Medicare for care provided to patients enrolled in clinical trials that are not eligible for Medicare payment can subject NYPH to sanctions as well as repayment obligations. Additionally, NYPH may suffer adverse consequences for enforcement actions taken against research

collaborators at other institutions both in the United States and abroad, any of which could have a material adverse impact on NYPH's finances.

Outside of enforcement actions at the federal, state, and local levels, NYPH may be bound to particular research protocols, deliverables, timetables, and other restrictions in contracts with entities with which NYPH is conducting research. Such entities may include pharmaceutical companies, other academic research institutions, or other not-for-profit or for-profit corporations located in the United States or abroad. Failure or alleged failure to adhere to these provisions could result in reduced reimbursement from such providing research funding, litigation to resolve contractual and other disputes, or reputational harm to NYPH, among other potential consequences, any of which could have a material adverse financial impact on NYPH.

Voluntary Corporate Compliance. The OIG has published guidelines urging hospitals to adopt and implement effective programs to promote compliance with applicable federal and state law and the program requirements of federal, state and private health plans. Compliance with the guidance is voluntary but is nevertheless an important factor for controlling risk because the OIG will consider the existence of an effective compliance program that predated any governmental investigation when addressing the appropriateness of administrative penalties.

NYPH has adopted and implemented a voluntary corporate compliance program ("*Compliance Plan*"). The purpose of a Compliance Plan is to detect and deter violations of law. One of the major goals of such a plan is to identify and address issues involving the submission of claims to governmental payors such as Medicare and Medicaid and whether those claims comply with statutes, regulations and other guidance provided by the programs. Integral components of the Compliance Plan include a code of conduct, adoption of written standards, education, policies and procedures, auditing and monitoring, remediation of identified issues, and encouraging employees to identify potential issues. However, the presence of a compliance program is not an assurance that health care providers will not be investigated by one or more federal or state agencies that enforce health care fraud and abuse laws or that they will not be required to make repayments to various health care insurers (including the Medicare and/or Medicaid programs).

It is possible that the Compliance Plan may bring to the attention of NYPH issues with respect to prior practices and payments. Depending upon the nature of the issue and whether an overpayment has occurred, such a discovery may result in either voluntary or involuntary refunds to governmental payors. Enforcement authorities take into account the existence and efficacy of a provider's voluntary compliance efforts in assessing the application and severity of penalties for a violation of federal or state rules governing reimbursement to or business relationships among providers of medical services; however, the decision of whether and how much weight to attach to voluntary compliance efforts is solely within the enforcement authorities' discretion.

New York State also requires hospitals to have an effective compliance program. The compliance program must include, among other things, a chief compliance officer, written policies and the conduct of audits after the identification of risk areas. It is expected that the OMIG will conduct audits of compliance programs and assess their effectiveness.

HIPAA – Administrative Simplification. In addition to provisions governing the portability of health insurance and health care fraud, HIPAA includes administrative simplification provisions ("*AS Provisions*") intended to reduce costs and administrative burdens in the health care industry by standardizing the electronic transmission of many administrative and financial transactions that currently are carried out manually on paper or in many different electronic formats. The AS Provisions also impose privacy and security requirements on entities covered by HIPAA ("*Covered Entities*") as well as mandate other standards such as national identifiers. Covered Entities are health plans; health care clearinghouses;

and health care providers, such as NYPH, that engage in covered transactions. Additionally, Covered Entities must enter into contracts with their business associates with whom they share protected health information to assure that such information is appropriately safeguarded and that other HIPAA requirements are met.

Under the final transaction and code set regulations promulgated by HHS, Covered Entities must use the prescribed standards for designated electronic transactions. The final HIPAA privacy regulations impose requirements on the use and disclosure of protected health information, create individual rights, and mandate certain administrative requirements for Covered Entities. Covered Entities were expected to be in compliance with the privacy regulations. Additionally, security regulations require Covered Entities to assess risks and develop and implement appropriate security measures to protect individually identifiable health information, with particular focus on administrative procedures, physical safeguards, technical security services, and technical security mechanisms. Covered Entities such as NYPH must comply with the security regulations as well.

Penalties for noncompliance with the AS Provisions include civil monetary penalties of up to \$100 for any violation not to exceed \$25,000 in any calendar year for identical violations. Criminal penalties include up to \$50,000 in fines and/or one year imprisonment for wrongful disclosure of individually identifiable health information; \$100,000 and/or imprisonment of not more than five years for wrongful disclosure under false pretenses; and up to \$250,000 and/or 10 years imprisonment for wrongful disclosure with the intent to sell, transfer, or use individually identifiable health information for commercial advantage, personal gain, or malicious harm.

Security Breaches and Data Protection; Cyber-Attacks

Federal and state regulators are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. Both the OCR and the State of New York require entities who suffer data breaches, or otherwise disclose protected health information without patient consent, to file disclosures and to notify persons impacted by the disclosures. In 2022, the OCR published guidance that broadened the federal government's jurisdiction to initiate enforcement actions against hospitals and vendors who use trackers (and other data collection tools) on hospital websites for marketing purposes. The Federal Trade Commission then began initiating its own enforcement action against technology companies and vendors who contract with providers and receive sensitive and protected health information without agreeing to protect the data from further use and disclosure. As a result, many hospitals are facing increased regulatory scrutiny for their handling of patient data and their contractual relationships with third-party vendors who may have access to protected health information due to the services they provide. There have also been dozens of civil lawsuits filed on behalf of plaintiffs claiming privacy violations due to the use of tracking technology on health care provider websites. NYPH has invested considerable time and effort in making sure that NYPH remains in compliance with federal and state regulations, and that it uses state-of-the-art anti-viral software, but threats to data security are an inherent risk to providing health care services. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage NYPH's reputation and materially adversely affect business operations. NYPH maintains a network security system designed to stop security breaches by third parties, and minimize its impact on operations; however, no assurances can be given that such network security systems will be completely successful.

Like many other large organizations, NYPH relies on digital technologies and information technology systems ("*IT systems*") to conduct its customary operations. In the past several years, a number of entities have sought to gain unauthorized access to the IT systems of large organizations for the purpose

of misappropriating assets or information or causing operational disruptions. These “cyber-attack” attempts include highly sophisticated efforts to electronically circumvent network security as well as more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access. Cyber-attacks (such as ransomware or malware attacks) specifically targeted at health systems have been occurring more frequently, and in some recent cases, have resulted in temporary facility closure due to an inability to access critical IT systems. HHS, the Federal Bureau of Investigation, and the Cybersecurity and Infrastructure Agency have expressed concern that U.S. hospitals and health care providers are a prime target for cyber-attacks and that such cyber-attacks could result in data theft and disruption of health care services.

NYPH maintains a network security system designed to thwart “cyber-attacks” by third parties, and minimize its their impact on operations; however, no assurances can be given that such network security systems will be completely successful. Despite NYPH’s implementation of network security measures, its information technology IT systems may be susceptible to breaches, hacker cyber-attacks, computer viruses, physical or electronic break-ins and other similar events or issues. Any cyber-attack or other security event that limits a health care facility’s ability to access its IT systems or compromises patient data could lead to a limited ability to operate the facility, patient safety issues, the inadvertent disclosure of protected health information or other confidential information, the loss of patient records, the payments of ransoms, negative press, and/or the imposition of substantial fines or penalties, any of which could and have a material adverse effect on NYPH’s operations, financial condition and financial performance. As cyber-attacks and IT security threats continue to evolve, NYPH may not be able to anticipate certain attack methods in order to implement effective protective measures and may be required to expend significant resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. Additionally, NYPH’s IT systems routinely interface with and rely on third-party systems that are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A cyber-attack or breach affecting a third-party service provider could harm NYPH’s operations or financial condition.

Licensing, Surveys, Investigations and Audits

On a regular basis, health facilities, including those of NYPH, are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements relating to Medicare and Medicaid participation and payment, State licensing agencies, private payors and The Joint Commission. Renewal and continuance of certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative action or response by NYPH. These activities generally are conducted in the normal course of business of health care facilities. Nevertheless, an adverse determination could result in a loss or reduction in NYPH’s scope of licensure, certification, or accreditation, or could reduce the payment received or require repayment of amounts previously remitted.

NYPH sponsors programs of graduate medical education (“*GME Programs*”), training medical residents and fellows, which programs are accredited by the Accreditation Council for Graduate Medical Education (“*ACGME*”). GME Programs are subject to periodic review by the applicable specialty Residency Review Committee of the ACGME. No assurance can be given as to (i) the outcome of future reviews of these GME Programs, (ii) such programs’ continued accreditation, or (iii) the continuing eligibility of the costs associated with graduate medical education for payment from government programs.

NYPH’s management currently anticipates no difficulty, renewing or continuing currently held material licenses or certifications and no material adverse change in accreditations. Nevertheless, actions in any of these areas could result in the loss of utilization or revenue or NYPH’s ability to operate all or a

portion of its facilities, and, consequently, could adversely affect NYPH's ability to make payments of principal, interest and premium, if any, on the Series 2023 Bonds.

Other Federal, State and Local Legislation

General. NYPH is subject to a wide variety of federal, state and local regulatory actions and legislative and policy changes that could have a significant impact on NYPH. Federal, state and local legislative bodies have broad discretion in altering or eliminating programs that contribute significantly to the revenues of NYPH, including the Medicare and Medicaid programs. In addition, such entities may enact legislation that imposes significant new burdens on the operations of NYPH. There can be no assurance that such legislative bodies will not make legislative policy changes (or direct governmental agencies to promulgate regulatory changes) that have adverse effects upon the ability of NYPH to generate revenues or upon the utilization of its facilities.

Certificate of Need. The State employs a certificate of need program, whereby health care facilities are required to obtain approval from the State before undertaking certain projects, including constructing or developing a new health care facility, selling, purchasing or leasing part or all of any existing hospital, changing bed capacity in a manner which increases the total number of licensed beds or redistributes beds, and/or offering a new tertiary health service. Effective 2023, providers in New York State must provide an Impact Assessment prepared by an independent entity that addresses how a project will improve access to hospital services and health care, health equity and reduction of health disparities. It is possible that DOH could impose conditions on approval of a certificate of need application that could result in material additional costs.

Environmental Laws Affecting Health Care Facilities. Hospitals and other health care facilities are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations that address, among other things, hospital operations or facilities and properties owned or operated by hospitals. Among the types of regulatory requirements faced by hospitals are: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos, hospital, medical and infectious waste, polychlorinated biphenyls, and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the hospital; requirements for worker safety and training employees in the proper handling and management of hazardous materials and waste; and other requirements. In their role as owners and operators of properties or facilities, hospitals may be subject to liability for investigating and remedying any hazardous substances that have come to be located on the property, including any such substances that may have migrated off the property. Typical health care operations include, in various combinations, the handling, use, storage, transportation, disposal and discharge of infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. For this reason, health care facility operations are particularly susceptible to the practical financial and legal risks associated with compliance with such laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations or increase their costs or both; may result in legal liability, damages, injunctions or fines, or may trigger investigations, administrative proceedings, penalties or other government agency actions.

For example, in 2019 New York City passed a law to require buildings to reduce their greenhouse gas emissions and impose sector-specific limits. Despite meaningful activity to reduce emissions, hospitals may see fines under the proposed regulatory emission limits. Hospitals are engaging with the local government to educate them about the unique energy requirements of hospitals and explain the unique challenge the 2019 law imposes on health care providers.

Antitrust. Enforcement of antitrust laws against health care providers is becoming more common, and antitrust liability may arise in a wide variety of circumstances including medical staff privilege disputes, third-party contracting, physician relations, employee compensation and joint venture, merger, affiliation and acquisition activities. In some respects, the application of federal and state antitrust laws to health care is still evolving, and enforcement activity by federal and state agencies appears to be increasing. At various times, health care providers may be subject to an investigation by a governmental agency charged with the enforcement of the antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. Violation of the antitrust laws could be subject to criminal or civil enforcement by federal and state agencies, as well as by private litigants. Among the remedies available against persons found liable of violating antitrust prohibitions are treble damages and payment of plaintiff's attorney fees, both of which may be significant.

From time to time, NYPH is or will be involved in a variety of activities which could receive scrutiny under the antitrust laws, and it cannot be predicted when or to what extent liability may arise. With respect to payor contracting, NYPH may, from time to time, be involved in joint contracting activity with other hospitals or providers. The precise degree to which this or similar joint contracting activities may expose the participants to antitrust risk from governmental or private sources is dependent on a myriad of factual matters which may change from time to time.

Hospitals, including NYPH, regularly have disputes regarding credentialing and peer review, and may be subject to liability in this area. In addition, hospitals occasionally indemnify medical staff members who are involved in such credentialing or peer review activities and may also be liable with respect to such indemnity. Court decisions have also established private causes of action against hospitals which use their local market power to promote ancillary health care businesses in which they have an interest. Such activities may result in monetary liability for the participating hospitals under certain circumstances where a competitor suffers business damage.

Financial Aid/Charity Care. Tax exempt hospitals often treat large numbers of low-income, uninsured or underinsured patients who are unable to pay in full for their medical care. Urban hospitals also typically treat significant numbers of patients lacking insurance. These hospitals may be affected by economic and political changes that could increase the number of uninsured or underinsured patients seeking care. Changes in general economic conditions can also affect the number of employed individuals who have health coverage. Similarly, changes in governmental policy may result in coverage exclusions which have an effect on the volume and/or types of services sought by individuals without health insurance. It is possible also that future legislation could require that tax-exempt hospitals and healthcare providers maintain minimum levels of charity care as a condition to federal income tax exemption or exemption from certain state or local taxes.

Employment and Labor Issues. As with all large employers, NYPH bears a wide variety of risks in connection with its employees. These risks include strikes and other related work actions, contract disputes, difficulties in recruitment, discrimination claims, wage and hour claims, personal tort actions, work related injuries, exposure to hazardous materials, interpersonal torts, risks related to its benefit plans, and other risks that may flow from the relationships between employer and employee or between physicians, patients and employees. Many of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance. Management of NYPH believes that NYPH's retirement plans are in material compliance with the Employee Retirement Income Security Act of 1974, as amended, the Code and other applicable laws.

Increasingly, employees of hospitals and other providers are becoming unionized, and many hospitals and other providers have collective bargaining agreements with one or more labor organizations. Employees subject to collective bargaining agreements may include essential nursing and technical

personnel, as well as food service, maintenance and other trade personnel. Renegotiation of such agreements upon expiration may result in significant cost increases to the affected members. In addition, employee strikes or other adverse labor actions may have an adverse impact on NYPH.

Physician, Nursing and Staff Shortages. In recent years, the health care industry has suffered from a scarcity of physician specialists and sub specialists, nursing personnel, respiratory therapists, pharmacists and other trained health care technicians. A significant factor underlying this trend includes a decrease in the number of persons entering such professions. A further factor is that competition for physicians has intensified in recent years, with frequent recruitment efforts by hospitals both locally and nationally to attract physicians away from competing hospitals in order to bolster admissions and profitability attributable to the patients such physicians frequently bring with them or are able to attract.

A current and significant nationwide nursing shortage is particularly affecting the health care sector and various studies have predicted that physician and nurse shortages will become more acute over time as practitioners retire and patient volume exceeds the growth in new practitioners. In addition, state budget cuts to university programs may impact the training available for all health care personnel, especially physicians, nurses and technicians. The COVID-19 pandemic has amplified and substantially exacerbated these existing trends, with practitioners, nursing staff and other personnel experiencing burn-out and deciding to leave medicine or retire early, or take advantage of substantially increased wages being offered for contract labor. In addition, a number of COVID-19 related factors, such as fears of exposure to COVID-19 in the workplace, vaccination mandates and difficulties in finding child and elder care options outside the home, have led to a tight job market, generally. Many employers in a variety of sectors continue to struggle to fill available positions. These factors are expected to intensify in the future, aggravating the general shortage and increasing the likelihood of hospital specific shortages. To the extent that NYPH is unable to maintain adequate staff levels, utilization and, thus, financial performance may be adversely affected.

In order to recruit and retain professional and nursing staff to strengthen clinical services, NYPH has offered, and in the future may have to offer, competitive salaries to both newly recruited individuals and existing staff. In some years such salaries have increased, and in the future may be required to increase, more than the rate of inflation. Such increases in the future may exceed increases in NYPH's rates of payment.

Competition. Competition from other hospitals may adversely affect revenues. In New York, there has been substantial consolidation of healthcare systems, thereby increasing competitive pressures on acute care hospitals, including NYPH. Further development of alternative healthcare delivery models and future medical and scientific advances could result in decreased usage of NYPH's facilities. NYPH further faces and will continue to face increased competition from other hospitals, integrated delivery systems, ambulatory care providers, rehabilitation facilities, urgent care centers, drug stores and other retail businesses offering health care services, freestanding independent diagnostic treatment facilities and increasingly sophisticated physician group practices, among others that offer similar health care services as well as expanded preventive medicine treatment.

Insurers may further encourage competition among hospitals and providers on the basis of price, payment terms and quality. Payors have used the threat of patient steerage, restrictive physician contracting, carve outs and network exclusion to drive provider prices lower. This may lead to increased competition among hospitals based on price where insurance companies attempt to steer patients to the hospitals that have the most favorable contracts.

Insurance and Litigation. In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased in health care nationwide, resulting in

substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional liability and other actions alleging wrongful conduct are often filed against health care providers. Insurance does not provide coverage for judgments for punitive damages.

Litigation also arises from the corporate and business activities of hospitals, from a hospital's status as an employer or as a result of medical staff or provider network peer review or the denial of medical staff or provider network privileges. As with professional liability, many of these risks are covered by insurance, but some are not. For example, some antitrust claims or business disputes are not covered by insurance or other sources and may, in whole or in part, be a liability of NYPH if determined or settled adversely.

Some hospitals and health care providers have experienced difficulty renewing or obtaining all types of commercial insurance, including insurance against malpractice and general liability claims, at reasonable cost with insurers mandating lower amounts of coverage, requiring greater deductibles, and charging more in premium. NYPH has not experienced difficulty obtaining its commercial insurance coverage but there are no assurances that NYPH could not experience difficulty in the future. See **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL – INSURANCE”** attached to this Official Statement for specific information about NYPH's insurance, including its participation in a captive insurance company providing a portion of its professional and general liability coverage.

In recent years, New York State has adopted legislation that extended the statute of limitations for filing claims of sexual abuse. This has resulted in an increase in the number of claims being made. See **APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL – LITIGATION”** attached to this Official Statement for a discussion of claims involving NYPH. Furthermore, legislation in New York State that passed both houses of the Legislature earlier this year, if enacted, would enhance the state's wrongful death law by extending the time to commence an action in wrongful death cases, expanding the scope of damages that can be claimed, and broadening the parties that can claim damages. Enactment would increase malpractice rates for providers in New York State. Similar legislation was previously vetoed by the Governor. These and future changes in law could materially adversely affect NYPH. Additionally, it is possible that insurers could decide to discontinue offering insurance coverage for certain claims, including sexual abuse claims, which could have a material adverse effect on NYPH.

Cost Increases. In recent years, substantial cutbacks in personnel and other cost-cutting measures have been instituted at hospitals throughout the State. Generally, these cutbacks have been instituted to address the disparity between rising medical costs and State-regulated payment formulas, including those for Medicaid, Blue Cross and Blue Shield, and other third-party payors. Rising health care costs resulted from, among other factors, health care costs exceeding inflation, increased minimum wage, staff shortages, increased costs for pharmaceuticals, single-patient gene and cell therapies and medical devices, and the highly technical nature of the industry. NYPH has been affected by the impact of such rising costs, and there can be no assurance that NYPH would not be similarly affected by the impact of additional unreimbursed costs in the future.

340B Drug Pricing Program. Efforts among pharmaceutical manufacturers to cease delivering drugs purchased through the 340B program to hospital contract pharmacies, combined with disagreements on the federal government's authority to compel manufacturers to use contract pharmacies, may result in legislation that could alter the 340B program. Although Congress could bolster the use of contract pharmacies through legislation, lawmakers may also use the opportunity to restrict program eligibility, impose burdensome reporting requirements, and reduce the 340B benefit to hospitals. NYPH could be materially adversely affected by changes to or the elimination of the 340B program.

Transparency. Initiatives at the federal, state, and local levels seek to increase transparency and reporting of health care prices and hospital costs. Effective January 2021, federal regulations require

hospitals to publicly report specified hospital rates by payor. Congress is in the process of codifying these regulations, while CMS is seeking to make these requirements more prescriptive and increase enforcement penalties for noncompliance. Failure to comply with these requirements can result in daily monetary penalties to the hospital, and the penalty for non-compliance by a hospital recently increased to a maximum of nearly \$2.0 million. NYPH believes that it is currently in material compliance with the Price Transparency Rule, but the publication requirements are complex. The Price Transparency Rule may result in further legislative or regulatory action to restrain hospital charges or rates and litigation concerning fees and charges. Additionally, competitively sensitive rate information can be available to competing hospitals and insurers as well as employer sponsors of group health plans, which could lead to market distortions and possible anti-competitive effects that could impact hospital rates and revenue. In addition, publication of hospital standard charges (including negotiated rates) as required may result in changes to consumer choice in a manner that may negatively impact NYPH. Accordingly, compliance with these requirements could have a material adverse financial or operational impact on NYPH.

If enacted, New York State legislation would require a report on hospital spending for state employees. Additionally, a New York City law that has yet to be implemented would create a new municipal office that, among other tasks, would be required to examine hospital costs and make recommendations on ways the City can reduce health care spending. There can be no assurances that lawmakers will not use this information to restrict reimbursements or limit funding to hospitals in future years.

Maintenance of 501(c)(3) Status

NYPH has been determined to be a tax-exempt organization described in Section 501(c)(3) of the Code. To maintain such status, such entity must conduct its operations in a manner consistent with representations previously made to the IRS and with current and future IRS regulations and rulings governing tax-exempt health care facilities.

Compliance with current and future regulations and rulings of the IRS could adversely affect the ability of NYPH to charge and collect revenues, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2023 Bonds. Although NYPH has covenanted to maintain its status as a tax-exempt organization, loss of tax-exempt status would likely have a significant adverse effect on NYPH and its operations.

The tax-exempt status of not-for-profit corporations, and the exclusion of income earned by them from taxation, has been the subject of review by various federal, state and local legislative, regulatory and judicial bodies. This review has included proposals to broaden and strengthen existing federal tax law with respect to unrelated business income of not-for-profit corporations.

There can be no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of NYPH by requiring it to pay income, real estate or other taxes.

Affiliation, Merger, Acquisition and Divestiture

Significant numbers of affiliations, mergers, acquisitions and divestitures have occurred in the health care industry recently. As part of its on-going planning process, NYPH has considered and will continue to consider the potential acquisition of operations or properties which may become affiliated with or become part of the Obligated Group in the future, as well as the potential disposition of certain existing Obligated Group operations or properties. As a result, it is possible that the organizations and assets which currently make up the Obligated Group may change from time to time, subject to the provisions in the

Master Trust Indenture and other financing documents which apply to merger, sale, disposition or purchase of assets, or with respect to joining or withdrawing from the Obligated Group. Any of these transactions could have a material adverse effect on NYPH and the Obligated Group.

Secondary Market

There can be no assurance that there will be a secondary market for the purchase or sale of the Series 2023 Bonds. From time to time there may be no market for them depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of NYPH's capabilities and the financial conditions and results of operations of NYPH.

State Budget

Under the New York State Enacted Budget 2023-2024, the state-funded portion of the Medicaid program will be the largest in history at \$34.7 billion and total enrollment in the program was projected to reach 7.9 million enrollees by June 2023, before declining over the next year as COVID enrollments unwind. New York has the second largest Medicaid program in the country and eligibility will need to be re-determined for over 9 million people on the state's various public health insurance programs. New York was able to re-enroll 72% of those undergoing eligibility redetermination during the first phase of this process. The uncertainty around the level of future Medicaid enrollment could materially affect NYPH.

The Enacted Budget also includes increases in Medicaid rates, including increases for hospitals, and supports the expansion and enhancement of primary care and preventive Medicaid services, including establishing new Medicaid benefits to improve health equity. The Enacted Budget also maintained a policy that moved the Medicaid pharmacy benefit from managed care into fee for service, which eliminated savings from the 340B drug pricing program for hospitals for applicable drugs. Medicaid inpatient and outpatient payment increases were intended to help offset the loss from the pharmacy benefit transition, but there is no assurance that New York State will maintain these or other payment increases in subsequent years.

Waiver Amendment

New York State's program for mandatory Medicaid managed care enrollment, The Partnership Plan (also known as the 1115 Waiver), was approved by CMS in 1997, allowing the State to begin enrolling most Medicaid recipients in managed care plans. For many populations, mandatory Medicaid managed care enrollment programs were instituted throughout New York City, and a significant portion of the Medicaid eligible population has been enrolled in managed care plans. Since 1997, the Partnership Plan 1115 Waiver has been amended, expanded or extended several times.

By letter dated March 23, 2022, CMS approved New York's request to extend its 1115 Waiver effective April 1, 2022 through March 31, 2027. Moreover, on April 13, 2022, DOH published its proposal for a new 1115 Waiver amendment entitled "Strategic Health Equity Reform Payment Arrangements" ("*SHERPA*"). Through the *SHERPA* proposal, DOH is requesting \$13.52 billion to address "inextricably linked health disparities and systemic health care delivery issues that have been both highlighted and intensified by the COVID-19 pandemic." Specifically, the waiver proposal seeks to achieve the following four goals: (1) build a more resilient, flexible, and integrated delivery system that reduces racial disparities, promotes health equity, and supports the delivery of social care; (2) develop and strengthen supportive housing services and alternatives to institutions for the homeless and long term care populations; (3) redesign and strengthen system capabilities to improve quality, advance health equity, and address workforce shortages; and (4) create statewide digital health and telehealth infrastructure. The federal

government may approve the waiver in the fall of 2023, though ongoing negotiations indicate that the final approval may differ from the proposal, including the final funding allocation.

New York State Executive Order 38

On January 18, 2012, Governor Cuomo signed Executive Order No. 38 (the “*Executive Order*”) limiting spending for administrative costs and executive compensation at state-funded service providers. NYPH may be subject to the limitations contained in the Executive Order. The Executive Order limits reimbursement with State funds for executive compensation to \$199,000 annually per executive and requires that 85% of State-authorized payments be directed to direct care or services, rather than administrative costs. On May 30, 2012, DOH published proposed regulations to implement the Executive Order, effective January 1, 2013.

The order has been subject to multiple legal challenges; most recently, the New York Court of Appeals held in 2018 that, while certain caps on executive compensation from any funding source was promulgated in excess of DOH authority, DOH’s caps on the use of state funds for executive compensation and for administrative expenses were permissible.

Enforceability of Remedies

The Series 2023 Bonds are general unsecured obligations of NYPH payable as described in this Official Statement. The practical realization of money from NYPH upon any default will depend upon the exercise of various remedies specified by the Master Trust Indenture. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay.

Under existing law, the remedies specified by the Master Trust Indenture may not be readily available or may be limited. A court may decide not to order the performance of the covenants contained in those documents. The legal opinion to be delivered concurrently with the delivery of the Series 2023 Bonds will be qualified as to the enforceability of the various agreements and other instruments by limitations imposed by State and Federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors’ rights generally.

Enforceability of the Master Trust Indenture

Under New York law, a not-for-profit corporation may guarantee the debt of another corporation only if such guaranty is in furtherance of the corporate purposes of such guarantor not-for-profit corporation. In addition, it is possible that the joint and several obligation of a member to make payments due under an Obligation, relating to indebtedness issued for the benefit of another member, may be declared void in an action brought by a third-party creditor pursuant to the New York fraudulent conveyance statutes or may be avoided by a member or a trustee in bankruptcy in the event of the bankruptcy of the member from which payment is requested. An obligation may be voided under the Federal Bankruptcy Code or under the New York fraudulent conveyance statute, if (a) the obligation was incurred without receipt by the obligor of “fair consideration” or “reasonably equivalent value,” and (b) the obligation renders the obligor “insolvent,” as such terms are defined under the applicable statute. Interpretation by the courts of the tests of “insolvency,” “reasonably equivalent value” and “fair consideration” has resulted in a conflicting body of case law. For example, a member’s joint and several obligation under the Master Trust Indenture to make all payments thereunder, including payments in respect of funds used for the benefit of the other members, may be held to be a “transfer” which makes such member “insolvent” in the sense that the total amount due under the Master Trust Indenture could be considered as causing its liabilities to exceed its assets. Also, one of the members may be deemed to have received less than “fair consideration” for such obligation because none or only a portion of the proceeds of the indebtedness is to be used to finance projects occupied

or used by such member. While the members may benefit generally from the projects financed from the indebtedness for the other members, the actual cash value of this benefit may be less than the joint and several obligation. The rights under the New York fraudulent conveyance statutes may be asserted for a period of up to six years from the incurring of the obligations under the Master Trust Indenture.

In addition, the assets of any member may be held by a court to be subject to a charitable trust which prohibits payments in respect of obligations incurred by or for the benefit of others if a member has insufficient assets remaining to carry out its own charitable functions or, under certain circumstances, if the obligations paid by such member were issued for purposes inconsistent with or beyond the scope of the charitable purposes for which the member was organized. The enforceability of similar master trust indentures has been challenged in jurisdictions outside of the State. In the absence of clear legal precedent in this area, the extent to which the assets of any member can be used to pay Obligations issued by or on behalf of others cannot be determined at this time.

In addition, there exists common law authority and authority under state statutes for the ability of the state courts to terminate the existence of a not-for-profit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion or pursuant to a petition of the state attorney general or such other persons who have interests different from those of the general public, pursuant to common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

An action to enforce a charitable trust and to see to the application of its funds could also arise if an action to enforce the obligation to make payments on an Obligation issued for the benefit of another Member of the Obligated Group would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by NYPH from which payment is requested.

Exercise of Remedies under Master Trust Indenture

"Events of Default" under the Master Trust Indenture include the failure of the Obligated Group to make payments on any Obligation Outstanding under the Master Trust Indenture (such as Obligation No. 5) and the occurrence of an event of default under the Loan Agreement. The Master Trust Indenture provides that upon an "Event of Default" thereunder, the Master Trustee may in its discretion, declare the principal of all (but not less than all) Obligations Outstanding thereunder to be due and payable immediately and may exercise other remedies thereunder. However, the Master Trustee is not required to declare amounts under the Master Trust Indenture to be due and payable immediately except as provided in the Master Trust Indenture. Consequently, upon the occurrence of an "Event of Default" under the Loan Agreement with respect to the Series 2023 Bonds and an acceleration of the maturity of the Series 2023 Bonds, the Master Trustee may not be required to accelerate all Obligations Outstanding under the Master Trust Indenture.

Bankruptcy

The rights and remedies of the holders of the Series 2023 Bonds are subject to various provisions of Title 11 of the United States Code (the "*Bankruptcy Code*"). If NYPH were to file a petition for relief under the Bankruptcy Code, the filing would automatically stay the commencement or continuation of any judicial or other proceedings against NYPH and its property. NYPH would not be permitted or required to make payments of principal or interest under the Obligations, unless an order of the United States Bankruptcy Court were issued for such purpose. In addition, without an order of the United States Bankruptcy Court the automatic stay may serve to prevent the Bond Trustee from applying amounts on

deposit in certain funds and accounts held under the General Resolution from being applied in accordance with the provisions of the General Resolution, and the application of such amounts to the payment of principal and interest on, the Series 2023 Bonds. Moreover, any motion for an order canceling the automatic stay and permitting such funds and accounts to be applied in accordance with the provisions of the General Resolution would be subject to the discretion of the United States Bankruptcy Court, and may be subject to objection and/or comment by other creditors of NYPH, which could affect the likelihood or timing of obtaining such relief. The automatic stay may also adversely affect the ability of the Master Trustee under to exercise remedies upon default, including the acceleration of all amounts payable by NYPH, the Master Trust Indenture, and may adversely affect the Master Trustee's or the Bond Trustee's ability to take all steps necessary to file a claim under the applicable documents on a timely basis.

NYPH could file a plan for the adjustment of its debts in a proceeding under the Bankruptcy Code, which plan could include provisions modifying or altering the rights of creditors generally, or any class of them, whether secured or unsecured. The plan, when confirmed by the United States Bankruptcy Court, would bind all creditors who have notice or knowledge of the plan and could discharge all claims against NYPH provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are that the plan is in the best interests of creditors, is feasible and has been (except as set forth below) accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

In the event of bankruptcy of NYPH, transfers of property by the bankrupt entity, including the payment of debt on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court may be subject to avoidance or recoupment as preferential transfers. Under certain circumstances a court may have the power to direct the use of revenues meet expenses of NYPH before paying debt service on the Series 2023 Bonds.

Considerations Relating to Additional Debt

The Loan Agreement and the Master Trust Indenture permit NYPH to incur additional indebtedness unlimited in amount, including additional Bonds. Such indebtedness would increase NYPH's debt service and repayment requirements and may adversely affect debt service coverage on the Series 2023 Bonds.

Other Risk Factors

In the future, the following factors, among others, may adversely affect the operations of health care providers, including NYPH, or the market value of the Series 2023 Bonds, to an extent that cannot be determined at this time:

- Adoption of legislation that would establish a national or statewide single-payor health program or that would establish national, statewide or otherwise regulated rates.
- Increased unemployment or other economic conditions in the service area of NYPH, which could increase the proportion of patients who are unable to pay fully for the cost of their care.
- Competition in NYPH's service area could increase alternative modes of care, including life care, assisted living facilities, and home care.

- Efforts by insurers and governmental agencies to limit the cost of hospital and physician services, to reduce the number of beds and to reduce the utilization of hospital facilities by such means as preventive medicine, improved occupational health and safety and outpatient care, or attempts by third-party payors to control or restrict the operations of certain health care facilities.
- High-cost gene and cell therapies designed for a single patient are being made more readily available and are seeing more application in the treatment of certain diseases and conditions. In the absence of reimbursement models that cover the cost of such high-cost treatments, the operations of hospitals and providers could be negatively impacted.
- Reduced demand for NYPH's services that might result from decreases in population or innovations in technology.
- Bankruptcy of an indemnity/commercial insurer, managed care plan or other payor.
- The occurrence of a natural or man-made disaster, including but not limited to acts of terrorists, that could damage the facilities of NYPH, interrupt utility service to the facilities, result in an abnormally high demand for health care services or otherwise impair the operations and the generation of revenues from NYPH's facilities.
- The ongoing impact of COVID-19, including resurgences of the virus, as well as other public health emergencies that may arise in the future.
- Reductions in philanthropic donations to NYPH.
- Adoption of a so-called "flat" Federal income tax, a reduction in the marginal rates of Federal income taxation or replacement of the Federal income tax with another form of taxation, any of which might adversely affect the level of charitable donations to NYPH.
- Increases in cost and limitations in the availability of any insurance, such as fire, and/or business interruption, automobile and professional general liability, that NYPH generally carries.
- Developments affecting the Federal or state tax-exempt status of not-for-profit hospitals.
- Technical issues and delays associated with development and implementation of information technology systems to support critical clinical and financial operations, including Epic.
- Termination, non-renewal or renegotiation of provider participation agreements with third-party payors could reduce demand for NYPH's services, resulting in reduced market share, reduced net patient services revenues and reduced net income.

PART 7 – DASNY

Background, Purposes and Powers

DASNY is a body corporate and politic constituting a public benefit corporation. DASNY was created in 1944 to finance and build dormitories at State teachers' colleges to provide housing for the large influx of students returning to college on the G.I. Bill following World War II. Over the years, the State Legislature has expanded DASNY's scope of responsibilities. Today, pursuant to the Dormitory Authority Act, DASNY is authorized to finance, design, construct or rehabilitate facilities for use by a variety of public and private not-for-profit entities.

DASNY provides financing services to its clients in three major areas: public facilities; not-for-profit healthcare; and independent higher education and other not-for-profit institutions. DASNY issues State-supported debt, including State Personal Income Tax Revenue Bonds and State Sales Tax Revenue Bonds, on behalf of public clients such as the State University of New York, the City University of New York, the Department of Health, the New York State Education Department, the Office of Mental Health, the Office of People with Developmental Disabilities, the Office of Addiction Services and Supports, the Office of General Services, and the Office of General Services of the State on behalf of the Department of Audit and Control. Other public clients for whom DASNY issues debt include Boards of Cooperative Educational Services (“BOCES”), State University of New York, the Workers’ Compensation Board, school districts across the State and certain cities and counties that have accessed DASNY for the purpose of providing court facilities. DASNY’s private clients include independent colleges and universities, private hospitals, certain private secondary schools, special education schools, facilities for the aged, primary care facilities, libraries, museums, research centers and government-supported voluntary agencies, among others.

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes, and to lend funds to such institutions. As of June 30, 2023, DASNY had approximately \$55.6 billion aggregate principal amount of bonds and notes outstanding.

DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety of grants authorized by the State for economic development, education, and community improvement, which are payable to both public and private grantees from proceeds of State Personal Income Tax Revenue Bonds issued by DASNY.

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance with tax law, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. All DASNY’s outstanding bonds and notes, both fixed and variable rate, are special limited obligations of DASNY payable solely from payments required to be made by or for the account of the client institution for which the particular special limited obligations were issued. DASNY has no obligation to pay its special limited obligations other than from such payments. DASNY has always paid the principal of and interest on all of its obligations on time and in full; however, as a conduit debt issuer, payments on DASNY’s special limited obligations are solely dependent upon payments made by the DASNY client for which the particular special limited obligations were issued and the security provisions relating thereto.

DASNY also offers a variety of construction services to certain educational, governmental, and not-for-profit institutions in the areas of project planning, design, and construction, monitoring project construction, purchasing of furnishings and equipment for projects, interior design of projects, and designing and managing projects to rehabilitate older facilities.

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, borrow money, and adopt a program of self-insurance.

DASNY has a staff of approximately 475 employees located in four main offices (Albany, New York City, Buffalo and Rochester) and at approximately 39 field sites across the State.

Governance

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly, and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State, and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation but are entitled to reimbursement of expenses incurred in the performance of their duties.

The Governor appoints a Chair from the members appointed by him or her and the members of DASNY annually choose the following officers, of which the first two must be members of DASNY: Vice-Chair, Secretary, Treasurer, Assistant Secretaries, and Assistant Treasurers.

The current members of DASNY are as follows:

LISA A. GOMEZ, *Chair*, Pelham.

Lisa A. Gomez was appointed as a Member of DASNY by the Governor on June 2, 2022. Ms. Gomez is CEO of L+M Development Partners, LLC (L+M). She previously served as Chief Operating Officer. L+M develops, builds and manages affordable housing with local agencies such as the New York City Department of Housing Preservation and Development and the New York City Housing Authority. Prior to joining L+M, Ms. Gomez held positions in the Bloomberg and Dinkins Administrations as well as with JP Morgan Chase & Co. and Silverstein Properties. Ms. Gomez has a B.A. from Louisiana State University.

GERARD ROMSKI, ESQ., *Vice-Chair*, Mount Kisco.

Gerard Ronski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. He is Counsel and Project Executive for “Arverne by the Sea,” where he is responsible for advancing and overseeing all facets of “Arverne by the Sea,” one of New York City’s largest mixed-use developments located in Queens, New York. Mr. Ronski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Ronski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

BERYL L. SNYDER, J.D., *Secretary*, New York.

Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expired on August 31, 2016 and by law she continues to serve until a successor shall be chosen and qualified.

ROBERT J. RODRIGUEZ, *Sleepy Hollow*.

Robert J. Rodriguez was appointed as a Member of DASNY by the Governor on June 10, 2023. Mr. Rodriguez serves as New York’s Secretary of State. He previously served as a member of the New York State Assembly for 11 years representing Assembly District 68. He was Co-Chair of the Legislative Task

Force on Demographic Research and Reapportionment, founding Chair of the Assembly Sub-committee on Infrastructure and Member of Committees on Ways and Means, Housing, Labor, Banking, Corporations and Authorities, and Mental Health. Mr. Rodriguez also held positions at Public Financial Management, A.C. Advisory, Inc. and Bloomberg L.P. Mr. Rodriguez has Bachelor of Arts in History and Political Science from Yale University and received his MBA in Finance from New York University Stern Business School.

ALFONSO L. CARNEY, JR., New York.

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc., and General Foods Corporation. Mr. Carney holds a Bachelor's degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

WELLINGTON Z. CHEN, Queens.

Wellington Z. Chen was appointed as a Member of DASNY by the Governor on June 20, 2018. Mr. Chen is the Executive Director of the Chinatown Partnership Development Corporation. In this capacity, he leads the Chinatown Partnership in implementing initiatives in infrastructure, post 9/11 rebuilding and public space improvements in a comprehensive effort to improve the environmental and the business conditions. He is a graduate of the School of Architecture and Environmental Studies at The City College of New York. Mr. Chen's term expired on March 31, 2020 and by law he continues to serve until a successor shall be chosen and qualified.

JOAN M. SULLIVAN, Slingerlands.

Joan M. Sullivan was appointed as a Member of DASNY by the New York State Comptroller on March 26, 2019. Ms. Sullivan is President of On Wavelength Consulting LLC, a firm that assists governmental entities with development of public procurements and private companies with the preparation of effective responses to government solicitations. She possesses over 40 years of experience working in and for the government of New York State, including an expansive career at the NYS Office of State Comptroller where she last served as Executive Deputy Comptroller before accepting an appointment as Executive Director of The NYS Forum, Inc. Ms. Sullivan holds a Bachelor of Arts degree in Business Administration (Accounting) from Siena College.

JANICE McKINNIE, Buffalo.

Janice McKinnie was appointed as a Member of DASNY by the Speaker of the Assembly on June 12, 2020. Ms. McKinnie is the Executive Director of True Community Development Corporation where she has led various housing rehabilitation and development projects and has formed strategic alliances with local and regional community groups to promote affordable housing and economic growth within the area of Buffalo. She is also the owner of Developments By JEM, LLC, a construction and project development consulting firm and a NYS certified M/WBE business. Ms. McKinnie is a graduate of the State University College of Buffalo and holds a Master's degree in organizational leadership from Medaille College.

BETTY A. ROSA, *Commissioner of Education of the State of New York, Bronx; ex-officio.*

Dr. Betty A. Rosa was appointed by the Board of Regents to serve as Commissioner of Education and President of the University of the State of New York effective February 8, 2021. Previously, Dr. Rosa assumed the role of Interim Commissioner of Education and President of the University of the State of New York from August 14, 2020 through February 7, 2021. Dr. Rosa had served as a member of the Board of Regents and as Chancellor thereof from March 2016 through August 2020. She started her career with the NYC Department of Education as a paraprofessional and later served as a teacher, assistant principal, principal in the Bronx and, upon appointment, assumed the responsibilities of Superintendent of Community School District 8 then Senior Superintendent of the Bronx. Dr. Rosa is a nationally recognized education leader who has over 30 years of instructional and administrative experience with an expertise in inclusive education, cooperative teaching models, student achievement and policy implementation. She received a B.A. in psychology from the City College of New York and an Ed. M. and Ed. D. in Administration, Planning and Social Policy from Harvard University as well as two other Master of Science in Education degrees, one in Administration and Supervision and the other in Bilingual Education from the City College of New York and Lehman College respectively.

BLAKE G. WASHINGTON, *Budget Director of the State of New York, Albany; ex-officio.*

Blake G. Washington is the Budget Director for the State of New York, appointed by Governor Kathy Hochul. Mr. Washington is responsible for the development and management of the New York State budget and leads a team of public servants to administer the fiscal duties of the state, including economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio. Mr. Washington was previously employed by the New York State Assembly Ways and Means Committee for over 20 years, culminating with his service as Secretary to the Committee from 2015 through 2023. In that role, Mr. Washington advised the Assembly Speaker and the Assembly Majority on all budget and fiscal matters and served as the Assembly's lead negotiator on the New York State budget. He began his career in public service as a probation officer in Sullivan County, New York. Mr. Washington earned both his master's and bachelor's degrees from the State University of New York at Albany.

JAMES MCDONALD, M.D., *Commissioner of Health of the State of New York, Albany; ex-officio.*

James McDonald, M.D., was named Acting Commissioner starting January 1, 2023 and confirmed as Commissioner by the State Senate on June 10, 2023. Prior to that, Dr. McDonald served as the Medical Director of the State Department of Health's Office of Public Health and Interim Director of the Center for Community Health, part of the Office of Public Health. Before joining the State Department of Health, Dr. McDonald worked for 10 years at the Rhode Island Department of Health, most recently as Interim Director/Commissioner. Dr. McDonald earned his medical degree from Loyola Stritch School of Medicine in Chicago. He earned his MPH from the University of North Carolina in Chapel Hill. Dr. McDonald is board certified in pediatrics as well as preventive medicine.

The principal staff of DASNY are as follows:

REUBEN R. McDANIEL, III is the President and chief executive officer of DASNY, responsible for the overall management of DASNY's administration and operations. Mr. McDaniel possesses more than 30 years of experience in financial services, including public finance, personal wealth management, corporate finance and private equity. During his career in public finance, he participated in more than \$75 billion in tax-exempt bond issuances throughout the country. He has also managed investment portfolios and business assets for a variety of professionals. He previously served as Chair of the Atlanta Board of Education for Public Schools. Mr. McDaniel holds an undergraduate degree in Economics and

Mathematics from the University of North Carolina at Charlotte and a Master of Business Administration from the University of Texas at Austin.

CHARLIE WILLIAMS is the Vice President of DASNY and assists the President in the administration and operation of DASNY. Mr. Williams coordinates policy and operations across all DASNY business lines and serves as chief advisor on all DASNY operational matters. Mr. Williams most recently served as Managing Director for Executive Direction at DASNY. Prior to that, he served as Deputy Budget Director for the NYS Division of Budget where he oversaw the budgets of approximately 125 state agencies and authorities in the areas of economic development, human services, housing, energy, environment, education, arts, agriculture, parks, mental hygiene, developmental disabilities, addiction services and public protection. He holds a Bachelor of Arts degree from State University of New York at Plattsburgh and a Master's degree in Public Administration from the Rockefeller College of the University at Albany.

KIMBERLY A. ELLIS is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Ellis is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, payroll and information services, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Prior to her appointment to Chief Financial Officer and Treasurer, Ms. Ellis served in numerous senior positions within the Finance Division of DASNY, including as Deputy Financial Officer and Assistant Director of Investments, where she had direct involvement with the management of DASNY's financial operations, including DASNY's overall investment portfolio and the coordination and development of DASNY's annual operating budget and capital plans. Ms. Ellis holds a Bachelor of Science degree in Accounting from the State University of New York at Buffalo.

R. NADINE FONTAINE is General Counsel to DASNY. Ms. Fontaine is responsible for all legal services including legislation, litigation, contract matters, and the legal aspects of all DASNY financings. Ms. Fontaine is licensed to practice law in the States of New York and Connecticut, as well as the United States District Courts for the Southern District of New York, the Eastern District of New York, and the District of Connecticut. She has over twenty-seven years of combined legal experience in the private and public sector. Ms. Fontaine most recently served as First Assistant Counsel to the Governor and, prior thereto, served as Assistant Counsel to the Governor for Economic Development, Public Finance & Procurement and Assistant Counsel for Human Services. She holds a Bachelor of Arts degree from the State University of New York at Stony Brook University and a Juris Doctor degree from Pace University School of Law.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. Prior to that, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. She holds a Bachelor of Arts degree from the State University of New York at Albany.

STEPHEN D. CURRO is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, resource acquisition, contract administration, interior design, real property, sustainability and engineering, as well as other technical

services. Mr. Curro joined DASNY in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and has worked in the construction industry for more than 30 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

SARA POTTER RICHARDS, is the Managing Director for Executive Direction. Ms. Richards works with all Members of the Executive Management team to coordinate policy and operations across DASNY business lines. She is responsible for coordinating the work of the DASNY Board of Directors and overseeing the Grants Administration Unit and the Office of Environmental Affairs. Ms. Richards began her DASNY career in the Office of General Counsel and has held a variety of positions of increasing responsibility, most recently serving as Chief of Staff. She holds a Bachelor of Science degree from Ithaca College and a Juris Doctor degree from Albany Law School.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against DASNY, DASNY believes that such claims and litigation either are covered by insurance or by bonds filed with DASNY, or that DASNY has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such matters.

There is not now pending any litigation against DASNY (i) restraining or enjoining the issuance or delivery of the Series 2023 Bonds nor (ii) challenging the validity of the Series 2023 Bonds or the proceedings and authority under which DASNY will issue the Series 2023 Bonds.

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by DASNY and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. DASNY obtains the approval of the PACB for the issuance of all its bonds and notes.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect DASNY and its operations. DASNY is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including DASNY) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect DASNY and its operations.

Environmental Quality Review

DASNY complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2023. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 8 – LEGALITY OF THE SERIES 2023 BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2023 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual authorities and public benefit corporations of the State may limit the investment of funds of such authorities and corporations in the Series 2023 Bonds.

PART 9 – NEGOTIABLE INSTRUMENTS

The Series 2023 Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2023 Bonds.

PART 10 – TAX MATTERS

General

In the opinion of Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel to DASNY, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the Series 2023 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering such opinion, Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C. have relied on certain representations, certifications of fact, and statements of reasonable expectations made by, as applicable, DASNY, NYPH and others, and Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C. have assumed compliance by, as applicable, DASNY and NYPH with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2023 Bonds from gross income under Section 103 of the Code. In addition, in rendering their opinions, Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C. have relied on the opinion of counsel to NYPH regarding, among other matters, the current qualification of NYPH as an organization described in Section 501(c)(3) of the Code.

In addition, in the opinion of Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C., under existing statutes, interest on the Series 2023 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Co-Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2023 Bonds, or the ownership or disposition thereof, except as stated above. Co-Bond Counsel render their opinions under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter

taken or not taken, any fact or circumstance that may thereafter come to their attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Co-Bond Counsel express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, neither Hawkins Delafield & Wood LLP nor D. Seaton and Associates, P.A., P.C. expresses any opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2023 Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2023 Bonds in order that interest on the Series 2023 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2023 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2023 Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. DASNY and NYPH have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2023 Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2023 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2023 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2023 Bonds.

Prospective owners of the Series 2023 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2023 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond Premium

In general, if an owner acquires a Series 2023 Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2023 Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Series 2023 Bond (a “*Premium Bond*”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that

results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership and amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest (including OID) paid on tax-exempt obligations, including the Series 2023 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2023 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2023 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2023 Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2023 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2023 Bonds.

Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the foregoing matters.

The proposed form of the opinions of Hawkins, Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C. relating to the Series 2023 Bonds is set forth in **APPENDIX H – "PROPOSED FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL"** hereto.

PART 11 – STATE NOT LIABLE ON THE SERIES 2023 BONDS

The Act provides that notes and bonds of DASNY shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2023 Bonds shall not be a debt of the State nor shall the State be liable thereon.

PART 12 – COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of DASNY's notes and bonds that the State will not limit or alter the rights vested in DASNY to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of DASNY's notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State's pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with DASNY and with the holders of DASNY's notes or bonds.

PART 13 – RATINGS

Moody's Investors Service, Inc. ("*Moody's*") has assigned a rating of "Aa2" (stable outlook) to the Series 2023 Bonds and Fitch Ratings, Inc. ("*Fitch*") has assigned a rating of "AA" (stable outlook) to the Series 2023 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and Fitch, One State Street Plaza, New York, New York 10004. There is no assurance that such ratings will remain the same for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2023 Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Series 2023 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

PART 14 – LEGAL MATTERS

Certain legal matters incidental to the offering of the Series 2023 Bonds by DASNY are subject to the approval of Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C., New York, New York, as Co-Bond Counsel, whose approving opinions will be delivered with the Series 2023 Bonds. The proposed form of opinions of Co-Bond Counsel is set forth in **APPENDIX H – "PROPOSED FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL"** hereto.

Certain legal matters will be passed upon for NYPH by its counsel, Dennett Law Offices, P.C., Great Neck, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York.

PART 15 – UNDERWRITING

Pursuant to a Bond Purchase Agreement related to the Series 2023 Bonds (the “*Purchase Contract*”) by and among DASNY, NYPH and Goldman Sachs & Co. LLC on behalf of itself and Morgan Stanley & Co. LLC (together, the “*Underwriters*”), the Underwriters, have agreed, subject to certain conditions, to purchase the Series 2023 Bonds from DASNY at a purchase price of \$329,221,557.14 (reflecting an underwriters’ discount of \$1,496,861.31 and bond premium of \$37,818,418.45) and to make a public offering of the Series 2023 Bonds at prices that are not in excess of the public offering prices or yields indicated on the inside cover of this Official Statement. The obligations of the Underwriters are subject to certain terms and conditions contained in the Purchase Contract. The Underwriters will be obligated to purchase all of the Series 2023 Bonds if any of the Series 2023 Bonds are so purchased. NYPH has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities arising under federal and state securities laws. The initial offering price of the Series 2023 Bonds may be changed by the Underwriters.

Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2023 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2023 Bonds.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriters and certain of their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for NYPH for which it has received or will receive customary fees and expenses.

In the ordinary course of its business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of NYPH (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with NYPH. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments of NYPH.

The Series 2023 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

PART 16 – CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12, NYPH will enter into the Continuing Disclosure Agreement with DAC and the Bond Trustee. The form of the Continuing Disclosure Agreement is attached as **APPENDIX I – “PROPOSED FORM OF AGREEMENT TO PROVIDE CONTINUING DISCLOSURE”** hereto.

In the past five years, NYPH and the Members of the Obligated Group have not failed to comply, in any material respects, with any previous continuing disclosure undertaking entered into in connection with any offerings.

PART 17 – FINANCIAL ADVISOR

PFM Financial Advisors, LLC (“*PFM*”) has served as financial advisor to NYPH in connection with the issuance of the Series 2023 Bonds. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness or fairness of the information contained in the Official Statement. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing securities.

PART 18 – MISCELLANEOUS

Reference in this Official Statement to the Act, the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and Obligation No. 5 do not purport to be complete. Refer to the Act, the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and Obligation No. 5 for full and complete details of their provisions. Copies of the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and Obligation No. 5 are or will be on file with DASNY and the Bond Trustee.

The agreements of DASNY with the holders of the Series 2023 Bonds are fully set forth in the Resolution. Neither any advertisement of the Series 2023 Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2023 Bonds.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated, are intended merely as expressions of opinion and not as representations of fact.

The information regarding NYPH, the Obligated Group and the Master Trust Indenture was supplied by NYPH.

The information set forth herein relating to DASNY under the heading “**PART 7 – DASNY**” has been obtained from DASNY. All other information herein has been obtained by the Underwriters from NYPH and other sources deemed to be reliable by the Underwriters, and is not to be construed as a representation by DASNY or the Underwriters. In addition, DASNY does not warrant the accuracy of the statements contained herein relating to NYPH or the Obligated Group nor does it directly or indirectly guarantee, endorse or warrant (i) the creditworthiness or credit standing of NYPH or the Obligated Group, (ii) the sufficiency of the security for the Series 2023 Bonds or (iii) the value or investment quality of the Series 2023 Bonds.

The information regarding DTC and DTC’s book-entry system has been furnished by DTC.

APPENDICES D, E, F and H have been prepared by Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Bond Counsel to DASNY.

APPENDICES G-1 and G-2 have been prepared by Dennett Law Offices, P.C., counsel to the Obligated Group.

The audited consolidated financial statements of The New York and Presbyterian Hospital for the years ended December 31, 2022 and 2021 included in **APPENDIX C-1** and the audited consolidated financial statements of The New York and Presbyterian Hospital for the years ended December 31, 2021 and 2020 included in **APPENDIX C-2** have been audited by Ernst & Young LLP, independent auditors, as stated in their reports appearing therein. The information contained in the unaudited consolidated financial statements as of and for the six (6) months ended June 30, 2023 included in **APPENDIX C-3** of this Official Statement is derived from unaudited internal records and should be read in conjunction with the audited financial statements and reports included in **APPENDIX C-1** hereto.

NYPH has reviewed the sections of this Official Statement describing the Obligated Group under the headings **“PART 1 – INTRODUCTION,” “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS,” “PART 3 – THE SERIES 2023 BONDS,” “PART 4 – PLAN OF FINANCE,” “PART 5 – ESTIMATED SOURCES AND USES OF FUNDS,” “PART 6 – BONDHOLDERS’ RISKS,” “PART 10 – TAX MATTERS”** (with respect to underlying factual matters set forth therein), **“PART 16 – CONTINUING DISCLOSURE,” APPENDIX A – “THE NEW YORK AND PRESBYTERIAN HOSPITAL”** hereto, **APPENDIX B – “SELECT INFORMATION REGARDING THE REGIONAL HOSPITALS AND CERTAIN CONSOLIDATED FINANCIAL METRICS”** hereto and (i) **APPENDIX C-1 – “CONSOLIDATED FINANCIAL STATEMENTS THE NEW YORK AND PRESBYTERIAN HOSPITAL YEARS ENDED DECEMBER 31, 2022 AND 2021 WITH REPORT OF INDEPENDENT AUDITORS”** hereto, (ii) **APPENDIX C-2 – “CONSOLIDATED FINANCIAL STATEMENTS THE NEW YORK AND PRESBYTERIAN HOSPITAL YEARS ENDED DECEMBER 31, 2021 AND 2020 WITH REPORT OF INDEPENDENT AUDITORS”** hereto and (iii) **APPENDIX C-3 – “UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION THE NEW YORK PRESBYTERIAN HOSPITAL AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2023”** hereto. NYPH shall certify as of the date hereof and as of the date of delivery of the Series 2023 Bonds that such sections of this Official Statement do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

NYPH has agreed to indemnify DASNY, the Underwriters and certain others against losses, claims, damages and liabilities arising out of any untrue statements or omissions of statements of any material fact as described in the preceding paragraph.

The execution and delivery of this Official Statement by an Authorized Officer has been duly authorized by DASNY.

**DORMITORY AUTHORITY OF
THE STATE OF NEW YORK**

By: /s/ Reuben R. McDaniel, III
Authorized Officer

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APPENDIX A

THE NEW YORK PRESBYTERIAN HOSPITAL

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APPENDIX A
THE NEW YORK AND PRESBYTERIAN HOSPITAL



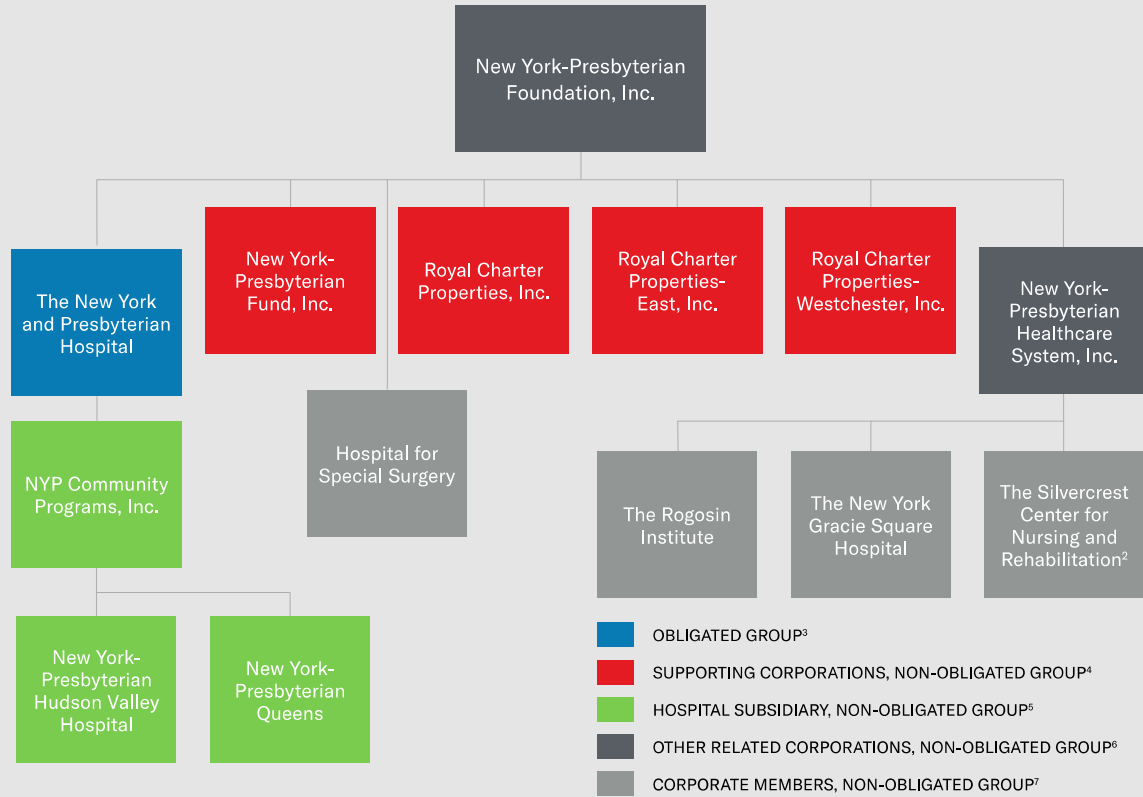
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NewYork-Presbyterian Organizational Structure¹



Footnotes on next page.

1. This NewYork-Presbyterian Organizational Structure chart does not include all entities that are included in the consolidated financial statements of The New York and Presbyterian Hospital (together with the Consolidated Entities (as defined below), the “Hospital”; as a legal entity separate from the Consolidated Entities, “NYPH”). Among others, it does not include professional corporations and other affiliates controlled by NYPH or one of the Regional Hospitals (as defined below). For additional information regarding these entities, see Note 1 to the Hospital’s Consolidated Financial Statements and Supplementary Information as of and for the Years ended December 31, 2022 and 2021, included as Appendix C-1 to this Official Statement, and Note 1 to the Hospital’s Unaudited Consolidated Financial Statements and Supplementary Information As of and For the Six Months Ended June 30, 2023, included as Appendix C-3 to this Official Statement.

2. The Silvercrest Center for Nursing and Rehabilitation has entered into an agreement to sell substantially all its assets. Closing of the sale is subject to the satisfaction of certain closing conditions, including receipt of the New York State Public Health and Health Planning Council and other regulatory approvals.

3. In connection with the issuance of its Series 2015 Bonds in February 2015, NYPH formed an Obligated Group under and as defined in its Master Trust Indenture. Currently, NYPH is the sole member of the Obligated Group; the Consolidated Entities are not members of the Obligated Group. For a discussion of the Master Trust Indenture, the Obligated Group and the debt covered thereby, see “Financial and Operating Information—Outstanding Long-Term Indebtedness—The MTI Indebtedness” in this Appendix A.

4. For a discussion of the Supporting Corporations, see “INTRODUCTION” beginning on page 1 of this Appendix A.

5. Hospital subsidiaries are those entities under the control of NYPH or one of its subsidiaries. These entities are part of the Hospital’s consolidated group that is reported in the consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles. Entities included in the Hospital’s consolidated financial statements, other than NYPH, are not legally obligated on the Series 2023 Bonds offered by this Official Statement. The entities that are part of the Hospital’s consolidated audit group, other than NYPH, are referred to in this Appendix A as the “Consolidated Entities”.

6. These corporations provide a corporate or contractual link to certain entities. For additional details, see “INTRODUCTION” beginning on page 1 of this Appendix A.

7. For a discussion of the Corporate Members, see “INTRODUCTION” beginning on page 1 of this Appendix A.

Note: NYPH is the only entity that is obligated to repay the Series 2023 Bonds and its other outstanding indebtedness evidenced by an Obligation issued under the Master Trust Indenture, including The New York and Presbyterian Hospital Taxable Bonds, Series 2015, Series 2016, Series 2019, and Series 2020 (respectively, the “Series 2015 Bonds”, the “Series 2016 Bonds”, the “Series 2019 Bonds” and the “Series 2020 Bonds”). None of the assets or revenue of any of the other entities in the chart above is committed to the repayment of such indebtedness.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Appendix A, Appendix B and elsewhere in this Official Statement, constitute projections or estimates of future events, generally known as forward-looking statements. These forward-looking statements are based on the current plans and expectations of NYPH and are subject to known and unknown uncertainties and risks, many of which are beyond the control of NYPH, that could significantly affect current plans and expectations and NYPH's future financial position and results of operations. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward-looking statements made by or on behalf of NYPH. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented herein. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. NYPH does not plan to issue any updates or revisions to those forward-looking statements if or when changes in its expectations, or events, conditions or circumstances on which such statements are based, occur. For a more detailed discussion of forward-looking statements, see, "CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT" in the front part of this Official Statement.

PREVIOUSLY REPORTED INFORMATION WITH RESPECT TO PRIOR PERIODS

Due to changes in accounting standards and related guidance, the application of relevant accounting standards, or an event such as a merger, that require a reclassification or restatement of certain items, and to adjustments in utilization data that occur in the normal course of patient care or as services are billed and coded, certain financial information and utilization data set forth herein with respect to past periods may differ from what NYPH has previously reported in disclosure documents previously published to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website.

THIRD-PARTY STATISTICS AND DATA

To the extent this Appendix A includes statistics and other data relating to the healthcare industry in the United States that have been derived from third-party sources, such statistics and data are not necessarily reflective of current or future industry and market conditions. While NYPH has no reason to question the accuracy of such statistics and data, such statistics and data have not been independently verified by NYPH.

NOTE REGARDING MERGER OF NEWYORK-PRESBYTERIAN/BROOKLYN METHODIST INTO NYPH

Effective October 1, 2022, NewYork-Presbyterian/Brooklyn Methodist (d/b/a NewYork-Presbyterian/Brooklyn Methodist Hospital) ("NYPBM"), excluding its previously controlled affiliates, was merged into NYPH, with NYPH as the surviving corporation acquiring all assets and liabilities of NYPBM. NYPH now owns and operates the acute care hospital and related facilities that were owned and operated by NYPBM prior to the merger.

Prior to October 1, 2022, NYP Community Programs, Inc. ("Community Programs") was the sole member of NYPBM; NYPH is the sole member of Community Programs. Community Programs was disestablished as the active parent of NYPBM effective October 1, 2022. Prior to that date, NYPH and NYPBM were under common control and, pursuant to applicable accounting requirements for entities under common control that enter into a merger, certain financial and operating data regarding NYPH in this Appendix A have been adjusted to include the financial and operating results of NYPBM, as if the merger had occurred as of January 1, 2021.

INTRODUCTION

General

For over 250 years, The New York and Presbyterian Hospital (“NYPH”¹) has been part of the fabric of New York and its diverse communities, committed to providing quality, compassionate care to patients at every stage of their lives. NYPH’s roots date back to 1771 when King George III of England signed a royal charter establishing The Society of The New York Hospital. A century later, The Presbyterian Hospital in the City of New York was founded with the motto, “For the poor of New York without regard to race, creed or color.”

NYPH, a New York not-for-profit corporation created as a result of the January 1998 merger of The Society of The New York Hospital (“New York Hospital”) and The Presbyterian Hospital in the City of New York (“Presbyterian Hospital”). NYPH serves as the academic and quaternary care hub of a network of health care providers, which, as of August 1, 2023, includes NewYork-Presbyterian/Queens (“NYP Queens”) and Hudson Valley Hospital Center (d/b/a NewYork-Presbyterian/Hudson Valley Hospital) (“NYP Hudson Valley”; and, collectively with NYP Queens, the “Regional Hospitals”), and certain other entities, all located in New York. With the merger of NewYork-Presbyterian/Brooklyn Methodist (d/b/a NewYork-Presbyterian/ Brooklyn Methodist Hospital) (“NYPBM”) into NYPH on October 1, 2022², NYPH owns and operates inpatient facilities at eight campuses. Five of these campuses are in the New York City Borough of Manhattan and are referred to herein as “NYP/Weill Cornell,” “NYP/Columbia,” “NYP Lower Manhattan,” “NYP Morgan Stanley,” and “NYP Allen.” One of the campuses is in the Borough of Brooklyn and is referred to as “NYP Brooklyn Methodist.” The other two are in Westchester County, New York and are referred to as “NYP Westchester” and “NYP Westchester Behavioral Health.” See, “NYPH CAMPUSES AND THE REGIONAL HOSPITALS – NYPH Campuses” in this Appendix A. NYP Queens and NYP Hudson Valley each owns and operates an inpatient facility at its campus in, respectively, the Borough of Queens and Westchester County, New York. See, “NYPH CAMPUSES AND THE REGIONAL HOSPITALS - The Regional Hospitals” below in this Appendix A.

NYPH is a leader in graduate medical education, serving as the primary clinical teaching facility for two of the leading medical colleges in the United States: The Joan and Sanford I. Weill Medical College of Cornell University (“Weill Cornell Medical School”) and Columbia University Vagelos College of Physicians and Surgeons (“Columbia VP&S”) (collectively, the “Medical Schools”). Through this collaboration, NYPH’s patients have access to a full range of medical specialties, as well as some of the leading physicians in the United States.

Over the years, NYPH has developed its relationships with the Regional Hospitals as part of its strategic goal of providing high quality, integrated care throughout the New York metropolitan area (the “New York Metropolitan Area”). Today, the doctors, nurses, and staff of NYPH and the Regional Hospitals provide care across the region at ten hospital campuses in New York City and its northern suburbs. Additionally, more than 180 primary and specialty care clinics and medical groups and an array of telemedicine services enable people across the New York Metropolitan Area to receive care in their own communities. NYPH has developed highly specific, patient-centered models of care to treat its diverse

¹ As discussed in note 1 to the chart “NewYork-Presbyterian Organizational Structure” appearing on page iv of this Appendix A, the term “the Hospital” is used in this Appendix A to refer to NYPH and its Consolidated Entities collectively. The term “NYPH” is used to refer to The New York and Presbyterian Hospital as a legal entity separate from the Consolidated Entities.

² See, “NOTE REGARDING MERGER OF NEWYORK-PRESBYTERIAN/BROOKLYN METHODIST INTO NYPH” on page v.

patient populations and has become the teaching hospital of one of the nation's largest and most comprehensive, integrated academic healthcare systems.

NYPH was recognized as one of the best hospitals in the United States by being named one of 22 hospitals on the 2023-2024 *U.S. News and World Report* Best Hospitals Honor Roll.

Mission, Vision and Values

NYPH was founded based on the fundamental belief that every person deserves access to the very best care. Today, New Yorkers, patients from the New York Metropolitan Area, and patients across the country and around the world rely on NYPH for comprehensive, compassionate and often complex care at every stage of their lives. Respect for patients, their families and colleagues is the core value that guides the culture of NYPH and the Regional Hospitals, where diversity, inclusion and belonging are essential to making these hospitals among the best places to receive care and to work.

NYPH is committed to providing high quality care to all New Yorkers, regardless of their ability to pay. Collectively by discharges, NYPH and the Regional Hospitals are the third largest Medicaid provider of inpatient care in New York State. NYPH and Regional Hospitals have provided more than \$1.5 billion in community benefit in each of the last three years, through neighborhood clinics and support for more than 350 programs and activities focused on addressing community needs.

Over its history, NYPH has combined its human, technological and financial resources with its extraordinary experience and perspective as a provider of healthcare in the New York Metropolitan Area to establish and maintain one of the leading academic medical centers in the United States, driven to continually fulfill its mission, regardless of the challenges.

The Obligated Group and the Master Trust Indenture

NYPH entered into a Master Trust Indenture, dated as of January 1, 2015 (the “Master Trust Indenture”), between NYPH and TD Bank, N.A., as master trustee (the “Master Trustee”), and formed an Obligated Group under and as defined in the Master Trust Indenture. Currently, NYPH is the sole Member of the Obligated Group under the Master Trust Indenture. None of the Consolidated Entities are members of the Obligated Group. The Master Trust Indenture permits NYPH to issue Obligations to evidence Indebtedness, and, simultaneously with the issuance of the Series 2023 Bonds, NYPH will issue Obligation No. 5 (“Obligation No. 5”) to evidence its obligation to make payments on the Series 2023 Bonds.

For additional information, including information regarding Obligations that NYPH expects to issue after the issuance of the Series 2023 Bonds to evidence certain existing indebtedness of NYPH, see “THE NEW YORK AND PRESBYTERIAN HOSPITAL – Financial and Operating Information—Outstanding Long-Term Indebtedness—The MTI Indebtedness” in this Appendix A.

For information about proposed springing amendments to the Master Trust Indenture, see “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Proposed Springing Amendments to the Master Trust Indenture; Deemed Consent” in the front part of this Official Statement and “FORM OF SUPPLEMENTAL INDENTURE” in APPENDIX G-2 to this Official Statement.

Other Affiliated Entities

New York-Presbyterian Foundation, Inc. (“NYPFI”) is an affiliate that is related to NYPH through the NYPH Board of Trustees. NYPH also is affiliated with several entities that support NYPH through fundraising and real estate holdings. These affiliated entities (“Supporting Corporations”) include: (i) New

York-Presbyterian Fund, Inc. (“Fund, Inc.”), which solicits, receives, invests and administers philanthropic funds for NYPH and other charitable organizations approved by the Board of Directors of Fund, Inc. and (ii) three real estate holding companies: Royal Charter Properties, Inc., Royal Charter Properties-East, Inc., and Royal Charter Properties-Westchester, Inc. (collectively, the “RCP Corporations”). NYP Community Programs, Inc. (“NYP Community Programs”), a subsidiary of NYPH, serves as the parent entity of each of the Regional Hospitals. Another affiliated entity, NewYork-Presbyterian Healthcare System, Inc. (“NYPHSI”), serves as the corporate link to entities that are referred to herein as “Corporate Members.”

NYPH is also affiliated with New York Society for the Relief of the Ruptured and Crippled, maintaining the Hospital for Special Surgery (the “Hospital for Special Surgery”), a world-renown orthopedic and rheumatology specialty hospital, The New York Gracie Square Hospital, a psychiatric hospital, and The Rogosin Institute, Inc., a center for the diagnosis and management of kidney disease, each of which is in Manhattan, and with The Silvercrest Center for Nursing and Rehabilitation in Queens, by virtue of a corporate link to NYPH through NYPHSI or, in the case of the Hospital for Special Surgery, NYPFI (the “Corporate Members”). The Silvercrest Center for Nursing and Rehabilitation has entered into an agreement to sell substantially all its assets. Closing of the sale is subject to the satisfaction of certain closing conditions, including receipt of the New York State Public Health and Health Planning Council and other regulatory approvals. No assurances can be made as to when or if such closing conditions will be met. **None of NYPFI, NYPHSI, the Supporting Corporations, the Regional Hospitals, the Corporate Members or the other affiliated entities will have any obligations with respect to the Series 2023 Bonds.**

NYP Medical Groups

There are a number of medical practices established as New York professional corporations associated with NYPH or one of the Regional Hospitals (collectively, the “NYP Medical Groups”). The shares of each professional corporation are held by a medical professional employed by NYPH or one of the Regional Hospitals. The four main medical groups do business under the following names: (i) NewYork-Presbyterian Medical Group/Westchester, which is associated with NYP Westchester, (ii) NewYork-Presbyterian Medical Group/Hudson Valley, which is associated with NYP Hudson Valley, (iii) NewYork-Presbyterian Medical Group/Queens, which is associated with NYP Queens, and (iv) NewYork-Presbyterian Medical Group/Brooklyn, which, together with certain other professional corporations, is associated with NYP Brooklyn Methodist. The NYP Medical Groups operate medical offices located in New York City, and Westchester and Putnam Counties. The NYP Medical Groups have over 900 providers practicing at approximately 75 locations and provided over 2.2 million patient encounters in 2022.

RECENT AWARDS AND RECOGNITIONS

NYPH was recognized as one of the best hospitals in the United States by being named one of 22 hospitals on the 2023-2024 *U.S. News and World Report* Best Hospitals Honor Roll. For 19 years in a row through the 2022-2023 *U.S. News and World Report* rankings, NYPH was among the top 10 hospitals in the nation³ In the 2023-2024 report, NYPH was also recognized as a top hospital in New York and ranked in the top 10 nationwide in the following specialties: neurology and neurosurgery (No. 3); orthopedics (No. 5); psychiatry (No. 3); diabetes and endocrinology (No. 3); cardiology, heart & vascular surgery (No. 6); gastroenterology & gastroenterology surgery (No. 7); geriatrics (No. 7); urology (No. 6); and rheumatology (No. 2), a collaborative program with Hospital for Special Surgery.

³ Prior to its 2023-2024 report, *U.S. News and World Report* ranked hospitals nationally with a numerical ranking. With the recent report, the top 22 hospitals are recognized by placement on the Honor Roll.

NYPH was the only hospital in the region and one of only two in the nation that ranked in the top 20 in 14 of 15 specialties in the 2023-2024 report.

In 2019, NYP/Weill Cornell and NYP/Columbia received national recognition for excellence in nursing from the American Nurses Credentialing Center's Magnet Recognition Program®, the highest and most prestigious distinction that a healthcare organization can earn for nursing excellence and innovation. NYP Westchester Behavioral Health and Weill Cornell Medical Center Psychiatry Program received this designation in 2018, NYP Lower Manhattan in 2020, and NYP Morgan Stanley, NYP Allen and NYP Ambulatory Care Network West⁴ in 2021. NYP Hudson Valley received this designation in 2007 and was most recently re-designated in 2021. The New York Gracie Square Hospital received this designation in 2022. NYPH applied for Magnet designation for NYP Westchester in November 2021, and for NYP Queens and NYP Brooklyn Methodist in December 2022. Document submission is due in February 2024 for NYP Westchester and in February 2025 for NYP Queens and NYP Brooklyn Methodist.

In 2017 and 2019, respectively, NYP Morgan Stanley was designated as a Level I Pediatric Trauma Center and a Level I Children's Surgery Center by the American College of Surgeons.

⁴ See "Community Outreach and Access, Division of Community and Population Health, Ambulatory Care Network" below for information regarding the Ambulatory Care Network.

NYPH CAMPUSES AND REGIONAL HOSPITALS

NYPH Campuses

NYPH owns and operates one of the oldest hospitals in the nation. It has a history of more than 250 years of providing medical care in the New York Metropolitan Area, with seven of the eight campuses operated by NYPH having roots dating back more than 100 years. NYPH is a major academic medical center and, as of June 30, 2023, has 3,402 certified beds.

The following map shows the locations of the campuses of NYPH and the Regional Hospitals.



NYP/Weill Cornell

NYP/Weill Cornell occupies the city blocks bounded by East 68th Street to East 71st Street and from York Avenue to the East River, together with various buildings in the area. Portions of the buildings that comprise the NYP/Weill Cornell campus are owned and/or occupied by Weill Cornell Medical School. NYPH has 879 certified inpatient beds at its facilities at the NYP/Weill Cornell campus.

Many specialized programs are provided at NYP/Weill Cornell, including those noted below.

- The David H. Koch Center at NYP/Weill Cornell, a technologically patient-centered ambulatory care facility that opened in April 2018, houses a wide range of ambulatory care

services, including outpatient surgery, interventional radiology, diagnostic imaging, infusion services, kidney and liver transplant evaluation services, a breast cancer multidisciplinary clinic and comprehensive digestive services, as well as an integrative health center.

- Weill Cornell Imaging at NewYork-Presbyterian (“WCINYP”) is a not-for-profit corporation formed by related entities of NYPH and Weill Cornell Medical School that operates as an Article 28 licensed facility. WCINYP is certified to operate eight sites across New York City, providing outpatient radiology services as a free-standing diagnostic and treatment center.
- The Alexandra Cohen Hospital for Women and Newborns (the “Cohen Hospital”), a 135-bed facility occupying six floors above the David H. Koch Center, opened in August 2020. The opening of the Cohen Hospital increased obstetrics capacity at NYP/Cornell by 10% and neonatal capacity by 20%, providing key maternity services, including 15 ultrasound rooms, an eight-room antepartum testing unit, 20 triage and prep/recovery rooms, 16 labor and delivery rooms, five obstetrical operating rooms and 75 private ante/post-partum beds. The Level IV designated neonatal intensive care unit has 60 beds (42 private and 9 twin rooms), as well as a multipurpose operating room with imaging capabilities and an onsite MRI. The Cohen Hospital’s large light-filled private rooms are designed to promote wellness and family bonding, mitigate risk of infection to mothers and babies, and offer providers the space they need to deliver high quality, complex care. Over 7,800 babies were born at the Cohen Hospital in 2022.
- NYPH, with its transplant centers at NYP/Weill Cornell and NYP/Columbia, was No. 1 in the U.S. for the total number of transplants in 2022. The Heart Transplant Program at NYP/Weill Cornell opened in November 2022 to provide increased access to heart failure and transplant care, particularly for patients in Brooklyn and Queens, who have historically been underserved for this type of care. This program builds on NYPH’s 40 years of experience with its Heart Transplant Program at NYP/Columbia. As of August 8, 2023, the program at NYP/Weill Cornell has successfully completed nine heart transplants.
- The Kidney and Pancreas Transplant Program at NYP/Weill Cornell, in cooperation with The Rogosin Institute, Inc., was the first kidney transplant program established in New York State over 50 years ago. With over 45,000 kidney transplants since its inception, the program is among the largest in the United States and a leader in expanding organ supply through living donor kidney transplants.
- The Komansky Children’s Hospital, which opened in 2005, is a “children’s hospital within a hospital.” It features a pediatric emergency department (level 2 trauma center and regional pediatric burn center), a neonatal intensive care unit, pediatric intensive care unit, a pediatric floor and an operating room procedure suite. The Perinatal Center, an internationally recognized facility specializing in fetal diagnosis and counseling, provides multidisciplinary care for families when a fetus with a genetic or anatomic birth defect has been identified. For the 16th year in a row, the Komansky Children’s Hospital and NYP Morgan Stanley together were recognized as New York’s No. 1 children’s hospital in the 2023-2024 *U.S. News & World Report*’s “Best Children’s Hospitals” rankings and ranked nationally in 10 children’s specialties.
- NYP/Weill Cornell is designated by the Pulmonary Hypertension Association as an accredited Center of Comprehensive Care for treating pulmonary hypertension.

- Cohen Hospital at NYP/Weill Cornell is designated by the New York State Department of Health's Bureau of Women's Health as a Regional Perinatal Center.
- Minimal Access Surgery at NYP/Weill Cornell uses techniques involving radiosurgery, endovascular surgery, and endoscopic surgery with computer assisted guidance. These techniques are used in spine abnormalities, brain tumors, aneurysms and craniofacial conditions, among others, with minimal to no incisions required and generally a more rapid recovery.
- The Sandra and Edward Meyer Cancer Center at NYP/Weill Cornell includes more than 320 basic scientists, pathologists, bio-informaticians, surgeons, oncologists, and radiologists, who collaborate with colleagues at Cornell University's Ithaca, New York campus and other institutions to take fundamental discoveries from bench to bedside, and back again. Clinical programs of particular note focus on hematologic cancers, prostate cancer, thoracic cancer, colorectal cancer, immunotherapy and radiology oncology. The center's radiation oncology program has an MR-Linac and provides Gamma Knife radiosurgery with fractionated capabilities.
- The Weill Cornell Brain Tumor program is a multidisciplinary team with specialists in neuro-oncology, neurosurgery, radiation oncology and neuropathology providing advanced care of primary brain tumors, brain metastases, and neurologic complications of cancer. With the support of the William Rhodes and Louis Tilzer-Rhodes Center for Glioblastoma team members are performing research to better understand the molecular and genetic pathogenesis of gliomas, leading to new therapeutics which are being introduced in translational clinical trials.
- NYPH expanded its Ochs Spine Program to NYP/Weill Cornell in 2020 in collaboration with the renowned Weill Cornell Neurosurgery Spine Program. A dedicated inpatient unit to be known as The Ochs Spine at NYP/Weill Cornell Unit opened on August 8, 2023.
- The Stroke Program at NYP/Weill Cornell is recognized by The Joint Commission as a Comprehensive Stroke Center and is a leading stroke program in the nation, consistently receiving the highest awards from the American Heart Association for stroke care. NYP/Weill Cornell developed the first mobile stroke unit program in the northeast and has participated in the leading studies which demonstrate the effectiveness of this new treatment option. In addition, the Weill Cornell Medicine Brain and Spine Center runs one of the most prolific stroke research programs in the world, with 50 to 75 peer-reviewed original research studies published each year.
- The Jay Monahan Center, a collaboration between NYPH and Weill Cornell Medicine, offers educational outreach and cutting-edge treatments for gastrointestinal illnesses. Founded in memory of Jay Monahan, late husband of journalist Katie Couric, the center is one of only a few comprehensive cancer and wellness centers dedicated to gastrointestinal health. Ms. Couric joined with NYPH and Weill Cornell Medicine to establish a place where patients would have access to services, treatments, education and experts in all necessary specialties in one location. The center takes a multidisciplinary approach to patient care that allows for coordination of all necessary health and support services. Providers from subspecialties, including gastroenterology, surgery, oncology, pain management and radiology, work collaboratively in teams to treat patients.

NYP Westchester Behavioral Health Center

NYP Westchester Behavioral Health Center, which is located in White Plains, New York, has 247 certified beds and provides inpatient and outpatient psychiatric and behavioral health services. Inpatient services include acute psychiatric care for children, adolescents and adults, as well as alcohol rehabilitation services. Outpatient services include the following: an adult psychiatric clinic; an eating disorders clinic; a geriatric clinic; an anxiety and depression clinic; a psychotic disorders clinic, an adult partial hospitalization program and a children and adolescent outpatient clinic. In addition, NYP Westchester Behavioral Health is the home to research programs in geriatric psychiatry, mood disorders and autism spectrum disorders, and offers programs designed to meet the needs of specialized populations. Examples include the programs and centers noted below.

- The Women’s Program is tailored to meet the needs of women who may be suffering from psychiatric disorders related to hormonal and peripartum issues. In addition, this program accommodates women who respond better to treatment in a single-gender environment due to traumatic history and related issues.
- The Eating Disorders Unit provides acute inpatient care to adolescents and adults suffering from severe eating disorders that cannot be treated in a community setting.
- The Geriatric Unit provides evidenced-based care to older adults suffering psychiatric illness often complicated by co-morbid medical illness.
- The Second Chance Program offers specialized pharmacologic treatment and social learning skills training to patient suffering from chronic and often debilitating schizophrenia and related psychotic illnesses.
- The Neuromodulation Program provides treatments to patients suffering from treatment refractory depression, including inpatient ketamine treatments and inpatient and outpatient electroconvulsive therapy.
- The Center for Autism and the Developing Brain is a state-of-the-art facility at NYP Westchester Behavioral Health that opened in 2013 and serves children, adults, and families dealing with autism spectrum disorders. The center provides comprehensive care in a single setting for individuals living with autism spectrum disorders and other developmental disorders of the brain.

NYP Lower Manhattan

NYP Lower Manhattan is a 180-bed community hospital located in Downtown Manhattan. It is the only hospital south of 14th Street in Manhattan offering a full spectrum of inpatient care, including emergency services, maternal medicine, acute care, and preventive and treatment programs in the areas of women’s health, cardiovascular health, and neurology.

- NYP Lower Manhattan has centers of excellence in cardiology, obstetrics and gynecology, joint replacement and revision surgery.
- NYP Lower Manhattan has a comprehensive orthopedics program through which patients receive follow-up care in facilities at the outpatient occupational and physical therapy center.

- In 2022, NYP Lower Manhattan received designation from The Joint Commission as a Primary Stroke Center and provides rapid treatment and triage of patients with all types of stroke. Stroke patients presenting with the most complex cases are transferred to NYP/Weill Cornell.

NYP/Columbia

NYP/Columbia occupies the city blocks bounded by West 165th Street to West 168th Street and from Broadway to Riverside Drive, together with various other buildings in the area. Portions of the buildings that comprise NYP/Columbia are owned and/or occupied by Columbia University. NYPH has 738 certified inpatient beds at its facilities on this campus.

NYP/Columbia offers several specialized services and programs for treatment of complex clinical conditions.

- As noted, NYPH, with its transplant centers at NYP/Columbia and NYP/Weill Cornell, was No. 1 in the U.S. for the total number of transplants in 2022. Specifically, the Heart Failure and Cardiac Transplant Program is one of the largest and most active programs in the nation having performed over 3,000 heart transplants since inception. Physician-researchers in this program have made advances in medical therapies, surgical techniques, immunologic therapies, imaging methods and device development. The program's innovations include the first successful pediatric heart transplant in 1984, the development of third-generation left ventricular assist device therapies, the improvement of immunosuppressant regimens, and the use of gene therapy and remote monitoring in the treatment of heart failure. In May 2023, the pediatric team performed the first domino pediatric heart valve transplant from the discarded heart of a heart transplant recipient that was used to repair the valve of another child, thereby increasing organ supply for other heart transplant candidates.
- The Center for Lung Disease and Transplantation provides comprehensive, coordinated, multidisciplinary care to adults and children with lung disease, and is the third largest lung transplant center in the nation, having performed over 1,500 lung transplants since its inception in 1988.
- Columbia Structural Heart and Valve Center is home to one of the most experienced heart teams in the United States and is at the forefront of developing minimally invasive, robotic, and catheter-based approaches to heart valve repairs and replacements. Columbia VP&S physicians were the principal investigators of the national clinical trials establishing the effectiveness of transcatheter aortic valve replacements ("TAVR") and developing the multidisciplinary heart team approach. The TAVR program is recognized as a leader in quality outcomes, displayed in the most recent report from the New York State Department of Health where the program was recognized as having a risk-adjusted mortality rate significantly lower than the statewide rate.
- NYP/Columbia is a leader in the treatment of hypertrophic cardiomyopathy and is designated by the Hypertrophic Cardiomyopathy Association as a Center of Excellence.
- The ColumbiaDoctors Neurology Comprehensive Epilepsy Center team is dedicated to the evaluation and care of adults, adolescents, and children with epilepsy. They are global leaders in epilepsy research, diagnosis and treatment. They are among the most experienced in the Mid-Atlantic region with vagus nerve stimulation and were involved in the original clinical trials that studied responsive neurostimulation and led to its approval.

- NYP/Columbia is designated as a Comprehensive Stroke Center by The Joint Commission and provides care for the most complex stroke patients. The program is very active in the community through several different initiatives including the Community Health Worker Stroke Prevention Program and Hip-Hop Stroke which seek to empower local communities to combat stroke.
- NYP/Columbia is a leading center for providing extracorporeal membrane oxygenation as a treatment for chronic obstructive pulmonary disease exacerbations or severe acute respiratory distress syndrome, with novel medications like ketamine as an adjunct. The program is one of five programs in the world to achieve an accreditation as a Platinum Center of Excellence by the Extracorporeal Life Support Organization.
- NYP/Columbia’s Adult and Pediatric Pulmonary Hypertension Program is a comprehensive center of excellence. It is the only multidisciplinary program for chronic thromboembolic pulmonary hypertension in the region and one of the few centers in the United States performing pulmonary thromboendarterectomy. The program’s physicians are additionally studying and using novel catheter-based treatments for pulmonary embolism and are leaders in the research of the genetics and novel medications for this disease.
- The Herbert Irving Comprehensive Cancer Center (“HICCC”) is one of approximately 70 National Cancer Institute-designated comprehensive cancer centers in the United States. Since 1979, HICCC has been awarded over \$115 million in peer-reviewed cancer research grants. Immunotherapy is an area of differentiation with notable programs:
 - A certified treatment center for chimeric antigen receptor T-cell therapy (CAR T-cell therapy) for adults with recurrent or persistent diffuse large B-cell lymphoma and children and young adults with recurrent or persistent acute lymphoblastic leukemia.
 - A dedicated Phase-1 Clinical Trials Unit.
- ColumbiaDoctors/NewYork-Presbyterian Imaging (“CDNYPI”) is a not-for-profit corporation formed by related entities of NYPH and Columbia VP&S that operates an Article 28 licensed facility providing outpatient radiology services as a free-standing diagnostic and treatment center. CDNYPI is certified to operate in two sites, one in Midtown Manhattan and an extension site in Tarrytown, New York.

NYP Morgan Stanley

NYP Morgan Stanley, a pediatric acute care and ancillary services facility with 284 certified inpatient beds, is located on a site contiguous with the NYP/Columbia campus. NYP Morgan Stanley provides comprehensive care for the full range of medical and surgical specialties for pediatric patients. For the 16th year in a row, NYP Morgan Stanley and the Komansky Children’s Hospital together were recognized as New York’s No. 1 children’s hospital in the 2023-2024 *U.S. News & World Report’s* “Best Children’s Hospitals” rankings and ranked nationally in 10 children’s specialties. NYP Morgan Stanley features a pediatric emergency department (level 1 trauma center), two neonatal intensive care units, three pediatric intensive care units, four pediatric floors and operating suite, endoscopy suite, and cardiac catheterization, MRI and interventional radiology suites. Specialized services and programs include those noted below.

- The Center for Prenatal Pediatrics was established in 2004 to diagnose and treat women with high-risk pregnancies such as multiple births, congenital heart disease, fetal chest anomalies and genetic syndromes.
- In 2019, NYP Morgan Stanley was the first children’s hospital in New York State to receive the Level I children’s surgery accreditation by the American College of Surgeons.
- In 2017, NYP Morgan Stanley received Level I designation as a major pediatric trauma center by the American College of Surgeons. This designation recognizes preeminence in pre-hospital, hospital and post-hospital care for the injured child.
- Through its Allergy and Asthma Programs, NYP Morgan Stanley participates in the American Lung Association’s Open Airways Program, which has been adopted in over 800 New York City elementary schools and in nearly 35% of elementary schools nationwide. NYPH also provides allergy and asthma screenings to community organizations and local schools.
- NYP Morgan Stanley is designated by the New York State Department of Health’s Bureau of Women’s Health as a Regional Perinatal Center.

NYP Allen

NYP Allen is a 196-bed community hospital located at the northern tip of Manhattan. It provides medical and surgical services, intensive care, obstetrics/gynecology, neonatology (with neonatal ICU), cardiology, gastroenterology, pulmonology, hematology/oncology, neurology, psychiatry, geriatrics, spine, vascular surgery, radiology and emergency services. Specialized services and programs at NYP Allen include:

- The Och Spine Hospital at NYP Allen opened in 2015. As a dedicated spine center, the Och Spine Hospital brings together world-class Columbia spine physicians, including orthopedic surgeons and neurosurgeons, physiatrists (rehabilitation medicine physicians), physical therapists and pain management specialists. Treatment is provided for patients of all ages for every type of spine issue, from everyday back pain to the most complex spinal deformities.
- The Division of Geriatric Medicine and Aging provides older adults with medical, functional, cognitive, and psychosocial care, as well as other support services to promote optimum health in later years. In addition to inpatient and outpatient services, NYP Allen provides coordinated, specialized programs for older adults through outreach programs in the community.
- In 2022, NYP Allen received designation from The Joint Commission as a Primary Stroke Center and provides rapid treatment and triage of patients with all types of stroke. Stroke patients presenting with the most complex cases are transferred to NYP/Columbia.

NYP Westchester

NYP Westchester is a 288-bed facility located north of New York City in Bronxville, Westchester County. To meet the needs of a growing and diverse population, NYP Westchester has initiated several capital improvement projects which provide upgrades and new services, including a state-of-the-art Cancer Center and the expansion and opening in December 2021 of a second procedure room at the New York Presbyterian Cardiac Catheterization Laboratory at NYP Westchester. Additionally, upgrades have been made to operating room suites and a new ambulatory surgery unit was opened in April 2022. Construction

has commenced on a new ultramodern labor and delivery unit, which is expected to be opened in the second quarter of 2024. Key programs are:

- NYPH has expanded its spine services to Westchester County with the creation of Och Spine at NYP Westchester. Treatment is provided for patients with every type of spine issue, from everyday back pain to the most complex spinal deformities.
- ColumbiaDoctors has established a multi-specialty orthopedic practice at NYP Westchester with hip and knee, shoulder, foot, and ankle expertise, and a particular focus on sports medicine. NewYork-Presbyterian Sports Performance in Scarsdale/Eastchester is a 9,600-square-foot site providing orthopedics, sports medicine and physical therapy co-located with an advanced sports performance training facility.
- ColumbiaDoctors Vascular Surgery has a practice based out of NYP Westchester with the expertise to perform surgical, endovascular cases and vascular studies.
- ColumbiaDoctors Neurology has expanded its presence in Westchester with an outpatient pediatric neurology practice that is working alongside doctors from NYP Morgan Stanley to support the pediatric epilepsy monitoring unit at NYP Westchester.
- In 2022, NYP Westchester received designation from The Joint Commission as a primary stroke center and provides rapid treatment and triage of patients with all types of stroke. Stroke patients presenting with the most complex cases are transferred to NYP/Columbia.

NYP Brooklyn Methodist

NYP Brooklyn Methodist has 590 certified inpatient beds and is located in Brooklyn, New York. NYP Brooklyn Methodist became the eighth campus of NYPH on October 1, 2022 with the merger of NYPBM into NYPH. Key programs and developments at NYP Brooklyn Methodist include:

- NYP Brooklyn Methodist is designated as a Level 2 adult trauma center, a Level 3 perinatal center, and a thrombectomy capable stroke center and a brain injury program accredited by the Commission on Accreditation for Rehabilitation Facilities.
- The Center for Community Health, a 400,000-square-foot ambulatory care facility that opened in March 2021, houses a wide variety of ambulatory care services, including outpatient surgery, diagnostic radiology, infusion services, special procedures suites, and several outpatient programs, including cardiology, orthopedics, oncology, and digestive services.
- New clinical chiefs at NYP Brooklyn Methodist have been appointed from Weill Cornell Medical School and Columbia VP&S for the following specialties: cardiology, cardiac surgery, vascular surgery, orthopedic surgery, gastroenterology, physical medicine and rehabilitation, obstetrics and gynecology, and neurosurgery.
- NYP Medical Group Brooklyn is collaborating with six physicians from Columbia VP&S orthopedics services to establish a multispecialty program in Brooklyn.
- NYP Medical Group Brooklyn opened a new three-story, 10,000-square-foot multispecialty office in the Flatlands/Midwood area with primary care, obstetrics and gynecology, and orthopedic services as well as seven other subspecialties.

- NYP Brooklyn Methodist recently opened a newly renovated 24-bed inpatient behavioral health unit and renovation of a cardiac catheterization lab is in progress.

The Regional Hospitals

NYP Community Programs, a direct subsidiary of NYPH, serves as an “active parent” under Article 28 of the New York State Public Health Law (an “Active Parent”) for each of the Regional Hospitals. Under New York State law, an Active Parent has, with respect to its subsidiary hospital, the power, among others, to appoint or dismiss management, and approve operating and capital budgets, strategic plans, operating policies and changes to organizational documents. Not less than a majority of the board of directors of NYP Community Programs must be individuals currently participating in the supervision or control of NYPH.

NYP Hudson Valley

NYP Community Programs became the Active Parent and co-operator of Hudson Valley Hospital Center d/b/a NewYork-Presbyterian/Hudson Valley Hospital (“NYP Hudson Valley”) in January 2015. NYP Hudson Valley is a 128-bed, not-for-profit, acute care hospital located in Cortlandt Manor, Westchester County, New York. NYP Hudson Valley is authorized to operate four hospital extension clinics within Westchester County. See “SELECT INFORMATION REGARDING HUDSON VALLEY HOSPITAL CENTER” in Appendix B-1 to this Official Statement. Key developments at NYP Hudson Valley include:

- NYP Hudson Valley opened a new maternal and newborn care unit with private postpartum rooms in 2021 and a new interventional cardiology program and cardiac catheterization lab in 2022.
- Columbia VP&S faculty members have been appointed to serve as department chiefs in orthopedics, obstetrics and gynecology and oncology.

NYP Queens

NYP Community Programs became the Active Parent and co-operator of NYP Queens in July 2015. NYP Queens is a 535-bed, not-for-profit, acute care hospital located in Flushing, Queens County, New York. NYP Queens is authorized to operate nine hospital extension clinics within Queens County. See “SELECT INFORMATION REGARDING NEWYORK-PRESBYTERIAN QUEENS” in Appendix B-2 to this Official Statement. Key developments at NYP Queens include:

- NYP Queens holds the highest rating, five stars, in CMS’s Overall Hospital Quality Star Ratings.
- NYP Queens has invested in its critical care bed platform with the completion of 40 critical care beds.
- Weill Cornell Medical School faculty members have been appointed as chiefs in neurosurgery, physical medicine and rehabilitation, and cardiac surgery.
- NYP Queens, the only cardiac surgery program in Queens, extended cardiovascular services in 2021 to include trans aortic catheter valve replacement (TAVR).
- NYP Queens is a Level 1 Trauma Center verified by the American College of Surgeons.

- NYP Queens has eleven ambulatory care centers throughout Queens providing adult and pediatric primary/preventative care, as well as adult and pediatric subspecialty care.

ACADEMIC AFFILIATIONS, MEDICAL STAFF AND RESEARCH

Academic Affiliations

NYP/Weill Cornell serves as the primary clinical teaching center of the Weill Cornell Medical College based on an affiliation created in 1927. NYP/Columbia serves as the primary clinical teaching center of Columbia VP&S based on an affiliation created in 1921. The Medical Schools conduct a substantial portion of their clinical and translational research at NYPH facilities (see “Research” below).

Weill Cornell Medical College

The affiliation agreement between NYPH and Weill Cornell Medical College creates a relationship which is intended to be close, mutually beneficial, and perpetual. NYPH’s Medical Staff bylaws require that to receive an appointment to NYPH’s Medical Staff serving NYP/Weill Cornell, a physician must also have a faculty appointment to the Weill Cornell Medical College.

NYP/Weill Cornell operates residency programs in and subspecialty training programs within: anesthesiology, dermatology, emergency medicine, internal medicine, neurological surgery, neurology, nuclear medicine, obstetrics and gynecology, ophthalmology, otolaryngology, pathology, pediatrics, plastic surgery, preventive medicine, physical medicine and rehabilitation, psychiatry, radiology, surgery, thoracic surgery, and urology. These programs currently provide training to more than 850 residents and fellows and are accredited by the Accreditation Council for Graduate Medical Education.

Columbia VP&S

The affiliation agreement between NYPH and Columbia University similarly creates a relationship which is intended to be close, mutually beneficial, and perpetual. NYPH’s Medical Staff bylaws require that to receive an appointment to NYPH’s Medical Staff serving NYP/Columbia, a physician must also have a faculty appointment to Columbia VP&S.

NYP/Columbia sponsors many post-graduate medical education programs. NYP/Columbia operates residency programs in and subspecialty training programs within: allergy and immunology, anesthesiology, dermatology, emergency medicine, family medicine, internal medicine, medical genetics and genomics, neurological surgery, neurology, obstetrics and gynecology, ophthalmology, orthopedic surgery, otolaryngology, pathology, pediatrics, physical medicine and rehabilitation, psychiatry, radiology, radiation oncology, surgery, and urology. These programs currently provide training to more than 1,000 residents and fellows each year and are accredited by the Accreditation Council for Graduate Medical Education.

Other Educational Programs

In addition to its academic affiliation with the Medical Schools, NYPH also provides clinical training to nursing and allied health students through affiliations with educational institutions located in New York, Connecticut, New Jersey, and Pennsylvania. NYPH also sponsors accredited training programs, through its affiliation with the Columbia College of Dental Medicine and the Weill Cornell Medical College, in general dentistry, pediatric dentistry, endodontics, oral and maxillofacial surgery and oral and maxillofacial pathology.

Medical Staff

As of July 1, 2023, there were 6,295 physician and dentist members of the Medical Staff of NYPH, including 5,900 Attending Staff members and 38 Emeritus members. The Medical Staff is presently organized into 24 clinical services: anesthesiology, cardiothoracic surgery, dentistry, dermatology, emergency medicine, family medicine, medicine, neurological surgery, neurology, obstetrics and gynecology, ophthalmology, orthopedic surgery, orthopedics, otolaryngology, pathology, pediatrics, psychiatry, radiation oncology, radiology, rehabilitation medicine, reproductive medicine, surgery, transplantation medicine, and urology. The clinical services include approximately 65 medical specialties and sub-specialties.

As of July 1, 2023, approximately 73% of the Medical Staff members were board certified in one or more of their specialties and the average age of the Medical Staff was approximately 50 years.

The members of the Medical Staff are generally not employed by NYPH. The Medical Staff bylaws require that to receive an appointment to the Medical Staff a physician must have a faculty appointment at the Medical School aligned with the campus at which the physician practices.

The Medical Schools and Faculty Practices

NYPH works closely with the Weill Cornell Medical School and Columbia VP&S in recruiting nationally and internationally renowned practitioners to the Medical Staff and Medical School faculties. The Medical Schools also work with NYPH to develop plans to grow specialty programs, integrate the Regional Hospitals, and expand patient access to a broader geographic region. The faculty practices of the Medical Schools operate at numerous locations in the New York Metropolitan Area and beyond. Physicians practicing at these locations, many of whom are on NYPH's Medical Staff, provide patients with easy access to NYPH's services.

Weill Cornell Medicine, the faculty practice of Weill Cornell Medical College, employs over 1,739 physicians in clinical practice at multiple locations within Manhattan, Brooklyn, Queens and Westchester. Its primary care, specialty and subspecialty practices at these sites provide surgical and medical care with over 2.06 million patient visits in 2022.

ColumbiaDoctors, the faculty practice of Columbia VP&S, employs over 2,600 providers in clinical practices in locations throughout the five boroughs of New York City, Westchester, Rockland and Orange Counties, New York, as well as Northern New Jersey and Southern Connecticut. Excluding dental and Ambulatory Care Network visits, ColumbiaDoctors had over 390,000 patients (1,634,000 appointments) in 2022. For information regarding the Ambulatory Care Network, see "Community Outreach and Access, Division of Community and Population Health, Ambulatory Care Network".

Primary Care and NYP Medical Groups

NYPH has expanded its reach into the community through the continued growth of the physician services division and primary care initiatives in Manhattan, Brooklyn, Queens and Westchester with Weill Cornell Medicine and ColumbiaDoctors. Primary care physicians are those whose specialties include general internal medicine as well as pediatrics, obstetrics/gynecology, geriatrics and family medicine. A particular programmatic focus is expanding the development of a strong primary care network coupled with the establishment of new sites of care in strategically identified neighborhoods and virtually through telehealth. The goal of these efforts is to provide access to quality clinical care for patients close to their homes by connecting them to the physician practices of ColumbiaDoctors and Weill Cornell Medicine, as well as the medical practices organized as New York professional corporations associated with NYPH or

one of the Regional Hospitals (collectively, “NYP Medical Groups”) with locations in Queens and Brooklyn, and in Westchester and Putnam counties. Taken together these physicians expand NYPH’s geographic footprint enabling NYPH and the Regional Hospitals to attract and maintain patients in highly competitive markets through local, community-based practices.

Accountable Care Organization

NewYork Quality Care (“NYQC”), the Accountable Care Organization (“ACO”) formed by NYPH and its affiliated Medical Schools, Columbia VP&S and Weill Cornell Medical School, earned shared savings in 2021 from the Centers for Medicare & Medicaid Services (“CMS”). NYQC generated over \$26.0 million, the most savings in that year of any ACO in the New York Metropolitan Area. Of this amount, the three participating institutions earned shared savings of \$12.9 million. NYQC serves approximately 35,800 attributed Medicare fee-for-service beneficiaries, mostly in the New York Metropolitan Area. Approximately \$4.3 million of the \$12.9 million is NYPH’s portion of the shared savings. For 2021, NYQC’s quality score from CMS was 91%.

Clinicians participating in NYQC used telehealth and remote patient monitoring to coordinate care, improve preventive services and reduce avoidable hospitalizations and emergency room visits.

Research

Columbia VP&S is ranked #4 in the *U.S. News & World Report’s* 2023-24 Best Medical Schools – Research and received \$530 million in research grants from the National Institutes of Health (“NIH”) in the federal fiscal year ended September 30, 2022. Weill Cornell Medical School is ranked #10 by *U.S. News & World Report’s* 2023-24 Best Medical Schools – Research and received approximately \$271 million in NIH grants in the federal fiscal year ended September 30, 2022.

NYPH collaborates with the Medical Schools on clinical trials and research taking place at NYPH facilities and involving NYPH staff and equipment. NYPH and the Medical Schools are dedicated to transforming the way clinical and translational research is conducted, enabling medical investigators to develop new treatments faster and delivering those treatments to patients more efficiently and effectively.

GOVERNANCE AND MANAGEMENT

The Board of Trustees

NYPH, a New York not-for-profit corporation, received a determination letter from the Internal Revenue Service that it is qualified as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). It is governed by a Board of Trustees elected by NYPH’s corporate members from among those persons who are corporate members of NYPH. The NYPH Board numbers 87 persons as of August 1, 2023. The Trustees are elected for staggered four-year terms. Those Trustees with a considerable record of service to NYPH have the option of requesting election to “Life Trustee” status. Life Trustees do not have a vote at Board meetings but may serve on certain committees with the right to vote. Two Columbia University trustees and two Cornell University trustees may be elected to serve on the NYPH Board. The President and Chief Executive Officer of NYPH as well as the President and Vice President of the Medical Board serve as ex-officio Trustees with the right to vote. The Board schedules four regular meetings each year and an annual meeting. The Board holds special meetings as

needed. Given the size and complexity of NYPH, much of the work of the Board is first addressed in one of the committees.

In accreditation surveys conducted by The Joint Commission since the 1998 merger that created NYPH, the Board has received high praise for governance. Each Trustee is required to participate in orientation and continuing education programs.

The Board of Trustees consists of individuals with experience in a variety of business disciplines. Many of the Trustees are well known leaders in their respective fields and, as a group, the Trustees are particularly knowledgeable about audit and financial matters, investments and real estate.

As of August 1, 2023, the Trustees, their year of initial appointment to the Board (or predecessor board) and their principal occupations are as follows:

THE BOARD OF TRUSTEES

<u>Name/Office</u>	<u>Year First Elected</u>	<u>Occupation</u>
Lee Sanford Ainslie III	2015	Founder & Managing Partner, Maverick Capital Ltd.
Elizabeth Alexander, Ph.D.	2019	President, The Andrew W. Mellon Foundation
Roger C. Altman	2006	Founder & Senior Chairman, Evercore
Gabrielle Bacon	2015	Co-Chair, Moore Charitable Foundation
Bruce Anthony Beal Jr.	2012	President, The Related Companies, LP
Caryn Seidman Becker	2022	Chair, Chief Executive Officer & Co-Founder of CLEAR
Frank A. Bennack Jr. <i>Chair Emeritus</i>	1979	Executive Vice Chairman of the Board & Former Chief Executive Officer, Hearst Corporation
Jessica Bibliowicz	2015	Senior Advisor, Bridge Growth Partners
Luis A. Canela	2006	Treasurer and Chief Investment Officer, Grupo Estrella
Pamela G. Carlton	1996	President, Springboard–Partners in Cross Cultural Leadership; Co-Founder, The Everest Project
William P. Carey II	2021	Chairman, W.P. Carey Foundation
Russell Lloyd Carson	2012	Chairman, The Carson Family Charitable Trust
H. Rodgin Cohen, Esq.	2001	Senior Chairman, Sullivan & Cromwell LLP
Stephanie A. Coleman <i>Vice Chair</i>	2013	Philanthropist
Steven J. Corwin, M.D.*	2011	President & Chief Executive Officer of NYPH
Pamela J. Craig	2022	Former Chief Financial Officer, Accenture LLP
Raymond T. Dalio	2020	Founder, Past Chairman, Chief Executive Officer & Chief Investment Officer, Bridgewater
Andrew A. Davis	2022	President, David Selected Advisors, LP
Richard C. Dresdale	2014	Senior Managing Director, Madison River Capital
Michael Esposito	2020	Founder & Co-Managing Partner, Franchise Equity Partners
Lise Himberg Evans	2019	Co-Founder, Philanthropic Bling
Glenn R. Fuhrman	2016	Co-Founder, Tru Arrow Partners
Peter A. Georgescu <i>Vice Chair Emeritus</i>	1996	Chairman Emeritus, Young & Rubicam, Inc.
James Steven Gertler	2019	President and Chief Executive Officer, Drew Lane Capital, LLC
Dennis E. Glazer, Esq.	2014	Retired Partner, Davis Polk & Wardwell LLP

<u>Name/Office</u>	<u>Year First Elected</u>	<u>Occupation</u>
Bennett J. Goodman	2022	Co-Founder, Executive Chairman, Hunter Point Capital LP
Jeffrey W. Greenberg <i>Vice Chair Emeritus</i>	1998	Chairman, Aquiline Holdings LLC
Maurice R. Greenberg <i>Chair Emeritus</i>	1979	Chairman & Chief Executive Officer, C.V. Starr and Company Inc.
Jeffrey A. Harris	2009	Managing Director, Global Reserve Group, LLC
Maya L. Harris, Esq.	2018	Attorney, Policy Advocate & Author
Hugh C. Hemmings, MD, PhD*	2023	President of the Medical Board, Chair, Anesthesiology, Weill Cornell Medicine
Marlene Hess	2020	Philanthropist, Former Managing Director of Global Philanthropic Services at J.P. Morgan Private Bank (J.P. Morgan Chase)
Mitchell L. Jacobson	2005	Non-Executive Chairman of the Board of MSC Industrial Supply Company, JFI, LLC
Peter S. Kalikow <i>Vice Chair Emeritus</i>	1987	President, H.J. Kalikow & Co., LLC
Charles R. Kaye <i>Vice Chair</i>	2016	Chief Executive Officer, Warburg Pincus, LLC
Alfred F. Kelly, Jr.	2005	Executive Chairman, VISA, Inc.
Brian G. Kelly	2018	Chairman, Activision Blizzard
Philippe Laffont	2012	Founder, Coatue Capital LLC
David Lauren	2023	President of the Ralph Lauren Corporate Foundation
Rochelle B. Lazarus <i>Vice Chair</i>	1995	Chairman Emeritus, Ogilvy & Mather
Harrison T. LeFrak	2016	Vice Chairman, LeFrak
William M. Lewis, Jr.	2020	Senior Partner, Apollo Global Management
John J. Mack <i>Chair Emeritus</i>	1992	Chairman Emeritus, Morgan Stanley ^{††}
Nancy Marks	2015	Chairman, Freemark Partners
Ellen R. Marram	1995	Senior Managing Director, Brock Group, LLC - Retired
Raymond J. McGuire	2002	President, Lazard Frères & Co. LLC
Christine McInerney	2021	President & Chief Executive Officer, Jerome L. Greene Foundation
Ronay A. Menschel	2023	Director, Phipps Houses, the Museum of the City of New York, Public Art Fund, and Weill Cornell Medicine
Heidi Messer	2019	Co-Founder and Chairperson, Collective[i]
Angela M. Mills, MD*	2023	Vice President, Medical Board, Chair, Emergency Medicine, Vagelos College of Physicians and Surgeons, Columbia University
Gregory Keith Mondre	2019	Managing Partner and Managing Director, Silver Lake Partners
Sharmin Mossavar-Rahmani	2006	Managing Director, Goldman, Sachs & Co. [†]
Deanna M. Mulligan	2019	Chief Executive Officer, Purposeful
Justin G. Muzinich	2021	Distinguished Fellow, Council of Foreign Relations
Sarah E. Nash	2001	Chair of the Board, Bath & Body Works; Owner, Chair & Chief Executive Officer, Novagard Solutions; Retired Vice Chair of JPMorgan Chase Global Investment Banking
Steven O. Newhouse	2003	Chairman, Advance.Net

<u>Name/Office</u>	<u>Year First Elected</u>	<u>Occupation</u>
Amie Rath Nuttall	2021	Community Member
Daniel S. Och	2005	Founder, Willoughby Capital Holdings
Adebayo Ogunlesi <i>Vice Chair</i>	2006	Chairman & Managing Partner, Global Infrastructure Partners
Herbert Pardes, M.D.	2000	Executive Vice Chairman of NYPH
Lisa Perry	2002	Designer
Holly Peterson	2016	Journalist and Author
Stephen Robert	2010	Chairman, Source of Hope Foundation
Marcos A. Rodriguez	2008	Chairman & Chief Executive Officer, Palladium Equity Partners, LLC
Faiza J. Saeed, Esq.	2019	Presiding Partner, Cravath, Swaine & Moore, LLP
Mark Schwartz	2020	Retired, Vice Chairman of The Goldman Sachs Group, Inc. †
Stephen A. Schwarzman	2016	Chairman, Chief Executive Officer & Co-Founder, Blackstone
Ivan G. Seidenberg <i>Vice Chair Emeritus</i>	1996	Retired Chairman & Chief Executive Officer, Verizon
Adam Silver	2023	Commissioner, National Basketball Association
Andrew M. Snyder	2023	Chief Executive Officer, Cambridge Information Group
David M. Solomon	2021	Chairman & Chief Executive Officer, Goldman Sachs †
Jerry Speyer <i>Chair</i>	2000	Chairman, Tishman Speyer
Rob J. Speyer	2014	President & Chief Executive Officer, Tishman Speyer
Seymour Sternberg	2004	Retired Chairman & Chief Executive Officer, New York Life Insurance Company
Steven R. Swartz <i>Vice Chair</i>	2015	President & Chief Executive Officer, Hearst Corporation
Anthony A. Tamer	2019	Co-Founder & Co-Chief Executive Officer, H.I.G. Capital, LLC
Lenard Tessler	2013	Founder, Tessler Advisory Corp; Retired Vice Chairman, Cerberus Capital Management
John A. Thain	2000	Retired Chairman & Chief Executive Officer, The CIT Group
Elizabeth Tisch	2015	Chief Curator, LTD
Clara Wu Tsai	2021	Founder, The Joe and Clara Tsai Foundation
Michael D. Tusiani	2002	Chairman & Chief Executive Officer, Poten & Partners, Inc.
Noel R. Wallace	2021	Chairman, President & Chief Executive Officer, Colgate-Palmolive
John Sidney Weinberg	2000	Chairman of the Board of Directors & CEO, Evercore
Theodore V. Wells Jr.	2021	Partner and Co-Chair, Litigation Department, Paul Weiss
Leonard A. Wilf	2009	Chief Executive Officer, Garden Homes Management Corp.
Margaret L. Wolff, Esq.	2005	Retired Partner, Skadden, Arps, Slate, Meager & Flom LLP
Anthony A. Yoseloff	2021	Executive Managing Member and Chief Investment Officer at Davidson Kempner

* Ex-officio.

† Goldman Sachs & Co. LLC is an underwriter for the Series 2023 Bonds.

†† Morgan Stanley & Co. LLC is an underwriter for the Series 2023 Bonds.

Committees of the Board of Trustees; Committees of the Corporation

The NYPH Bylaws provide for seventeen active committees which are either committees of the board or committees of the corporation; only Trustees may serve on a committee of the Board. The ten Committees of the Board are Executive, Audit and Corporate Compliance, Budget and Finance, Community Mission and Health Justice, Credentialing, Executive Compensation, Investment, Legal Affairs, Nominating and Governance, and System Strategy. The seven Committees of the Corporation are Development, Digital Transformation, People, Patient Experience, Patient Safety and Quality, Real Estate/Major Facilities/Hospital Safety, and Women and Children. The Committees of the Corporation may have as members Life Trustees (former Trustees), members of the Medical Staff and other content experts, to lend their expertise to the committee's portfolio of responsibilities.

Conflict of Interest

NYPH's bylaws provide for compliance with conflict of interest policies as set forth in the New York Not-for-Profit Corporation Law and the rules of The Joint Commission and as established by the Board of Trustees and/or the Audit and Corporate Compliance Committee of the Board. The conflict of interest policy requires any conflict of interest on the part of any Board member, officer and key persons to be disclosed to the Board and made a matter of record. A Board member may not participate in Board deliberations or vote in connection with a matter in which he or she has an interest.

Executive Management

The executive management is responsible for day-to-day operational management of NYPH. A number of Vice Presidents, Chiefs of Service, Department Directors and Managers all provide support to the executive management team. The executive management of NYPH includes:

Steven J. Corwin, M.D., President & Chief Executive Officer – Dr. Corwin was appointed Chief Executive Officer of NYPH in 2011 and President in 2015. He is responsible for overseeing NYPH's operations and formulating and advancing strategic initiatives for NYPH and the Regional Hospitals. Under his leadership, NYPH and its integrated health care system has nearly doubled in size and now comprises over 40,000 employees and affiliated physicians, providing world-class care at 10 hospitals and numerous primary and specialty care clinics and medical practices across the New York Metropolitan Area. Prior to his appointment as Chief Executive Officer, Dr. Corwin served as NYPH's Executive Vice President and Chief Operating Officer, where he oversaw day-to-day operations across five campuses. Dr. Corwin started his career with NYPH when he joined Presbyterian Hospital in 1979. From 1998 to 2005, he was the organization's Senior Vice President and Chief Medical Officer. A cardiologist and internist, Dr. Corwin received his undergraduate and medical degrees from Northwestern University as part of a six-year honors Medical Program, graduating summa cum laude and with Alpha Omega honors. He completed both his internal medicine residency and cardiology training at Presbyterian Hospital.

Brian Donley, M.D., Executive Vice President & Chief Operating Officer – Dr. Donley joined NYPH in January 2023 as its Executive Vice President & Chief Operating Officer. He is responsible for directing the strategy and operations of NYPH and the Regional Hospitals, developing the healthcare system's patient-centered culture and strategic vision along with achieving operating targets. Dr. Donley, an orthopedic surgeon, has extensive expertise in clinical medicine and integrated healthcare delivery system operations. Prior to joining NYPH, he served for over 25 years in numerous leadership positions at Cleveland Clinic, most recently as Chief Executive Officer of Cleveland Clinic London from 2018-2022. Prior to that, Dr. Donley served as Cleveland Clinic's Chief of Clinical Enterprise, leading the team of 45,000 people responsible for all clinical operations throughout North America, and as President of Cleveland Clinic's Regional Hospitals and Family Health Centers. He also served as Vice Chair of

Cleveland Clinic's Department of Orthopedic Surgery and is a fellow of the Royal College of Surgeons. Dr. Donley attended the University of Notre Dame, graduating Phi Beta Kappa. He graduated with distinction from the University of Michigan Medical School and completed his residency in orthopedic surgery at the University of Michigan. He also attended Harvard Business School, completing the Advanced Management Program.

Mary Beth Claus, Group Senior Vice President, Chief Legal Officer & General Counsel – As Group Senior Vice President, Chief Legal Officer & General Counsel at NYPH, Ms. Claus is responsible for developing the legal and corporate strategies for NYPH and the Regional Hospitals, and managing corporate, tax, real estate, labor and employment, corporate governance and antitrust legal issues and risk management. Additionally, she supervises internal audit and compliance, and serves as the chief legal advisor to senior leadership and the Board of Trustees. Ms. Claus joined NYPH in 2019 with over 30 years of legal health care experience. Previously, she served as Senior Vice President and General Counsel at Indiana University Health and was Deputy Chief Legal Officer for Cleveland Clinic. Ms. Claus also gained more than 20 years of private law firm experience as a partner in the health care sections of two large firms. For two years, she served as Health and Human Services Executive Liaison for former Indiana Governor Evan Bayh. Ms. Claus received her bachelor's degree from the University of Cincinnati and her law degree from Indiana University.

Michael P. Breslin, C.P.A., Group Senior Vice President, Chief Financial Officer & Treasurer – Mr. Breslin joined NYPH in 2015 and was appointed Group Senior Vice President, Chief Financial Officer & Treasurer in 2018. He previously served as Senior Vice President, Finance. Mr. Breslin brings many years of experience in accounting, budgeting, accounts payable, payroll, insurance, tax, audit, treasury, debt financing, procurement and strategic sourcing, patient financial services, and internal finance control functions. Previously, he served as Senior Vice President, Finance, at NYP Brooklyn Methodist. Prior to that, he served as Chief Financial Officer at both Lenox Hill Hospital and Richmond University Medical Center, where he was promoted to Chief Executive Officer. His relationship with NYPH began many years ago when he worked with NYPH as a partner at the accounting firm of Ernst & Young. Mr. Breslin holds his Bachelor of Science in Accounting from Manhattan College and is a Certified Public Accountant, licensed in New York State.

Peter M. Fleischut, M.D. - Group Senior Vice President & Chief Information and Transformation Officer – Dr. Fleischut oversees the strategic vision and management for NYPH and the Regional Hospitals with respect to information technology, lab operations, pharmacy operations, innovation, data and analytics, artificial intelligence, telemedicine, and cybersecurity. Dr. Fleischut joined NYPH in 2006 and prior to his current position served as Medical Director of Operating Rooms, Deputy Quality Patient Safety Officer, founding Director of the Center for Perioperative Outcomes, Chief Medical Information Officer, Chief Innovation Officer and Chief Medical Operating Officer. In 2016, he became Vice Chair of the Department of Anesthesiology at Weill Cornell Medical College, where he is an Assistant Professor of Anesthesiology. He is a graduate of Jefferson Medical College and the Wharton Program for Working Professionals at the University of Pennsylvania. Dr. Fleischut has received numerous awards and honors, including NYPH's Physician of the Year, Modern Healthcare Up and Comers, Becker's Hospital Review 40 under 40, and the American Telehealth Association President's Award.

Joseph A. Ienuso, Group Senior Vice President of Facilities and Real Estate – Mr. Ienuso joined NYPH in 2016 in his current position and is responsible for maintaining facilities, capital assets and operational integrity. He oversees all facility development, engineering, capital planning and major construction projects. Prior to joining NYPH, Mr. Ienuso was the Senior Vice President of Capital and Financial Operations at Northwell Health and Executive Vice President for University Facilities and Operations at Columbia University. He holds a Master of Business Administration degree from Columbia

School of Business and both a bachelor's degree in Human Services and Counseling and a Master of Science degree in Education from St. John's University.

Karen Westervelt, Group Senior Vice President, Strategic Initiatives and Chief of Regulatory Planning – In her role as Group Senior Vice President, Strategic Initiatives and Chief of Regulatory Planning Karen Westervelt, M.H.C.D.S. provides strategic and operational guidance relative to system-wide growth, planning efforts and oversees network development efforts and discussions with other provider organizations. She also leads NYPH's system-wide digital transformation initiative by working collaboratively with Weill Cornell Medicine and ColumbiaDoctors towards the goal of improving patient services by taking advantage of new strategic opportunities afforded by advances in digital technologies. Ms. Westervelt is also responsible for overseeing NYP Global Services, which provides access, care coordination and relationship management services for approximately 5,000 international and domestic patients per year. Furthermore, Mrs. Westervelt oversees the Office of Regulatory Planning, which supports system-wide development, formulation, and implementation of plans for clinical, administrative and facility projects in accordance with established State and Federal policies and procedures. Prior to joining NYPH, Ms. Westervelt served as President and Chief Executive Officer of the William F. Ryan Community Health Network, comprising 17 primary care, behavioral health, and specialty care community health centers. She previously served as Deputy Commissioner of the Office of Primary Care and Health Systems Management in the New York State Department of Health, managing the regulation of New York State's health care system and implementation of federal and state health care system reform. Ms. Westervelt received her Bachelor of Arts in Liberal Studies from Russell Sage College and completed a Master's in Health Care Delivery Science at the Tuck School of Business and the Geisel School of Medicine at Dartmouth College. She serves on numerous boards.

Deepa Kumaraiah, M.D., M.B.A., Senior Vice President and Chief Medical Officer – Dr. Kumaraiah oversees both medical affairs and the integrated Quality and Performance Improvement Program for NYPH and the Regional Hospitals. She also oversees the Clinical Service Lines, where she provides leadership, management, and strategic vision for the integration of those efforts across the ten hospital campuses and the Medical Groups. Dr. Kumaraiah joined NYPH in 2012 and previously served as the Senior Vice President, Service Line Integration, and Chief Physician, NYP Medical Groups; and before that, as Vice President and Associate Chief Medical Officer of Service Lines and Clinical Strategy. She is an Assistant Clinical Professor of Medicine at Columbia VP&S, where she continues to practice in the cardiac intensive care unit. Prior to joining NYPH, Dr. Kumaraiah was a health care consultant at McKinsey and Company, focused on health care system transformation. She completed her cardiovascular fellowship training at NYPH and her internship and residency at Massachusetts General Hospital. She earned a medical degree from the University of Pennsylvania, a Master of Business Administration degree from the Wharton School, and a Bachelor of Science degree from Brown University. She has been named NewYork-Presbyterian Physician of the Year and is a Fellow of the New York Academy of Medicine.

Anne Dinneen, Senior Vice President and Chief Investment Officer – Ms. Dinneen oversees NYPH's investment portfolio, while managing the team responsible for all of investment assets for NYPH and the Regional Hospitals, including endowment and retirement. Prior to joining NYPH in 2022, Ms. Dinneen served for seven years as Chief Investment Officer at Hamilton College, where she was responsible for managing its endowment. Earlier in her career, she worked as Director of Investments at the James Irvine Foundation and as a Quantitative Portfolio Manager on the Global Equities team at Barclays Global Investors. Ms. Dinneen is a member of the Board of Trustees for The Hotchkiss School and serves as the Chair of its Investment Committee. She is also a Board and Investment Committee member of The Wallace Foundation, and sits on the Investment Committees for The Hillman Foundation and the W.C. Bradley Co. She serves on the TIAA Nuveen Investment Council and the Global Capital Markets Advisory Committee for The Milken Institute. Ms. Dinneen earned a Bachelor of Science degree in Economics from Princeton

University, and a Master of Business Administration degree from The Wharton School of Economics at the University of Pennsylvania.

Governance

NYPH has instituted governance arrangements designed to facilitate integration of the activities of NYPH and the Regional Hospitals by clearly defining the roles and responsibilities of NYPH's Board of Trustees and the respective roles and responsibilities of the boards of NYP Community Programs and the Regional Hospitals. Under these arrangements, the NYPH Board of Trustees is responsible for overall strategic vision and oversight of the activities of NYPH and the Regional Hospitals. The Board of Directors of NYP Community Programs, which currently consists of five members of NYPH's executive management, makes strategic decisions, establishes objectives and approves budgets for the Regional Hospitals, among other responsibilities. The Board of Directors of each Regional Hospital, in turn, monitors the implementation of steps to maximize and improve quality of care, engage the local community, and address matters relating to quality and credentialing. Along with these governance structures, certain services of NYPH and the Regional Hospitals have been centralized and standardized. Similarly, NYPH has taken steps, through an effort coordinated by both physician and administrative management, to reorganize certain service lines to facilitate consistent high-quality care at NYPH and the Regional Hospitals.

STRATEGY

Strategic Plan Overview

NYPH is the teaching hospital of one of the nation's most comprehensive, integrated academic health care delivery systems, dedicated to providing the highest quality, most compassionate care and service to patients in the New York Metropolitan Area, nationally, and throughout the globe. In collaboration with two renowned medical schools, Weill Cornell Medical School and Columbia VP&S, NYPH is recognized as a leader in medical education, groundbreaking research, and innovative, patient-centered clinical care. In 2022, NYPH adopted its updated strategic plan, as discussed in detail below, which reflects the post-COVID-19 market and the organization's focused priorities. The strategic plan articulates NYPH's strategic pillars. Detailed implementation plans underlie each of these pillars.

Together these strategic pillars support NYPH's commitment to provide compassionate, comprehensive care for all from the first day of life to the last day of life, from the simple to the complex, for patients across the communities served by NYPH and the Regional Hospitals.

Comprehensive Care for All



The Foundational Pillars

Align with Columbia & Weill Cornell

Twenty-five years ago, New York Hospital and Presbyterian Hospital merged to create The New York and Presbyterian Hospital. In this unprecedented event, two world-class academic healthcare institutions combined to create one of the largest and most comprehensive academic medical systems in the United States. The alignment and collaboration across NYPH and the Regional Hospitals and Columbia VP&S and Weill Cornell Medical School is the bedrock of a strategy that allows these institutions to maintain their status as providers of world-class healthcare and medical education.

NYPH and the Regional Hospitals, together with Weill Cornell Medical School, Columbia VP&S, and their faculty practices, Weill Cornell Medicine and ColumbiaDoctors, combine the best clinical and operational practices to provide improved quality of care to patients, enhanced access to services to an expanded population, and lowered cost of services through operational efficiencies. This strategic alignment also enables the recruitment and retention of the best talent, programmatic growth, furthering of health justice, and expanded research.

Together, NYPH and the Medical Schools seek to identify opportunities to collaborate strategically and leverage collective strengths. Long-standing collaborations include the accountable care organization NewYork Quality Care, primary care expansion, and joint ventures such as Weill Cornell Imaging at NewYork-Presbyterian and ColumbiaDoctors/NewYork-Presbyterian Imaging. More recently, specialty program collaborations involving NYPH and the Medical Schools have been implemented to enhance clinical care. These collaborations include NYP Och Spine and programs relating to heart failure, transplant services, pediatric heart transplant, pediatric neurosurgery and rehabilitation. Additionally, there are several collaborations across administrative functions: examples include combined call centers to enhance access to care, as well as shared services models for information technology, data and analytics, real estate and procurement to create efficiencies and cost savings.

Best People & Amazing Places to Belong

For NYPH and the Regional Hospitals to continue to deliver high quality care, they must continue to attract and retain the best talent. This is achieved by providing a place where careers can thrive and team

members feel a strong sense of belonging. NYPH and the Regional Hospitals are fostering an amazing workplace to belong to by focusing on pandemic recovery, enhancing workforce engagement and employee experience, and reinforcing a culture of respect and belonging. Focused efforts to execute on this vision include:

- Rebuilding and strengthening the workforce through enhanced recruiting and retention approaches. NYPH, the Regional Hospitals and the Medical Groups have hired over 10,000 employees since the beginning of last year.
- Enhancing leadership and team members through redesigned frameworks, performance systems and training programs.
- Reinforcing connections through programs to enhance trust, empower teams, foster diversity, equity, and inclusion, and further develop NYPH as an anchor institution in the communities it serves.
- Revitalizing the workforce by caring for employee wellbeing through mental, emotional, and physical wellbeing programs.

Recognizing that its team members do the best job of taking care of patients when NYPH does its best job of taking care of them, NYPH continues to focus on ways to ensure that team members feel they are doing meaningful work and are supported and fulfilled by having opportunities to grow and learn. This is done by creating career pathways and talent opportunities, leveraging digital technology to redefine roles/work, and expanding ways of listening to and gathering feedback from the workforce. NYPH continues to enhance its Diversity & Inclusion programs and augment its Zero Harm initiative. NYPH's programs are designed to raise awareness and spark meaningful dialogues that nurture respect, psychological safety, and trust among employees. All of these factors contribute to supporting the workforce of the future, one that is resilient, forward-thinking, agile, engaged, and inclusive.

The importance of caring for the workforce was underscored repeatedly during the COVID-19 pandemic. As NYPH and the Regional Hospitals continue to recover from the pandemic and celebrate the heroic work of its team members, providing them with communication, physical health, mental health, and emotional wellbeing services is imperative. Over the last few years, NYPH has provided a host of support services to employees including various forms of mental and emotional wellbeing support, food, financial hardship support, childcare, fun and engaging events and activities, and bonus payments for frontline staff. Employee services are a vital component to preserving a healthy workforce.

In addition to these targeted strategies, NYPH is continually reinforcing its culture of Respect, which is a longstanding core value of the organization. NYPH introduced the Respect Credo in 2016. It defines what is meant by Respect, as well as what it means to be a member of the NYPH community. NYPH reviews and reaffirms its commitment to the Respect Credo frequently, as this is necessary to fostering a workplace where everyone can bring their best selves to work each day and feel a true sense of belonging. In 2023, NYPH launched the “Together We Have, Together We Will” campaign to build on a foundation of respect, to celebrate what has been accomplished and to build excitement and momentum for providing continued quality care to patients and supporting one another. Together, these strategies have helped NYPH to reduce its overall employee and nursing staff turnover rates. For additional information regarding turnover rates, see “THE NEW YORK AND PRESBYTERIAN HOSPITAL – Financial and Operating Information – Management’s Discussion and Analysis of Recent Financial Performance – *Six months ended June 30, 2023 compared to six months ended June 30, 2022*” in this Appendix A.

Build a Proactive Digital Future

NYPH is committed to leveraging technology and automation and investing in data science to deliver efficient operations, streamline clinical care, enhance patient, provider, and employee experience, and reduce the burden of human disease. Major initiatives underway that leverage technology include access to care (including optimization of registration and scheduling to improve access to care (see “Deliver an Exceptional Consumer Experience” below), development of a length of stay command center driven by artificial intelligence (“AI”), expansion of robotics in the pharmacy, establishment of a network operations center powered by AI, employee scheduling using AI and maximizing provider time at the bedside by using generative AI for documentation.

NYPH, the Regional Hospitals, the NYP Medical Groups, Weill Cornell Medicine and ColumbiaDoctors have all fully implemented Epic, a standardized electronic health record and billing system. NYPH will continue to incur implementation-related operating costs and additional costs to optimize Epic’s system functionality.

Over the next decade, under the auspices of the Hauser Institute for Health Innovation, NYPH intends to leverage the medical and engineering expertise and experience of the faculty and staff at the Medical Schools to reduce the burden of human disease for patients across its service area, by further and more effectively integrating and systematizing data to yield clinical insights to prevent, predict, diagnose, and treat diseases across the spectrum of medicine. This will include efforts to:

- Create an end-to-end model for a new standard of care informed by risk stratification through predictive analytic algorithms. Initiatives, such as heart failure treatment, use AI and machine learning to help with disease prediction and prevention.
- Advance basic and translational research, clinical investigation, and population science.
- Develop a strong data architecture to support initiatives aimed at reducing the effects of disease.
- Expand and optimize the use of thin computing, the cloud, and digital telephony to increase efficiency, reduce costs, and improve affordability.
- Work with health systems around the world on opportunities to leverage the power of technology to provide better health care to historically underserved populations.

The Essential Pillars

Lead in Quality, Patient Experience & Outcomes

In order to deliver an exceptional level of care, NYPH’s highest priority strategic pillar is to lead in quality, patient experience, and outcomes. NYPH and the Regional Hospitals are committed to continued investment in the infrastructure needed to provide a single standard of care to all, deliver the best outcomes, and provide an excellent and responsive experience for our patients.

NYPH has made significant investments in clinical integration, including an investment in a unified electronic health record system across all NYPH and Regional Hospital campuses, the NYP Medical Groups, ColumbiaDoctors, and Weill Cornell Medicine in pursuit of a single standard of care. NYPH is focused on being both a high reliability organization and a Learning Health System (that is, a health system for which internal data is systematically integrated with external evidence to improve care) with a culture of service and safety. Key initiatives underway to support this vision include adopting balanced scorecards,

refining quality leadership roles and team structures, further aligning with the Medical Schools on safety and quality initiatives, optimizing Epic to support quality improvement, and utilizing advanced analytics and artificial intelligence to enhance patient safety and predict disease. With these strategies, NYPH strives to have a metrics-driven culture of accountability. This approach has led to measurable results in quality. NYPH has had considerable year-over-year improvement in quality metrics across domains including mortality, Healthcare Acquired Infections (HAI) rates, Patient Safety Indicators (PSI) and other meaningful data points as measured and reported internally and by a number of third parties, including the Centers for Medicare & Medicaid Services (“CMS”). In July 2023, NYPH received the highest rating, five stars, in CMS’s Overall Hospital Quality Star Ratings. Additionally, for the quarter ended June 30, 2023, preliminary data suggests that NYPH will receive its highest score for any quarter in CMS’s Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey, a national, standardized, publicly reported survey of patients' perspectives of hospital care.

Deliver an Exceptional Consumer Experience

NYPH recognizes the importance of both the patient experience, the experience of those who have chosen NYPH and the Regional Hospitals as their care providers and who receive care there, as well as the consumer experience, the experience of those who are seeking care and deciding whether to schedule care at NYPH and the Regional Hospitals. To enhance the consumer experience, NYPH strives to provide more convenient care so that every consumer can access services in a timely and seamless way across the health system. Initiatives implemented to support this goal include:

- Investment in a customer relationship management system to enable omni-channel appointment scheduling.
- Centralized contact centers with trained agents and clinicians to help patients find and access the right care.
- Enhanced websites to support self-serve scheduling.
- Practice Engagement Teams to help physician offices and their staff maximize capacity and expand access to better meet customer demand.
- An extensive telemedicine program that provides patients convenient virtual access to NYPH’s services.
- Self-service capabilities that enable patients to digitally pay bills, communicate with providers, and view tests results.

The initiatives outlined above have yielded excellent results to date including:

- Increased rates of patients using self-service scheduling options to more conveniently get the care they need.
- Call center metrics reflecting customer service that significantly exceed industry benchmarks (as defined by the Patient Access Collaborative) for grade of service and call abandonment rates.
- Improved appointment resolution rates, reflecting the ability to meet customer needs and expectations.

This comprehensive effort is designed to provide consumers greater access to care and to position NYPH and the Regional Hospitals as market leaders for patients seeking timely care.

Grow Our Network

NYPH has been making major strategic investments to continue strengthening and growing its network and reach to increase access to care for the communities it serves. As part of that strategy, NYPH continues to execute its ambulatory expansion plans and align and affiliate with other healthcare providers.

In March 2022, NYPH announced its plans to establish a state-of-the-art, multi-specialty ambulatory care facility in Lower Westchester, bringing an even broader range of its ambulatory, primary, and preventive care services to the communities of Westchester County. Featuring care from ColumbiaDoctors clinical teams, this new facility will give patients convenient access to increasingly in-demand specialties for adults and children close to home.

The facility will be located at 1111-1129 Westchester Avenue in White Plains. The two-building complex, totaling approximately 345,000 square feet, is located adjacent to I-287, close to the Hutchinson River Parkway and I-95 interchanges, for convenient access for patients throughout Westchester, Bronx, Rockland, and Fairfield counties. The new facility will offer a wide range of outpatient services, including centers of excellence in cardiovascular, neurosensory, men’s, women’s, and children’s health, a satellite cancer center, ambulatory surgery center (including endoscopy suites), radiology, infusion, and rehabilitation services. Under the current schedule, NYPH expects that patients will be seen at this location beginning in January 2025.

Pioneer in Health Justice

NYPH is committed to the continuous improvement of the health and well-being of its patients and the communities it serves. This is why NYPH established the Dalio Center for Health Justice. NYPH and the two Medical Schools strive to ensure that health justice is embedded in not only the care provided but also in how NYPH, the Regional Hospitals and the Medical Schools serve and engage the community. For additional information, see “Health Justice and Equity” within Environmental, Social and Governance.

The Differentiator Pillar

Deliver Best-in-Class Tertiary and Quaternary Care

Powered by their relationship and collaboration with the Medical Schools and a commitment to research and education, NYPH and the Regional Hospitals deliver complex tertiary and quaternary care across all medical and surgical specialties and settings, with ongoing investment in specialized services and programs across service lines. For more information on NYPH’s service lines see “Services and Programs” and “NYPH Campuses” in this Appendix A below.

STRATEGIC CAPITAL INVESTMENTS

On December 31, 2019, NYPH completed Capital Plan II (“Plan II”) which began in January 2012. During Plan II, \$4.4 billion was invested in infrastructure and major projects at NYPH and the Regional Hospitals.

Consistent with NYPH’s eight-year capital planning cycles, Capital Plan III (“Plan III”) commenced on January 1, 2020 and was expected to continue through December 2027. Plan III includes the anticipated capital expenditures of NYPH and the Regional Hospitals. When Plan III was approved in

2019, \$5.6 billion of capital expenditures was anticipated. Due to the impact of the COVID-19 pandemic, Plan III was re-evaluated with a review of major project priorities and phasing and reduced to \$3.9 billion. In Fall 2022, based on continued recovery, updated modeling for financial projections and increased resources, NYPH increased Plan III to \$4.9 billion for the period January 2021 to December 2028. This is expected to allow NYPH to accelerate projects to accommodate expanded services, on-going modernization of existing facilities, and accelerate investment in digital infrastructure and state-of-the-art equipment. Currently, NYPH expects to fund Plan III from operating cash flow and philanthropy; however, NYPH may decide to incur new indebtedness to finance some of the projects under Plan III.

While the operating results and cash flows of NYPH and the Regional Hospitals are expected to contribute to the funding of Plan III, NYPH does not have any formal obligation to support or fund the capital expenditures of the Regional Hospitals, and likewise, the Regional Hospitals are not obligated to fund or support NYPH.

An updated Plan III capital budget and capital priorities are expected to be complete by the end of 2023. Included in Plan III are strategic capital investments to support NYPH's strategy. These investments fall into four categories: (i) exceptional patient experience (e.g., single beds), (ii) growth (e.g., the ambulatory facility in Westchester County, NYP Ochs and Spine at the Spiral Building in Manhattan, and other ambulatory sites), (iii) market-differentiating facilities (e.g., infrastructure, equipment replacement, and facility modernization), and (iv) digital transformation (e.g., Epic optimization, access to care, and pharmacy automation).

Recently completed projects from Plan II and Plan III include the Cohen Hospital (August 2020), the NYP Brooklyn Methodist Center for Community Health (January 2021), the NYP Queens Inpatient Amenities and Critical Care Unit (January 2021), the NYP Brooklyn Behavioral Health Unit (2022) and the NYP Hudson Valley Cardiac Catheterization Lab (April 2022).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability

Understanding the strong relationship between health and the environment, NYPH aims to create a healthier environment for patients, staff, and everyone in the communities it serves by adopting sustainable practices. Steps taken by NYPH to reduce adverse environmental impacts include the following:

- NYPH continues to invest in energy efficiency infrastructure projects, which include steam trap replacements, heat recovery from exhaust air, energy audits, air handler replacements, pipe insulation improvements, and LED lighting upgrades, that help to reduce energy consumption while improving overall building efficiency. Recent highlights include the installation of upsized cooling tower capacity at NYP/Columbia and a heat recovery system serving a 100% outdoor-air air handling unit at NYP/Cornell.
- In addition to reducing energy intensity, NYPH is sourcing renewable electricity through power allocations from New York Power Authority's "ReCharge NY" program. NYPH projects that approximately 10% of hospital-campus electricity for NYPH and the Regional Hospitals will be supplied from renewable sources in 2023.
- NYPH and NYP Queens are participating in New York City's "Carbon Challenge", the goal of which is to reduce greenhouse gas emissions at these sites 30% by 2030 (relative to a 2008 baseline), and, as of December 31, 2022, have reduced these emissions by 18%.

- NYPH’s Department of Anesthesiology continues its efforts to adjust anesthetic gas formulary to promote the use of anesthetic gases having lower global warming potential. These changes reduce greenhouse gas emissions associated with anesthesia care while not impacting patient quality.
- NYPH continues its transition toward an energy efficient vehicle fleet. In 2022, 16% of the organization’s non-emergency leased vehicles were replaced with plug-in hybrid models.
- NYPH and the Regional Hospitals spent over \$0.8 million on sustainable food products in 2022. NYPH uses Practice Greenhealth’s healthier foods purchasing standards to define sustainable food.
- In order to ensure that its environmental stewardship work is aligned with industry best practices, NYPH is an active member of The Healthcare Anchor Network, Practice Greenhealth, and Vizient’s Environmental Advisory Council.
- NYPH is participating in industry wide efforts to expedite decarbonization of the health care sector, some examples include participation on the American Society for Health Care Engineering De-Carbonization Committee; the New York chapter of the American Society of Heating, Refrigerating and Air-Conditioning Engineers efforts to develop a healthcare decarbonization protocol; and participation in a Greater New York Hospitals Association sustainability working group.
- NYPH’s Energy and Commissioning Manager was named Energy Manager of the Year for 2023 by the New York Chapter of the Association of Energy Engineers.
- As part of a New York State Energy Research and Development Authority (NYSERDA) grant, NYPH in collaboration with the City University of New York (CUNY) kicked off a pilot training program for front line employees focused on energy efficiency and sustainable operations practices.
- NYP Hudson Valley completed installation of seven EV charging stations capable of servicing (14) vehicles simultaneously.
- NYPH broke ground on a parking facility designed to serve a proposed ambulatory care facility in Westchester. The garage will contain a significant number of EV charging stations, as well as hosting a 600 kW photovoltaic canopy system on the roof of the garage.
- NYPH also seeks to achieve Leadership in Energy and Environmental Design (“LEED”) certification from the U.S. Green Building Council (“USGBC”) on new construction projects. In 2023, NewYork-Presbyterian Brooklyn Methodist Center for Community Health received LEED Silver designation under USGBC’s Healthcare rating system.

Health Justice and Equity

Dalio Center for Health Justice at NewYork-Presbyterian

In October 2020, NYPH launched the Dalio Center for Health Justice with the foundational support of a \$50.0 million grant from Dalio Philanthropies, whose founder Ray Dalio is a member of the NYPH Board of Trustees. The Dalio Center aims to understand and address the root causes of health inequities. Together with NYPH and people and organizations in its surrounding communities, the Dalio Center invests

in research and education, advocates for policy change, and implements clinical and community strategies that address health inequities. In 2023, Dalio Center team members were featured speakers on social determinants of health screening at several academic conferences and learning sessions including, but not limited to, conferences and sessions sponsored by the Hospital Association of New York State, the Greater New York Hospital Association, the American College of Obstetricians and Gynecologists, and the American Health Information Management Association.

The work of the Dalio Center is organized in four pillars: Data & Infrastructure; Clinical & Community Strategy; Research & Implementation Science; and Education & Leadership.

Data & Infrastructure: The Dalio Center has dedicated resources to develop and support a system-wide health equity measurement strategy, focusing on the identification of disparities, targeting new initiatives, and measuring impact—as well as infrastructure to support community connections. Some key updates include:

- In 2022, the Dalio Center formally expanded the ‘We Ask Because We Care’ program to include social determinants of health screening and referral for at-risk patient populations in NYPH and Regional Hospital emergency departments. In partnership with NYPH’s Division of Community and Population Health, over 17,000 emergency department patients have been screened in the first three quarters of the program. This screening program was featured in a manuscript in the Joint Commission Journal of Quality and Patient Safety.
- In 2023, NYPH developed *Principles for Model Equity*, a guide for model developers to assess for algorithmic bias and fairness. Additionally, NYPH is an active member of the Health AI Partnership, a multi-stakeholder collaborative focused on the safe, effective and equitable adoption of artificial intelligence by healthcare delivery systems. Dalio Center representatives presented NYPH’s work on model equity during the Health AI Partnership’s inaugural workshop.

Clinical and Community Strategy: The Dalio Center continues to collaborate with the Medical Schools on several institutional projects, including the Crown Hair Care Project, the Sickle Cell Disease Program, and Community Conversations – a program designed to address the social determinants of health and improve health outcomes for women and children. Some key updates include:

- In 2023, the Dalio Center funded an expansion of the Prevention and Education in Advanced Kidney Disease (PEAK) Program, which is dedicated to the education of individuals with chronic kidney disease (CKD). Disparities in kidney disease are well documented: End Stage Kidney Disease (ESKD) disproportionately affects those with low socioeconomic status, members of the Black and Hispanic communities, the unhoused and those experiencing housing insecurity. By expanding PEAK, the Dalio Center aims to improve early identification and diagnosis of kidney disease and improve access and awareness of preferred therapies, like home dialysis and kidney transplantation.
- As part of the Dalio Center’s Sickle Cell Program, NYPH launched a new large-scale sickle cell-specific patient registry, which will help clinicians monitor patient health maintenance measures. Additionally, the Dalio Center is collaborating with a third-party mental health provider to create peer support groups and psychoeducational content for patients with sickle cell disease.

Research & Implementation Science: The Dalio Center supports clinical and health services research aligned with its mission and vision.

- In 2022, the Dalio Center for Health Justice funded six health justice research grants totaling \$0.6 million, to support research that provides solutions and takes action to address health inequities. In the quarter ended March 31, 2023, the Dalio Center received submissions for the 2023 grant period and convened the tri-partite grant review committee to review applications and select awardees. Awards for the 2023 grant cycle are expected to begin in September 2023.
- In December 2022, the Dalio Center launched the Health Justice in Action (HJA) Fund, which supports trainee initiatives in health equity and social justice. The HJA fund awards are granted to residents and fellows pursuing equity-oriented projects at NYPH and the Regional Hospitals, including but not limited to projects in quality and patient safety, hospital and clinic operations, community relationship building, community health, medical education, or technology and innovation.

Education & Leadership: The Dalio Center is developing future leaders with programming that emphasizes the role structural inequities play in health care. Programs include health equity symposia and conferences, the Leadership Education and Development (LEAD) program for physician leaders, and the Responding to Epidemics and Crises in Health (REACH) Fellowship. Some key updates include:

- On October 3, 2022, the inaugural Dalio Center for Health Justice Conference was held at the Brooklyn Museum with over 400 people in attendance. The Dalio Center team is planning its next conference, which will be held on October 24, 2023, titled *The First 1,000 Days*. This conference will be hosted by leading experts who will highlight the critical ways in which investments in early childhood development can improve social, economic, and health outcomes.
- The Dalio Center announced the 2022-2023 LEAD Academy Physicians. These LEAD physicians were chosen through a multi-step application process that included Department Chair nominations, written essays, and case-based interviews. They will now engage in a 13-month training program that provides MBA and MHA training, practical knowledge of NYPH departments and functions, and additional teaching tailored to individual interests.
- The Dalio Center launched the 2023 REACH Fellow program and has begun the application process for the 2024 REACH Fellows.

Community Outreach and Access, Division of Community and Population Health, Ambulatory Care Network

NYPH's Division of Community and Population Health (the "CPH Division") collaborates with community, hospital, and academic organizations to improve the health and well-being of children, adolescents, and adults in the communities served by NYPH.

The CPH Division conducts a comprehensive community needs assessment every three years to increase management and staff's understanding of the health and social needs of the communities served by NYPH. Based on the results, NYPH creates a community service plan outlining health priorities to address the approach to each priority. NYPH collaborates with community members and entities to decrease local health disparities through innovative population health initiatives, care provider training, scholarship, and research that are collaboratively developed, executed, assessed, and maintained. The combination of NYPH's skills and resources with the talents, energy, and resources of community organizations are used toward the goal of reducing hospital length of stay, avoidable emergency department visits, inpatient admissions, and readmissions within 30 days. These efforts also support initiatives designed to:

- Empower individuals and families to promote health and wellness
- Better navigate local systems of care and local resources
- Improve school readiness and academic achievement
- Ultimately, improve quality of life

Clinical services are provided through NYPH's Ambulatory Care Network (the "ACN"), which includes 14 primary care sites, seven school-based health centers, 13 mental health school-based programs, and over 60 specialty practices. NYPH serves generations of families from across New York City representing a wide array of nationalities and ethnic and religious backgrounds.

The goal of the ACN is to make it easier for everyone to access high quality, affordable, patient-friendly care in their own neighborhoods. NYPH's ACN primary care practices are Patient-Centered Medical Homes, where patients receive care from a multidisciplinary team of dedicated healthcare providers. With patient participation, the medical team coordinates and manages treatment plans designed to provide patients and their families the best care, providing a broad range of services. When specialized care or hospitalization is required, the ACN teams coordinate patients' needs with the extraordinary range of specialty programs and resources available at NYPH.

Food Insecurity

Since March 2020, NYPH's food insecurity program has teamed up with more than 20 community-based organizations to provide food to patients and families in need in local communities. Through March 31, 2023, this program has distributed approximately 3.7 million pounds of healthy food to 12,300 households representing more than 51,300 individuals.

Human Capital

NYPH recognizes that employee wellbeing is paramount to the delivery of quality care to patients and the community. As such, NYPH maintains a robust health and wellbeing program that focuses on various domains of wellbeing, including emotional resilience, physical health, work-life harmony, financial stability and community stewardship. NYPH offers programming in all these areas, and its onsite wellbeing coaches help employees navigate resources in order to achieve personal wellbeing goals.

NYPH offers the CopeNYP Employee Assistance Program (EAP) to support NYPH employees and their families. Staffed by licensed mental health professionals from Weill Cornell Medicine's Department of Psychiatry, CopeNYP can provide emotional support and practical strategies to enhance the client's resilience. CopeNYP can address a wide variety of concerns, such as managing personal and work stressors (including burnout), reducing anxiety, alleviating depression, addressing relationship issues and interpersonal conflicts (among couples, family or friends), coping with traumatic events and struggles related to the COVID-19 pandemic and grief and loss, and helping teens cope with their issues.

In 2021, with a significant contribution from a member of the NYPH Board of Trustees, NYPH established the "NYP Cares for Employees Fund." This fund helps to support employees who are facing unexpected crises or significant hardships. The NYP Cares for Employees Fund includes two programs: an employee hardship grant program and an employee food bank. These programs provide eligible employees with relief as they navigate unforeseen circumstances.

- The NYP Employee Hardship Grant program is available to provide grants of up to \$5,000 to eligible employees facing unanticipated, significant financial hardship due to a qualifying emergency, such as a natural disaster, residential fire, housing instability, death of a household member, military deployment, or domestic abuse.

- The NYP Employee Food Bank provides eligible employees experiencing food insecurity with temporary food assistance delivered directly to their home. NYPH will provide one month of food staples to bridge those in need as they transition to a longer-term solution.

Diversity, Equity & Inclusion

NYPH strives to have a supplier base that reflects and supports the diverse patient population and communities it serves. Through the NewYork-Presbyterian Supplier Diversity program, NYPH seeks to engage small and diverse businesses both locally and throughout the country. NYPH has updated sourcing procedures to include small and diverse businesses in all bids for services wherever feasible. In 2019, NYPH expanded its outreach to such small and diverse businesses and by 2022 this resulted in a 50% increase, over 2019 levels, of the dollar amount it spends on such businesses.

Throughout the year, ongoing Dialogues in Diversity and Inclusion conversations are conducted campus-wide and in small groups to discuss issues of race, bias and allyship. In 2023, this included a program during Women's History Month focusing on gender pay equity and on Earth Day a program focusing on indigenous peoples' perspectives on the interconnectedness of individual, community, and planetary health. Additionally, as part of NYPH's culture of respect, diversity, inclusion, and belonging for its employees, NYPH again celebrated Cultural Heritage Week in late April 2023.

NYPH's efforts have yielded various external awards including its recognition as A Great Place to Work by Great Place to Work®, a global company focused on workplace culture, and one of DiversityInc's nationwide list of Top Hospitals and Health Systems for 2023.

PATIENT CARE ACTIVITIES

Services and Programs

NYPH provides inpatient and outpatient services in substantially all medical and surgical specialties, including services noted in the following table.

Medical Services

- Allergy/Immunology
- Anesthesiology
- Cancer (Oncology)
- Cancer Screening and Awareness
- Cardiology
- Dentistry
- Dermatology
- Diabetes and Endocrinology
- Digestive Diseases
- Ear, Nose, and Throat (Otolaryngology)
- Geriatrics
- Hematology
- Infectious Diseases/International Medicine
- Internal Medicine
- Nephrology
- Neurology and Neuroscience
- Obstetrics and Gynecology
- Ophthalmology
- Pain Medicine
- Palliative Care
- Pathology
- Pediatrics
- Preventive Medicine and Nutrition
- Primary Care
- Psychiatry and Mental Health
- Pulmonology
- Radiation Oncology
- Radiology
- Rehabilitation Medicine
- Rheumatology
- Sports Medicine
- Women's Health

Surgical Services

- Bariatric Surgery
- Breast Surgery
- Cardiothoracic Surgery
- Colon and Rectal Surgery
- Dental, Oral and Maxillofacial Surgery
- Endocrine Surgery
- General Surgery
- Hand Surgery
- Head and Neck Surgery
- Hepatobiliary Surgery
- Lung Volume Reduction Surgery
- Neurological Surgery
- Ophthalmological Surgery
- Orthopedic Surgery and Trauma Service
- Pediatric Surgery
- Plastic Surgery
- Solid Organ Transplantation
- Thoracic Surgery
- Urology
- Vascular

Emergency Care

- Critical Care
- Emergency Medicine
- The Burn Center
- Trauma and Injury Prevention
- Virtual Urgent Care
- Teleparamedics

NYP/Columbia, NYP Morgan Stanley, NYP Allen, NYP Westchester, NYP/Weill Cornell, NYP Lower Manhattan and NYP Brooklyn Methodist provide 24-hour per day emergency services. Ambulatory services are provided on all NYPH campuses, as well as certain off-campus locations.

MARKET INFORMATION

Service Area

NYPH serves a geographic area with diverse communities across the New York Metropolitan Area. Its primary service area includes four of the five boroughs of New York City – Manhattan (New York County), Bronx, Brooklyn (Kings County), and Queens – and Westchester County. Its secondary service area includes neighboring counties in New York, New Jersey, and Connecticut.

The following table shows NYPH’s inpatient discharges (including newborns) for the fiscal year ended December 31, 2022 by county of residence within its primary and secondary service areas, and by state of residence for all other discharges.

NYPH INPATIENT DISCHARGES BY COUNTY FOR FISCAL YEAR ENDED DECEMBER 31, 2022

<u>Location</u>	<u>Discharges</u>	<u>Percentage</u>
Primary Service Areas		
New York County, NY	43,330	26.9%
Bronx County, NY	24,151	15.0%
Kings County, NY	41,982	26.1%
Westchester County, NY	13,493	8.4%
Queens County, NY	<u>11,359</u>	<u>7.1%</u>
Subtotal	134,315	83.5%
Secondary Service Areas		
Nassau County, NY	2,074	1.3%
Bergen County, NJ	2,169	1.3%
Rockland County, NY	2,279	1.4%
Hudson County, NJ	1,916	1.2%
Richmond County, NY	2,262	1.4%
Suffolk County, NY	1,504	0.9%
Orange County, NY	1,462	0.9%
Essex County, NJ	853	0.5%
Fairfield County, CT	1,012	0.6%
Monmouth County, NJ	<u>606</u>	<u>0.4%</u>
Subtotal	16,137	10.0%
Other Areas		
New Jersey Other Counties	2,835	1.8%
New York Other Counties	2,151	1.3%
Connecticut Other Counties	277	0.2%
Other	<u>5,138</u>	<u>3.2%</u>
Subtotal	10,401	6.5%
Grand Total	<u>160,853</u>	<u>100.0%</u>

Source: NYPH records

Note: Totals may not foot due to rounding.

Competition and Other Area Hospitals

The New York Metropolitan Area is home to a number of academic medical centers offering tertiary and quaternary care services similar to those offered at NYPH. The past ten years have seen substantial consolidation of these centers into health systems, resulting in five major private systems (NYPH and the Regional Hospitals, Northwell Health, Mount Sinai Health System, NYU Langone Health, and Montefiore Health System) and one public health system (NYC Health + Hospitals). Based on the data in the following table, for calendar year 2021, NYPH, together with the Regional Hospitals, was the largest provider of inpatient services in New York City and Westchester County, followed by: (i) Northwell Health, a 21-hospital system – eight of which are located in the New York City and Westchester County areas - with more than 890 outpatient facilities; (ii) NYC Health + Hospitals, which is the City of New York’s public health care system; and (iii) Mount Sinai Health System, which is an integrated health care system, encompassing the Icahn School of Medicine at Mount Sinai, eight hospital campuses – seven of which are in the New York City and Westchester County areas – and over 400 ambulatory practice locations.

The following table shows the share of total discharges for the calendar years ended December 31, 2019 and 2020 for NYPH, the Regional Hospitals and the Hospital for Special Surgery, and other major health care systems in the area. Share of discharges is measured by total inpatient discharges for hospitals located in these six counties (New York, Bronx, Richmond, Queens, Kings, and Westchester).

SHARE OF DISCHARGES FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2019 AND 2020

<u>Organization</u>	<u>2019</u>	<u>2020</u>
NYPH	13.8%	13.8%
Regional Hospitals		
NYP Queens	2.9%	2.9%
NYP Hudson Valley	0.5%	0.6%
Corporate Member		
Hospital for Special Surgery	<u>0.6%</u>	<u>0.6%</u>
Subtotal NYPH, Regional Hospitals and Corporate Member	17.8%	17.9%
Other Systems		
Northwell Health	15.9%	15.7%
NYC Health + Hospital	14.0%	14.8%
Mount Sinai Health System	10.5%	10.6%
Montefiore Medical Center	10.8%	10.3%
NYU Langone Health	6.5%	6.7%
Other	<u>24.4%</u>	<u>24.1%</u>
Subtotal Other Systems	82.2%	82.2%
Grand Total	<u>100.0%</u>	<u>100.0%</u>

Source: 2019-2020 Statewide Planning and Research Cooperative System (SPARCS) Inpatient Audit Files. Share of discharges is based on total discharges for hospitals in the market, not limited by patient origin.

Note: Totals may not foot due to rounding.

EMPLOYEES AND EMPLOYEE BENEFITS

As of June 26, 2023, NYPH employed 34,952 full-time equivalents (“FTEs”), of which 11,785 were nursing staff, including advanced practice nurses, registered nurses, technicians, nursing aides, licensed practical nurses and mental health workers. Of these, 9,054 FTEs were registered nurses. Since the beginning of 2023, NYPH has hired a total of 2,146 nursing employees, with 752 being hired internally.

The following table shows the breakdown of FTEs of NYPH as of June 26, 2023:

NYPH FULL-TIME EQUIVALENTS AS OF JUNE 26, 2023

	NYP/Columbia, NYP Morgan Stanley and NYP Allen	NYP/Weill Cornell	NYP Lower Manhattan	NYP Westchester	NYP Brooklyn Methodist	NYP Behavioral Health	Total
Nurses	4,031	2,629	375	562	1,247	210	9,054
Other Nursing/ Nursing Support ¹	1,020	809	89	159	610	44	2,731
<u>Non-Nursing</u>	<u>8,134</u>	<u>9,937</u>	<u>781</u>	<u>942</u>	<u>2,588</u>	<u>785</u>	<u>23,167</u>
Total	13,185	13,375	1,245	1,663	4,445	1,039	34,952

Source: NYPH records

¹ Other Nursing/Nursing Support includes jobs that provide support to registered nurses (i.e. technicians, nursing assistants, LPNs, mental health workers).

Benefits offered to eligible employees include: health insurance covering hospitalization, major medical expenses and dental treatment; life insurance; short- and long-term disability insurance; parental leave; a defined benefit pension plan and a 403(b) tax deferred contributions plan.

NYPH has collective bargaining agreements with respect to certain employees at NYP/Columbia, NYP Allen, NYP Morgan Stanley, NYP Lower Manhattan, NYP Westchester and NYP Brooklyn Methodist. The New York State Nurses Association (“NYSNA”) represents approximately 5,380 employees and Local 1199 SEIU United Healthcare Workers East (“Local 1199”), represents approximately 7,969 employees. The agreement with Local 1199 is a multi-employer agreement and expires September 30, 2026. The agreement with NYP/Columbia and NYSNA expires December 31, 2025 and the agreement with NYP/Brooklyn Methodist and NYSNA expires on April 30, 2026. The remaining collective bargaining agreements, representing an aggregate of 926 employees as of July 5, 2023, are with: Physical Therapy Collective Negotiations Committee expires on November 30, 2023; Occupational Therapy Association expires on November 30, 2023; Professional Dieticians of New York expires on January 31, 2026; Local 30 Maintenance and Engineering expires on December 31, 2026; Communication Workers of America, AFL-CIO expires on May 31, 2027; Committee of Interns and Residents expires on October 31, 2025; and the Safety and Security Officers Benevolent Association expires on June 30, 2024). Benefits to NYPH employees who are covered by collective bargaining agreements are governed by the terms of the respective contracts and jointly administered trust funds. Benefits offered to eligible nursing employees include health insurance covering hospitalization and major medical expenses, and life insurance.

NYPH provides pension and similar benefits to its employees through several plans, including various multi-employer plans for union employees, qualified noncontributory defined benefit plans primarily for eligible nonunion employees of NYPH and certain of its related organizations, and a nonqualified defined benefit plan for certain executives. NYPH also provides pension and similar benefits to certain employees through a defined contribution plan. NYPH funds the noncontributory defined benefit plans in accordance with the minimum funding requirements of the Employee Retirement Income Security

Act of 1974, as amended (“ERISA”), plus additional amounts that NYPH may deem appropriate from time to time. Amounts contributed to the defined benefit plans are based on actuarial valuations. Contributions to union plans are based on union employee gross salary levels and rates required under union contractual arrangements. Contributions to NYPH’s defined contribution plan are generally based on percentages of annual salaries. For a summary of funding of pension obligations based on accounting requirements applicable to plan sponsors, see Note 9 of the Hospital’s 2022 Audited Financial Statements and 2021 Audited Financial Statements set forth in Appendices C-1 and C-2 to this Official Statement.

LICENSURE AND ACCREDITATION

NYPH has operating certificates from the New York State Department of Health and the New York State Office of Mental Health (“OMH”). The State of New York Division of Alcoholism and Alcohol Services (now Office of Alcoholism and Substance Abuse Services) issued operating certificates for inpatient alcohol rehabilitation and outpatient alcoholism treatment for the Westchester Behavioral Health. NYPH was most recently accredited by The Joint Commission in 2021, with accreditation valid for three years.

INSURANCE

NYPH maintains comprehensive all-risk form property insurance, workers’ compensation insurance, cyber/data liability insurance, an executive risk portfolio, and other forms of property and casualty coverage carried by similarly situated institutions. These policies cover NYPH, related corporate entities and their respective employees.

In 1978, NYPH, in conjunction with other unrelated healthcare entities, participated in the formation of a captive insurance company (the “Captive”) to provide professional liability and general liability insurance to its participants. In 2014, the Captive, in order to better serve its member/ shareholders, modified its corporate structure to become a reciprocal risk retention group. Premiums are actuarially determined based upon the loss experience of the member/shareholder and the risk retention group itself. The professional liability tower provides coverage in excess of \$200.0 million to NYPH and the Captive’s other participants. These policies provide coverage for NYPH, NYP Queens, and NYP Hudson Valley, their subsidiaries and their respective employees. NYPBM became insured by the Captive effective July 1, 2022; NYPBM hospital-liability claims incurred through June 30, 2022 will continue to be paid through a separate captive insurance program (see Note 8 of the Hospital’s 2022 Audited Financial Statements and 2021 Audited Financial Statements set forth in Appendices C-1 and C-2 to this Official Statement).

NYPH maintains professional liability insurance coverage for employed physicians and other employed health care professionals, including interns and residents, providing access to the full limits of liability noted above. All Medical Staff members with admitting privileges who are not employed by NYPH are required to maintain professional liability insurance coverage in amounts not less than \$2.3 million per occurrence and \$6.9 million in the annual aggregate.

LITIGATION

NYPH is subject to claims and litigation generally consistent with other major academic medical centers. As of August 9, 2023, NYPH has no litigation or proceedings pending or, to its knowledge, threatened against it except litigation, the probable recoveries in which and the estimated costs and expenses of defense of which, after application of any available insurance coverage, in the opinion of counsel to NYPH for such matters and NYPH management, will not materially and adversely affect NYPH’s operations or financial condition subject to the following three paragraphs:

NYPH and Columbia VP&S have jointly responded to certain claims involving alleged sexual abuse by Robert Hadden, a former faculty member of Columbia VP&S. In 2021, the two institutions jointly settled claims of an initial group of 79 claimants for \$71.5 million; in 2022, a second joint settlement was reached on behalf of 147 claimants for \$165.0 million; and more recently, there have been joint settlements with another 12 individuals for \$37.0 million. Most of NYPH's obligations with respect to these settlements occurring through 2022 were covered by insurance.

As of August 9, 2023, NYPH is working with Columbia VP&S to resolve 45 additional known claims. However, it is expected that additional claimants will come forward due to recent media coverage of Hadden's criminal sentencing, anticipated additional media coverage, attorney advertising for claimants and the current application of lookback periods provided for under the New York State Adult Survivors Act and the New York City Victims of Gender-Motivated Violence Protection Act. Insurance coverage is not available to fund settlement of these known and potential additional claims (the "Unresolved Hadden Claims") and the number of additional potential claimants is unknown. Included in the Hospital's Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements (included in Appendix C-3 to this Official Statement) are NYPH management recorded provisions for certain estimated losses which, based on information presently known to NYPH, which includes NYPH experience with settled claims and information provided by attorneys purporting to represent additional claimants, NYPH management believes to be adequate to satisfy NYPH's portion of settlements of the Unresolved Hadden Claims. However, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Claims against NYPH and Columbia VP&S arising out of the actions of Hadden are addressed in Note 12 to the Hospital's 2022 Audited Financial Statements ("Note 12"), included in Appendix C-1 to this Official Statement and in Note 6 to the Hospital's Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements ("Note 6"), included in Appendix C-3 to this Official Statement. Note 12 and Note 6 are based on information available at the end of the periods addressed by and through the issuance dates of the respective financial statements.

Note 12 also addresses discussions between the US Attorney's Office for the Eastern District of New York (the "Eastern District USAO") and NYPH regarding a self-disclosure and investigations that relate to NYPBM, and certain activities pertaining to professional corporations affiliated with NYPBM, during the time period before NYPBM's merger with NYPH. The potential issues related to NYPBM concern certain physician compensation, billing, physician supervision and review, and other matters that potentially violate the Federal Civil Monetary Penalties Law as well as the Federal False Claims Act and similar state laws. Discussions with the Eastern District USAO are continuing. NYPH management believes that these matters will not materially and adversely affect NYPH's operations or financial condition.

On August 7, 2023, additional criminal charges were brought against Zhi Alan Cheng, a former NYP Queens Gastroenterology Fellow who was arrested on December 27, 2022, accused of sexual assault of a woman at his home. The additional charges allege that Dr. Cheng sexually abused three patients at NYP Queens as well as three other women at his home. NYP Queens took Cheng off duty and terminated his employment following his initial arrest. NYP Queens has cooperated with the Queens County District Attorney's office in its investigation. As of August 9, 2023, two civil cases have been commenced against NYP Queens and other defendants including NYPH. These cases are at very early stages of litigation. Based on information presently known to NYPH, NYPH management believes that the probable recoveries in these cases, if any, together with the estimated costs and expenses of defense, after application of any

available insurance coverage, will not materially and adversely affect NYPH’s operations or financial condition.

ENTERPRISE RISK MANAGEMENT

The Enterprise Risk Management Program (the “ERM Program”) uses the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Framework, *Enterprise Risk Management - Integrating with Strategy and Performance*, as well as other frameworks to identify and mitigate organizational risks. The program helps NYPH identify and track its primary risks across multiple areas, facilitating regulatory compliance and achievement of business objectives.

The ERM Program seeks to identify, manage and monitor risks that could most significantly impact NYPH and the Regional Hospitals, including but not limited to:

- Patient Safety, Access and Quality
- Financial Strategy
- Human Capital
- Cyber and Physical Security
- Brand and Reputation
- Continuity of Operations
- Physician Engagement
- Regulatory Compliance

The program is led by NYPH’s Chief Audit and Compliance Executive, with significant input from a leadership team including the Senior Vice President and Chief Technology Risk Officer and the Vice President of Insurance and Risk Management. The program is also aligned with NYPH’s internal and external audit plans, providing the Board of Trustees transparency as to management’s risk management activities. Finally, reporting on ERM Program activity is provided regularly to NYPH’s executive leadership and to the Audit and Compliance Committee of the Board of Trustees.

Cybersecurity Risks; Security Breaches and Unauthorized Releases of Personal Information

Like many other large organizations, NYPH relies on digital technologies to conduct its operations. In the past several years, individuals and entities have sought to gain unauthorized access to digital systems of large organizations for the purpose of misappropriating assets or information or causing operational disruptions. These attempts include highly sophisticated efforts to electronically circumvent network security as well as more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access. NYPH maintains a network security system designed to stop “cyber-attacks” by third parties and minimize its impact on operations; however, no assurances can be given that such network security systems will be completely successful. See, also, “PART 6 – BONDHOLDERS’ RISKS – Cybersecurity Risks; Security Breaches and Unauthorized Releases of Personal Information” in the front part of this Official Statement.

FINANCIAL AND OPERATING INFORMATION

Certified Bed Complement

NYPH's certified beds are currently allocated among the following services at NYPH's eight campuses:

CERTIFIED BED COMPLEMENT AS OF JUNE 30, 2023

	NYP/Weill Cornell ¹ (includes Cohen Hospital)	P Lower Manhattan	NYP Westchester Behavioral Health	NYP/Columbia	NYP Morgan Stanley	NYP Allen	NYP Westchester	NYP Brooklyn Methodist	Total
Medical/Surgical ²	577	148	-	694	-	140	246	423	2,228
Pediatric ³	81	-	-	-	141	-	12	19	253
NICU	48	8	-	-	75	6	7	24	168
Maternity	75	24	-	-	68	20	23	50	260
Psychiatric	36	-	233	25	-	30	-	49	373
Burn/Rehabilitation	45	-	-	16	-	-	-	25	86
Chemical Dependency ⁴	<u>17</u>	<u>-</u>	<u>14</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>
Total	879	180	247	738	284	196	288	590	<u>3,402</u>

1 This includes beds under the license for the Cohen Hospital.

2 Includes AIDS, bone marrow transplant, coronary care and intensive care beds.

3 Includes pediatric intensive care and neonatal continuing care, intensive care and intermediate care beds.

4 Includes rehabilitation and detoxification beds.

Utilization

A summary of historical utilization data for the six-month periods ended June 30, 2023 and 2022 and the fiscal years ended December 31, 2022 and 2021 for NYPH is presented in the following table. The table is for NYPH only and excludes data regarding the Consolidated Entities. The data in the following table includes the operating results of NYPBM, as if the merger of NYPBM into NYPH had occurred as of January 1, 2021.

HISTORICAL UTILIZATION OF NYPH

	<u>Six months ended June 30,</u>		<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022⁷</u>	<u>2022</u>	<u>2021⁷</u>
Certified beds (end of period)	3,402	3,403	3,402	3,403
Staffed beds ¹	3,529	3,475	3,495	3,716
Discharges ²	71,118	66,776	139,132	138,567
Patient days ²	486,107	450,899	925,148	928,308
Staffed bed days available	638,796	629,028	1,275,608	1,355,868
Average length of stay (days) ³	6.43	6.58	6.41	6.44
Case mix index – Medicare	2.17	2.17	2.12	2.13
Case mix index – hospital wide ⁴	1.76	1.74	1.71	1.70
Average occupancy (%) ⁵	76.1%	71.7%	72.5%	68.5%
Emergency room visits ⁶	192,060	171,686	367,711	333,544
Outpatient clinic visits	357,502	324,129	642,083	621,821
Ambulatory surgery procedures	68,999	63,015	126,172	125,197
Mental health clinic visits	54,356	57,365	106,697	111,606

Source: NYPH records.

¹ Staffed beds reported represents the average of the number of staffed beds as of the last day of each month in the period.

² Excludes newborns.

³ Excludes psychiatry, rehabilitation, normal newborn, uncoded and LOS greater than 300 days.

⁴ Hospital wide CMI is calculated using the payor specific cost weight (All Payor Refined (APR) or Medicare Severity Diagnosis Related Groups (MSDRG)).

⁵ Occupancy percentages based on staffed bed days available.

⁶ Includes only patients seen in the emergency room and not admitted.

⁷ Data for the six months ended June 30, 2022 and the year ended December 31, 2021 has been adjusted from the data previously reported to reflect the merger of NYPBM into NYPH as if the merger had occurred as of January 1, 2021.

Inpatient Discharges by Major Specialty Group

The following table is a summary of inpatient discharges by major specialty groupings for NYPH for the six-month periods ended June 30, 2023 and 2022 and the fiscal years ended December 31, 2022 and 2021. The table is for NYPH only and excludes data regarding the Consolidated Entities. The data in the following table includes the operating results of NYPBM, as if the merger of NYPBM into NYPH had occurred as of January 1, 2021.

NYPH DISCHARGES BY MAJOR SPECIALTY GROUPINGS

	<u>Six months ended June 30,</u>		<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022²</u>	<u>2022</u>	<u>2021²</u>
Medical/Surgical ¹	48,190	44,944	94,051	94,091
Obstetrics/Gynecology	12,031	12,324	25,037	25,293
Psychiatry	2,925	2,780	5,406	5,591
Pediatrics	6,398	5,232	11,617	10,325
Rehabilitative Medicine	687	734	1,446	1,612
Burn	206	180	388	370
Alcohol Rehabilitation	<u>681</u>	<u>582</u>	<u>1,187</u>	<u>1,285</u>
Subtotal	71,118	66,776	139,132	138,567
Newborn	<u>10,156</u>	<u>10,627</u>	<u>21,721</u>	<u>21,895</u>
Total	<u>81,274</u>	<u>77,403</u>	<u>160,853</u>	<u>160,462</u>

Source: NYPH records

¹ Includes Coronary Care Unit, Epilepsy Unit, HIV Care, Intensive Care Unit (“ICU”), Medical ICU, Neonatal ICU, Neurological ICU, Pediatric ICU, Surgical – Cardiac ICU and Surgical ICU.

² Data for the six months ended June 30, 2022 and the year ended December 31, 2021 reflects the merger of NYPBM into NYPH as if the merger had occurred as of January 1, 2021.

Sources of Patient Service Revenue

The majority of patient services revenue received by NYPH is derived from programs that are either insured or administered by third-party entities. The following table reports the percentage of net patient service revenue by payor source for the six-month periods ended June 30, 2023 and 2022 and the years ended December 31, 2022 and 2021. The table is for NYPH only and excludes data regarding the Consolidated Entities. The data in the following table includes the net patient service revenue of NYPBM, as if the merger of NYPBM into NYPH had occurred as of January 1, 2021.

Percent of NYPH Net Patient Service Revenue By Payor Source

Payor	Six months ended June 30,		Year ended December 31,	
	2023	2022 ¹	2022	2021 ¹
Medicare ²	24.2%	25.0%	25.2%	25.2%
Medicaid ²	15.5	15.8	16.7	15.6
Commercial	59.0	58.1	56.9	58.3
Self-Pay & Other	<u>1.3</u>	<u>1.1</u>	<u>1.2</u>	<u>0.9</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: NYPH records

¹ Data for the six months ended June 30, 2022 and the year ended December 31, 2021 has been adjusted from the data previously reported to reflect the merger of NYPBM into NYPH as if the merger had occurred as of January 1, 2021.

² Medicare includes Medicare Advantage and Medicaid includes Medicaid Managed Care.

All revenue, statistics and reimbursement information in this Appendix A represent historical data and may not be indicative of future activity. NYPH cannot assess or predict the ultimate effect on its operations which may result from existing or future reimbursement legislation or regulations or other changes in law or market conditions.

NYPH has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and NYPH-specific data. The current Medicaid, Medicare and other third-party payor programs are based upon extremely complex laws and regulations that are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled, audits are completed, and additional information is obtained. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. NYPH is not aware of any allegations of non-compliance that could have a material adverse effect on its financial statements and believes that it is in compliance in all material respects with all applicable laws and regulations (refer to the historical disclosure in Note 12 to the Hospital's 2022 Audited Financial Statements and 2021 Audited Financial Statements that are included in Appendices C-1 and C-2 to this Official Statement for its annual disclosure of other matters involving commitments and contingencies).

Contracted Payors

NYPH has stable relationships with each of its contracted payors and direct access to their senior management, including chief executive officers and staff that oversee claims operations, utilization review, appeals and provider contracting. NYPH is an in-network participating provider with major commercial payors that operate in the New York Metropolitan Area for all the services NYPH is licensed to and does provide.

NYPH has contracted with all major commercial payors, including Aetna, CIGNA, EmblemHealth, Empire Blue Cross Blue Shield and United Healthcare and third-party claims administrators such as Magnacare, and Multiplan, among others. In addition to commercial lines of business, NYPH has agreements with managed care organizations that contract with the government to provide Medicare Advantage programs and Medicaid Plans that collectively cover a substantial majority of enrollees, as outlined below.

- Medicare Advantage: Payors that collectively represent more than 88% of enrollees in New York City (as of June 2023).
- Medicaid Plans: Payors that collectively represent more than 83% of enrollees in New York City (as of June 2023).
- Enrollees covered by Medicare Advantage and Medicaid Plans that are not contracted with NYPH account for approximately 2,724 annual inpatient admissions (based on first quarter 2023 data annualized) either admitted directly via the emergency departments or otherwise admitted for medically necessary and covered pre-certified services.

The rates of payment for all contracted payors are based on agreed upon rates and terms and conditions as set forth in the agreements between NYPH and each of the respective payors. However, disagreements may arise, such as appeals of individual case coverage and medical necessity determinations. In addition, from time to time, more general disagreements may involve benefits administration and implementation of the provisions of the applicable agreements which may lead NYPH and the applicable payor to invoke the dispute resolution procedures in their agreements.

Summary Statements of Operations and Financial Position

Summary statements of operations and financial position for NYPH are set forth herein. These summary statements reflect financial results for NYPH only. The unaudited information in the summary statements of operations for the six months ended June 30, 2023 and June 30, 2022 and the summary statements of financial position at June 30, 2023 are derived from the Hospital's⁵ unaudited consolidated financial statements and supplementary information as of and for the six months ended June 30, 2023 that are included in Appendix C-3 to this Official Statement (the "Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements"). The summary statements of financial position and summary statement of operations as of and for the year ended December 31, 2022 are derived from the Hospital's audited consolidated financial statements and supplementary information as of and for the years ended December 31, 2022 and 2021 (the "2022 Audited Financial Statements"). The summary statement of operations for the year ended December 31, 2021 is derived from the Hospital's audited consolidated financial statements and supplementary information as of and for the years ended December 31, 2021 and 2020 (the "2021 Audited Financial Statements"), as adjusted for the merger of NYPBM into NYPH as further described below. The 2022 Audited Financial Statements and the 2021 Audited Financial Statements, together with the reports of independent auditors, are included in Appendix C-1 and C-2, respectively, to this Official Statement. The 2022 Audited Financial Statements, the 2021 Audited Financial Statements and the Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements include the results of the Consolidated Entities. These consolidated financial statements also contain supplementary information setting forth consolidating statements of financial position and operations that present separately the financial results of NYPH and the Consolidated Entities. The Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements include all adjustments, consisting of normal recurring accruals, which the Hospital considered necessary for a fair presentation of the financial position and the results of operations for these periods. Certain amounts included in the Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements are recorded based on annual estimates, are only updated annually, or are projected for interim financial reporting purposes; however, such amounts and estimates are subject to change and are reevaluated by the Hospital monthly and on an annual basis. The results for the six months ended June 30, 2023 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2023.

Effective October 1, 2022, NYPBM, excluding its previously controlled affiliates, was merged with and into NYPH, with NYPH as the surviving corporation acquiring all assets and liabilities of NYPBM. Prior to October 1, 2022, NYP Community Programs was the sole member of NYPBM; NYPH is the sole member of NYP Community Programs. NYP Community Programs was disestablished as the active parent of NYPBM effective October 1, 2022. Prior to that date, NYPH and NYPBM were under common control and, pursuant to applicable accounting requirements for entities under common control that enter into a merger, the financial statement amounts for NYPH for the years ended December 31, 2022 and 2021 and for the six months ended June 30, 2022 are presented inclusive of NYPBM, as if the merger of NYPBM into NYPH had occurred as of January 1, 2021.

The financial results of NYPH and the Consolidated Entities, including, without limitation, NYP Community Programs, NYP Hudson Valley and NYP Queens, are reflected in the consolidated financial statements of the Hospital. **However, the financial results and utilization data of the Consolidated Entities are not reflected in the information presented in this Appendix A. None of the Consolidated Entities is a Member of the Obligated Group. None of the Consolidated Entities has any financial or**

⁵ As discussed in note 1 to the chart "New York Presbyterian Organizational Structure" appearing on page A-iii of this Appendix A, the term "the Hospital" is used in this Appendix A to refer to NYPH and its Consolidated Entities collectively. The term "NYPH" is used to refer to The New York and Presbyterian Hospital as a legal entity separate from the Consolidated Entities.

other obligation under the Master Trust Indenture or any Bond Indenture to which NYPH is a party. None of the assets or revenue of NYP Community Programs, NYP Hudson Valley or NYP Queens is legally committed to the repayment of any of the debt of NYPH.

Effective October 1, 2022, with the merger of NYPBM into NYPH, NYPBM ceased to exist as a separate legal entity and the assets and revenue attributable to NYPBM are now assets and revenue of NYPH.

The summary statements of operations and financial position of NYPH set forth below include the results of NYPBM as if the merger had occurred as of January 1, 2021. See, “NOTE REGARDING MERGER OF NYPBM INTO NYPH” on page -iv-.

SUMMARY STATEMENTS OF OPERATIONS OF NYPH
(\$ in thousands)

	Unaudited		Audited	
	Six-Months Ended June 30,		Year ended December 31,	
	<u>2023</u>	<u>2022</u> (as adjusted) ¹	<u>2022</u>	<u>2021</u> (as adjusted) ¹
Operating revenues				
Net patient service revenue	\$ 4,507,010	\$ 4,012,076	\$ 8,350,179	\$ 7,727,939
Other revenue ²	<u>590,776</u>	<u>342,966</u>	<u>556,881</u>	<u>480,287</u>
Total operating revenues	5,097,786	4,355,042	8,907,060	8,208,226
Operating expenses				
Salaries and wages	2,263,368	1,981,854	4,027,738	3,677,482
Employee benefits	517,885	469,739	966,455	899,746
Supplies and other expenses ³	1,671,045	1,415,536	2,930,516	2,807,139
Interest and amortization of deferred financing fees	72,936	72,216	148,141	147,707
Depreciation and amortization	<u>270,156</u>	<u>276,276</u>	<u>515,889</u>	<u>509,329</u>
Total operating expenses	4,795,390	4,215,621	8,588,739	8,041,403
Operating income	302,396	139,421	318,321	166,823
Investment return, net	366,272	(501,023)	(680,765)	865,431
Expected return on plan assets and other components of net periodic pension and postretirement cost	<u>24,075</u>	<u>19,709</u>	<u>48,746</u>	<u>22,924</u>
Excess (deficiency) of revenue over expenses	692,743	(341,893)	(313,698)	1,055,178
Other changes in net assets without donor restrictions				
Net asset transfers (to) from related parties	(488)	784	(4,318)	(44,563)
Other changes in net assets	(13)	(4)	(12)	-
Distribution from Federal Emergency Management Agency for the purchase of fixed assets	63,000	-	-	25,364
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	40,286	27,385	50,658	24,541
Change in pension and postretirement benefit liabilities to be recognized in future periods	<u>(11,242)</u>	<u>274,199</u>	<u>314,043</u>	<u>451,910</u>
Change in net assets without donor restrictions	784,286	(39,529)	46,673	1,512,430
Net assets without donor restrictions at beginning of period (as adjusted) ³	<u>8,063,057</u>	<u>8,016,384</u>	<u>8,016,384</u>	<u>6,503,954</u>
Net assets without donor restrictions at end of period	<u>\$ 8,847,343</u>	<u>\$ 7,976,855</u>	<u>\$ 8,063,057</u>	<u>\$ 8,016,384</u>

Source: Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements, 2022 Audited Financial Statements and 2021 Audited Financial Statements (as adjusted, as previously described in relation to the merger of NYPBM into NYPH). Amounts exclude the Hospital's Consolidated Entities.

1. Amounts for the six months ended June 30, 2022 and year ended December 31, 2021 have been adjusted from amounts previously reported to reflect the merger of NYPBM into NYPH as if the merger had occurred as of January 1, 2021.
2. Other revenue for the six months ended June 30, 2022 and year ended December 31, 2022 includes Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") funds of approximately \$110.5 million and for the year ended December 31, 2021 includes approximately \$20.9 million, there were no receipts for the six months ended June 30, 2023. Other revenue for the six months ended June 30, 2023 and 2022 includes employee retention credit revenue of \$7.5 million and \$19.8 million, respectively and for the years ended December 31, 2022 and 2021 of approximately \$39.6 million and \$17.0 million, respectively. Additionally, other revenue for the six months ended June 30, 2023 includes Disaster Relief Fund receipts from the Federal Emergency Management Agency ("FEMA") of approximately \$111.1 million, there were no receipts for the year ended December 31, 2022 and for the year ended December 31, 2021 includes approximately \$102.2 million.
3. Net assets without donor restrictions as of January 1, 2021 have been adjusted to reflect the merger of NYPBM, as if the merger of NYPBM into NYPH had occurred as of January 1, 2021. Additionally, the 2021 presentation of net asset transfers to physician practice entities previously affiliated with NYPBM has been reclassified to conform to the 2022 presentation, which resulted in \$71.6 million included in supplies and other expenses for the year ended December 31, 2021 related to support provided to the physician practices for 2021 operations, and \$394.9 million included in the January 1, 2021 beginning net assets balance related to support provided to the physician practices for periods through December 31, 2020.

SUMMARY STATEMENTS OF FINANCIAL POSITION OF NYPH
(\$ in thousands)

	<u>Unaudited</u> <u>June 30,</u> <u>2023</u>	<u>Audited</u> <u>December 31,</u> <u>2022</u>	<u>Audited</u> <u>December 31,</u> <u>2021</u> (as adjusted) ¹
Assets			
Current assets:			
Cash, cash equivalents and short-term investments:			
Cash and cash equivalents	\$ 544,918	\$ 251,119	\$ 324,607
Short-term investments	<u>2,609,927</u>	<u>2,250,417</u>	<u>2,562,921</u>
Total cash, cash equivalents and short-term investments	3,154,845	2,501,536	2,887,528
Patient accounts receivable - net	1,256,241	1,165,530	1,026,762
Other current assets	427,292	445,712	446,928
Assets limited as to use – current portion	51,239	44,390	49,421
Professional liabilities insurance recoveries receivable and related deposits – current portion	76,855	76,855	83,183
Beneficial interest in net assets held by related organizations – current portion	70,824	73,284	75,087
Due from related organizations – net	527,606	462,179	262,887
Loans receivable from Regional Hospitals – current portion	<u>8,666</u>	<u>8,485</u>	<u>8,136</u>
Total current assets	5,573,568	4,777,971	4,839,932
Assets limited as to use – noncurrent	5,400,806	5,125,710	5,654,401
Property, buildings and equipment – net	4,441,422	4,485,727	4,572,882
Operating lease assets	439,290	462,564	495,358
Other noncurrent assets – net	219,396	278,036	112,631
Loans receivable from Regional Hospitals – noncurrent	121,157	125,536	136,489
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	251,820	251,241	241,757
Beneficial interest in net assets held by related organizations – noncurrent	<u>2,633,306</u>	<u>2,500,701</u>	<u>2,694,449</u>
Total assets	<u>\$19,080,765</u>	<u>\$18,007,486</u>	<u>\$18,747,899</u>

Source: Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements, 2022 Audited Financial Statements and 2021 Audited Financial Statements (as adjusted, as previously described in relation to the merger of NYPBM into NYPH). Amounts exclude the Hospital's Consolidated Entities.

¹ Amounts as of December 31, 2021 have been adjusted from amounts previously reported to reflect the merger of NYPBM into NYPH as if the merger had occurred as of January 1, 2021.

SUMMARY STATEMENTS OF FINANCIAL POSITION OF NYPH (continued)
(\$ in thousands)

	<u>Unaudited</u> <u>June 30,</u>	<u>Audited</u> <u>December 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2021</u> (as adjusted) ¹
Liabilities and net assets			
Current liabilities:			
Long-term debt – current portion	\$ 78,983	\$ 81,255	\$ 259,971
Operating lease liability – current portion	52,099	51,747	47,673
Accounts payable and accrued expenses	935,244	866,516	862,133
Accrued salaries and related liabilities	564,669	545,843	601,607
Pension and postretirement benefit liabilities – current portion	4,139	4,139	20,908
Professional and other insurance liabilities – current portion	98,094	96,085	102,573
Other current liabilities	<u>379,668</u>	<u>276,998</u>	<u>673,610</u>
Total current liabilities	2,112,896	1,922,583	2,568,475
Long-term debt	3,869,891	3,901,311	3,601,038
Operating lease liability	411,781	434,905	464,778
Professional and other insurance liabilities	721,224	719,137	691,479
Pension liability	–	–	122,393
Postretirement benefit liability	23,448	22,474	24,904
Other noncurrent liabilities	<u>376,387</u>	<u>356,384</u>	<u>445,260</u>
Total liabilities	7,515,627	7,356,794	7,918,327
Net assets:			
Net assets without donor restrictions	8,847,343	8,063,057	8,016,384
Net assets with donor restrictions	<u>2,717,795</u>	<u>2,587,635</u>	<u>2,813,188</u>
Total net assets	<u>11,565,138</u>	<u>10,650,692</u>	<u>10,829,572</u>
Total liabilities and net assets	<u>\$19,080,765</u>	<u>\$18,007,486</u>	<u>\$18,747,899</u>

Source: Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements, 2022 Audited Financial Statements and 2021 Audited Financial Statements (as adjusted, as previously described in relation to the merger of NYPBM into NYPH). Amounts exclude the Hospital's Consolidated Entities.

¹ Amounts as of December 31, 2021 have been adjusted from amounts previously reported to reflect the merger of NYPBM into NYPH as if the merger had occurred as of January 1, 2021.

FEMA/CARES and Employee Retention Credits

Through June 30, 2023, NYPH and the Regional Hospitals have applied to the Federal Emergency Management Agency (“FEMA”) for over \$1.0 billion in funding for pandemic-related costs incurred from the period of January 2020 through July 2022 and \$18.0 million in funding for vaccination expenses. Management continues its efforts to obtain additional relief funding and intends to seek funding for eligible expenses for periods not covered by current applications and incurred through the end of the disaster period (May 11, 2023). Through June 30, 2023, NYPH and the Regional Hospitals have received and recognized \$379.7 million in COVID-19 FEMA relief. Of this amount, \$2.2 million was recognized in 2022 and \$174.1 million was recognized in the six months ended June 30, 2023. No assurances can be made as to the amount of additional grant, if any, relief that NYPH and the Regional Hospitals will receive.

In 2022, NYPH and the Regional Hospitals received and recognized approximately \$116.7 million of CARES Act funding from the Department of Health and Human Services through the Health Resources and Services Administration, as a part of the Provider Relief Fund. In total, NYPH and the Regional Hospitals received approximately \$1.1 billion in funding under the CARES Act Provider Relief Fund.

NYPH is also eligible, under the CARES Act, to receive an employee retention credit (the “ERC”) against the employer portion of Social Security taxes for certain wages between March 13, 2020 and December 31, 2020. The Consolidated Appropriations Act of 2021 extended the ERC through June 30, 2021, while also modifying certain provisions of the credit. The ERC was further extended through December 31, 2021 and then retroactively ended as of September 20, 2021. Through June 30, 2023, NYPH received approximately \$109.1 million under the ERC program. Of this amount, NYPH has recognized as other revenue a total of approximately \$64.1 million, with \$39.6 million and \$17.0 million recognized in the years ended December 31, 2022 and 2021, respectively, and \$7.5 million in the six months ended June 30, 2023.

Operating Margin

The following table sets forth the total operating margin of NYPH based on total operating revenues and operating income for the six months ended June 30, 2023 and 2022, derived from the Hospital’s Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements that are included in Appendix C-3 to this Official Statement and for the years ended December 31, 2022 and 2021 derived from the Hospital’s Audited Financial Statements for the years ended December 31, 2022 and 2021 that are included in Appendix C-1 to this Official Statement. Amounts in the table are for NYPH only and exclude amounts for the Consolidated Entities. The amounts in the table include the operating revenue and operating income of NYPBM, as if the merger of NYPBM into NYPH had occurred as of January 1, 2021.

OPERATING MARGIN OF NYPH

(\$ in thousands)

	<u>Six months ended</u> <u>June 30,</u>		<u>Year ended</u> <u>December 31,</u>	
	<u>2023</u>	<u>2022</u> (as adjusted) ¹	<u>2022</u>	<u>2021</u> (as adjusted) ¹
Total operating revenue	\$5,097,786	\$4,355,042	\$8,907,060	\$8,208,226
Operating income	\$302,396	\$139,421	\$318,321	\$166,823
Total operating margin	5.9%	3.2%	3.6%	2.0%

Source: NYPH records

¹ Amounts for the six months ended June 30, 2022 and the year ended December 31, 2021 have been adjusted from amounts previously reported to reflect the merger of NYPBM into NYPH as if the merger had occurred as of January 1, 2021.

Liquidity

The following table sets forth NYPH's days cash on hand based on unrestricted cash and investments and average daily operating expenses as of June 30, 2023 derived from the Hospital's Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements that are included in Appendix C-3 to this Official Statement and as of December 31, 2022 and 2021 derived from the Hospital's 2022 Audited Financial Statements that are included in Appendix C-1 to this Official Statement. Amounts in the table are for NYPH only and exclude amounts for the Consolidated Entities. The amounts in the table include the unrestricted cash and investments and operating expenses of NYPBM, as if the merger of NYPBM into NYPH had occurred as of January 1, 2021.

DAYS CASH ON HAND OF NYPH

(\$ in thousands)

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u> <u>2021</u> (as adjusted) ¹	
	Unrestricted cash and investments ²	\$8,207,432	\$7,294,301
Average daily operating expenses ³	25,001	22,117	20,636
Days cash on hand⁴	328.3	329.8	396.6

Source: NYPH records

¹ Amounts for December 31, 2021 have been adjusted from amounts previously reported to reflect the merger of NYPBM into NYPH as if the merger had occurred as of January 1, 2021.

² Includes all cash and cash equivalents, short-term investments, CMS Medicare advance funds, funded depreciation investments, board designated funds required by the Department of Housing and Urban Development to be so designated in connection with NYPH's 2013 FHA-insured mortgage loan and investments made with proceeds of the Series 2015 Bonds, Series 2016 Bonds, Series 2019 Bonds and Series 2020 Bonds (each, as defined below under "Outstanding Long-Term Indebtedness – The MTI Indebtedness"), but excluding any donor restricted funds and other third party restricted funds.

³ Total operating expenses for the period less depreciation and amortization divided by 181 (2023) and 365 (2022 and 2021).

⁴ Unrestricted cash and investments divided by average daily operating expenses.

Long-Term Debt Service Coverage

The following table sets forth the debt service coverage based on historical maximum annual debt service for NYPH, which does not take into account the issuance of the Series 2023 Bonds, and the debt service coverage based on pro-forma maximum annual debt service for NYPH, which gives effect to the issuance of the Series 2023 Bonds and the repayment of the FHA-Insured Indebtedness, for the six months ended June 30, 2023 derived from the Hospital's Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements that are included in Appendix C-3 to this Official Statement and as of December 31, 2022 and 2021 derived from the Hospital's 2022 Audited Financial Statements that are included in Appendix C-1 to this Official Statement. Amounts in the table are for NYPH only and exclude amounts for the Consolidated Entities. The amounts in the following table reflect the results of NYPBM, as if the merger of NYPBM into NYPH had occurred as of January 1, 2021.

LONG-TERM DEBT SERVICE COVERAGE OF NYPH

(\$ in thousands)

	<u>Six months ended June 30,</u>	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2021</u> <u>(as adjusted)¹</u>
Income available for debt service:²			
Change in net assets without donor restrictions	\$784,286	\$46,673	\$1,512,430
Depreciation and amortization	270,156	515,889	509,329
Interest and amortization of deferred financing fees	72,936	148,141	147,707
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	(63,000)	–	(25,364)
Distribution from New York Presbyterian Fund, Inc. for the purchase of fixed assets	(40,286)	(50,658)	(24,541)
Actuarial loss from pension termination settlements or curtailments	–	694	331
Change in unrealized gains and losses on investments and change in interest in HERS	(344,020)	658,202	(813,189)
Equity in earnings on alternative investments and investment return of captive insurance companies	(11,083)	40,487	(25,277)
Gain from laboratory asset purchase agreement, net of expenses	(209,400)	–	–
Change in pension and post-retirement benefit liabilities to be recognized in future periods	<u>11,242</u>	<u>(314,043)</u>	<u>(451,910)</u>
Total	\$470,831	\$1,045,385	\$829,516
Annualized Total³	\$941,662	–	–
Historical Maximum annual debt service ⁴	\$289,573	\$289,573	\$289,573
Long-Term Debt Service Coverage – MADS	3.25x	3.61x	2.86x
Actual annual debt service ⁵	\$231,636	\$422,402	\$516,200
Long-Term Debt Service Coverage – Actual	4.07x	2.47x	1.61x
Pro-Forma Maximum annual debt service ⁴	\$257,109	\$257,109	\$257,109
Pro-Forma Coverage	3.66x	4.07x	3.23x

Source: NYPH records

¹ Amounts for the year ended December 31, 2021 have been adjusted from amounts previously reported to reflect the merger of NYPBM into NYPH as if the merger had occurred as of January 1, 2021.

² Income available for debt service is determined in accordance with the Master Trust Indenture. Line items not relevant to these periods are omitted.

³ Results for the six months ended June 30, 2023 are annualized.

⁴ Maximum annual debt service (MADS) is calculated with respect to indebtedness outstanding as of June 30, 2023 and assumes level debt service on the Series 2015, Series 2016, Series 2019 and Series 2020 Bonds to their respective maturity dates. In fact, the Series 2015 Bonds require no payment of principal until their maturity in 2045 and the Series 2016 Bonds require no payment of principal until the maturity of their first tranche in 2036. The Series 2019 Bonds require no payment of principal until their maturity in 2119. The Series 2020 Bonds require no payment of principal until the maturity of their first tranche in 2030. Pro-forma MADS gives effect to the issuance of the Series 2023 Bonds and the repayment of the FHA-Insured Indebtedness and uses the actual scheduled amortization of the Series 2023 Bonds.

⁵ Actual annual debt service for the calculation of Long-Term Debt Service Coverage takes into account regularly scheduled payments on long-term indebtedness for the period. For the year ended December 31, 2021, it also includes \$306.4 million prepaid in the first quarter of 2021 on two FHA-Insured mortgage loans and NYP Lower Manhattan indebtedness. For the year ended December 31, 2022, it includes a \$200.0 million payment made in the first quarter of 2022 to pay down the entire amount then outstanding on a long-term line of credit. This line of credit balance had been drawn in 2020 during the early months of the COVID-19 pandemic.

Capitalization

The following table sets forth the historical and pro-forma capitalization of NYPH as of June 30, 2023 derived from the Hospital's Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements that are included in Appendix C-3 to this Official Statement and the historical capitalization of NYPH as of December 31, 2022 and 2021 derived from the Hospital's 2022 Audited Financial Statements that are included in Appendix C-1 to this Official Statement. Amounts in the table are for NYPH only and exclude amounts for the Consolidated Entities.

CAPITALIZATION OF NYPH (\$ in thousands)

	<u>Pro-Forma¹</u> <u>June 30,</u> <u>2023</u>	<u>Actual</u> <u>June 30,</u> <u>2023</u>	<u>Actual</u> <u>December 31,</u> <u>2022</u>	<u>Actual</u> <u>December 31,</u> <u>2021</u> <u>(as adjusted)²</u>
Long-term debt:				
Bonds	\$3,142,900	\$3,217,511	\$3,225,808	\$3,241,853
Other long-term debt ³	<u>770,204</u>	<u>770,204</u>	<u>796,485</u>	<u>660,755</u>
Total long-term debt ⁴	3,913,104	3,987,715	4,022,293	3,902,608
Less: Current portion of long-term debt ^{3,4}	<u>(80,750)</u>	<u>(80,750)</u>	<u>(83,022)</u>	<u>(261,860)</u>
Long-term debt net of current portion ⁴	3,832,354	3,906,965	3,939,271	3,640,748
Net assets without donor restrictions	<u>8,847,343</u>	<u>8,847,343</u>	<u>8,063,057</u>	<u>8,016,384</u>
Total capitalization	\$12,679,697	\$12,754,308	\$12,002,328	\$11,657,132
Long-term debt to total capitalization	30.2%	30.6%	32.8%	31.2%

Source: NYPH records

¹ Pro-forma capitalization assumes that, as of June 30, 2023, the Series 2023 Bonds were issued and outstanding in the par amount of \$292.9 million and the FHA-Insured Indebtedness was no longer outstanding.

² Amounts for December 31, 2021 have been adjusted from amounts previously reported to reflect the merger of NYPB into NYPH as if the merger had occurred as of January 1, 2021.

³ Includes the Promissory Note and Private Placement Note (each as defined in "Outstanding Long-Term Indebtedness – Other Indebtedness"), term loan payable, the amount outstanding as of December 31, 2021 under a line of credit with a term of more than one year (this balance was paid in full in February 2022 with no balance outstanding at December 31, 2022 or June 30, 2023) and finance leases, excluding deferred financing costs which are reported net in current and long-term debt.

⁴ The total long-term debt excludes deferred financing costs of approximately \$38.8 million as of June 30, 2023, and \$39.7 million and \$41.6 million as of December 31, 2022 and 2021, respectively. The current portion of long-term debt excludes deferred financing costs of \$1.8 million as of June 30, 2023, and approximately \$1.8 million and \$1.9 million as of December 31, 2022 and 2021, respectively.

Cash to Debt

The following table sets forth NYPH's unrestricted cash and investments to long-term debt as of June 30, 2023 derived from the Hospital's Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements that are included in Appendix C-3 to this Official Statement and as of December 31, 2022 and 2021 derived from the Hospital's 2022 Audited Financial Statements that are included in Appendix C-1 to this Official Statement. Amounts in the table are for NYPH only and exclude amounts for the Consolidated Entities.

CASH TO DEBT OF NYPH

(\$ in thousands)

	<u>Pro-forma¹</u> <u>June 30,</u>	<u>Actual</u>	<u>Actual</u> <u>December 31,</u>	
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2021</u> <u>(as adjusted)²</u>
Unrestricted cash and investments ³	\$8,207,432	\$8,207,432	\$7,294,301	\$8,183,916
Long-term debt:				
Bonds	3,142,900	3,217,511	3,225,808	3,241,853
Other long-term debt ⁴	<u>770,204</u>	<u>770,204</u>	<u>796,485</u>	<u>660,755</u>
Total long-term debt ⁵	3,913,104	3,987,715	4,022,293	3,902,608
Less: Current portion of long-term debt ^{4, 5}	<u>(80,750)</u>	<u>(80,750)</u>	<u>(83,022)</u>	<u>(261,860)</u>
Net long-term debt	\$3,832,354	\$3,906,965	\$3,939,271	\$3,640,748
Unrestricted cash and investments to long-term debt	214.2%	210.1%	185.2%	224.8%

Source: NYPH records

¹ Pro-forma cash to debt assumes that, as of June 30, 2023, (i) the Series 2023 Bonds were issued and outstanding in the par amount of \$292.9 million, (ii) the FHA-Insured Indebtedness was no longer outstanding; (iii) NYPH made the contribution of equity required to pay a portion of the FHA-Insured Indebtedness (see, "PART 4 – PLAN OF FINANCE" and "PART 5 – ESTIMATED SOURCES AND USES OF FUNDS" in the front part of this Official Statement); and (iv) the amounts in the mortgage reserve fund required with respect to the FHA-Insured Indebtedness are released from restriction and are included in pro-forma unrestricted cash and investments.

² Amounts for December 31, 2021 have been adjusted from amounts previously reported to reflect the merger of NYPBM into NYPH as if the merger had occurred as of January 1, 2021.

³ Includes all cash and cash equivalents, short-term investments, CMS Medicare advance funds, funded depreciation investments, board designated funds required by the Department of Housing and Urban Development to be so designated in connection with NYPH's 2013 FHA-insured mortgage loan and investments made with proceeds of the Series 2015 Bonds, Series 2016 Bonds, Series 2019 Bonds and Series 2020 Bonds (each as defined below under "Outstanding Long-Term Indebtedness – The MTI Indebtedness"), but excludes any donor restricted funds and other third-party restricted funds.

⁴ Includes the Promissory Note and Private Placement Note (each as defined in "Outstanding Long-Term Indebtedness – Other Indebtedness"), term loan payable, the amount outstanding as of December 31, 2021 under a line of credit with a term of more than one year (this balance was paid in full in February 2022 with no balance outstanding at December 31, 2022) and finance leases, excluding deferred financing costs which are reported net in current and long-term debt.

⁵ The total long-term debt excludes deferred financing costs of approximately \$38.8 million as of June 30, 2023, and \$39.7 million, and \$41.6 million as of December 31, 2022 and 2021, respectively. The current portion of long-term debt excludes deferred financing costs of \$1.8 million as of June 30, 2023, and approximately \$1.8 million and \$1.9 million as of December 31, 2022 and 2021, respectively.

Management's Discussion and Analysis of Utilization

Six months ended June 30, 2023 compared to six months ended June 30, 2022

For the six months ended June 30, 2023, NYPH's inpatient discharges increased 4,342 cases or 6.5% compared to the same period in 2022; outpatient clinic visits increased 33,373 or 10.3% compared to the same period in 2022; emergency room visits increased 20,374 or 11.9% compared to the same period in 2022; ambulatory surgery procedures increased 5,984 or 9.5% compared to the same period in 2022; and mental health clinic visits decreased 3,009 or 5.2% compared to the same period in 2022. The increases in utilization during the six months ended June 30, 2023 were the result of the continuing recovery in New York City from the pandemic. A national shortage of mental health clinicians continues to affect mental health volume.

For the six months ended June 30, 2023 compared to the same period in 2022, inpatient discharges at NYP Brooklyn Methodist, which are included within the NYPH amounts above, increased 918 cases or 6.5%; emergency room visits increased 1,834 or 5.4%; and ambulatory surgery procedures increased 879 or 13.1%.

Year ended December 31, 2022 compared to year ended December 31, 2021

For the year ended December 31, 2022, NYPH's inpatient discharges increased 565 cases or 0.4% compared to the same period in 2021; outpatient clinic visits increased 20,262 or 3.3% compared to the same period in 2021; ambulatory surgery procedures increased 975 cases or 0.8% compared to the same period in 2021; emergency room visits increased 34,167 or 10.2% compared to the same period in 2021; and mental health clinic visits decreased 4,909 or 4.4% compared to the same period in 2021. The increases in utilization during the year ended December 31, 2022 were the result of the continuing recovery in New York City from the pandemic. A national shortage of mental health clinicians continues to affect mental health volume.

Management's Discussion and Analysis of Recent Financial Performance

Six months ended June 30, 2023 compared to six months ended June 30, 2022

For the six months ended June 30, 2023, NYPH had operating income of \$302.4 million, a \$163.0 million increase in operating results from the \$139.4 million operating gain for the same period in 2022. This increase in operating results was primarily due to the increases in inpatient and outpatient utilization as noted above, increases in payment rates and acuity, recognizing \$111.1 million in FEMA grant revenue and recording a gain of \$209.4 million, net of expenses, related to a transaction under a laboratory asset purchase agreement that closed in the six months ended June 30, 2023. These increases are partially offset by having recognized \$110.5 million of CARES Act Provider Relief Fund grant revenue in the six months ended June 30, 2022; there was no such CARES Act Provider Relief Fund grant revenue recognized in the six months ended June 30, 2023.

Reflected in the amounts above for NYPH for the six months ended June 30, 2023 is an operating loss of \$13.1 million attributable to the NYP Brooklyn Methodist campus. This is a \$71.1 million or 84.4% reduction in operating loss from the \$84.2 million loss in the same period in 2022. This decrease in operating loss was primarily due to increases in payment rates, acuity and volume compared to the same period in 2022.

For the six months ended June 30, 2023, NYPH had an excess of revenues over expenses of \$692.7 million, with investment return of \$366.3 million compared to a deficiency of revenues over expenses of

\$(341.9) million, with negative investment return of \$(501.0) million for the comparable period in 2022. The \$1.0 billion or 302.6% increase in excess of revenues over expenses was primarily due to the increase in investment return of \$867.3 million and higher operating income compared with the same period in 2022.

For the six months ended June 30, 2023, net patient service revenue increased \$494.9 million or 12.3% compared to the same period in 2022. This increase was primarily driven by increases in inpatient and outpatient volumes across most of the patient services as noted above and increases in payment rates and acuity as compared to the same period in 2022.

For the six months ended June 30, 2023, other revenue increased \$247.8 million or 72.3% compared to the same period in 2022. The increase was a result of recognizing \$254.1 million related to a transaction under a laboratory asset purchase agreement that closed in the six months ended June 30, 2023, and recognizing \$111.1 million of FEMA grant revenue (no FEMA grant revenue was recognized in the comparable period in 2022), together with a \$10.9 million increase in pharmacy revenue, \$8.3 million increase in distributions from real estate operations, and \$4.7 million increase in rebates from vendors in the six months ended June 30, 2023. These increases were partially offset by having recognized \$110.5 million CARES Act-Provider Relief Fund grant revenue in the six months ended June 30, 2022 (there was no CARES Act Provider Relief Fund grant revenue recognized in the six months ended June 30, 2023), \$12.3 million more employee retention credit (ERC) grant revenue and \$18.5 million more net assets released from restrictions and other revenue in the six months ended June 30, 2022.

For the six months ended June 30, 2023, total operating expenses increased \$579.8 million or 13.8% compared with the same period in 2022. Salaries and wages, together with employee benefits, increased \$329.7 million or 13.4% over the same period in the previous year. This increase was primarily a result of having 1,529 more full-time equivalent employees, wage and benefits increases consistent with the current labor market and increased support to the Medical Schools and NYP Medical Groups for vital commitments related to strategic investments including quality, patient experience, and growth during the six months ended June 30, 2023. As the vacancy rate decreases, NYPH continues to reduce the utilization of temporary and agency help, and to experience reduced hourly rates for agency nurses, resulting in a decrease in agency staff expense of \$16.1 million or 13.3% during the six months ended June 30, 2023 compared to the same period in 2022. NYPH and the Regional Hospitals, together with the NYP Medical Groups, reduced their overall employee turnover rate from 14.7% in the year ended December 31, 2022 to 11.6% for the five months ended May 31, 2023, outperforming in this five-month period the 18.0% national benchmark (PwC Saratoga Benchmark (25th Percentile)). The nursing turnover rate for NYPH and these related organizations improved from 17.8% in the year ended December 31, 2022 to 13.9% through May 31, 2023, also outperforming the national benchmark of 16.0% for the five-month period.

For the six months ended June 30, 2023, supplies and other expenses increased \$255.5 million or 18.1% over the same period in the previous year. This increase was primarily due to the increase in costs associated with providing services to treat more patients as noted above in utilization, strategic growth investments to improve patient access and increased cost estimates related to professional liability cases in the six months ended June 30, 2023. Depreciation and amortization expense decreased \$6.1 million or 2.2% as a result of the completion of fewer capital projects in 2023 compared to the same period in 2022. Interest and amortization of deferred financing fees increased \$0.7 million or 1.0% as a result of new financing leases and interest expense attributable to the \$200.0 million Private Placement Note (as defined below) issued in May 2022.

For the six months ended June 30, 2023, NYPH's change in net assets without donor restrictions totaled \$784.3 million, compared to \$(39.5) million in the same period in 2022, an increase of \$823.8 million. This increase was primarily due to the increases in investment return of \$867.3 million, operating

income of \$163.0 million, non-operating component of periodic pension cost of \$4.4 million, and distributions from FEMA and Fund, Inc. for the purchase of fixed assets of \$63.0 million and \$12.9 million, respectively. These increases are partially offset by decreases in net asset transfers from (to) related organizations of \$1.3 million and the change in pension and postretirement benefits liabilities, which was \$(11.2) million in the six months ended June 30, 2023 and \$274.2 million in the comparable period in 2022, resulting in a net change of \$(285.4) million. This change was the net result of the change in discount rate and investment performance of the defined benefit pension plans' investments for the six months ended June 30, 2023 compared with the same period in 2022.

Year ended December 31, 2022 compared to year ended December 31, 2021

For the year ended December 31, 2022, NYPH had operating income of \$318.3 million, a \$151.5 million increase in operating results from the \$166.8 million operating income for the same period in 2021. This improvement in operating results was primarily due to increases in inpatient and outpatient utilization, as noted above, increases in payment rates and recognizing \$89.5 million more CARES Act Provider Relief Fund grant revenue and \$22.6 million more ERC revenue in 2022 as compared to the year ended December 31, 2021. These increases were partially offset by recognizing \$102.2 million less grant revenue from the FEMA Disaster Relief Fund in 2022 as compared to the year ended December 31, 2021.

The statement of operations including operating income has been adjusted to reflect the merger of NYPBM as if the merger of NYPBM into NYPH had occurred as of January 1, 2021. The NYPBM statement of operations including operating loss of \$105.0 million is reflected in the NYPH operating income. The physician practices of NYPBM statement of operations remain separate from NYPH.

For the year ended December 31, 2022, NYPH had a deficiency of revenues over expenses of \$313.7 million, with negative investment return of \$(680.8) million as compared to an excess of revenues over expenses of \$1.1 billion, with positive investment return of \$865.4 million for the comparable period in 2021. The \$1.4 billion or 129.7% decrease in (deficiency) excess of revenues over expenses was primarily due to the decrease in investment return of \$1.5 billion, partially offset by the increase in operating income of \$151.5 million compared with the same period in 2021.

For the year ended December 31, 2022, net patient service revenue increased \$622.2 million or 8.1% compared to the same period in 2021. This increase was primarily driven by increases in inpatient and outpatient volumes across most of the patient services as noted above and increases in payment rates as compared to the same period in 2021.

For the year ended December 31, 2022, other revenue increased \$76.6 million or 15.9% compared to the same period in 2021, as a result of recognizing \$89.5 million more CARES Act Provider Relief Fund grant revenue and \$22.6 million more ERC revenue, an increase in distributions from the radiology joint ventures and real estate operations of \$15.0 million and \$2.4 million, respectively, and an increase in contract and specialty pharmacy and other revenue of \$67.8 million as compared to the year ended December 31, 2021. These increases were partially offset by recognizing \$102.2 million less grant revenue from the FEMA Disaster Relief Fund, \$12.8 million less in other grant revenue and a decrease in rebates from vendors of \$5.7 million compared to the year ended December 31, 2021.

For the year ended December 31, 2022, total operating expenses increased \$547.3 million or 6.8% compared with the same period in 2021. Salaries and wages, together with employee benefits, increased \$417.0 million or 9.1% over the same period in the previous year. This increase was primarily a result of having 1,223 more full-time equivalent employees, general wage and benefits increases, and utilization of temporary and agency help providing additional staffing during the surge of the new omicron variants of

the Coronavirus, which began at the end of 2021 and continued in 2022, as well as significantly increased hourly rates charged for such temporary and agency staffing.

For the year ended December 31, 2022, supplies and other expenses increased \$123.4 million or 4.4% over the same period in the previous year. This increase was primarily due to an increase in costs associated with providing services to treat more patients in 2022 compared to 2021. Interest and amortization of deferred financing fees increased \$0.4 million or 0.3% as a result of the repayment of two FHA-insured mortgage loans and indebtedness related to NYP Lower Manhattan in the first quarter of 2021, partially offset by increases resulting from new finance leases and interest attributable to the \$200.0 million Private Placement Note issued in May 2022. Depreciation and amortization expense increased \$6.6 million or 1.3%.

For the year ended December 31, 2022, other changes in net assets without donor restrictions decreased \$96.9 million or 21.2% compared to the same period in 2021. This decrease was primarily due to a decrease in the change in the pension and postretirement benefits liabilities of \$137.9 million as a net result of negative pension investment performance and change in discount rate, which was partially offset by an increase in the comparable change in net assets resulting from a reduction of \$40.2 million in net asset transfers to related parties and an increase in distributions from Fund, Inc. for the purchase of fixed assets of \$26.1 million compared to the same period in 2021.

For the year ended December 31, 2022, NYPH's change in net assets without donor restrictions totaled \$46.7 million, compared to \$1.5 billion in the same period in 2021, a decrease of \$1.5 billion. This decrease was primarily due to negative investment return of \$(680.8) million in 2022, which represented a decline of \$1.5 billion from the positive investment return of \$865.4 million in 2021, and the decrease in net assets of \$137.9 million related to the change in the pension and postretirement benefits liabilities as a net result of negative pension investments performance and change in discount rate compared to the year ended December 31, 2021. These decreases were partially offset by the increase in operating income of \$151.5 million, an increase in the comparable change in net assets resulting from a reduction in net asset transfers to related parties of \$40.2 million, and an increase in distributions from Fund, Inc. for the purchase of fixed assets of \$26.1 million compared to the same period in 2021.

The Master Trust Indenture

The Master Trust Indenture permits NYPH to issue Obligations to evidence Indebtedness. Currently, there are four Obligations issued and outstanding under the Master Trust Indenture. Obligation No. 1 evidences NYPH's obligation to make payments on its Taxable Bonds, Series 2015 (the "Series 2015 Bonds"); Obligation No. 2 evidences NYPH's obligation to make payments on its Taxable Bonds, Series 2016 (the "Series 2016 Bonds"); Obligation No. 3 evidences NYPH's obligation to make payments on its Taxable Bonds, Series 2019 (the "Series 2019 Bonds"); and Obligation No. 4 evidences NYPH's obligation to make payments on the Taxable Bonds, Series 2020 Bonds (the "Series 2020 Bonds"). In accordance with the Supplemental Master Indenture for Obligation No. 5 ("Supplemental Indenture No. 5"), between NYPH and the Master Trustee, NYPH will issue Obligation No. 5 to evidence its obligation to make payments on the Series 2023 Bonds.

Each Member of the Obligated Group (as defined in the Master Trust Indenture) is jointly and severally obligated on each Obligation issued and outstanding under the Master Trust Indenture, subject to the right of a Member to withdraw from the Obligated Group upon meeting certain conditions set forth in the Master Trust Indenture. Currently, NYPH is the only Member of the Obligated Group. NYPH will agree not to withdraw from the Obligated Group as long as Obligation No. 5 remains outstanding.

The Master Trust Indenture does not impose any financial or other tests as a condition to the issuance of Additional Obligations or other indebtedness by NYPH or any other Members of the Obligated Group. Such Additional Obligations and other indebtedness may be issued or incurred from time to time without restriction. See “FORM OF THE MASTER TRUST INDENTURE – Amount of Indebtedness” in APPENDIX G-1. The documents for the FHA-Insured Indebtedness contain provisions for the benefit of the mortgagees and the mortgage insurer for such loans, some of which impose conditions to and restrictions on the incurrence of additional indebtedness. The terms and provisions of the FHA-Insured Indebtedness documents are solely for the benefit of the parties thereto and may be amended or waived in accordance with their terms, without the consent of or notice to the holders of the Series 2023 Bonds. The FHA-Insured Indebtedness will be repaid in full on or about October 30, 2023 with proceeds of the Series 2023 Bonds and other available funds. See “SOURCES OF PAYMENT FOR THE BONDS – Outstanding Indebtedness” in the front part of this Official Statement.

The Master Trust Indenture does not grant a security interest in or lien on any property or revenue of NYPH or any future Members of the Obligated Group to secure the Obligations. Accordingly, the Outstanding Obligations are, and Obligation No. 5 will be, unsecured. The Master Trust Indenture permits the Members of the Obligated Group to secure Indebtedness, including any Additional Obligations that may be issued in the future, so long as the lien granted is a Permitted Lien under the Master Trust Indenture. See “FORM OF THE MASTER TRUST INDENTURE– Limitations on Creation of Liens” in Appendix G-1.

NYPH has long-term indebtedness outstanding that is not subject to the Master Trust Indenture and not evidenced by an Obligation issued under the Master Trust Indenture. This long-term indebtedness, which includes the FHA-Insured Indebtedness in the amount of \$367.5 million, which will be repaid in full on or about October 30, 2023, totaled approximately \$1.1 billion as of June 30, 2023. See “FINANCIAL AND OPERATING INFORMATION – Outstanding Long-term Indebtedness” below and “SOURCES OF PAYMENT FOR THE BONDS – Outstanding Indebtedness” in the front part of this Official Statement.

The Master Trust Indenture permits NYPH to add other entities to the Obligated Group or to designate such entities as Designated Affiliates⁶ under the Master Trust Indenture, subject to certain conditions. As part of the process of making a decision whether to do so, NYPH would evaluate the regulatory and contractual steps and approvals that would be required, which would include obtaining consents under certain of its other indebtedness and approvals under New York State Department of Health regulations, among others. Currently, there are no plans for NYPH to admit any other entity to the Obligated Group as a Member of the Obligated Group or as a Designated Affiliate. See Sections 3.09 and 3.11 of the Master Trust Indenture in Appendix G-1 to this Official Statement for the provisions relating to admitting new Obligated Group Members and designating Designated Affiliates.

Section 3.06 of the Master Trust Indenture in Appendix G-1 to this Official Statement requires each Member of the Obligated Group to set rates and charges, and to cause each of its Designated Affiliates to set rates and charges, for its facilities, services and products such that the Long-Term Debt Service Coverage Ratio, as defined in the Master Trust Indenture, calculated at the end of each Fiscal Year, will not be less than 1.10 for such prior Fiscal Year, subject to the terms of the Master Trust Indenture. If the Long-Term Debt Service Coverage Ratio is not met, the Obligated Group covenants under the Master Trust Indenture to retain an Independent Consultant to make recommendations to increase such Long-Term Debt Service Coverage Ratio in the following Fiscal Year to the level required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable. Pursuant to the terms of the Master Trust Indenture, each Member of the Obligated Group agrees that it

⁶ There are currently no Designated Affiliates. A Designated Affiliate is an entity over which an Obligated Group Member maintains control and with regard to which the Obligated Group Member agrees to cause such entity to comply with the terms of the Master Trust Indenture. Designated Affiliates, however, are not directly bound by the Master Trust Indenture.

will, to the extent permitted by Governmental Restrictions, follow the recommendations of the Independent Consultant and so long as an Independent Consultant shall be retained and each Member of the Obligated Group shall follow such Independent Consultant's recommendations to the extent permitted by such Governmental Restrictions, the requirements of Section 3.06 of the Master Trust Indenture shall be deemed to have been complied with.

For a discussion of proposed springing amendments to the Master Trust Indenture, see "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Proposed Springing Amendments to the Master Trust Indenture; Deemed Consent" in the front part of this Official Statement and "FORM OF SUPPLEMENTAL INDENTURE" in APPENDIX G-2 to this Official Statement.

Outstanding Long-Term Indebtedness

Debt Structure

NYPH's long-term indebtedness can be categorized into three groups: (1) the FHA-Insured Indebtedness, (2) the Master Trust Indenture (MTI) Indebtedness, and (3) Other Indebtedness. As discussed below, the FHA-Insured Indebtedness is secured by a mortgage on certain of NYPH's facilities and a pledge of revenues and accounts, which will be released and terminated when the FHA-Insured Indebtedness is repaid on or about October 30, 2023 with proceeds of the Series 2023 Bonds, together with other available funds. The MTI Indebtedness is unsecured.

The following table sets forth the long-term indebtedness of NYPH as of June 30, 2023 and December 31, 2022. The table is for NYPH only and excludes the long-term indebtedness of the Consolidated Entities. The amounts in the table include the debt of NYPBM (other than intercompany debt that was owed to NYPH), as if the merger of NYPBM into NYPH had occurred as of January 1, 2021.

OUTSTANDING LONG-TERM INDEBTEDNESS OF NYPH

(\$ in thousands)

<u>Indebtedness</u>	<u>Maturity Date</u>	<u>Outstanding at</u>	
		<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
		(Unaudited)	
FHA-Insured			
Mortgage Loan (fixed rate, taxable)	2038	\$ 367,511	\$ 375,808
MTI			
Series 2015 Bonds (fixed rate, taxable)	2045	750,000	750,000
Series 2016 Bonds (fixed rate, taxable)	2036	250,000	250,000
Series 2016 Bonds (fixed rate, taxable)	2056	350,000	350,000
Series 2016 Bonds (fixed rate, taxable)	2116	250,000	250,000
Series 2019 Bonds (fixed rate, taxable)	2119	500,000	500,000
Series 2020 Bonds (fixed rate, taxable)	2030	150,000	150,000
Series 2020 Bonds (fixed rate, taxable)	2040	300,000	300,000
Series 2020 Bonds (fixed rate, taxable)	2060	300,000	300,000
Other			
Promissory Note – 466 Lexington Avenue	2048	282,760	282,094
Term loan payable – NYP Westchester	2025	5,933	7,151
Private Placement Note	2047	192,000	200,000
Finance leases	various	<u>289,511</u>	<u>307,240</u>
Total		\$3,987,715	\$4,022,293
Less: Deferred financing cost, net of accumulated amortization		<u>38,841</u>	<u>39,727</u>
Total		<u>\$3,948,874</u>	<u>\$3,982,566</u>

Source: NYPH records

The FHA-Insured Indebtedness

NYPH’s FHA-Insured Indebtedness, which is being repaid in full with the proceeds of the Series 2023 Bonds and other available funds, is secured by a mortgage on the NYP/Weill Cornell campus and a pledge of revenues and accounts of NYPH. The mortgage and pledge, and the loan documents for the FHA-Insured Indebtedness, will be released when the FHA-Insured Indebtedness is repaid, which scheduled to occur on or about October 30, 2023.

The MTI Indebtedness

Indebtedness evidenced by an Obligation issued under the Master Trust Indenture constitutes a joint and several obligation of the Members of the Obligated Group (as defined in the Master Trust Indenture), including any entity that may in the future become a Member of the Obligated Group, subject to the right of a Member to withdraw from the Obligated Group upon meeting certain conditions set forth in the Master Trust Indenture. Currently, NYPH is the only Member of the Obligated Group, and has agreed not to withdraw from the Obligated Group while the NYPH Taxable Bonds, Series 2015, Series 2016, Series 2019, Series 2020 (respectively, the “Series 2015 Bonds”, the “Series 2016 Bonds”, the “Series 2019 Bonds” and the “Series 2020 Bonds”) or the Series 2023 Bonds are outstanding. There are currently four

Obligations issued under the Master Trust Indenture: (i) Obligation No. 1, which was issued to the bond trustee for the Series 2015 Bonds (the “Series 2015 Bond Trustee”), (ii) Obligation No. 2, which was issued to the bond trustee for the Series 2016 Bonds (the “Series 2016 Bond Trustee”), (iii) Obligation No. 3, which was issued to the bond trustee for the Series 2019 Bonds (the “Series 2019 Bond Trustee”), and (iv) Obligation No. 4, which was issued to the bond trustee for Series 2020 Bonds (the “Series 2020 Bond Trustee”). Obligation No. 5 will be issued to the Trustee for the Series 2023 Bonds.

The following table sets forth each of the Obligations currently outstanding and Obligation No. 5, the Series of Bonds to which each Obligation relates, its principal amount and its maturity date.

MTI INDEBTEDNESS

(\$ in thousands)

<u>Obligation</u>	<u>Debt Evidenced</u>	<u>Principal Amount</u>	<u>Maturity</u>
No. 1	Series 2015 Bonds	\$ 750,000	August 1, 2045
No. 2	Series 2016 Bonds	850,000	August 1, 2116 ¹
No. 3	Series 2019 Bonds	500,000	August 1, 2119
No. 4	Series 2020 Bonds	750,000	August 1, 2060 ²
No. 5	Series 2023 Bonds	<u>292,900</u>	August 1, 2038 ³
Total		<u>\$ 3,142,900</u>	

Source: NYPH records

¹ While Obligation No. 2 matures in 2116, principal payments are due in the following amounts on August 1 of the years indicated: \$250.0 million in 2036, \$350.0 million in 2056 and \$250.0 million in 2116.

² While Obligation No. 4 matures in 2060, principal payments are due in the following amounts on August 1 of the years indicated: \$150.0 million in 2030, \$300.0 million in 2040 and \$300.0 million in 2060.

³ While Obligation No. 5 matures in 2038, principal payments are due annually beginning August 1, 2029 in amounts that match the principal amounts due on the Series 2023 Bonds on such dates.

Shortly after the FHA-Insured Indebtedness is repaid, NYPH plans to issue two Obligations under the Master Trust Indenture in the aggregate principal amount of \$192.0 million to further evidence its obligations with respect to the Private Placement Note (as defined and discussed in the next paragraph).

Other Indebtedness

On March 10, 2022, NYPH entered into a private placement Note Purchase Agreement which authorized the issuance and sale of \$200.0 million aggregate principal amount of Senior Notes (collectively, the “Private Placement Note”). The closing of the sale and the purchase of the Private Placement Note was completed in May 2022 and the maturity date of the Private Placement Note is May 2047. The Private Placement Note is an unsecured general obligation of NYPH. The Private Placement Note is outstanding in the aggregate principal amount of \$192.0 million as of June 30, 2023.

NYPH has various finance leases totaling \$289.5 million as of June 30, 2023, which are secured by the financed equipment.

NYPH has three unsecured lines of credit: (i) a \$350.0 million line of credit agreement with a commercial bank available through March 31, 2025; (ii) a \$300.0 million line of credit with a second commercial bank available through December 21, 2025; and (iii) a \$300.0 million line of credit with a third

commercial bank available through November 30, 2025. As of the date of this Official Statement, there is no outstanding balance on these three credit facilities, which provide a total of \$950.0 million in availability. An outstanding balance of \$200.0 million on one of the lines of credit was repaid in February 2022; this amount had been drawn down in 2020 during the early months of the COVID-19 pandemic. There were no draws on the lines of credit during 2021, 2022 or 2023 to the date of this Official Statement.

In June 2017, NYPH entered into a transaction pursuant to which NYPH purchased a 30-year leasehold condominium interest (with an option to extend) in approximately 480,000 square feet of space located at 466 Lexington Avenue, New York (the “Leasehold Condominium”) to consolidate corporate services of the Hospital. The new space replaced certain existing leased and owned office space. To finance the acquisition of the Leasehold Condominium, NYPH issued to the seller a promissory note in the principal amount of \$249.9 million (the “Promissory Note”) which bears interest at a rate of 7% per annum. Interest payments for the period from July 2017 through December 2018 were deferred. The debt service terms require principal and interest payments in escalating amounts over the life of the note, ranging from \$1.5 million to \$2.5 million commencing January 2019 through December 2048. Unpaid interest incurred during the period accrues to the outstanding principal balance on the Promissory Note. Under this arrangement, the amount due will increase to an ultimate principal balance of \$283.3 million in December 2023. As of June 30, 2023, the balance due includes the principal amount of the Promissory Note and accrued interest of \$32.9 million, totaling \$282.8 million. The Promissory Note is secured by a mortgage granted by NYPH in its interest in the Leasehold Condominium. In connection with this transaction, the seller/landlord provided NYPH with a tenant allowance for leasehold improvements of approximately \$75.6 million. As of June 30, 2023, the unamortized balance remaining is \$61.2 million, which was recorded in the Hospital’s consolidated statement of financial position.

On April 1, 2018, in connection with the merger of Lawrence Hospital into NYPH, NYPH assumed a term loan made by a commercial bank with an outstanding principal amount at the time of the merger of \$17.6 million. This loan, which had been secured by a mortgage on the facilities of Lawrence Hospital and other collateral, was modified in a number of respects, and is now an unsecured general obligation of NYPH which matures on October 1, 2025. The outstanding principal amount at June 30, 2023 was \$5.9 million.

NYPH has a reimbursement agreement in place to support three letters of credit in an aggregate amount of \$44.6 million. The letters of credit were issued on behalf of NYPH in connection with its workers’ compensation program. As of the date of this Appendix A, no draws have been made under the letters of credit.

The Intercreditor Agreement

The U.S. Department of Housing and Urban Development, Prudential Huntoon Paige Associates, LLC, the Dormitory Authority of the State of New York, the Master Trustee, the Series 2015 Bond Trustee, the Series 2016 Bond Trustee, the Series 2019 Bond Trustee, the Series 2020 Bond Trustee, the Series 2023 Bond Trustee and NYPH are parties to an Intercreditor Agreement (the “Intercreditor Agreement”). The Intercreditor Agreement provides, under certain conditions, for the cross-default of the FHA-Insured Indebtedness with the Series 2015 Bonds, the Series 2016 Bonds, the Series 2019 Bonds, the Series 2020 Bonds, and the Serie 2023 Bonds, and sets forth the terms as to the subordinate and junior nature of the Series 2015 Bonds, the Series 2016 Bonds, the Series 2019 Bonds, the Series 2020 Bonds, and the Series 2023 Bonds with respect to the FHA-Insured Indebtedness. The Intercreditor Agreement will terminate upon the repayment of the FHA-Insured Indebtedness, which is scheduled to occur on or about October 30, 2023.

Investments

The following is a summary table of NYPH’s cash and investment assets as of June 30, 2023, which includes NYPH’s beneficial interest in net assets held by related organizations (NYPH’s interest in assets held by Fund, Inc.) and assets attributable to NYPH’s member capital account held in Hudson East River Systems, LLC (“HERS”), a pooled investment program through a limited liability company of which Fund, Inc. is the managing member. The table excludes assets invested in NYPH’s pension plans, as well as assets of NYPH’s Consolidated Entities.

CASH AND INVESTMENT ASSETS OF NYPH
AS OF JUNE 30, 2023
(\$ in billions)

	Total Investment	Beneficial	
	<u>Assets</u>	<u>Interest</u> ¹	<u>NYPH Assets</u> ²
Total	\$10.8	\$2.2	\$8.6
Cash	14%	6%	16%
Treasuries	11	7	13
Public Equity	29	40	26
Private Equity	14	20	12
Real Estate	5	7	4
Natural Resources	3	4	3
Hedge Funds	11	15	10
Credit	<u>14</u>	<u>N/A</u>	<u>17</u>
Total ³	100%	100%	100%

Source: NYPH records.

¹ The beneficial interest component is almost entirely comprised of NYPH’s beneficial interest in Fund, Inc.

² Includes NYPH’s interest in HERS

³ Totals may not foot due to rounding.

The Investment Committee of the Board provides ongoing oversight and management of all the investment assets of NYPH. These investment assets include long-term funds for capital and future projected needs, current investments of NYPH, and specialized assets such as escrow and mortgage reserve funds. The asset allocation of the funds is determined by the Investment Committee of the Board, based on consideration of the purpose of the funds and an assessment of risk and return, and the asset allocation is reviewed periodically by the Investment Committee. The asset allocation is broadly diversified across a range of asset classes as defined in the table above. The retention of investment managers and review of their performance is under the purview of the Investment Committee. The NYPH and Fund, Inc. Boards of Trustees have adopted Investment Committee Charters which set forth guidance for the Investment Committee as to how to implement their investment responsibilities. NYPH’s Chief Investment Officer (“CIO”) and her staff provide oversight to the investment program. The CIO, along with the Investment Staff, provides professional investment analysis and recommendations to the Investment Committee concerning asset allocation and investment manager selection and retention, as well as evaluation of performance of the funds. Additionally, the Director of Investment Operations produces risk management reports for the CIO and the Investment Committee.

The above table details NYPH’s investment assets, including NYPH’s beneficial interest in net assets held by related organizations, which comprise the majority of the investment assets under the purview of the Investment Committee and Investment Staff. The NYPH component includes investments limited as to use, including funded depreciation, funds held under loan agreements, and funded self-insurance. The

NYPH component also includes short-term and cash equivalent investments maintained for purposes of operations and other needs of NYPH, escrow funds, and other assets. The beneficial interest component is almost entirely comprised of NYPH's beneficial interest in Fund, Inc. The table does not include investments held by NYPH's pension plan, which are invested similarly to other long-term assets, and assets of NYPH's Consolidated Entities.

The following table shows, as of June 30, 2023, the liquidity of NYPH's investment portfolio, with 63% or \$6.9 billion of assets accessible within one month. The table excludes assets of NYPH's pension plans and assets of NYPH's Consolidated Entities.

LIQUIDITY OF NYPH'S INVESTMENT PORTFOLIO

	NYPH Long-Term Fund	NYPH Current Investments	Total
1-5 Days	39%	100%	60%
6-31 Days	4	N/A	3
1-6 Months	13	N/A	8
7-12 Months	2	N/A	1
1-3 Years	7	N/A	4
3+ Years	<u>36</u>	<u>N/A</u>	<u>23</u>
Total ¹	100%	100%	100%

Source: NYPH records

¹Totals may not foot due to rounding.

The following tables show: (i) the amount of investment assets of NYPH under management as of June 30, 2023 and as of December 31, 2022, and (ii) the investment performance of the long-term portfolio through June 30, 2023. The table excludes assets invested in NYPH's pension plan and assets of NYPH's Consolidated Entities.

INVESTMENT ASSETS UNDER MANAGEMENT

(\$ in billions)

	<u>As of June 30, 2023</u>	<u>As of December 31, 2022</u>
Investment Assets Under Management	\$10.8	\$9.8

Source: NYPH records

LONG-TERM PORTFOLIO PERFORMANCE

	<u>5 Year</u>	<u>3 Year</u>	<u>1 Year</u>
Long-Term Portfolio Performance through June 30, 2023	6.0%	8.5%	2.4%

Source: NYPH records

Hudson East River Systems, LLC (“HERS”)

HERS, a tax-exempt LLC, was established on July 20, 2017, to receive, hold, manage and invest non-ERISA investment assets of NYPH and certain related 501(c)(3) corporations. All assets are invested through HERS with each participating member assigned ownership units relative to their contribution to the pooled program. HERS allows for the efficient management of investment assets for NYPH and the other HERS members. Funding of the membership interests commenced on April 1, 2018.

The following table sets forth the value of assets by HERS member as of June 30, 2023.

**VALUE OF HERS ASSETS BY MEMBER
AS OF JUNE 30, 2023**
(\$ in thousands)

Member	Value
The New York and Presbyterian Hospital	\$7,472,398
New York Presbyterian Fund, Inc.	2,709,191
New York Presbyterian/Queens	70,726
New York Presbyterian/Hudson Valley	<u>44,240</u>
Total:	<u>\$10,296,555</u>

HERS extends the advantages of an already established investment program, including: additional return from alpha-oriented strategies, the ability to maintain a uniform risk and return profile across all members, access to quality active managers across asset classes, consistent reporting and accounting for all members, and economies of scale across various services (investment management, custody and administrative fees). The same investment objectives, standards, policies, and guidelines govern this program with respect to the prudent oversight being provided by the existing Investment Committee of Fund, Inc., as the managing member of HERS.

This pooled investment program was designed to enable participants the ability to invest across various investment pools, which includes a Long-Term Pool, Enhanced Cash/Short Duration Pool, and a Long-Term Liquid Pool. This flexibility was designed to provide the ability for plan participants to address various liquidity needs and/or risk tolerances as deemed appropriate.

Investments are maintained and administered by Bank of New York Mellon (“BNY Mellon”), as custodian. BNY Mellon obtains valuations from the underlying managers within each pool and acts as book of record. In 2018, Northeast Retirement Services, LLC (“NRS”) was retained to provide plan accounting services on the various pools and member units within HERS. NRS utilizes valuations directly from BNY Mellon to track plan participant ownership across the various pools.

Philanthropy

A \$2.0 billion fundraising campaign was publicly launched in 2012. As of June 30, 2023, NYPH (through Fund, Inc., a related entity that coordinates fundraising activities) has received pledges and gifts of approximately \$2.2 billion related to this campaign. An additional campaign was launched in 2015 to raise \$300.0 million for the Alexandra Cohen Hospital for Women and Newborns. As of June 30, 2023, NYPH has received pledges and gifts of \$196.7 million related to this campaign. In addition, as of June 30,

2023, approximately \$1.0 billion in pledges and gifts have been made to the Quiet Phase of a new campaign. The collection rate for pledges, based on recent history, exceeds 95%.

Fund, Inc.

Fund, Inc. was incorporated in December 1982. Its stated corporate purpose is to solicit, receive and administer funds to be applied exclusively for charitable, educational, and scientific purposes of NYPH and any other health-care related charitable organization approved by the Board of Directors of Fund, Inc. In addition to the historical ties between Fund, Inc. and NYPH, the two entities are affiliated by virtue of overlapping board membership; the members of the Board of Directors of Fund, Inc. all serve *ex-officio* and consist of the corporate members of NYPH who serve on the Board of Trustees of NYPH.

Despite the historical and corporate links between Fund, Inc. and NYPH, the Board of Directors of Fund, Inc. has complete discretion within its stated corporate purposes with respect to the distribution of its unrestricted assets. Historically, NYPH has received the majority of such distributions of unrestricted assets. All donor-restricted net assets raised by Fund, Inc. are restricted for the benefit of NYPH. During the six months ended June 30, 2023 and year ended December 31, 2022, Fund, Inc. distributed approximately \$40.3 million and \$50.7 million, respectively, for the purchase of fixed assets to NYPH. Fund, Inc. holds certain assets on behalf of NYPH that are restricted and may only be used for the benefit of NYPH. **There is no legal or contractual requirement that Fund, Inc. continue to make distributions of its unrestricted assets to NYPH.**

Capital Expenditures

For the six months ended June 30, 2023 and the year ended December 31, 2022, NYPH incurred capital expenditures of \$225.9 million and \$428.7 million, respectively, for the acquisition of property, building and equipment (net of disposals). These expenditures were funded from internally generated cash flow, equipment finance leases and donations. For the six months ended June 30, 2023 and the year ended December 31, 2022, Fund, Inc. received approximately \$100.9 million and \$178.4 million, respectively, (including \$99.4 million and \$173.4 million, respectively, specifically restricted for NYPH) in new gifts and pledges from individuals, foundations and corporate donors for capital acquisitions and other purposes.

Royal Charter Properties

The RCP Corporations were incorporated in 1983 under the New York Not-for-Profit Law to develop and manage real estate for the benefit of health-related charitable organizations including NYPH. Each of the RCP Corporations has the power to acquire and hold real estate, collect income from such real estate and turn over the income, less expenses and reasonable reserves, to any qualified health-related charitable organization approved by its Board of Directors.

For the six months ended June 30, 2023 and year ended December 31, 2022, the RCP Corporations had an aggregate net operating income of approximately \$18.1 million and \$27.2 million, respectively. Historically, each of the RCP Corporations has turned over its excess of revenue over expenses, less reasonable reserves (“Excess Revenue”) to NYPH. For the six months ended June 30, 2023 and the year ended December 31, 2022, these amounts totaled \$17.6 million and \$26.2 million, respectively, and are included in other operating revenue in the Statements of Operations of NYPH. **However, the board of directors of each of the RCP Corporations has complete discretion within its stated corporate purposes with respect to the distribution of its Excess Revenue; there is no legal or contractual requirement that these amounts be distributed to NYPH.**

Uncompensated Care and Community Benefit Expense

NYPH provides services to persons who cannot afford health care because of inadequate resources and who are uninsured or underinsured. NYPH provides quality medical care regardless of race, creed, sex, sexual orientation, national origin, handicap, age or ability to pay. Although payment for services rendered is critical to the operations and financial stability of NYPH, NYPH recognizes that not all individuals have the ability to pay for medically necessary services and, furthermore, NYPH's mission is to serve the community with respect to health care. Therefore, in some instances NYPH provides uncompensated care through medical care to the indigent for free or at discounted prices (charity care/financial aid) and care to persons covered by governmental programs that pay NYPH less than the full cost of services provided. In addition, NYPH provides significant community benefit activities which include wellness programs, community education programs, health screenings and a broad variety of community support services, health professionals' education, school-based programs and subsidized health services. The costs related to uncompensated care and community benefit activities of NYPH for the year ended December 31, 2022 is estimated to be \$1.5 billion and for 2021 was \$1.4 billion.

APPENDIX B

**SELECT INFORMATION REGARDING THE REGIONAL HOSPITALS AND CERTAIN
CONSOLIDATED FINANCIAL METRICS**

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APPENDIX B

SELECT INFORMATION REGARDING THE REGIONAL HOSPITALS AND CERTAIN CONSOLIDATED FINANCIAL METRICS

None of the NYPH direct or indirect subsidiaries is a Member of the Obligated Group. None of these entities has any financial or operating obligation under the Master Trust Indenture or the Bond Indenture, and none of their assets or revenue is committed to the repayment of the Series 2023 Bonds or Obligation No. 5.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Appendix B and elsewhere in this Official Statement, constitute projections or estimates of future events, generally known as forward-looking statements. These forward-looking statements are based on the current plans and expectations of NYPH and are subject to known and unknown uncertainties and risks, many of which are beyond the control of NYPH, that could significantly affect current plans and expectations and NYPH's future financial position and results of operations. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward-looking statements made by or on behalf of NYPH. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented herein. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. NYPH does not plan to issue any updates or revisions to those forward-looking statements if or when changes in its expectations, or events, conditions or circumstances on which such statements are based, occur. For a more detailed discussion of forward-looking statements, see, "CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT" in the front part of this Official Statement.

PREVIOUSLY REPORTED INFORMATION WITH RESPECT TO PRIOR PERIODS

Due to changes in accounting standards and related guidance, the application of relevant accounting standards, or an event such as a merger, that require a reclassification or restatement of certain items, and to adjustments in utilization data that occur in the normal course of patient care or as services are billed and coded, certain financial information and utilization data set forth herein with respect to past periods may differ from what NYPH or one of its subsidiaries has previously reported in disclosure documents previously posted to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") website.

THIRD-PARTY STATISTICS AND DATA

The information contained in this Appendix B and elsewhere in this Official Statement includes statistics and other data relating to the healthcare industry in the United States that have been derived from third party sources. Such statistics and data are not necessarily reflective of current or future industry and market conditions. While NYPH has no reason to question the accuracy of such statistics and data, such statistics and data have not been independently verified by NYPH.

DEFINED TERMS

Capitalized terms used but not otherwise defined in this Appendix B have the meaning given them in Appendix A.

APPENDIX B-1

SELECT INFORMATION REGARDING HUDSON VALLEY HOSPITAL CENTER

Neither NYP Hudson Valley nor its direct parent corporation, NYP Community Programs, Inc., is a Member of the Obligated Group. Neither of these entities has any financial or operating obligation under the Master Trust Indenture or with respect to the repayment of NYPH's indebtedness, and none of their assets or revenue is committed to the repayment of NYPH's indebtedness.

INTRODUCTION

Hudson Valley Hospital Center (d/b/a NewYork-Presbyterian/Hudson Valley Hospital) ("NYP Hudson Valley"), owns and operates a 128-bed acute care hospital located in Cortlandt Manor, Westchester County, New York.

NYP Community Programs, Inc. is the sole corporate member of NYP Hudson Valley and serves as its "active parent" under Article 28 of the New York State Public Health Law. As such, NYP Community Programs, Inc. has the power, among other things, to appoint or dismiss management, and approve operating and capital budgets, strategic plans, operating policies and changes to organizational documents. NYP Community Programs, Inc. is a direct subsidiary of NYPH, its sole corporate member.

SELECT FINANCIAL AND OPERATING INFORMATION

Utilization

The following table sets forth certain utilization data for NYP Hudson Valley for the six months ended June 30, 2023 and 2022 and the years ended December 31, 2022 and 2021.

HISTORICAL UTILIZATION OF NYP HUDSON VALLEY

	Six Months Ended June 30,		Year Ended December 31,	
	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
Certified beds (at end of period)	128	128	128	128
Staffed beds ¹	128	128	128	128
Discharges ²	3,752	3,579	7,339	7,548
Patient days ²	17,592	16,608	33,668	32,814
Staffed bed days available	23,168	23,168	46,720	46,720
Average length of stay (days)	4.69	4.64	4.59	4.35
Case mix index - Medicare	1.51	1.56	1.53	1.48
Case mix index - hospital wide ³	1.32	1.34	1.33	1.29
Average occupancy (%) ⁴	75.9%	71.7%	72.1%	70.2%
Emergency room visits ⁵	16,313	15,296	32,179	29,671
Ambulatory surgery procedures	4,599	3,883	8,146	6,942

Source: Hospital records

¹ The number of staffed beds did not change throughout the periods covered in the table.

² Excludes newborns.

³ Hospital wide CMI is calculated using the payor specific cost weight (APR, AP or MSDRG)

⁴ Occupancy percentages based on staffed bed days available.

⁵ Includes only patients seen in the emergency room and not admitted.

Summary Statements of Operations

The following summary statement of operations for the years ended December 31, 2022 and 2021 for NYP Hudson Valley is derived from the supplementary information included with the Hospital's 2022 Audited Financial Statements that are included in Appendix C-1 to this Official Statement, and comparable information for 2021.

The unaudited information in the summary statement of operations for the six months ended June 30, 2023 and 2022 of NYP Hudson Valley is derived from supplementary information included with the Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements of the Hospital that are included in Appendix C-3 of this Official Statement, and comparable information of 2022. Such unaudited consolidated information includes all adjustments, consisting of normal recurring accruals, which the Hospital considers necessary for a fair presentation of the financial position and the results of operations for this period. The results for the six months ended June 30, 2023 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2023. This information should be read in conjunction with the financial statements and related notes included in Appendix C-1 of this Official Statement.

SUMMARY STATEMENTS OF OPERATIONS OF NYP HUDSON VALLEY (\$ in thousands)

	Six Months Ended June 30,		Year Ended December 31,	
	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
Operating revenues				
Net patient service revenue	\$ 160,255	\$ 143,833	\$ 294,431	\$ 272,383
Other revenue	12,601	13,826	25,299	21,980
Total operating revenues	172,856	157,659	319,730	294,363
Operating expenses				
Salaries and wages	91,767	84,461	177,848	151,781
Employee benefits	22,335	22,152	42,379	37,257
Supplies and other expenses	58,661	48,476	102,305	99,411
Interest and amortization of deferred financing fees	923	952	1,911	1,956
Depreciation and amortization	<u>7,402</u>	<u>7,692</u>	<u>14,316</u>	<u>14,090</u>
Total operating expenses	181,088	163,733	338,759	304,495
Operating loss	(8,232)	(6,074)	(19,029)	(10,132)
Investment return, net	<u>1,319</u>	<u>(1,935)</u>	<u>(2,225)</u>	<u>2,304</u>
Deficiency of revenues over expenses	\$ <u>(6,913)</u>	\$ <u>(8,009)</u>	\$ <u>(21,254)</u>	\$ <u>(7,828)</u>

Source: Hospital records

Management's Discussion and Analysis of Utilization

Six months ended June 30, 2023 compared to six months ended June 30, 2022

For the six months ended June 30, 2023, NYP Hudson Valley's inpatient discharges increased 173 cases or 4.8% compared to the same period in 2022. Ambulatory surgery procedures increased 716 cases or 18.4% compared to the same period in 2022; and emergency room visits increased 1,017 or 6.6% compared to the same period in 2022. The increases in utilization for the six months ended June 30, 2023 were a result of the continuing volume recoveries related to the COVID-19 pandemic.

Year ended December 31, 2022 compared to year ended December 31, 2021

For the year ended December 31, 2022, NYP Hudson Valley's inpatient discharges decreased 209 cases or 2.8% compared to the same period in 2021. Ambulatory surgery procedures increased 1,204 cases or 17.3% compared to the same period in 2021; and emergency room visits increased 2,508 or 8.5% compared to the same period in 2021. The increases in outpatient volumes were mostly as a result of volume recoveries associated with the COVID-19 pandemic.

Management's Discussion and Analysis of Recent Financial Performance

Six months ended June 30, 2023 compared to six months ended June 30, 2022

For the six months ended June 30, 2023, NYP Hudson Valley had an operating loss of \$8.2 million, a \$2.1 million or 35.5% increased loss from the \$6.1 million operating loss for the same period in 2022. The increased loss was primarily driven by the increase in salaries and wages, and supplies and other expenses, partially offset by improved net patient service revenue as a result of increased patient volumes as noted above.

For the six months ended June 30, 2023, NYP Hudson Valley had a deficiency of revenues over expenses of \$6.9 million, compared with a deficiency of revenue over expense of \$8.0 million for the same period in 2022. Positive investment return of \$1.3 million contributed to the improvement in deficiency of revenues over expenses compared to the same period in 2022.

For the six months ended June 30, 2023, net patient service revenue increased \$16.4 million or 11.4% compared to the same period in 2022, reflecting increases in inpatient and outpatient volumes across most service lines, primarily driven by continued recoveries associated with the COVID-19 pandemic, as well as increases in payment rates.

For the six months ended June 30, 2023, other revenue decreased \$1.2 million or 8.9% from the same period in 2022. The decrease was mostly driven by the receipt and recognition of \$2.2 million and \$0.3 million, respectively, in FEMA grant revenue and CARES Act Provider Relief Fund grant revenue in the six months ended June 30, 2022 (there were no such amounts recognized in the six months ended June 30, 2023). There was also a \$0.4 million decrease in the amount recognized for the employee retention credit (ERC) grant revenue for the six months ended June 30, 2023, compared to the same period in 2022, as well as a \$0.3 million loss on the sale of a building during the first half of 2023. Additionally, there was a \$1.3 million decrease in funding support from NYPH for the NYP Hudson Valley Medical Group's operating expenses and cash flow purposes, as well as a \$0.3 million decrease in other miscellaneous sources of revenue for the six months ended June 30, 2023, compared to the same period in 2022. These decreases were partially offset by a \$3.7 million increase in Strategic Clinical Initiatives Fund (SCIF) amounts received for the six months ended June 30, 2023, as compared to the same period in 2022.

For the six months ended June 30, 2023, total operating expenses increased \$17.4 million or 10.6% compared to the same period in 2022. Salaries and wages, together with employee benefits, increased \$7.5 million or 7.0% compared to the same period in 2022, mainly due to having 64 more full-time equivalent employees, coupled with wage and benefits increases consistent with the current labor market.

Supplies and other expenses increased \$10.2 million or 21.0% during the six months ended June 30, 2023, compared to the same period in 2022, primarily due to the increase in costs associated with providing services to treat more patients in the first half of 2023 compared to the same period in 2022. Depreciation and amortization expense for the six months ended June 30, 2023 decreased \$0.3 million or 3.8% compared to the same period in 2022 as a result of the completion of fewer capital projects compared to the same period in 2022. Interest and amortization of deferred financing fees decreased less than \$0.1 million or 3.0%.

Year ended December 31, 2022 compared to year ended December 31, 2021

For the year ended December 31, 2022, NYP Hudson Valley had an operating loss of \$19.0 million, a \$8.9 million or 87.8% increased loss from the \$10.1 million operating loss for the same period in 2021. The increased loss was primarily driven by the increase in salaries and wages and benefits, with increased use of temporary staffing due to vacancies, partially offset by improved net patient service revenue as a result of increased outpatient volume as noted above. NYP Hudson Valley had a deficiency of revenues over expenses of \$21.3 million in 2022, compared with a deficiency of revenues over expense of \$7.8 million for the same period in 2021. Negative investment return of \$(2.2) million contributed to the increase in deficiency of revenues over expenses compared to the same period in 2021.

For the year ended December 31, 2022, net patient service revenue increased \$22.0 million or 8.1% compared to the same period in 2021, reflecting increases in outpatient volumes across most service lines as a result of continued recoveries from the COVID-19 pandemic, increases in acuity and payment rates.

For the year ended December 31, 2022, other revenue increased \$3.3 million or 15.1% from the same period in 2021. The increase was mostly driven by the receipt and recognition of \$2.2 million in FEMA grant revenue due to recoveries from the COVID-19 pandemic, and \$0.8 million in ERC revenue.

For the year ended December 31, 2022, total operating expenses increased \$34.3 million or 11.3% compared to the same period in 2021. Salaries and wages, together with employee benefits, increased \$31.2 million or 16.5% as compared to the same period in 2021, mainly due to having 19 more full-time equivalent employees, general wage and benefits increases, and utilization of temporary and agency help providing staffing during the surge of the new omicron variants of the Coronavirus, as well as increased rates of such temporary and agency staffing.

Supplies and other expenses increased \$2.9 million or 2.9% during the year ended December 31, 2022, compared to the same period in 2021, primarily due to increased expenditures for medical and pharmaceutical supplies associated with the increases in patient volumes. Depreciation and amortization expense for the year ended December 31, 2022 increased \$0.2 million or 1.6% compared to the same period in 2021 reflecting the completion of a number of capital projects.

APPENDIX B-2

SELECT INFORMATION REGARDING NEWYORK-PRESBYTERIAN QUEENS

Neither NYP Queens nor its direct parent corporation, NYP Community Programs, Inc., is a Member of the Obligated Group. Neither of these entities has any financial or operating obligation under the Master Trust Indenture or with respect to the repayment of NYPH's indebtedness, and none of their assets or revenue is committed to the repayment of NYPH's indebtedness.

INTRODUCTION

NewYork-Presbyterian/Queens (“NYP Queens”) owns and operates a 535-bed acute care hospital located in Flushing, Queens, New York.

NYP Community Programs, Inc. is the sole corporate member of NYP Queens and serves as its “active parent” under Article 28 of the New York State Public Health Law. As such, NYP Community Programs, Inc. has the power, among other things, to appoint or dismiss management, and approve operating and capital budgets, strategic plans, operating policies and changes to organizational documents. NYP Community Programs, Inc. is a direct subsidiary of NYPH, its sole corporate member.

SELECT FINANCIAL AND OPERATING INFORMATION

Utilization

The following table sets forth certain utilization data for NYP Queens for the six months ended June 30, 2023 and 2022 and the years ended December 31, 2022 and 2021.

HISTORICAL UTILIZATION OF NYP QUEENS

	Six Months Ended June 30,		Year Ended December 31,	
	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
Certified beds (at end of period)	535	535	535	535
Staffed beds ¹	549	549	549	559
Discharges ²	13,224	12,190	25,702	27,260
Patient days ²	74,707	70,123	144,596	156,666
Staffed bed days available	99,369	99,369	200,385	204,035
Average length of stay (days)	5.65	5.75	5.63	5.75
Case mix index - Medicare	1.91	1.92	1.89	1.84
Case mix index - hospital wide ³	1.59	1.59	1.54	1.54
Average occupancy (%) ⁴	86.3%	81.1%	88.8%	92.1%
Emergency room visits ⁵	36,702	32,579	70,168	65,638
Outpatient clinic visits	65,316	57,264	116,808	120,474
Ambulatory surgery procedures	8,799	8,085	16,502	14,154

Source: Hospital records

¹ Staffed beds reported represents the average of the number of staffed beds as of the last day of each month in the period.

² Excludes newborns.

³ Hospital wide CMI is calculated using the payor specific cost weight (APR, AP or MSDRG)

⁴ Occupancy percentages based on staffed bed days available.

⁵ Includes only patients seen in the emergency room and not admitted.

Summary Statements of Operations

The following summary statement of operations for the years ended December 31, 2022 and 2021 for NYP Queens is derived from the supplementary information included with the Hospital's 2022 Audited Financial Statements that are included in Appendix C-1 to this Official Statement, and comparable information for 2021.

The unaudited information in the summary statement of operations for the six months ended June 30, 2023 and 2022 of NYP Queens is derived from supplementary information included with the Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements of the Hospital that are included in Appendix C-3 of this Official Statement and comparable information for 2022. Such unaudited consolidated information includes all adjustments, consisting of normal recurring accruals, which the Hospital considers necessary for a fair presentation of the financial position and the results of operations for this period. The results for the six months ended June 30, 2023 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2023. This information should be read in conjunction with the financial statements and related notes included in Appendix C-1 of this Official Statement.

SUMMARY STATEMENTS OF OPERATIONS OF NYP QUEENS (\$ in thousands)

	Six Months Ended June 30,		Year Ended December 31,	
	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
Operating revenues				
Net patient service revenue	\$ 486,386	\$ 439,329	\$ 890,136	\$ 879,303
Other revenue	<u>314,427</u>	<u>193,973</u>	<u>425,913</u>	<u>312,720</u>
Total operating revenues	800,813	633,302	1,316,049	1,192,023
Operating expenses				
Salaries and wages	280,241	256,420	533,236	505,462
Employee benefits	83,693	82,300	159,621	151,565
Supplies and other expenses	427,317	310,554	676,131	539,280
Interest and amortization of deferred financing fees	2,553	2,659	5,244	5,557
Depreciation and amortization	<u>20,698</u>	<u>18,507</u>	<u>38,257</u>	<u>34,761</u>
Total operating expenses	<u>814,502</u>	<u>670,440</u>	<u>1,412,489</u>	<u>1,236,625</u>
Operating loss	(13,689)	(37,138)	(96,440)	(44,602)
Investment return, net	5,431	(7,665)	(9,246)	12,778
Expected return on plan assets and components of net periodic pension and postretirement cost	<u>3,915</u>	<u>2,559</u>	<u>7,476</u>	<u>8,266</u>
Deficiency of revenues over expenses	<u>\$ (4,343)</u>	<u>\$ (42,244)</u>	<u>\$ (98,210)</u>	<u>\$ (23,558)</u>

Source: Hospital records

Management's Discussion and Analysis of Utilization

Six months ended June 30, 2023 compared to six months ended June 30, 2022

For the six months ended June 30, 2023, NYP Queens inpatient discharges increased 1,034 cases or 8.5% compared to the same period in 2022; outpatient clinic visits increased 8,052 or 14.1% compared to the same period in 2022; ambulatory surgery procedures increased 714 cases or 8.8% compared to the same period in 2022; and emergency room visits increased 4,123 visits or 12.7% compared to the same period in 2022.

Year ended December 31, 2022 compared to year ended December 31, 2021

For the year ended December 31, 2022, NYP Queens inpatient discharges decreased 1,558 cases or 5.7% compared to the same period in 2021; outpatient clinic visits decreased 3,666 or 3.0% compared to the same period in 2021; ambulatory surgery procedures increased 2,348 cases or 16.6% compared to the same period in 2021; and emergency room visits increased 4,530 visits or 6.9% compared to the same period in 2021.

Management's Discussion and Analysis of Recent Financial Performance

Six months ended June 30, 2023 compared to six months ended June 30, 2022

For the six months ended June 30, 2023, NYP Queens had an operating loss of \$13.7 million, a \$23.4 million decreased loss from the \$37.1 million operating loss for the same period in 2022. This improvement in operating results was due to an increase in patient revenue. NYP Queens had a deficiency of revenues over expenses of \$4.3 million, which represented a \$37.9 million improvement compared to the deficiency of revenue over expense of \$42.2 million for the same period in 2022.

For the six months ended June 30, 2023, net patient service revenue increased \$47.1 million or 10.7% compared to the same period in 2022. The increase was primarily driven by increases in inpatient and outpatient volume across most patient services and increases in payment rates compared to the prior year.

For the six months ended June 30, 2023, other revenue increased \$120.5 million or 62.1% compared to the same period in 2022, resulting from an increase of \$102.4 million in specialty pharmacy revenue and recognizing \$20.9 million of other revenue related to a transaction under a laboratory asset purchase agreement that closed in the six months ended June 30, 2023. In addition, NYP Queens recognized \$2.7 million more from CARES Act Provider Relief Fund grant revenue, partially offset by recognizing \$1.7 million less ERC revenue compared to the same period in 2022.

For the six months ended June 30, 2023, total operating expenses increased \$144.1 million or 21.5% compared to the same period in 2022, primarily due to the continued growth in specialty pharmacy. Salaries and wages, together with employee benefits, increased \$25.2 million or 7.4% compared to the same period in 2022 mainly due to wage and benefits increases consistent with the current labor market.

Supplies and other expenses increased \$116.8 million or 37.6% during the six months ended June 30, 2023 compared to the same period in 2022, primarily due an increase in specialty pharmacy related expenses of \$99.8 million and increases in medical and pharmaceutical supplies associated with increases in costs and patient volumes. Interest and amortization of deferred financing fees decreased \$0.1 million or

4.0% in 2023 as compared to the same period in 2022. Depreciation and amortization expense for the six months ended June 30, 2023, increased \$2.2 million or 11.8% compared to the same period in 2022 reflecting the completion of a number of capital projects.

Year ended December 31, 2022 compared to year ended December 31, 2021

For the year ended December 31, 2022, NYP Queens had an operating loss of \$96.4 million, a \$51.8 million increased loss from the \$44.6 million operating loss for the same period in 2021. This decline in operating results was primarily due to less governmental assistance under the FEMA Disaster Relief Fund and the CARES Act Provider Relief Fund, the decrease in inpatient volume and outpatient clinic visits partially offset by increases in ambulatory surgery procedures and emergency room visits as noted above. NYP Queens had a deficiency of revenues over expenses of \$98.2 million, which represented a \$74.7 million decrease compared to the deficiency of revenue over expense of \$23.6 million for the same period in 2021.

For the year ended December 31, 2022, net patient service revenue increased \$10.8 million or 1.2% compared to the same period in 2021. The increase was primarily driven by increases in outpatient volume across most patient services as noted above and increases in payment rates compared to the prior year, partially offset by a decline in inpatient volume.

For the year ended December 31, 2022, other revenue increased \$113.2 million or 36.2% compared to the same period in 2021, resulting from the increase of \$140.6 million in specialty pharmacy revenue and recognizing \$3.3 million more ERC revenue, partially offset by recognizing \$32.4 million less from the FEMA Disaster Relief Fund and CARES Act Provider Relief Fund grant revenue compared to the same period in 2021.

For the year ended December 31, 2022, total operating expenses increased \$175.9 million or 14.2% compared to the same period in 2021, primarily due to the continued growth in the specialty pharmacy. Salaries and wages, together with employee benefits, increased \$35.8 million or 5.5% due to general wage and benefits increases compared to the same period in 2021.

Supplies and other expenses increased \$136.9 million or 25.4% during the year ended December 31, 2022 compared to the same period in 2021, primarily due an increase in specialty pharmacy related expenses of \$133.0 million and increases in medical and pharmaceutical supplies associated with increases in costs and outpatient volumes. Interest and amortization of deferred financing fees decreased \$0.3 million or 5.6% in 2022 as compared to the same period in 2021. Depreciation and amortization expense for the year ended December 31, 2022, increased \$3.5 million or 10.1% compared to the same period in 2021 reflecting the completion of a number of capital projects.

APPENDIX B-3

CERTAIN CONSOLIDATED FINANCIAL METRICS OF NYPH AND THE CONSOLIDATED ENTITIES

Operating Margin

The following table sets forth consolidated total operating margin of the Hospital based on consolidated total operating revenue and consolidated operating income for the six months ended June 30, 2023 and 2022 derived from the Hospital's Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements that are included in Appendix C-3 to this Official Statement and for the years ended December 31, 2022 and 2021 derived from the Hospital's audited consolidated financial statements for the years ended December 31, 2022 and 2021 that are included in Appendix C-1 to this Official Statement. The table includes NYPH and the Consolidated Entities.

CONSOLIDATED OPERATING MARGIN (\$ in thousands)

	Six months ended June 30,		Year ended December 31,	
	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
Consolidated total operating revenue	\$6,173,836	\$5,230,218	\$10,728,145	\$9,859,491
Consolidated operating income	279,345	95,080	201,260	110,370
Consolidated total operating margin	4.5%	1.8%	1.9%	1.1%

Source: Hospital records

For the six months ended June 30, 2023, the operating cash flow margin (calculated by dividing the sum of operating income, depreciation and amortization and interest and amortization of deferred financing fees by operating revenue) for NYPH and its Consolidated Entities was 10.6% compared to 9.1% for the six months ended June 30, 2022. For the year ended December 31, 2022, operating cash flow margin was 8.7%.

Liquidity

The following table sets forth consolidated days cash on hand of the Hospital based on unrestricted cash and investments and average daily operating expenses as of June 30, 2023 derived from the Hospital's Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements that are included in Appendix C-3 to this Official Statement and as of December 31, 2022 and 2021 derived from the Hospital's audited consolidated financial statements for the years ended December 31, 2022 and 2021 that are included in Appendix C-1 to this Official Statement. The table includes NYPH and the Consolidated Entities.

CONSOLIDATED DAYS CASH ON HAND (\$ in thousands)

	As of June 30,	As of December 31,	
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Unrestricted cash and investments ¹	\$8,465,556	\$7,556,488	\$8,496,275
Average daily operating expenses ²	30,907	27,275	25,172
Days cash on hand ³	273.9	277.0	337.5

Source: Hospital records

¹ Includes all cash and cash equivalents, short-term investments, CMS Medicare advance funds, funded depreciation investments, board designated funds required by the Department of Housing and Urban Development to be so designated in connection with NYPH's 2013 FHA-insured mortgage loan and investments made with proceeds of the Series 2015 Bonds, Series 2016 Bonds, Series 2019 Bonds and Series 2020 Bonds, but excluding any donor restricted funds and other third party restricted funds.

² Total operating expenses for the period less depreciation and amortization divided by 181 for June 30, 2023, and 365 for December 31, 2022 and 2021.

³ Unrestricted cash and investments divided by average daily operating expenses.

Cash to Debt

The following table sets forth the Hospital's the historical and pro-forma unrestricted cash and investments to long-term debt as of June 30, 2023 derived from the Hospital's Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements that are included in Appendix C-3 to this Official Statement and as of December 31, 2022 and 2021 derived from the Hospital's 2022 Audited Financial Statements that are included in Appendix C-1 to this Official Statement. The table includes NYPH and the Consolidated Entities.

CONSOLIDATED CASH TO DEBT (\$ in thousands)

	<u>Pro-forma¹</u>	<u>Actual</u>	<u>December 31,</u>	
	<u>June 30, 2023</u>	<u>June 30, 2023</u>	<u>2022</u>	<u>2021</u>
Unrestricted cash and investments ²	\$8,465,556	\$8,465,556	\$7,556,488	\$8,496,275
Long-term debt:				
Bonds	3,142,900	3,217,511	3,225,808	3,241,853
Other long-term debt ³	<u>781,805</u>	<u>781,805</u>	<u>807,854</u>	<u>670,695</u>
Total long-term debt ⁴	3,924,705	3,999,316	4,033,662	3,912,548
Less: Current portion of long-term debt ^{3,4}	<u>(84,502)</u>	<u>(84,502)</u>	<u>(86,348)</u>	<u>(264,484)</u>
Net long-term debt	\$3,840,203	\$3,914,814	\$3,947,314	\$3,648,064
Unrestricted cash and investments to Long-term debt	220.4%	216.2%	191.4%	232.9%

Source: Hospital records

¹ Pro-forma cash to debt assumes that, as of June 30, 2023, (i) the Series 2023 Bonds were issued and outstanding in the par amount of \$292.9 million, (ii) the FHA-Insured Indebtedness was no longer outstanding; (iii) NYPH made the contribution of equity required to pay a portion of the FHA-Insured Indebtedness (see, "PART 4 – PLAN OF FINANCE" and "PART 5 – ESTIMATED SOURCES AND USES OF FUNDS" in the front part of this Official Statement); and (iv) the amounts in the mortgage reserve fund required with respect to the FHA-Insured Indebtedness are released from restriction and are included in pro-forma unrestricted cash and investments.

² Includes all cash and cash equivalents, short-term investments, CMS Medicare advance funds, funded depreciation investments, board designated funds required by the Department of Housing and Urban Development to be so designated in connection with NYPH's 2013 FHA-insured mortgage loan and investments made with proceeds of the Series 2015 Bonds, Series 2016 Bonds, Series 2019 Bonds and Series 2020 Bonds, but excluding any donor restricted funds and other third party restricted funds.

³ Includes the Promissory Note, Private Placement Note, term loan payable, amounts outstanding under lines of credit with a term of more than one year and finance leases, excluding deferred financing costs which are reported net in current and long-term debt.

⁴ The total long-term debt excludes deferred financing costs of \$39.9 million as of June 30, 2023, and \$40.9 million and \$45.3 million as of December 31, 2022 and 2021, respectively. The current portion of long-term debt excludes deferred financing costs of \$1.9 million as of June 30, 2023, and \$1.9 million and \$2.0 million as of December 31, 2022 and 2021, respectively.

Capitalization

The following table sets forth the historical and pro-forma capitalization of the Hospital as of June 30, 2023 and the historical capitalization of the Hospital as of December 31, 2022 and 2021. The actual amounts as of June 30, 2023 are derived from the Hospital's Six Months Ended June 30, 2023 Unaudited Consolidated Financial Statements that are included in Appendix C-3 to this Official Statement and the amounts as of December 31, 2022 and 2021 are derived from the Hospital's 2022 Audited Financial Statements that are included in Appendix C-1 to this Official Statement. The table includes NYPH and the Consolidated Entities.

CONSOLIDATED CAPITALIZATION

(\$ in thousands)

	<u>Pro-Forma¹</u> <u>June 30,</u> <u>2023</u>	<u>Actual</u> <u>June 30,</u> <u>2023</u>	<u>December 31,</u>	
			<u>2022</u>	<u>2021</u>
Long-term debt:				
Bonds	\$3,142,900	\$3,217,511	\$3,225,808	\$3,241,853
Other long-term debt ²	<u>781,805</u>	<u>781,805</u>	<u>807,854</u>	<u>670,695</u>
Total long-term debt ³	3,924,705	3,999,316	4,033,662	3,912,548
Less: current portion of long-term debt ^{2, 3}	<u>(84,502)</u>	<u>(84,502)</u>	<u>(86,348)</u>	<u>(264,484)</u>
Net long-term debt	3,840,203	3,914,814	3,947,314	3,648,064
Net assets without donor restrictions	<u>8,956,918</u>	<u>8,956,918</u>	<u>8,184,061</u>	<u>8,223,150</u>
Total capitalization	\$12,797,121	\$12,871,732	\$12,131,375	\$11,871,214
Long-term debt to total capitalization	30.0%	30.4%	32.5%	30.7%

Source: Hospital records

1. Pro-forma capitalization assumes that, as of June 30, 2023, the Series 2023 Bonds were issued and outstanding in the par amount of \$292.9 million and the FHA-Insured Indebtedness was no longer outstanding.
2. Includes the Promissory Note, Private Placement Note, term loan payable, amounts outstanding under lines of credit with a term of more than one year and finance leases, excluding deferred financing costs which are reported net in current and long-term debt.
3. The total long-term debt excludes deferred financing costs of approximately \$39.9 million as of June 30, 2023, and \$40.9 million and \$45.3 million as of December 31, 2022 and 2021, respectively. The current portion of long-term debt excludes deferred financing costs of \$1.9 million as of June 30, 2023, and approximately \$1.9 million and \$2.0 million as of December 31, 2022 and 2021, respectively.

APPENDIX C-1

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE NEW YORK AND
PRESBYTERIAN HOSPITAL FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
WITH REPORT OF INDEPENDENT AUDITORS**

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CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

The New York and Presbyterian Hospital
Years Ended December 31, 2022 and 2021
With Report of Independent Auditors

Ernst & Young LLP



The New York and Presbyterian Hospital

Consolidated Financial Statements and
Supplementary Information

Years Ended December 31, 2022 and 2021

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Report of Independent Auditors

The Board of Trustees
The New York and Presbyterian Hospital

Opinion

We have audited the consolidated financial statements of The New York and Presbyterian Hospital (the Hospital), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital at December 31, 2022 and 2021, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital’s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating statement of financial position, consolidating statement of operations and other supplementary information as of and for the year ended December 31, 2022 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst + Young LLP

April 27, 2023

The New York and Presbyterian Hospital
Consolidated Statements of Financial Position

	December 31	
	2022	2021
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash, cash equivalents and short-term investments:		
Cash and cash equivalents	\$ 402,937	\$ 455,807
Short-term investments	2,338,756	2,702,956
Total cash, cash equivalents and short-term investments	2,741,693	3,158,763
Patient accounts receivable – net	1,346,285	1,198,620
Other current assets	577,739	540,835
Assets limited as to use – current portion	45,436	50,628
Professional liabilities insurance recoveries receivable and related deposits – current portion	91,456	100,021
Beneficial interest in net assets held by related organizations – current portion	73,284	75,087
Due from related organizations – net	35,701	3,836
Total current assets	4,911,594	5,127,790
Assets limited as to use – noncurrent	5,194,047	5,736,988
Property, buildings and equipment – net	5,067,143	5,127,269
Operating lease assets	563,885	588,490
Other noncurrent assets – net	291,410	89,051
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	303,926	301,435
Beneficial interest in net assets held by related organizations – noncurrent	2,500,701	2,694,449
Total assets	\$ 18,832,706	\$ 19,665,472

	December 31	
	2022	2021
	<i>(In Thousands)</i>	
Liabilities and net assets		
Current liabilities:		
Long-term debt – current portion	\$ 84,487	\$ 262,502
Operating lease liability – current portion	67,838	60,727
Accounts payable and accrued expenses	1,115,921	1,046,644
Accrued salaries and related liabilities	657,926	686,160
Pension and postretirement benefit liabilities – current portion	5,344	22,015
Professional and other insurance liabilities – current portion	113,299	122,007
Other current liabilities	286,075	775,395
Total current liabilities	<u>2,330,890</u>	<u>2,975,450</u>
Long-term debt	3,908,311	3,604,749
Operating lease liability	522,649	546,554
Professional and other insurance liabilities	834,116	808,153
Pension liability	–	122,393
Postretirement benefit liability	37,996	50,225
Other noncurrent liabilities	407,817	501,422
Total liabilities	<u>8,041,779</u>	<u>8,608,946</u>
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions	8,184,061	8,223,150
Net assets with donor restrictions	2,606,866	2,833,376
Total net assets	<u>10,790,927</u>	<u>11,056,526</u>
Total liabilities and net assets	<u>\$ 18,832,706</u>	<u>\$ 19,665,472</u>

See accompanying notes.

The New York and Presbyterian Hospital

Consolidated Statements of Operations

	Year Ended December 31	
	2022	2021
	<i>(In Thousands)</i>	
Operating revenues		
Net patient service revenue	\$ 9,708,841	\$ 9,038,318
Other revenue	1,019,304	821,173
Total operating revenues	<u>10,728,145</u>	<u>9,859,491</u>
Operating expenses		
Salaries and wages	4,963,681	4,538,193
Employee benefits	1,210,810	1,127,571
Supplies and other expenses	3,625,471	3,366,837
Interest and amortization of deferred financing fees	155,296	155,220
Depreciation and amortization	571,627	561,300
Total operating expenses	<u>10,526,885</u>	<u>9,749,121</u>
Operating income	201,260	110,370
Investment return – net	(694,578)	882,668
Expected return on plan assets and other components of net periodic pension and postretirement cost	56,222	31,190
(Deficiency) excess of revenues over expenses	<u>(437,096)</u>	<u>1,024,228</u>
Other changes in net assets without donor restrictions:		
Net asset transfers to related parties	(5,608)	(10,175)
Other changes in net assets	(125)	(86)
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	–	25,364
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	50,658	24,541
Change in pension and postretirement benefit liabilities to be recognized in future periods	353,082	514,281
Change in net assets without donor restrictions	<u>\$ (39,089)</u>	<u>\$ 1,578,153</u>

See accompanying notes.

The New York and Presbyterian Hospital

Consolidated Statements of Changes in Net Assets

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Beneficial Interest in Net Assets with Donor Restrictions Held by Related Organizations				Total Beneficial Interest	Total Net Assets With Donor Restrictions	Total Net Assets
			Plant Replacement	Specific Purposes	Endowment Earnings	Permanent Endowment			
	<i>(In Thousands)</i>								
Net assets at January 1, 2021	\$ 6,644,997	\$ 59,813	\$ 757,964	\$ 1,097,859	\$ 222,290	\$ 275,883	\$ 2,353,996	\$ 2,413,809	\$ 9,058,806
Change in net assets without donor restrictions	1,578,153	–	–	–	–	–	–	–	1,578,153
Net investment return – donor restricted	–	4,027	–	–	–	–	–	4,027	4,027
Changes in beneficial interest in net assets held by related organizations	–	–	162,755	183,635	44,494	24,656	415,540	415,540	415,540
Changes in net assets	1,578,153	4,027	162,755	183,635	44,494	24,656	415,540	419,567	1,997,720
Net assets at December 31, 2021	8,223,150	63,840	920,719	1,281,494	266,784	300,539	2,769,536	2,833,376	11,056,526
Change in net assets without donor restrictions	(39,089)	–	–	–	–	–	–	–	(39,089)
Transfer of donor restricted net assets to New York-Presbyterian Fund, Inc.	–	(29,744)	–	–	–	–	–	(29,744)	(29,744)
Net investment return – donor restricted	–	(1,215)	–	–	–	–	–	(1,215)	(1,215)
Changes in beneficial interest in net assets held by related organizations	–	–	(26,749)	(123,417)	(48,198)	2,813	(195,551)	(195,551)	(195,551)
Changes in net assets	(39,089)	(30,959)	(26,749)	(123,417)	(48,198)	2,813	(195,551)	(226,510)	(265,599)
Net assets at December 31, 2022	\$ 8,184,061	\$ 32,881	\$ 893,970	\$ 1,158,077	\$ 218,586	\$ 303,352	\$ 2,573,985	\$ 2,606,866	\$ 10,790,927

See accompanying notes.

The New York and Presbyterian Hospital
Consolidated Statements of Cash Flows

	Year Ended December 31	
	2022	2021
	<i>(In Thousands)</i>	
Operating activities		
Change in net assets	\$ (265,599)	\$ 1,997,720
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	571,627	561,300
Amortization of deferred financing costs, deferred revenue, fair value adjustment to debt and mortgage discount	4,433	7,579
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	–	(25,364)
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	(50,658)	(24,541)
Net investment return – without donor restrictions, excluding interest and dividends	699,264	(875,208)
Equity in income from investee	(6,080)	(7,298)
Net asset transfers to related parties	35,352	10,175
Increase in debt for interest accretion	1,265	1,174
Changes in operating assets and liabilities:		
Patient accounts receivable – net	(147,665)	(300,255)
Other assets and operating lease assets	(184,328)	(299,708)
Beneficial interest in net assets held by related organizations	195,551	(415,540)
Accounts payable and accrued expenses	69,277	8,555
Accrued salaries and related liabilities	(28,234)	18,404
Due from related organizations – net	(31,865)	27,452
Other liabilities	(599,719)	(326,434)
Professional and other insurance liabilities and related insurance recoveries receivable and deposits	23,329	37,546
Pension and postretirement benefit liabilities	(151,293)	(514,518)
Net cash provided by (used in) operating activities	134,657	(118,961)
Investing activities		
Net sales of short-term investments and assets limited as to use	211,437	692,858
Acquisitions of property, buildings and equipment – net	(314,043)	(444,270)
Loans receivable issued to affiliated entities	(29,500)	(10,254)
Distribution from investee	5,250	6,000
Net cash (used in) provided by investing activities	(126,856)	244,334
Financing activities		
Repayments of long-term debt and line of credit advances	(277,609)	(370,216)
Proceeds from the issuance of long-term debt	200,000	–
Payment of deferred financing costs	–	(5,716)
Net asset transfers to related parties	(35,352)	(10,175)
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	–	25,364
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	50,658	24,541
Net cash used in financing activities	(62,303)	(336,202)
Net decrease in cash and cash equivalents and restricted cash and restricted cash equivalents	(54,502)	(210,829)
Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of year	494,224	705,053
Cash and cash equivalents and restricted cash and restricted cash equivalents at end of year	\$ 439,722	\$ 494,224
Supplemental disclosure of cash flow information		
Assets acquired under finance lease obligations	\$ 197,458	\$ 46,658

See accompanying notes.

The New York and Presbyterian Hospital
Notes to Consolidated Financial Statements

December 31, 2022

1. Organization and Basis of Presentation and Significant Accounting Policies

Organization and Basis of Presentation

The accompanying consolidated financial statements include the accounts of The New York and Presbyterian Hospital (referred to herein as “NYPH” when referencing the legal entity separate from its subsidiaries), NYP Community Programs, Inc. (Community Programs) and other consolidated entities as described below. NYPH is the sole member of Community Programs. The reporting entity resulting from the consolidation of these entities is referred to herein as the “Hospital”. All significant intercompany balances and transactions have been eliminated in consolidation.

NYPH is a tax-exempt organization that was incorporated under New York State not-for-profit corporation law. NYPH is a major academic medical center operating at eight campuses comprised of 3,403 beds, providing a full range of inpatient and outpatient services, mainly to residents of the New York metropolitan area. The Board of Trustees of NYPH consists of persons who have first been elected as members of New York-Presbyterian Foundation, Inc. (Foundation, Inc.), a New York State not-for-profit corporation. Foundation, Inc. is related to a number of organizations.

As of December 31, 2022, Community Programs is the sole member of the following entities: Hudson Valley Hospital Center and Westchester Putnam Health Management System, Inc. (collectively with their controlled affiliates referred to herein as NYP/Hudson Valley or Hudson Valley); and NewYork-Presbyterian/Queens (collectively with its controlled affiliates referred to herein as NYP/Queens or Queens). NYP/Hudson Valley consists of a 128-bed acute care hospital located in Cortlandt Manor, Westchester County, New York, a fundraising foundation, a multi-specialty physician practice and certain other entities primarily formed to purchase and lease space. NYP/Queens consists of a 535-bed acute care hospital located in Queens County, New York, a multi-specialty physician practice and certain other entities. Hudson Valley and Queens are collectively referred to herein as the “Regional Hospitals.”

Through September 30, 2022, Community Programs was also the sole member of NewYork-Presbyterian/Brooklyn Methodist, which consists of a 591-bed acute care hospital located in Kings County, New York, physician practices and certain other entities.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Effective October 1, 2022, New York-Presbyterian/Brooklyn Methodist excluding its affiliates, referred to herein as “NYP Brooklyn Methodist,” was merged with and into NYPH, with NYPH as the surviving corporation acquiring all assets and liabilities of NYP Brooklyn Methodist. Community Programs was disestablished as the active parent of NYP Brooklyn Methodist effective October 1, 2022. Additionally, effective as of the date of the merger, the NYP Brooklyn Methodist affiliated physician practice entities, State of New York professional corporations exempt from federal income tax that were organized for the sole purpose of supporting and furthering the charitable purposes of NYP Brooklyn Methodist, now support and further the charitable purposes of NYPH. These changes had no impact on the Hospital’s consolidated financial statements as NYP Brooklyn Methodist and its affiliated physician practice entities were previously included in the Hospital’s consolidated financial statements.

Other entities included in the accompanying consolidated financial statements include Lawrence Care, Inc. (LCI), Lawrence Medical Associates, P.C. (d/b/a NewYork-Presbyterian Medical Group/Westchester), and NYP Sports Performance, LLC.

Although NYPH, Community Programs and the other entities described above have been consolidated for financial statement reporting purposes under applicable accounting requirements, there may be limitations on the use of one entity’s funds by another member of the consolidated group resulting from the charitable nature of some of the entities or other factors.

Coronavirus Disease 2019 Pandemic and Related Funding

On March 11, 2020, the World Health Organization designated the Coronavirus Disease 2019 (COVID-19) outbreak as a global pandemic. Federal, state and local government policies resulted in a substantial portion of the population remaining at home and forced the closure of certain businesses, which had an impact on the Hospital’s patient volumes and revenues for most services. The impact of the pandemic continues to effect patient service patterns, revenue and the costs of providing health care services.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

In response to COVID-19, the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) was signed into law on March 27, 2020. The CARES Act authorized funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Provider Relief Fund). Payments from the Provider Relief Fund are to be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the recipient for health care related expenses and/or lost revenues attributable to coronavirus and are not required to be repaid except where Provider Relief Funds received exceed the actual amounts of eligible health care related expenses and/or lost revenues as defined by the U.S. Department of Health and Human Services (HHS), provided the recipients attest to and comply with the terms and conditions. HHS distributions from the Provider Relief Fund include general distributions and targeted distributions, to support hospitals in high impact areas and rural providers. HHS has issued several Post-Payment Notices of Reporting Requirements and published responses to frequently asked questions (FAQs) regarding the Provider Relief Fund distributions. Additionally, on December 27, 2020, the Consolidated Appropriations Act, 2021 (CAA) was signed into law. The CAA appropriated additional funding for COVID-19 response and relief through the Provider Relief Fund and provided several changes and clarifications to the administration of the Provider Relief Fund. Distributions from the Provider Relief Fund are available for specified service periods through June 30, 2023 with various required data submissions. HHS has indicated that the public health emergency period will end on May 11, 2023.

During the years ended December 31, 2022 and 2021, the Hospital received approximately \$116.7 million and \$5.5 million, respectively, in Provider Relief Fund distributions and recognized revenue of \$116.7 million and \$44.5 million, respectively, which is included in other revenue in the accompanying consolidated statements of operations. The recognized revenue has been determined based on applicable accounting guidance, Post-Payment Notice of Reporting Requirements and FAQs that the Hospital has interpreted as being applicable to the accompanying consolidated financial statements.

In 2022 and 2021, the Hospital applied for reimbursement for qualifying expenses under the Federal Emergency Management Agency (FEMA) Disaster Relief Fund and received reimbursement payment advances of approximately \$2.2 million and \$74.0 million in 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, the Hospital recognized \$2.2 million and \$114.0 million, respectively, as other revenue (for reimbursement of operating costs) and \$25.4 million in 2021 as FEMA receipts for capital expenditures (reported as a component of other changes in net assets without donor restrictions). The advances received in 2022 and 2021 relate to project worksheets totaling over \$412.0 million submitted by the Hospital

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

to FEMA under its expedited claim submission process and streamlined submission process. In January 2023, FEMA approved the obligation of \$174.1 million of costs previously submitted by the Hospital for reimbursement; the payment to the Hospital was received in April 2023. The Hospital will be finalizing project worksheets previously submitted to FEMA and also intends to submit additional applications for funding of costs incurred through the end of the defined period. The ultimate amount of incurred costs that the Hospital may be reimbursed is uncertain.

To enhance liquidity in 2020, the Centers for Medicare & Medicaid Services (CMS) expanded and streamlined the process for its Accelerated and Advance Payment Program, pursuant to which providers could receive advance Medicare payments. This program allowed eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. During April 2020, the Hospital received approximately \$740.1 million of expedited payments for future services. CMS advances under this program were fully recouped as of December 31, 2022 and were included as a contract liability in other current liabilities for \$448.1 million at December 31, 2021 in the accompanying consolidated statements of financial position.

Under the CARES Act, the Hospital had elected to defer the payment of the employer portion of social security taxes totaling approximately \$160.7 million that otherwise would have been due between March 27, 2020 and December 31, 2020. The CARES Act required that 50% of the total deferred amount be paid by December 31, 2021, with the remaining balance due by December 31, 2022. The Hospital paid \$78.5 million of deferred taxes in December 2021; the remaining balance was paid in December 2022.

Under the CARES Act, the Hospital is eligible to receive an employee retention credit (ERC) against the employer portion of Social Security taxes for certain wages. The ERC was designed to encourage employers to retain employees during the COVID-19 pandemic. The Hospital is eligible for ERC for the period of March 13, 2020 to September 30, 2021, as extended through further legislation. The Hospital submitted amended Forms 941-X for calendar year 2020 and the first quarter of calendar year 2021 to claim the ERC and continues to process applications for the ERC. The Hospital has received approximately \$79.4 million of ERC through April 2023. The Hospital recognized \$47.2 million and \$20.2 million as other revenue in 2022 and 2021, respectively.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Due to the evolving nature of the COVID-19 pandemic, the ultimate impact to the Hospital's operating results, including costs that may be incurred in the future and the level of utilization of the Hospital's services and resulting impact on net patient service revenue reported in the future, and its financial condition is presently unknown. The Hospital has also experienced significant price increases in personnel costs and medical supplies, as well as volatility in the interest rate and capital markets, due to the broader economic disruption caused by the pandemic.

Significant Accounting Policies

The following is a summary of significant accounting policies:

Use of Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, such as collections on accounts receivable for services to patients, valuation of alternative investments, estimated settlements with third-party payors, professional liabilities and pension and postretirement benefit obligations, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the amounts of revenue and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term.

Cash and Cash Equivalents and Short-term Investments: The Hospital classifies as cash equivalents all highly liquid financial instruments with a maturity of three months or less when purchased, excluding those held in short-term investments and assets limited as to use for funded depreciation and board designated purposes as such holdings are within investment portfolios.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

A reconciliation of amounts reported on the accompanying consolidated statements of financial position to the accompanying consolidated statements of cash flows as of and for the years ended December 31, 2022 and 2021 follows (in thousands):

	2022	2021
Cash and cash equivalents	\$ 402,937	\$ 455,807
Assets limited as to use – funds held under loan agreements: cash and cash equivalents	1,985	699
Assets limited as to use – funded self-insurance (professional liabilities): cash and cash equivalents	34,771	37,689
Assets limited as to use – donor restricted: cash and cash equivalents	29	29
Total cash and cash equivalents and restricted cash and restricted cash equivalents	\$ 439,722	\$ 494,224

Investments that are readily marketable and that are not classified as assets limited as to use are considered short-term investments and are classified as current assets. Short-term investments are used for cash management purposes and consist of cash and cash equivalents, fixed income securities, equity securities, hedge funds and pooled investments held by related parties. At December 31, 2022 and 2021, the Hospital’s cash and cash equivalents include money market funds and interest-bearing accounts that are not fully insured by the U.S. government. The Hospital does not hold any money market funds with significant liquidity restrictions that would be required to be excluded from cash equivalents.

Receivables for Patient Care: Patient accounts receivable for which the Hospital receives payment under prospective payment formulae, cost reimbursement or negotiated rates, which cover the majority of patient services, are stated at the estimated net amounts receivable from payors, which are generally less than the established billing rates of the Hospital (see Note 2).

Supplies: Supplies, which are determined on the first-in, first-out method, are stated at the lower of cost or net realizable value. Supplies are used in the provision of patient care and are not held for sale. Supplies are included in other current assets in the accompanying consolidated statements of financial position at December 31, 2022 and 2021.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Investments and Investment Return: Investments are held in the Hospital's short-term and assets limited as to use portfolios. All investments are classified as trading investments and, excluding interests in common collective equity funds, alternative investments and pooled investments held by related parties, are carried at fair value determined as described in Note 13. Common collective equity funds and alternative investments are reported in the accompanying consolidated statements of financial position based upon net asset values derived from the application of the equity method of accounting.

Alternative investment interests generally are structured such that the Hospital (or its related party investment pool) holds a limited partnership interest or an interest in an investment management company, including hedge funds, private equity funds and private real estate funds. The Hospital's ownership structure does not provide for control over the related investees and the Hospital's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment.

Individual investment holdings within the alternative investments include non-marketable and market-traded debt, equity and real asset securities and interests in other alternative investments. The Hospital may be exposed indirectly to securities lending, short sales of securities and trading in futures and forward contracts, options, and other derivative products. Alternative investments often have liquidity restrictions under which the Hospital's capital may be divested only at specified times.

Financial information used by the Hospital to evaluate its alternative investments is provided by the investment manager or general partner and includes fair value valuations (quoted market prices and values determined through other means) of underlying securities and other financial instruments held by the investee and estimates that require varying degrees of judgment. The financial statements of the investee companies are audited annually by independent auditors, although the timing for reporting the results of such audits for certain investee companies does not coincide with the Hospital's annual financial statement reporting.

Interests in pooled investments held by related parties are reported based upon unitized net asset value (see Note 3). Assets held in the Hospital's defined benefit pension plans are carried at fair value (see Note 9).

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

There is uncertainty in the accounting for alternative investments arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings and time lags associated with reporting by the investee companies. As a result, there is at least a reasonable possibility that estimates will change in the near term.

Investments received as a gift are recorded at fair value on the date of contribution. All investment transactions are recorded on the dates such trades take place. Realized gains and losses on sales of marketable securities are based on the average cost method. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Investment return is included within the performance indicator in the accompanying consolidated statements of operations, unless restricted by donor or by law. Investment return is reported net of external and direct internal investment expenses, such as trustee fees, investment fund manager fees and salaries and related costs for the Hospital's investment management personnel.

Assets Limited as to Use: Assets so classified represent investments whose use is restricted for specific purposes under internal and/or external designation, terms of loan agreements and for self-insured liabilities (see Note 3). Assets limited as to use which are internally designated for funded depreciation represent amounts that will be expended in future periods for acquisitions of property, buildings and equipment. Assets limited as to use required to meet current liabilities are reported as current assets.

Beneficial Interest in Net Assets Held by Related Organizations: New York-Presbyterian Fund, Inc. (Fund, Inc.) was incorporated under New York State not-for-profit corporation law to solicit, receive and administer funds to be applied exclusively for charitable, educational and scientific purposes, primarily for the benefit of health care related charitable organizations. The directors of Fund, Inc. consist of persons who have first been elected as members of Foundation, Inc. Fund, Inc. is related to NYPH and a number of other organizations. The Hospital recognizes its accumulated interest in the net assets held by Fund, Inc. and New York Weill Cornell Medical Center Fund, Inc. (WCMC Fund) as beneficial interest in net assets held by related organizations in the accompanying consolidated statements of financial position and also recognizes the periodic changes in such interests in the accompanying consolidated statements of changes in net assets.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Related-Party Transactions: The entities comprising the Hospital provide various inter-entity services to their affiliated entities. The services consist of certain financial planning, information systems and telecommunications, general accounting, and other services. Charges for such services are based on the approximate cost to provide the services and are allocated between the entities based on an agreed-upon method which reflects the approximate level of usage by each entity. Such inter-entity charges and all intercompany balances between the entities comprising the Hospital eliminate in consolidation.

Property, Buildings and Equipment: Property, buildings and equipment purchased are initially recorded at cost. Assets acquired through acquisitions of businesses not previously under common control, gifts and bequests are initially recorded at appraised or fair value established at the date of the transaction. The carrying amounts of assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of and any resulting gain or loss is included in operations. Depreciation of buildings, building improvements, and fixed equipment is recorded using the straight-line method over the estimated useful lives of the assets. Depreciation of NYPH movable equipment is recorded using the sum-of-the-years-digits method. Depreciation of the Regional Hospitals' movable equipment is recorded using the straight-line method over the estimated useful lives of the assets. Equipment under finance lease obligations and leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful life of the asset or the lease term. Such amortization is included in depreciation and amortization in the accompanying consolidated statements of operations.

Deferred Financing Costs: Capitalized financing costs are included as a deduction to long-term debt in the accompanying consolidated statements of financial position and are amortized using the effective interest method over the term that the related debt is expected to be outstanding.

Classification of Net Assets: The Hospital separately accounts for and reports net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are not externally restricted for identified purposes by donors or grantors. Net assets without donor restrictions include resources that the governing board may use for any designated purpose and resources whose use is limited by agreement between the Hospital and an outside party other than a donor or grantor.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time frame or purpose or have been restricted by donors as permanent endowments to be maintained in perpetuity. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restriction.

The Hospital also recognizes governmental grants where commensurate value is not exchanged as contributions when conditions and restrictions are satisfied and reports such amounts within other revenue (see Note 11).

Operating Leases: Scheduled base rent increases under operating leases are recognized as rental expense on a straight-line basis over the lease term (see Note 6).

Program Services: The Hospital's program services consist of providing health care and related services, including graduate medical education. For the year ended December 31, 2022, expenses related to providing these services are summarized as follows (in thousands):

	Health Care and Related Services	Program Support and General Services	Total
Salaries and wages	\$ 4,175,443	\$ 788,238	\$ 4,963,681
Employee benefits	1,018,315	192,495	1,210,810
Supplies and other expenses	3,046,237	579,234	3,625,471
Interest and amortization of deferred financing fees	131,256	24,040	155,296
Depreciation and amortization	481,828	89,799	571,627
	\$ 8,853,079	\$ 1,673,806	\$ 10,526,885

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

For the year ended December 31, 2021, expenses related to providing these services are summarized as follows (in thousands):

	Health Care and Related Services	Program Support and General Services	Total
Salaries and wages	\$ 3,822,400	\$ 715,793	\$ 4,538,193
Employee benefits	949,490	178,081	1,127,571
Supplies and other expenses	2,839,646	527,191	3,366,837
Interest and amortization of deferred financing fees	131,308	23,912	155,220
Depreciation and amortization	475,073	86,227	561,300
	\$ 8,217,917	\$ 1,531,204	\$ 9,749,121

The accompanying consolidated financial statements report expense categories that are attributable to more than one health care service or support function. Costs not directly attributable to a function are allocated on a functional basis using internal estimates and amounts reported in tax filings.

The Hospital maintains academic affiliations with two medical colleges: Columbia University Vagelos College of Physicians & Surgeons (Columbia VP&S) and The Joan and Sanford I. Weill Medical College of Cornell University (Weill Cornell Medical College) (collectively, the Schools). Transactions occur on a routine basis between the Hospital and the Schools, based upon arrangements between the parties.

Performance Indicator: The accompanying consolidated statements of operations include (deficiency) excess of revenues over expenses as the performance indicator. Excluded from the performance indicator are permanent transfers of assets to related entities, distributions received for the purchase of fixed assets, and the change in pension and postretirement benefit liabilities to be recognized in future periods. Transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenues and operating expenses and are included in operating income. Investment return and certain transactions which are peripheral or of an infrequent nature are excluded from operating income.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Tax Status: The majority of the entities comprising the Hospital are Section 501(c)(3) organizations exempt from Federal income taxes on related income under Section 501(a) of the Internal Revenue Code (IRC). These entities are also exempt from New York State income taxes. NYPH, Community Programs, and NYP/Queens are exempt from New York City income taxes.

Certain subsidiaries and consolidated entities of the Hospital are for-profit entities. Taxable operations and the potential for income taxes from these entities and from unrelated business activities of the tax-exempt entities are not significant to the accompanying consolidated financial statements.

Reclassifications: Certain reclassifications have been made to the 2021 amounts previously reported or disclosed in order to conform to the current year presentation.

Recent Accounting Pronouncements: In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 and related ASU updates is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in ASU 2016-13 are effective for the Hospital for fiscal years beginning after December 15, 2022. The Hospital is in the process of evaluating the impact of ASU 2016-13 on its consolidated financial statements.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue

Net Patient Service Revenue and Accounts Receivable

Net patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include provisions for variable consideration (reductions to revenue) for retroactive revenue adjustments, including adjustments due to the settlement of ongoing and future audits, reviews, and investigations.

The Hospital uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios primarily consist of major payor classes for inpatient revenue and major types of services provided for outpatient revenue. Based on historical collection trends and other analyses, the Hospital believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

The Hospital's initial estimate of the transaction price for services provided to patients is determined by reducing the total standard charges related to the patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions, and other reductions to the Hospital's standard charges. The Hospital determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements, the Hospital's discount policies and historical experience. For uninsured and under-insured patients who do not qualify for charity care, the Hospital determines the transaction price associated with services on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on the Hospital's historical collection experience for applicable patient portfolios. Under the Hospital's charity care policy, a patient who has no insurance or is under-insured and is ineligible for any government assistance program has his or her bill reduced to (1) the lesser of charges or the Medicaid diagnostic-related group for inpatient and (2) a discount from Medicaid fee-for-service rates for outpatient. Patients who meet the Hospital's criteria for free care are provided care without charge; such amounts are not reported as revenue.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Generally, the Hospital bills patients and third-party payors several days after the services are performed and/or when the patient is discharged. Net patient service revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Hospital. Net patient service revenue for performance obligations satisfied over time is recognized based on the estimated expected payment at that point in time. The Hospital believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services or patients receiving services in the Hospital's outpatient and ambulatory care centers. The Hospital measures the performance obligation from admission into the Hospital or the commencement of an outpatient service to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or the completion of the outpatient visit. Substantially all of its performance obligations relate to contracts with a duration of less than one year. Unsatisfied or partially unsatisfied performance obligations primarily relate to inpatient acute care services at the end of the reporting period for patients who remain admitted at that time (in-house patients). The performance obligations for in-house patients are generally completed when the patients are discharged, which for the majority of the Hospital's in-house patients occurs within days or weeks after the end of the reporting period.

Net patient service revenue for the years ended December 31, 2022 and 2021 by payor is as follows (in thousands):

	2022		2021	
Medicare	\$ 2,639,341	27%	\$ 2,437,223	27%
Medicaid	1,666,914	17	1,467,825	16
Commercial carriers and health maintenance organizations	5,285,847	55	5,053,706	56
Self-pay	116,739	1	79,564	1
	\$ 9,708,841	100%	\$ 9,038,318	100%

Deductibles, copayments, and coinsurance under third-party payment programs which are the patient's responsibility are included within the third-party payors amounts above.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to patient service revenue in the period of the change. Changes in the Hospital's estimates of implicit price concessions, discounts, contractual adjustments, or other reductions to expected payments for performance obligations satisfied in prior periods were not significant. Portfolio collection estimates are updated quarterly based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis when applicable) are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2022 and 2021 was not significant.

At December 31, accounts receivable is comprised of the following components (in thousands):

	<u>2022</u>	<u>2021</u>
Patient receivables	\$ 1,281,711	\$ 1,132,061
Contract assets	64,574	66,559
	<u>\$ 1,346,285</u>	<u>\$ 1,198,620</u>

Contract assets are related to in-house patients who were provided services during the reporting period but were not discharged as of the reporting date and for which the Hospital may not have the right to bill.

Third-Party Payment Programs

The Hospital has agreements with third-party payors that provide for payment for services rendered at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: Hospitals are paid for most Medicare patient services under national prospective payment systems and other methodologies of the Medicare program for certain other services. Federal regulations provide for adjustments to current and prior years' payment rates, based on industry-wide and Hospital-specific data.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Non-Medicare: In New York State, hospitals, and all non-Medicare payors (including Medicare and Medicaid managed care plans), except Medicaid, workers' compensation, and no-fault insurance programs, negotiate hospitals' payment rates. If negotiated rates are not established, payors are billed at hospitals' established charges. Medicaid, workers' compensation, and no-fault payors pay hospital rates promulgated by the New York State Department of Health (DOH). Payments to hospitals for Medicaid, workers' compensation and no-fault inpatient services are based on a statewide prospective payment system, with retroactive and/or prospective adjustments. Outpatient services also are paid based on a statewide prospective system. Medicaid rate methodologies are subject to approval at the Federal level by the Centers for Medicare and Medicaid Services (CMS), which may routinely request information about such methodologies prior to approval. Revenue related to specific rate components that have not been approved by CMS is not recognized until the Hospital is reasonably assured that such amounts are realizable. Adjustments to the current and prior years' payment rates for those payors will continue to be made in future years.

The Hospital has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and Hospital-specific data. Medicare cost reports, which serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through 2001 and years 2005, 2006, and 2014 to 2018 for NYPH and through various years ranging from 2008 to 2019 for the Regional Hospitals, although revisions to final settlements or other retroactive changes could be made. Other years and various issues remain open for Medicare audit and settlement, as are numerous issues related to the New York State Medicaid program for prior years. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled, audits are completed, and additional information is obtained.

Settlements with third-party payors for cost report filings and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Hospital's historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

resolved. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. For the years ended December 31, 2022 and 2021, the net effect of the Hospital's revisions to prior year estimates resulted in net patient service revenue increasing by approximately \$46.5 million and \$101.9 million, respectively.

The current Medicaid, Medicare and other third-party payor programs are based upon extremely complex laws and regulations that are subject to interpretation. Non-compliance with such laws and regulations could result in fines, penalties, and exclusion from such programs. The Hospital is not aware of any allegations of non-compliance that could have a material adverse effect on the accompanying consolidated financial statements and believes that it is in compliance in all material respects with all applicable laws and regulations (refer to the matters disclosed in Note 12).

There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of or revisions to health care reform that has been or will be enacted by the federal and state governments, cannot be determined presently. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Hospital. Additionally, certain payors' payment rates for various years have been appealed by the Hospital. If the appeals are successful, additional income applicable to those years could be realized.

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. Significant concentrations of patient accounts receivable at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Medicare	27%	24%
Medicaid	23	23
Commercial carriers and health maintenance organizations	47	48
Self-pay patients	3	5
	<u>100%</u>	<u>100%</u>

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Uncompensated Care and Community Benefit Expense

The Hospital's Division of Community and Population Health (the CPH Division) collaborates with community, hospital, and academic organizations to improve the health and well-being of children, adolescents, and adults in the communities served by the Hospital.

The CPH Division conducts a comprehensive community needs assessment every three years to enhance management and staff's understanding of the health and social needs of the communities served by the Hospital. Based on the results, the Hospital creates a community service plan outlining health priorities and addresses the approach to each priority. The Hospital collaborates with community members and entities to decrease local health disparities through population health initiatives, care provider training, scholarship, and research that are collaboratively developed, executed, assessed, and maintained.

The Hospital's commitment to community service is evidenced by services provided to special populations such as minorities, the elderly, persons with disabilities, the mentally ill, persons with AIDS and poor persons (Special Populations) and benefits provided to the broader community. Services provided to such Special Populations include services provided to persons who cannot afford health care because of inadequate resources and who are uninsured or underinsured.

The Hospital provides quality medical care regardless of race, creed, sex, sexual orientation, national origin, handicap, age, or ability to pay. Although payment for services rendered is critical to the operations and financial stability of the Hospital, the Hospital recognizes that not all individuals have the ability to pay for medically necessary services and, furthermore, the Hospital's mission is to serve the community with respect to health care. Therefore, in keeping with the Hospital's commitment to serve members of the community, the Hospital provides uncompensated care through: medical care to the indigent for free or at discounted prices (charity care/financial aid) and care to persons covered by governmental programs that pay the Hospital less than the full cost of services provided.

In addition, the Hospital provides significant community benefit activities which include, among others impacted by social determinants of health: wellness programs, community education and health literacy programs, behavioral health clinical services, childhood and adolescent obesity programs, prenatal care, weight management and nutrition education, HIV counseling, testing and comprehensive services, other health screenings and a broad variety of community support services, health professionals' education, school-based programs, and subsidized health services.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

The Hospital believes it is important to quantify comprehensively the benefits it provides to the community, which is an area of emphasis for not-for-profit health care providers. The costs of uncompensated care and community benefit activities are derived from various Hospital records. Amounts for activities as reported below are based on estimated and actual data, subject to changes in estimates upon the finalization of the Hospital's annual cost reports and other government filings. The amounts reported below are calculated in accordance with guidelines prescribed by the Internal Revenue Service (IRS); 2021 estimates have been updated to reflect final amounts reported in IRS filings based on accumulated data for costs and patient activity meeting certain criteria and classifications (such updates to final reported data do not impact revenue or expense recognition for the related financial statement reporting period). The net cost of charity care includes the direct and indirect cost of providing charity care services, offset by revenues received from indigent care pools and other subsidies. The cost is estimated by utilizing a ratio of cost to standard charges applied to the uncompensated charges associated with providing charity care.

Funds received to offset implicit price concessions and charity services totaled approximately \$52.9 million and \$51.6 million for the years ended December 31, 2022 and 2021, respectively, including approximately \$46.5 million and \$50.9 million, respectively, from the Indigent Care Pool under the New York State Medicaid program. The charity care component of the Indigent Care Pool payments (approximately 56% for 2022 and 48% for 2021) is estimated utilizing a ratio of charity care charges to total charity care and bad debt charges applied to the Indigent Care Pool payment.

Net costs related to uncompensated care and community benefit activities are summarized for the years ended December 31, 2022 and 2021 as follows (in thousands):

	2022	2021
Charity care – net ^(a)	\$ 88,419	\$ 72,026
Means-tested programs ^(b)	778,228	715,467
Other community benefits ^{(c)(d)}	808,590	744,317
Total charity care and other community benefits	\$ 1,675,237	\$ 1,531,810

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Charity care, at cost, and means-tested programs include the following (and exclude losses incurred on providing services to Medicare patients):

- ^(a) *Charity Care:* As part of its charity care and financial aid policy, the Hospital obtains and uses additional financial information for uninsured or under-insured patients who have not supplied the requisite information to qualify for charity care. The additional information obtained is used by the Hospital to determine whether to qualify patients for charity care and/or financial aid in accordance with the Hospital's policies.

The Hospital makes available free care programs for qualifying patients under its charity care and financial aid policy. During the registration, billing and collection process, a patient's eligibility for free care funds is determined. For patients who do not receive free care and who are determined to be eligible for charity care in the form of discounted medical services under the Hospital's charity care and financial aid policy, care given but not paid for is classified as charity care. Amounts related to patients who were determined by the Hospital to have the ability to pay but did not represent implicit price concessions and are not classified as charity care.

Distinguishing between charity care and implicit price concessions is difficult, in part because services are often rendered prior to the Hospital's full evaluation of a patient's ability to pay. Implicit price concessions were approximately \$223.7 million and \$212.8 million in 2022 and 2021, respectively.

Annually, the Hospital accrues for potential losses that meet the definition of charity care (including free and discounted medical care) allowances.

- ^(b) *Means-Tested Programs:* Community benefits include losses incurred in providing services to patients who participate in certain public health programs such as Medicaid. Payments received by the Hospital for patient services provided to Medicaid program participants are less than the actual cost of providing such services. Therefore, to the extent Medicaid payments are less than the cost of care provided to Medicaid patients, the uncompensated cost of that care is considered to be a community benefit. Such costs increased significantly in 2021 and 2022 due to the COVID-19 pandemic.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Other community benefits include the following:

- (c) *Community Health Improvement Services and Community Benefit Operations:* The Hospital is committed to serving the vast array of neighborhoods comprising its service area and recognizes the importance of preserving a local community focus to effectively meet community need. The Hospital adheres to a single standard for assessing and meeting community need, while retaining a geographically focused approach for soliciting community participation and involvement and providing community outreach.

The Hospital has fostered continued community participation and outreach activities through linkages with numerous community-based groups. Community health improvement services and related operations include clinical services, screening and exams, and other education or support services in areas such as the following: asthma, behavioral health, cancer, children's health, community-based outreach and health education, digestive diseases, emergency services/emergency preparedness, heart disease, HIV/AIDS, neuroscience, vascular disease and women's health (a complete description of each service can be found in the Hospital's annual community service plan). The net cost of such services is accumulated based on actual expenditures plus estimates using the Hospital's cost to charge ratio and related standard charges associated with the services, offset by payments received.

In October 2020, the Hospital launched The Dalio Center for Health Justice (Dalio Center) with the goal of understanding and addressing the root causes of health inequities. Through the Dalio Center, the Hospital invests in research and education, advocates for policy change, and drives measurable improvements in health outcomes for all members of the community.

- (d) *Health Professional Education:* Helping to prepare future health care professionals is a distinguishing characteristic of major academic not-for-profit teaching hospitals and constitutes a significant community benefit. The Hospital has world renowned residency programs and trains approximately 2,200 residents each year in all clinical programs (the programs are in two medical schools and cover approximately 181 accredited graduate medical education programs). The Hospital is committed to offering quality graduate medical education programs as part of its education mission. The estimated cost of health professional education consists primarily of personnel costs provided to graduate staff, offset by amounts received from CMS and the DOH for medical education programs.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity

The Hospital's investments are either separately invested or held on a pooled basis with related parties. Hudson East River Systems, LLC (HERS) was formed to receive, hold, and manage the investments of certain related organizations in a unitized structure. Fund Inc., NYPH and the Regional Hospitals maintain member capital accounts with HERS. Each entity's member capital account for HERS is tracked for various strategic pools of investments. Each entity is allocated income or loss from investments on a monthly basis based on the underlying fair values and net asset values of the invested securities and their individual unitized capital interest. The Hospital recognizes in its accompanying consolidated statements of financial position only the unitized portion of the HERS assets attributable to the Hospital's member capital accounts. The HERS assets attributable to the Hospital, consisting of separate member capital accounts for NYPH, NYP/Hudson Valley and NYP/Queens, represented approximately 73% of the total HERS portfolio at December 31, 2022 and 2021; the composition of the HERS investment portfolio asset allocation is provided in this Note.

The composition and reported value of short-term investments at December 31, 2022 and 2021 consist of the following (in thousands):

	2022	2021
Investments held by the Hospital:		
Marketable securities, carried at fair value	\$ 167,883	\$ 257,821
Hedge funds, accounted for using the equity method	1,552	1,551
Total investments held by the Hospital	169,435	259,372
Unitized investments held by HERS, accounted for using the equity method	2,162,238	2,436,403
Pooled investments held by Fund, Inc. on behalf of NYP/Queens, accounted for using the equity method	7,083	7,181
Total short-term investments	\$ 2,338,756	\$ 2,702,956

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

The composition and reported value of assets limited as to use, which excludes the beneficial interest in net assets held by related organizations (see Note 7), at December 31, 2022 and 2021 consist of the following (in thousands):

	<u>2022</u>	<u>2021</u>
Investments accounted for at fair value:		
Marketable securities, carried at fair value	\$ 137,453	\$ 146,581
Investments held by captive insurance companies, at allocated fair value	<u>249,308</u>	265,856
Total investments accounted for at fair value	386,761	412,437
Hospital held investments accounted for using the equity method:		
Common collective equity funds	26,706	31,738
Hedge funds	348	334
Private equity	1,010	2,200
Private real assets	<u>28</u>	160
Total Hospital held investments accounted for using the equity method	28,092	34,432
Pooled investments held by Fund, Inc. on behalf of NYP/Queens, accounted for using the equity method	24,904	28,119
Unitized investments held by HERS, accounted for using the equity method	<u>4,799,726</u>	5,312,628
Total investments accounted for using the equity method	4,852,722	5,375,179
Total assets limited as to use	5,239,483	5,787,616
Less current portion	<u>45,436</u>	50,628
Assets limited as to use – noncurrent	\$ 5,194,047	\$ 5,736,988

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

The asset allocation of the HERS investment portfolio and unfunded commitments and liquidity restrictions of certain alternative investments held by HERS at December 31, 2022 are as follows (in thousands):

Description of Investment	Asset Allocation	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Cash and cash equivalents	6%			
Fixed income securities:				
U.S. government bonds and notes	7			
Mortgage and asset-backed	6			
Corporate	7			
Equities:				
U.S. equities	1			
Non-U.S. equities	1			
Common collective equity funds	31	\$ –	Weekly to annually	5 to 150 days
Hedge funds	13	–	Monthly to annually	30 to 180 days
Private equity	17	1,506,055	*	*
Private real assets	11	474,949	*	*
	100%	\$ 1,981,004		

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

The asset allocation of the HERS investment portfolio and unfunded commitments and liquidity restrictions of certain alternative investments held by HERS at December 31, 2021 are as follows (in thousands):

Description of Investment	Asset Allocation	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Cash and cash equivalents	3%			
Fixed income securities:				
U.S. government bonds and notes	8			
Mortgage and asset-backed	7			
Corporate	7			
Equities:				
U.S. equities	1			
Non-U.S. equities	1			
Common collective equity funds	31	\$ –	Weekly to annually	5 to 90 days
Hedge funds	12	–	Monthly to annually	30 to 180 days
Private equity	21	746,083	*	*
Private real assets	9	611,636	*	*
	<u>100%</u>	<u>\$ 1,357,719</u>		

* HERS' liquidity restrictions range from several months to seven plus years for certain private equity and private real assets depending upon the investments fund cycle. Liquidity restrictions may apply to all or portions of a particular invested amount.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

Assets limited as to use at December 31 are limited to the following (in thousands):

	<u>2022</u>	<u>2021</u>
Board designated funds – capital expenditures	\$ 2,751,998	\$ 3,295,818
Funded depreciation	2,048,890	2,025,505
Investments held by captive insurance companies	249,308	265,856
Funded self-insurance	41,572	50,438
Employee benefit funds	40,614	31,738
Funds held under loan agreements	39,228	38,169
Board designated funds – other	36,163	38,341
Donor restricted	31,710	41,751
	<u>\$ 5,239,483</u>	<u>\$ 5,787,616</u>

Funds held under loan agreements at December 31 are for the following purposes (in thousands):

	<u>2022</u>	<u>2021</u>
Mortgage reserve funds	\$ 34,999	\$ 33,914
Capital reserve fund	3,652	3,651
Escrow fund	577	604
	<u>\$ 39,228</u>	<u>\$ 38,169</u>

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

Investment return, net related to net assets without donor restrictions for the years ended December 31, 2022 and 2021 consists of the following (in thousands):

	<u>2022</u>	<u>2021</u>
Change in interest in unitized investments held by HERS	\$ (636,053)	\$ 835,741
Net change in unrealized gains and losses	(34,713)	(11,427)
Interest and dividend income	4,686	7,460
Equity in earnings of common collective equity funds and alternative investment companies and investment return of captive insurance companies	(34,287)	25,277
Change in interest in pooled investments held by Fund, Inc. on behalf of NYP/Queens	(2,217)	3,424
Net realized gains and losses on sales of investments	8,006	22,193
Total	<u>\$ (694,578)</u>	<u>\$ 882,668</u>

The table below presents financial assets and liquidity resources available for general expenditures within one year at December 31 (in thousands):

	<u>2022</u>	<u>2021</u>
Financial assets as reported on the accompanying consolidated statements of financial position:		
Cash and cash equivalents	\$ 402,937	\$ 455,807
Short-term investments	2,338,756	2,702,956
Patient accounts receivable – net	1,346,285	1,198,620
Assets limited as to use	5,239,483	5,787,616
Total financial assets as reported on the accompanying consolidated statements of financial position	<u>9,327,461</u>	<u>10,144,999</u>
Liquidity resources:		
Line of credit availability	950,000	750,000
Total financial assets and liquidity resources	<u>10,277,461</u>	<u>10,894,999</u>
Less amounts not available to be used for general expenditures within one year:		
Assets limited as to use	<u>5,239,483</u>	<u>5,787,616</u>
Financial assets available to be used for general expenditures within one year	<u>\$ 5,037,978</u>	<u>\$ 5,107,383</u>

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

The Hospital holds assets limited as to use which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have not been included in the total for financial assets to meet general expenditures within one year.

4. Property, Buildings and Equipment

A summary of property, buildings, and equipment at December 31 follows (in thousands):

	2022	2021
Land and land improvements	\$ 256,031	\$ 238,386
Buildings, building improvements, and fixed equipment	6,011,318	5,893,090
Movable equipment	2,110,771	2,039,315
Leasehold improvements	425,333	422,506
	8,803,453	8,593,297
Less accumulated depreciation and amortization	3,958,620	3,591,765
	4,844,833	5,001,532
Construction-in-progress	222,310	125,737
	\$ 5,067,143	\$ 5,127,269

During 2022 and 2021, the Hospital wrote off approximately \$204.8 million and \$249.8 million of fully depreciated assets, respectively.

Substantially all property, buildings and equipment have been pledged as collateral under various debt agreements (see Note 5).

At December 31, 2022 and 2021, assets recorded in connection with finance leases aggregated approximately \$425.3 million and \$246.8 million, respectively, with accumulated amortization aggregating approximately \$231.7 million and \$180.7 million, respectively.

The Hospital leases certain buildings from Royal Charter Properties – Westchester, Inc., a related entity (see Note 10).

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt

A summary of long-term debt at December 31 follows (in thousands):

	2022	2021
The New York and Presbyterian Hospital Private Placement Note Purchase ^(a)	\$ 200,000	\$ —
The New York and Presbyterian Hospital taxable bonds, Series 2020 ^(b)	750,000	750,000
The New York and Presbyterian Hospital taxable bonds, Series 2019 ^(c)	500,000	500,000
The New York and Presbyterian Hospital taxable bonds, Series 2016 ^(d)	850,000	850,000
The New York and Presbyterian Hospital taxable bonds, Series 2015 ^(e)	750,000	750,000
FHA Section 241 insured mortgage loan – 2013 ^(f)	375,808	391,853
Term loan payable ^(g)	7,151	9,358
Leasehold condominium note payable ^(h)	282,094	280,830
Line of credit ⁽ⁱ⁾	—	200,000
Finance leases ^(j)	318,609	180,507
	4,033,662	3,912,548
Less deferred financing costs – net of accumulated amortization	40,864	45,297
Less current portion – net of current deferred financing costs	84,487	262,502
Long-term portion	\$ 3,908,311	\$ 3,604,749

^(a) *The New York and Presbyterian Hospital Private Placement Note Purchase:* In March 2022, NYPH entered into a private placement Note Purchase Agreement which authorized the issuance and sale of \$200.0 million aggregate principal amount of 2.92% Senior Notes (the Notes). The closing of the sale and purchase of the Notes was completed in May 2022 and the maturity date of the Notes is May 2047. Annual principal payments of \$8.0 million are due commencing in May 2023. The Notes are an unsecured general obligation of NYPH.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

- (b) *The New York and Presbyterian Hospital Taxable Bonds, Series 2020:* In August 2020, NYPH issued \$750.0 million in unsecured, taxable bonds. The bonds have three separate final maturity dates: \$150.0 million due August 1, 2030, \$300.0 million due August 1, 2040, and \$300.0 million due August 1, 2060, and bear interest payable semi-annually at approximate fixed rates of 1.7%, 2.3%, and 2.6%, respectively. NYPH is the only member of the obligated group for this debt. The proceeds of the Series 2020 bonds may be used for eligible corporate purposes of NYPH and its affiliates.
- (c) *The New York and Presbyterian Hospital Taxable Bonds, Series 2019:* In October 2019, NYPH issued \$500.0 million in unsecured, taxable bonds. The bonds bear interest at a fixed rate of 3.95%, payable semi-annually. The bonds have a final maturity date of August 1, 2119, at which time the full principal balance is due. NYPH is the only member of the obligated group for this debt. The proceeds of the Series 2019 bonds may be used for eligible corporate purposes of NYPH and its affiliates.
- (d) *The New York and Presbyterian Hospital Taxable Bonds, Series 2016:* In June 2016, NYPH issued \$850.0 million in unsecured, taxable bonds. The bonds have three separate final maturity dates, \$250.0 million due August 1, 2036, \$350.0 million due August 1, 2056, and \$250.0 million due August 1, 2116, and bear interest payable semi-annually at approximate fixed rates of 3.6%, 4.1% and 4.8%, respectively. NYPH is the only member of the obligated group for this debt. The proceeds of the Series 2016 bonds may be used for eligible corporate purposes of NYPH and its affiliates, which have included several loans to the Regional Hospitals for debt refinancing and capital projects.

In November 2016, NYPH loaned NYP/Hudson Valley \$56.5 million and loaned NYP/Queens \$124.9 million from the proceeds of the Series 2016 bonds to finance the repayment of certain of their obligations. In connection with these loans, NYP/Hudson Valley and NYP/Queens issued mortgage loans to NYPH to repay the obligations. The mortgage loans are secured by substantially all of the property, buildings and equipment and the gross receipts of the respective entities. The loans bear interest at a fixed rate of 4.21% and call for monthly payments of interest and principal through 2035.

In January 2017, proceeds from the Series 2016 bonds were used to loan NYP Brooklyn Methodist \$327.0 million to finance the design, construction and equipping of the Center for Community Health, an approximately 400,000 square foot ambulatory care facility located in Brooklyn, New York. This loan was terminated effective October 1, 2022 as part of the merger of NYP Brooklyn Methodist into NYPH (see Note 1).

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

In September 2017 and 2018, proceeds from the Series 2016 Bonds were used to loan NYP/Queens \$16.0 million and \$39.4 million, respectively, to finance contributions into NYP/Queens' pension plan. In connection with the loans, NYP/Queens issued promissory notes to NYPH. The interest rate on the loans resets annually on December 1 to a variable LIBOR-based rate. In no event shall the rate be less than 1.00% or greater than 4.21%. The loans call for monthly payments of interest through December 1, 2037, with the entire principal amount of each loan due on that date.

The outstanding principal balance and interest related to all of the loans between NYPH and the Regional Hospitals are eliminated in the accompanying consolidated financial statements as of and for the years ended December 31, 2022 and 2021.

- (e) *The New York and Presbyterian Hospital Taxable Bonds, Series 2015*: In February 2015, NYPH issued \$750.0 million in unsecured, taxable bonds. The bonds bear interest at a fixed rate of 4.02%, payable semi-annually. The bonds have a final maturity date of August 1, 2045, at which time the full principal balance is due. NYPH is the only member of the obligated group for this debt.
- (f) *FHA Section 241 Insured Mortgage Loan – 2013*: In September 2013, NYPH executed a \$500.0 million mortgage note with Prudential Huntoon Paige Associates, Ltd. (Prudential). The mortgage note bears interest at a fixed interest rate of 4.5%, payable semi-annually. The loan has a final maturity of September 1, 2038, with principal payable annually. The proceeds of the loan were used to construct an ambulatory care center and pay related costs.
- (g) *Term Loan Payable*: A term loan agreement with an initial principal amount of \$25.7 million used for the construction of a three-story surgery and oncology center and a six-room operating suite on the NewYork-Presbyterian/Westchester campus (formerly Lawrence Hospital). The loan is payable through 2025 with interest at a fixed rate of 3.4% per annum.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

- ^(h) *Leasehold Condominium Note Payable:* In June 2017, the Hospital entered into a transaction pursuant to which the Hospital purchased a 30-year leasehold condominium interest (with an option to extend) in approximately 480,000 square feet of space located at 466 Lexington Avenue (the Leasehold Condominium) to consolidate corporate services of the Hospital. To finance the acquisition of the Leasehold Condominium, the Hospital issued to the seller a promissory note in the principal amount of \$249.9 million (the Promissory Note) which bears interest at a rate of 7% per annum. Interest payments for the period from July 2017 through December 2018 were deferred. The debt service terms require principal and interest payments in escalating amounts over the life of the note, ranging from \$1.5 million to \$2.5 million commencing January 2019 through December 2048.

Unpaid interest incurred during the period accrues to the outstanding principal balance on the Promissory Note. Under this arrangement, the amount due will increase to an ultimate principal balance of \$283.3 million in December 2023. As of December 31, 2022, and 2021, the balance due includes the original principal amount of the Promissory Note and accrued interest of approximately \$32.2 million and \$30.9 million, respectively. The Promissory Note is secured by a mortgage granted by the Hospital in its interest in the Leasehold Condominium. In connection with this transaction, the seller/landlord provided the Hospital with a tenant allowance for leasehold improvements of approximately \$75.6 million, which is recorded in the accompanying consolidated statements of financial position within other current assets and other noncurrent assets based on the timing of the related cash receipts from the seller/landlord and other noncurrent liabilities for the deferred benefit, to be amortized over the term of the Promissory Note. As of December 31, 2022 and 2021, the accompanying consolidated statements of financial position include \$5.6 million as receivable for leasehold improvements in current assets, a \$19.2 million receivable recorded in noncurrent assets at a net present value of approximately \$10.1 million and \$9.4 million, respectively, and noncurrent liabilities totaling approximately \$62.4 million and \$64.8 million, respectively.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

- ⁽ⁱ⁾ *Lines of Credit:* The Hospital has an unsecured \$350.0 million line of credit agreement with a commercial bank available through March 31, 2024. The Hospital borrowed \$200.0 million from this line of credit on March 25, 2020 and repaid the outstanding balance in February 2022. Effective June 2022, the termination date was extended through March 31, 2025.

The Hospital has an unsecured \$300.0 million line of credit with a second commercial bank available through December 21, 2025. No amounts were drawn in 2022 or 2021 and no balance is outstanding at December 31, 2022.

The Hospital has an unsecured \$300.0 million line of credit with a third commercial bank available through November 30, 2025. No amounts were drawn in 2022 or 2021 and no balance is outstanding at December 31, 2022.

- ⁽ⁱ⁾ *Finance Leases:* Certain equipment leases are the equivalent of an installment purchase for purposes of financial statement reporting. The lenders hold a first security interest in the financed equipment. The Hospital entered into several finance leases in 2022 and 2021 totaling approximately \$197.5 million and \$46.7 million, respectively. Interest rates related to the Hospital's outstanding finance lease obligations range from 0.0% to 5.1%.

Estimated principal payments under long-term debt for the next five years and thereafter, excluding finance leases (see Note 6), consist of the following (in thousands):

2023	\$ 27,240
2024	29,121
2025	29,616
2026	28,385
2027	29,354
Thereafter	3,571,337

In 2019 and 2020, NYPH loaned NYP/Queens \$8.6 million and \$20.7 million, respectively, to finance contributions into NYP/Queens' pension plan and to repay a previously outstanding mortgage loan. In connection with these loans, NYP/Queens issued promissory notes to NYPH with similar terms as noted in (d) above.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

Pursuant to its debt agreements, NYPH is required to maintain certain funds, including mortgage reserve funds (see Note 3). In addition, NYPH is required to maintain certain working capital, debt service coverage and other financial ratios and financial conditions, and to obtain approvals to incur additional debt above specified levels if certain covenant requirements are not met. At December 31, 2022 and 2021, NYPH was in compliance with the applicable financial covenants.

Certain of the debt instruments described above are collateralized by designated NYPH property, buildings and equipment and gross receipts derived from operations and certain Regional Hospital property and equipment on an entity-specific basis.

Interest paid under all borrowings for the years ended December 31, 2022 and 2021 aggregated approximately \$154.6 million and \$168.2 million, respectively.

6. Leases

The Hospital leases certain property and equipment under finance and operating leases. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than a year, the Hospital records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Hospital's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities unless the Hospital is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, the Hospital uses a risk-free discount rate determined using a period comparable with that of the lease term. The Hospital separates lease components from non-lease components in contracts when determining its lease payments for its asset classes except for medical equipment. As such, the Hospital does not account for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities. The Hospital does not record leases with an initial term of less than a year as right-of-use assets and liabilities.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

6. Leases (continued)

The following schedule summarizes information related to the lease assets and liabilities as of and for the years ended December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Lease cost		
Finance lease cost:		
Amortization of right-of-use asset	\$ 56,415	\$ 38,332
Interest on lease liabilities	5,622	3,578
Operating lease cost	84,918	79,493
Short-term lease cost	9,820	8,624
Variable lease cost	4,077	3,951
Total lease cost	<u>\$ 160,852</u>	<u>\$ 133,978</u>
Right-of-use assets		
Right-of-use assets – finance leases	\$ 193,600	\$ 66,100
Right-of-use assets – operating leases	563,885	588,490
Total right-of-use assets	<u>\$ 757,485</u>	<u>\$ 654,590</u>
Right-of-use liabilities		
Right-of-use liabilities – finance leases	\$ 318,609	\$ 180,507
Right-of-use liabilities – operating leases	590,487	607,281
Total right-of-use liabilities	<u>\$ 909,096</u>	<u>\$ 787,788</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 5,495	\$ 3,569
Operating cash flows from operating leases	77,221	79,192
Financing cash flows from finance leases	59,356	46,301
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 197,458	\$ 46,658
Right-of-use assets obtained in exchange for new operating lease liabilities	39,002	214,900
Weighted-average remaining lease term – finance leases	4.84	4.04
Weighted-average remaining lease term – operating leases	9.58	9.37
Weighted-average discount rate – finance leases	2.77	2.57
Weighted-average discount rate – operating leases	2.43	2.12

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

6. Leases (continued)

For finance leases, right-of-use assets are recorded in property, buildings and equipment and lease liabilities are recorded in long-term debt in the accompanying consolidated statements of financial position. For operating leases, right-of-use assets are recorded in operating lease assets and lease liabilities are recorded in operating lease liabilities, current and noncurrent, in the accompanying consolidated statements of financial position.

The following table reconciles the undiscounted lease payments to the lease liabilities recorded in the accompanying consolidated statements of financial position at December 31, 2022 (in thousands):

	Finance Leases	Operating Leases
2023	\$ 62,842	\$ 79,258
2024	61,077	74,881
2025	59,120	60,763
2026	51,837	49,848
2027	40,081	44,419
Thereafter	60,422	368,782
Total lease payments	335,379	677,951
Less imputed interest	16,770	87,464
Total lease obligation	318,609	590,487
Less current portion	57,340	67,838
Long-term portion	<u>\$ 261,269</u>	<u>\$ 522,649</u>

Sublease income and contingent rentals for the years ended December 31, 2022 and 2021 were not significant. The Hospital leases certain properties owned by related entities (see Note 10).

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

7. Beneficial Interest in Net Assets Held by Related Organizations

The Hospital recognizes its accumulated interest in certain net assets held by Fund, Inc. and WCMC Fund, which are as follows at December 31 (in thousands):

	2022	2021
Fund, Inc.:		
Building and equipment replacement	\$ 893,970	\$ 920,719
Specific purpose health care services	1,158,077	1,281,494
Endowment earnings restricted for specific-purpose health care services	218,586	266,784
Permanent endowment to be held in perpetuity	252,153	246,015
	2,522,786	2,715,012
WCMC Fund:		
Investments held in perpetual trust	51,199	54,524
Total beneficial interest in net assets held by related organizations	2,573,985	2,769,536
Less current portion	73,284	75,087
	\$ 2,500,701	\$ 2,694,449

Certain net assets that are included in the beneficial interest in net assets held by related organizations represent endowments that have been restricted by donors to be maintained in perpetuity and are held by Fund, Inc. and WCMC Fund on behalf of the Hospital. The Hospital follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as they relate to permanent endowment contributions and net assets with donor restrictions.

The Hospital has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. The Hospital classifies as net assets with donor restrictions – permanent endowment the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Accumulations to the permanent endowment are used in accordance with NYPMIFA and at the direction of the applicable donor gift. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions – permanent endowment is classified as net assets with donor restrictions – endowment earnings until the amounts are appropriated for expenditure in accordance with a standard of prudence prescribed by NYPMIFA.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

The Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (i) the duration and preservation of the fund; (ii) the purposes of the Hospital and the donor-restricted endowment fund; (iii) general economic conditions; (iv) the possible effects of inflation and deflation; (v) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Hospital; (vi) the expected total return from income and the appreciation of investments; (vii) other resources of the Hospital and (viii) the investment and spending policies of the Hospital. Fund, Inc.'s endowment investment return distribution policy, which applies to the Hospital, allows for expenditures of investment return only, at a rate not to exceed 4.5% of the permanent endowment net asset balance on an annual basis. Income distributions based on the annual endowment spending policy are recorded within investment return.

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding related to the endowment funds, while seeking to maintain the purchasing power of the funds. To satisfy long-term return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital employs a long-term equity-oriented strategy of investing in both traditional and alternative asset classes.

During October 2022, in connection with approvals required for the merger of NYP Brooklyn Methodist into NYPH, certain amounts previously held by NYP Brooklyn Methodist as net assets with donor restrictions for specific purposes, net assets with donor restrictions – endowment earnings, and net assets with donor restrictions – permanent endowment were transferred to Fund, Inc. to be held for the benefit of NYPH, in accordance with the outcome of the New York State Attorney General review of historical donor restricted funds.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

Assets held by Fund, Inc. and WCMC Fund for the benefit of the Hospital consist of pledges and investments (at fair value) that represent allocated amounts from Fund, Inc.'s pooled investments portfolio, a significant portion of which is invested in the HERS program, and WCMC Fund's interest in a perpetual trust. These assets are comprised of the following at December 31 (in thousands):

	<u>2022</u>	<u>2021</u>
Fund, Inc. pooled investment portfolio allocation:		
Marketable securities:		
Cash and cash equivalents	\$ 182,901	\$ 122,668
Fixed income:		
U.S. government	63,265	106,752
Equities:		
U.S. equities	375	23,135
Non-U.S. equities	16,655	21,954
Common collective equity funds	770,153	829,683
Hedge funds	338,337	356,808
Private equity	452,893	599,423
Private real assets	299,209	272,993
Total Fund, Inc. pooled investment portfolio allocation	<u>2,123,788</u>	2,333,416
Fund, Inc. pledges receivable – net	398,998	381,596
	<u>2,522,786</u>	2,715,012
WCMC Fund:		
Investment held in perpetual trusts	51,199	54,524
Total beneficial interests in net assets held by related organizations	<u>2,573,985</u>	2,769,536
Less current portion	73,284	75,087
	<u>\$ 2,500,701</u>	<u>\$ 2,694,449</u>

The current portion of beneficial interest in net assets held by related organizations represents amounts the Hospital expects to receive and expend on operations in the subsequent year.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

Pledges receivable by Fund, Inc. at December 31 are scheduled to be paid by donors as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 131,365	\$ 127,963
One to five years	173,645	166,090
Thereafter and bequests	160,094	147,244
	<u>465,104</u>	<u>441,297</u>
Allowance for uncollectible pledges and discounts	<u>(66,106)</u>	<u>(59,701)</u>
	<u>\$ 398,998</u>	<u>\$ 381,596</u>

Estimated cash flows from pledges receivable due after one year are discounted using risk-adjusted rates, ranging from 0.36% to 7.35%.

Changes in the beneficial interest in net assets held by Fund, Inc. and WCMC Fund on the Hospital's behalf are recognized in the Hospital's accompanying consolidated statements of changes in net assets for the years ended December 31, 2022 and 2021 and are as follows (in thousands):

	<u>Plant</u>	<u>Specific</u>	<u>Endowment</u>	<u>Permanent</u>	<u>Total</u>
	<u>Replacement</u>	<u>Purposes</u>	<u>Earnings</u>	<u>Endowment</u>	<u>Changes in</u>
					<u>Beneficial</u>
					<u>Interest</u>
Year ended December 31, 2022					
Gifts, bequests and similar items	\$ 95,049	\$ 78,368	\$ -	\$ -	\$ 173,417
Investment return – net	(72,664)	(103,620)	(60,512)	(15,267)	(252,063)
Net assets released from restrictions for administrative and fundraising costs	(5,864)	(9,750)	(2,745)	-	(18,359)
Net assets released from restrictions for program expenditures	(11,958)	(62,139)	(103)	-	(74,200)
Net assets released from restrictions for distribution to the Hospital for the purchase of fixed assets	(40,767)	(13,237)	(86)	-	(54,090)
Transfers of donor-related net assets	9,455	(20,992)	37	11,500	-
Transfer of net assets from the Hospital related to NYP Brooklyn Methodist	-	7,953	15,211	6,580	29,744
Changes in beneficial interest in net assets	<u>\$ (26,749)</u>	<u>\$ (123,417)</u>	<u>\$ (48,198)</u>	<u>\$ 2,813</u>	<u>\$ (195,551)</u>

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

	Plant Replacement	Specific Purposes	Endowment Earnings	Permanent Endowment	Total Changes in Beneficial Interest
Year ended December 31, 2021					
Gifts, bequests and similar items	\$ 98,426	\$ 90,733	\$ –	\$ –	\$ 189,159
Investment return – net	102,526	170,643	47,991	24,656	345,816
Net assets released from restrictions for administrative and fundraising costs	(5,822)	(8,433)	(3,505)	–	(17,760)
Net assets released from restrictions for program expenditures	(15,379)	(59,094)	–	–	(74,473)
Net assets released from restrictions for distribution to the Hospital for the purchase of fixed assets	(23,411)	(3,762)	(29)	–	(27,202)
Transfers of donor-related net assets	6,415	(6,452)	37	–	–
Changes in beneficial interest in net assets	<u>\$ 162,755</u>	<u>\$ 183,635</u>	<u>\$ 44,494</u>	<u>\$ 24,656</u>	<u>\$ 415,540</u>

Endowment distributions available to spend for operations and capital resulted in a 4.5% investment return allocation in 2022 and 2021.

8. Insurance

Professional Liability Insurance: In 1978, NYPH, in conjunction with a number of unrelated health care entities, participated in the formation of captive insurance companies (collectively, the Captive) to provide professional liability and general liability insurance to its participants. The premiums are based on a modified claims-made coverage and are actuarially determined based on the actual experience of the Captive, NYPH-specific experience, and estimated current exposure. The Captive has reinsurance coverage from reinsurers for certain amounts above its coverage level per claim limits. The professional liability tower currently provides coverage in excess of \$200.0 million to the Hospital.

In January 1996, rights to equity in the Captive were transferred to Fund, Inc. Accordingly, insurance premiums are paid by the Hospital initially to Fund, Inc. (see Note 10).

Effective July 1, 2013, August 1, 2014, February 1, 2015, December 1, 2015, and July 1, 2022, NYP/Lower Manhattan Hospital (NYP/LMH), NYP/Westchester (formerly NYP/Lawrence Hospital), NYP/Hudson Valley, NYP/Queens, and NYP Brooklyn Methodist, respectively, became insured by the Captive. Prior to each entity's respective effective date with the Captive, the entities were covered by various commercially purchased policies or self-insured programs.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

8. Insurance (continued)

Exposure for claims that occurred prior to and reported after the respective dates of NYP/LMH, NYP/Westchester, NYP/Hudson Valley and NYP/Queens being insured by the Captive is retained by each hospital and will be paid under a deposit program with the Captive (assets totaling \$10.9 million and \$13.3 million that are on deposit with the Captive at December 31, 2022 and 2021, respectively, are reported within professional liabilities insurance recoveries receivable and related deposits in the accompanying consolidated statements of financial position).

In 1983, NYP Brooklyn Methodist and a number of other health care providers unrelated to NYP Brooklyn Methodist or the Hospital formed Combined Coordinating Council, Inc. of New York (CCCI) to coordinate the access to insurance for professional and comprehensive general liability risks and to serve as a risk management advisor to the providers who participate in CCCI. The shareholders of CCCI are also the shareholders of CCC Insurance Company, Ltd. of Bermuda, a captive insurer formed in 1983, and its subsidiary, CCC Corporation of Barbados, formed in 1987. Through June 30, 2004, the CCCI insurance program provided insurance under a common occurrence-basis structure with reinsurance from outside reinsurers for specified amounts above per-claim limits.

Effective July 1, 2004, CCCI formed CCC Insurance SCC and implemented a “cell captive” structure which replaced the previous coverage structure. Under this program, primary coverage for individual claims for each participating hospital is provided through a commercial insurance carrier on an occurrence basis. Excess coverage under the program utilizes individual segregated cells for each participating hospital, under which invested assets and insurance-related liabilities are segregated for each participant and there is no shared risk among the entities. In addition to coverage for the participating hospitals’ professional liability, the program also includes coverage of voluntary attending physicians’ professional liability with premiums paid by the participating physicians.

NYP Brooklyn Methodist’s hospital-liability claims incurred through June 30, 2022 will continue to be paid through the CCCI and CCC Insurance SCC programs. Voluntary attending physicians’ liability coverage continues to be obtained through the captive insurance program subsequent to July 1, 2022.

The Hospital records NYP Brooklyn Methodist’s investment under the cell captive structure, the related changes in NYP Brooklyn Methodist’s segregated account as reported by CCC Insurance SCC and NYP Brooklyn Methodist’s investments in other insurance companies within the CCC insurance group in the accompanying consolidated statements of financial position. At

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

8. Insurance (continued)

December 31, 2022 and 2021, CCC related investments totaling approximately \$249.3 million and \$265.9 million, respectively, are included in assets limited as to use in the accompanying consolidated statements of financial position (see Note 3). NYP Brooklyn Methodist also retains commercial reinsurance above the first excess coverage layer for activity through June 30, 2022, prior to its transition to the Captive.

Other self-insurance funded amounts are included in assets limited as to use in the accompanying consolidated statements of financial position (see Note 3).

The Hospital's undiscounted estimate for professional liabilities and the estimate for incidents that have been incurred but not reported aggregated approximately \$950.6 million and \$941.3 million at December 31, 2022 and 2021, respectively, and is included in professional and other insurance liabilities in the accompanying consolidated statements of financial position at the actuarially determined present value of approximately \$855.1 million and \$855.2 million, respectively, based on a composite discount rate of approximately 3.0% at December 31, 2022 and 2021. The Hospital has recorded related insurance recoveries receivable of approximately \$384.5 million and \$388.2 million at December 31, 2022 and 2021, respectively. The current portion of professional liabilities and the related insurance recoveries receivable represents an estimate of expected settlements and insurance recoveries over the next 12 months.

The Hospital's estimates for professional liabilities are based upon complex actuarial calculations which utilize factors such as historical claims experience for the Hospital and related industry factors, trending models, estimates for the payment patterns of future claims and present value discount factors. These estimates may also be impacted by recent changes to the statute of limitations impacting certain existing or unreported claims. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term (see Note 12). Revisions to estimated amounts resulting from actual experience differing from projected expectations are recorded in the period the information becomes known or when changes are anticipated.

Workers' Compensation Insurance: Prior to April 1, 1999, NYPH was self-insured for workers' compensation claims. From April 1, 1999 through March 31, 2019, NYPH purchased insurance through the New York State Insurance Fund in a program that effectively transferred risk from NYPH. At December 31, 2022 and 2021, the estimate for workers' compensation claims and incurred but not reported liabilities pertaining to NYPH under previous programs and similar liabilities related to the Regional Hospitals totaled approximately \$18.3 million and \$16.3 million, respectively.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

8. Insurance (continued)

Effective April 1, 2019, the Hospital entered into a workers' compensation insurance program with a commercial insurer which includes a \$1.0 million deductible per occurrence, as defined within the policy. At December 31, 2022 and 2021, the estimate for workers' compensation claims and incurred but not reported liabilities under this program is approximately \$74.0 million and \$58.7 million, respectively.

In connection with the workers' compensation self-insurance programs, the Hospital maintains three letters of credit through banks in the aggregate amount of approximately \$41.2 million at December 31, 2022, which satisfies the collateral deposit requirement.

9. Pension and Similar Benefit Plans

Pension Plans: The Hospital provides pension and similar benefits to its employees through several plans, including participation in various multiemployer plans for union employees (see Note 14), a qualified noncontributory defined benefit plan primarily for eligible non-union employees of NYPH (the Qualified Pension Plan), a nonqualified defined benefit plan for certain NYPH executives (the Nonqualified Pension Plan), a defined benefit retirement plan under a collective bargaining agreement for certain employees of NYP/LMH (the NYP/LMH Pension Plan), a non-contributory defined benefit retirement plan for eligible NYP/Westchester employees (the NYP/Westchester Pension Plan), a defined benefit plan for union and nonunion employees of NYP/Queens that was frozen for future benefit accruals in 2003 (the Queens Pension Plan) and a defined benefit plan primarily for eligible non-union employees of NYP Brooklyn Methodist (the NYP Brooklyn Methodist Pension Plan) (these non-multiemployer plans are collectively referred to as the Pension Plans).

The Hospital funds the noncontributory defined benefit plans in accordance with the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA), plus additional amounts that the Hospital may deem appropriate from time to time.

Amounts contributed to the Pension Plans are based on actuarial valuations. The benefits for participants or their beneficiaries in the Pension Plans sponsored by the Hospital are based on years of service and employees' compensation during their years of employment, as applicable and defined within each plan. The Hospital also sponsors several contributory and non-contributory defined contribution plans.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

The Westchester Pension Plan was amended such that effective after December 31, 2017 benefit accruals for certain participants will be frozen. Non-union participants who were at least age 59 with 10 years of credited service as of December 31, 2017 are grandfathered and will continue to accrue benefits.

Other Postretirement Benefits: NYPH, NYP/Queens, NYP/Westchester and NYP Brooklyn Methodist provide certain health care and life insurance benefits to certain eligible retired non-union employees through several other postretirement defined benefit plans (the Postretirement Benefit Plans).

The Hospital recognizes in the accompanying consolidated statements of financial position an asset, for a defined benefit plan's overfunded status, or a liability, for a plan's underfunded status; measures a defined benefit plan's assets and obligations that determine funded status as of the end of the fiscal year; and recognizes the periodic change in the funded status of a defined benefit plan as a component of other changes in net assets without donor restrictions in the year in which the change occurs. Amounts that are recognized as a component of other changes in net assets without donor restrictions will be subsequently recognized as net periodic pension and postretirement cost in future periods.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

The reconciliation of the beginning and ending balances of the Pension Plans' aggregated benefit obligation and the fair value of the Pension Plans' assets and of the Postretirement Benefit Plans' aggregated benefit obligation and the fair value of such plans' assets for the years ended December 31, 2022 and 2021 are as follows (in thousands):

	Pension Plans		Postretirement Benefit Plans	
	2022	2021	2022	2021
Benefit obligation				
Benefit obligation at beginning of year	\$ 2,750,351	\$ 2,819,176	\$ 55,538	\$ 81,035
Service cost	126,121	132,501	1,604	2,369
Interest cost	79,471	70,001	1,377	1,556
Actuarial gains	(649,384)	(121,505)	(11,325)	(11,076)
Plan amendments	–	–	1,920	(13,892)
Special termination benefit	–	–	–	–
Settlements paid	(7,462)	(4,611)	–	–
Medicare Part D subsidy	–	–	77	88
Plan participant contributions	–	–	1,182	1,099
Benefits paid	(110,877)	(145,211)	(7,033)	(5,641)
Benefit obligation at end of year	2,188,220	2,750,351	43,340	55,538
Fair value of plan assets				
Fair value of plan assets at beginning of year	2,637,819	2,191,060	–	–
Actual return on plan assets	(170,166)	472,184	–	–
Hospital contributions	38,565	124,397	5,851	4,542
Plan participant contributions	–	–	1,182	1,099
Settlements paid	(7,462)	(4,611)	–	–
Benefits paid	(110,877)	(145,211)	(7,033)	(5,641)
Fair value of plan assets at end of year	2,387,879	2,637,819	–	–
Funded status	\$ 199,659	\$ (112,532)	\$ (43,340)	\$ (55,538)

The net actuarial gains in 2022 and 2021 primarily relate to increases in the discount rate used to measure the projected benefit obligation, combined with updates in plan experience assumptions.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

At December 31, 2022, the net overfunded status of the Pension Plans totals \$199.7 million and is reported within other noncurrent assets in the accompanying 2022 consolidated statement of financial position. At December 31, 2021, the funded status of the Pension Plans is reported in the accompanying 2021 consolidated statement of financial position as follows (in thousands):

Other noncurrent assets – overfunded plans	\$ 26,563
Current liability	(16,702)
Noncurrent liability	(122,393)
	<u>\$ (112,532)</u>

At December 31, 2022 and 2021, the funded status of the Postretirement Benefit Plans is reported in the accompanying consolidated statements of financial position as follows (in thousands):

	Postretirement Benefit Plans	
	<u>2022</u>	<u>2021</u>
Current liability	\$ (5,344)	\$ (5,313)
Noncurrent liability	(37,996)	(50,225)
	<u>\$ (43,340)</u>	<u>\$ (55,538)</u>

Included in other changes in net assets without donor restrictions at December 31, 2022 and 2021 are the following amounts related to the Pension Plans and Postretirement Benefit Plans that have not yet been recognized in net periodic pension cost (in thousands):

	<u>2022</u>	<u>2021</u>
Unrecognized prior service cost	\$ (13,865)	\$ (17,637)
Unrecognized actuarial losses	241,710	598,564
	<u>\$ 227,845</u>	<u>\$ 580,927</u>

The change in net assets from pension and postretirement benefit liabilities to be recognized in future periods as reported in the accompanying consolidated statements of operations is an increase in net assets of approximately \$353.1 million and \$514.3 million for 2022 and 2021, respectively, and represents the combined change in the amounts above for the Pension Plans and the Postretirement Benefit Plans.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

At December 31, 2022, only the Nonqualified Pension Plan was under-funded. At December 31, 2021, certain Pension Plans were in an under-funded status. For plans in an under-funded status, the related projected benefit obligation, accumulated benefit obligation, and fair value of the plans' assets by type of defined benefit pension plan follow (in thousands):

	<u>December 31, 2022</u>	
	<u>Nonqualified Pension Plan</u>	
Projected benefit obligation	\$	37,711
Accumulated benefit obligation		30,708
Fair value of plans' assets		–

	<u>December 31, 2021</u>	
	<u>Qualified Pension Plans</u>	<u>Nonqualified Pension Plan</u>
Projected benefit obligation	\$ 2,179,815	\$ 44,769
Accumulated benefit obligation	2,157,177	36,076
Fair value of plans' assets	2,085,489	–

Weighted-average assumptions used in determining the pension and postretirement benefits obligations as of December 31 were as follows:

	<u>Pension Plans</u>		<u>Postretirement Benefit Plans</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Discount rates	5.25%	2.75%–3.00%	5.25%	2.50%–2.75%
Rates of compensation increase	3.5%–4.0%	3.50%–4.00%	–	–

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

Net periodic pension cost for the Pension Plans and net periodic postretirement benefits cost for the Postretirement Benefit Plans for the years ended December 31, 2022 and 2021 consist of the following (in thousands):

	Pension Plans		Postretirement Benefit Plans	
	2022	2021	2022	2021
Service cost	\$ 126,121	\$ 132,501	\$ 1,604	\$ 2,369
Interest cost	79,471	70,001	1,377	1,556
Expected return on plan assets	(182,126)	(167,033)	—	—
Net amortization of prior service cost	216	255	(1,460)	(1,194)
Recognized actuarial loss	45,065	66,895	541	818
Recognized actuarial gain due to curtailment	—	—	—	(2,819)
Recognized actuarial loss due to settlement	694	—	—	—
Recognized actuarial loss due to special termination benefits	—	331	—	—
Net periodic pension cost and postretirement benefits cost	\$ 69,441	\$ 102,950	\$ 2,062	\$ 730

Weighted-average assumptions used in determining the net periodic pension and postretirement benefits cost for the years ended December 31, 2022 and 2021 were as follows:

	Pension Plans		Postretirement Benefit Plans	
	2022	2021	2022	2021
Discount rates	2.75-3.00%	2.50-2.75%	2.50-2.75%	2.00-2.75%
Expected rates of return on plan assets	7.50	7.25-7.50	—	—
Rates of compensation	3.50-4.00	3.50-4.00	—	—
Cash balance plan interest crediting rates*	1.54-4.00	1.54-4.00	—	—

* The Qualified Pension Plan and the NYP Brooklyn Methodist Pension Plan include cash balance plan benefit formulas.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

The overall expected long-term rate of return on assets of the Pension Plans is based on the historical returns of each asset class weighted by the target asset allocation. The target asset allocation has been selected consistent with the Hospital's desired risk and return characteristics. The Hospital reviews the expected long-term rate periodically and based on the building block approach, updates the rate for changes in the marketplace. The market conditions in 2022 and 2021 and changes in the pension asset allocations were considered in the Hospital's evaluation of the expected long-term rate of return assumption.

The measurement date used to determine the pension and postretirement benefits measurements is December 31.

Plan Assets: The overall objectives of the investment policies are to produce an asset allocation that will generate return annually in order to meet the expense and income needs and provide for sufficient annual asset growth. Funds are invested with a long-term (five years or greater) return objective.

The investment policies include the following strategic asset allocation guideline targets:

Asset Category	NYPH Master Trust Investment Pool¹
Equities	32%
Private Equity	22
Hedge Funds	16
Real Estate	8
Opportunistic Credit	7
Infrastructure	5
Fixed Income	4
Natural Resources	3
Uncorrelated Alpha	3

¹ At December 31, 2022, the qualified defined pension plans of NYPH, NYP/Queens, NYP/Westchester, NYP Brooklyn Methodist and NYP/LMH participate in the NYPH Master Trust.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

The policy target percentages are reevaluated at least quarterly. Investment performance is reviewed quarterly with performance results and benchmarks.

Assets invested for the Pension Plans are carried at fair value. Fixed income and equity securities with readily determinable values are carried at fair value as determined based on independent published sources. Alternative investments are stated at fair value, as estimated in an unquoted market. Fair value for alternative investments is determined for each investment using net asset values as a practical expedient, as permitted by GAAP, rather than using another valuation method to independently estimate fair value.

The composition and reported value of the Pension Plans' assets at December 31, 2022 and 2021 are disclosed in Note 13.

The Hospital currently does not expect to make contributions to the Pension Plans in 2023; however, management will reevaluate the funding status periodically in 2023.

The Hospital expects to pay the following benefit payments, which reflect expected future service as appropriate (in thousands):

	Pension Plans
Year:	
2023	\$ 152,494
2024	158,959
2025	148,139
2026	157,545
2027	153,833
2028 to 2032	809,048

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

10. Related Organizations

Fund, Inc. is an affiliated not-for-profit public charity whose revenue is derived from soliciting, receiving, investing, and administering funds. Royal Charter Properties, Inc. (RCP, Inc.), Royal Charter Properties-East, Inc. (RCP-East) and Royal Charter Properties-Westchester, Inc. (RCP-West), collectively the “RCP Entities,” are affiliated not-for-profit support corporations that derive revenue from acquiring and holding direct and indirect interests in real estate and related personal property, which are primarily used to provide residential housing, office space and parking to NYPH and its employees based on the market value of such services. RCP, Inc., RCP-East and RCP-West provide services primarily to or for the benefit of NYPH.

Amounts received by NYPH from, or amounts contributed by NYPH to the RCP Entities, reflected in other revenue in the accompanying consolidated statements of operations for the years ended December 31, 2022 and 2021 are as follows (see Note 11) (in thousands):

	2022	2021
Amounts received by (contributed by) NYPH		
according to organization’s bylaws:		
RCP, Inc.	\$ 875	\$ 1,859
RCP-East	25,433	22,043
RCP-West	(104)	(94)
	\$ 26,204	\$ 23,808

Fund, Inc. also pays certain program related costs on behalf of NYPH (see Note 7). Additionally, Fund, Inc. paid the Hospital approximately \$10.2 million and \$8.8 million during 2022 and 2021, respectively, related to malpractice costs incurred by the Hospital. Fund, Inc. paid approximately \$26.9 million and \$21.5 million in 2022 and 2021, respectively, for Regional Hospital Medical Group expansion activities. Other distributions made by Fund, Inc. to NYPH include approximately \$50.7 million and \$24.5 million in 2022 and 2021, respectively, for the purchase of fixed assets.

The Hospital transferred certain net assets related to donor restricted funds to Fund, Inc. in 2022 in connection with the merger of NYP Brooklyn Methodist into NYPH (see Note 7). Additionally, in prior years Fund, Inc. paid \$44.1 million in collateral to the Captive in connection with certain Hospital litigation. In 2022, the collateral was redeemed by the Captive and reflected as a reduction to Fund, Inc.’s premium revenue for a retroactive premium assessment.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

10. Related Organizations (continued)

Services provided to NYPH by related entities for the years ended December 31, 2022 and 2021 are as follows (in thousands):

	2022	2021
Fund, Inc. – insurance	\$ 91,401	\$ 82,081
RCP, Inc. – rentals (net)	3,926	4,164
RCP-East – rentals	10,460	10,071
RCP-West – rentals	198	182
	\$ 105,985	\$ 96,498

In connection with a financing initially completed by RCP, Inc. in 2001 for the renovation and improvement of a parking garage facility, NYPH entered into a noncancelable lease with RCP, Inc., for a period not longer than 29 years, whereby NYPH will lease 50% of the parking spaces at an amount sufficient to cover the debt service on the financing.

In connection with the financing completed by RCP-East in 1998, NYPH entered into a lease through April 2035, whereby NYPH is required to pay a fixed rent in the event that RCP-East does not meet certain covenants.

NYPH received income distributions of \$27.5 million and \$17.5 million in 2022 and 2021, respectively, from Weill Cornell Imaging at New York-Presbyterian, a radiology and imaging joint venture affiliated with NYPH and Weill Cornell Medical College. Additionally, NYPH received an income distribution of \$5.0 million in 2022 from ColumbiaDoctors/NewYork-Presbyterian Imaging, a radiology and imaging joint venture affiliated with NYPH and Columbia VP&S.

The Hospital provides employee and other services to related entities for which the Hospital receives reimbursement, and the costs of providing such services are recorded directly by those entities. Accordingly, such amounts are not included in the accompanying consolidated financial statements of the Hospital. Charges for such services are based on the approximate cost to provide the services and totaled approximately \$27.9 million and \$28.6 million for the years ended December 31, 2022 and 2021, respectively. The services consist of patient accounting, financial planning, information systems and telecommunications, general accounting, medical supplies, biomedical engineering services, house staff, ambulance services, institutional billings, engineering, and other services.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

10. Related Organizations (continued)

The following net balances are due from (to) related organizations at December 31 (in thousands):

	2022	2021
Fund, Inc.	\$ 46,932	\$ 19,488
RCP, Inc.	(16,176)	(24,711)
RCP-East	3,745	6,246
RCP-West	(662)	(538)
Network Recovery Services, Inc.	971	1,085
The Silvercrest Center for Nursing and Rehabilitation (Silvercrest) ^(a)	31,738	31,709
The Hospital for Special Surgery	1,946	1,432
The New York Gracie Square Hospital, Inc. (Gracie) ^(b)	31,046	31,837
New York-Presbyterian Healthcare System, Inc.	(3,733)	(3,724)
The Rogosin Institute (Rogosin) ^(c)	32,072	2,090
	127,879	64,914
Less noncurrent portion included in other noncurrent assets, before valuation allowance	92,178	61,078
Due from related organizations – net	\$ 35,701	\$ 3,836

^(a) The balance due from Silvercrest includes a noncurrent loan receivable totaling \$20.9 million at December 31, 2022 and 2021. During 2022 and 2021, NYPH transferred approximately \$0.9 million and \$1.3 million to Silvercrest, respectively. In December 2022, Silvercrest entered into an asset purchase agreement with an unrelated entity to sell certain assets related to its nursing home and rehabilitation center. The transaction is pending regulatory reviews which are not expected to be completed during 2023.

^(b) The balance due from Gracie includes a noncurrent loan receivable totaling \$7.5 million at December 31, 2022 and 2021. During 2022 and 2021, NYPH transferred approximately \$4.7 million and \$8.9 million to Gracie, respectively.

^(c) The balance due from Rogosin includes a noncurrent loan receivable established in December 2022 totaling \$29.5 million.

The Hospital periodically assesses the collectability of amounts due from related organizations. The amounts included in other noncurrent assets are adjusted to state the receivables at their estimated net realizable value. The balances due from certain related organizations are provided for through a valuation allowance.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

11. Other Revenue

Other revenue consisted of the following for the years ended December 31, 2022 and 2021 (in thousands):

	2022	2021
Grants and contracts	\$ 30,085	\$ 44,233
HHS Provider Relief Fund <i>(Note 1)</i>	116,707	44,505
FEMA Disaster Relief Fund – operating expenses <i>(Note 1)</i>	2,224	114,011
Employee retention credit <i>(Note 1)</i>	47,182	20,221
Amounts received from related organizations – net	95,825	71,608
Rental of space	61,802	61,615
Cafeteria and vending	12,628	10,369
Net assets released from restrictions, including changes in beneficial interest in net assets held by related organizations	74,200	74,473
Affiliation agreements	5,500	5,500
Professional fees and other receipts	8,668	9,271
Pharmacy	478,108	273,700
Other	86,375	91,667
	\$ 1,019,304	\$ 821,173

The Hospital's pharmacy program relates to the distribution of certain prescribed medications, the cost of which is reported within supplies and other expenses in the accompanying consolidated statements of operations.

12. Commitments and Contingencies

Various lawsuits and claims arising in the normal course of operations are pending or are in progress against the Hospital. Such lawsuits and claims are specifically covered by insurance, are addressed through management-recorded provisions for certain estimated losses based on presently known information to the extent they are not covered by insurance or are not deemed material. While the outcome of these matters cannot be determined at this time, management, based on presently known information and advice from legal counsel, believes that any loss which may arise from these actions will not have a material adverse effect on the financial position or results of operations of the Hospital. However, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

Litigation pending against the Hospital includes certain cases in which the Hospital is a co-defendant with Columbia VP&S involving alleged sexual abuse by a former faculty member of Columbia VP&S. These cases continue to receive periodic media attention. In 2020, the Hospital received notice that plaintiffs' counsel filed a proposed federal class action lawsuit; that matter has been settled. Additionally, the Hospital and Columbia VP&S are presently negotiating certain verifiable claims arising from the same type of allegations against the former Columbia VP&S faculty member. Management currently believes that the probable recoveries and estimated costs and expenses of defense of those claims will not materially and adversely affect the Hospital's operations or financial condition. Due to enactment in 2022 of the New York State Adult Survivors Act and the New York City Gender Motivated Violence Act, management believes the potential exists for additional, future claims.

The US Attorney's Office for the Eastern District of New York (Eastern District USAO) and the Hospital have had ongoing discussions regarding a self-disclosure and certain investigations that had been dormant for several years. The matters relate to NYP Brooklyn Methodist, and certain activities pertaining to professional corporations affiliated with NYP Brooklyn Methodist, during the time period before its merger with NYPH. The potential issues related to NYP Brooklyn Methodist concern certain physician compensation, billing, physician supervision and review, and other matters that potentially violate the Federal Civil Monetary Penalties Law (CMPL) as well as the Federal False Claims Act and similar state laws.

One of these matters was submitted to the United States Department of Health and Human Services, Office of Counsel to the Inspector General, Office of Inspector General (the OIG) through the OIG's Self-Disclosure Protocol (SDP). As previously described in Note 2, noncompliance with Medicare and Medicaid laws and regulations can result in repayment obligations, fines, penalties or exclusion from such programs. However, the OIG's SDP indicates that a provider's good faith participation in the SDP can potentially mitigate the provider's exposure under the OIG's civil monetary penalties authorities as compared to what might otherwise be required in resolving a government-initiated investigation. Corrective action relating to the matters described in the SDP has been taken by management.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

NYP Brooklyn Methodist also responded to two other subpoenas, one received from the Eastern District USAO and one which was initially issued by the New York State Attorney General's Office (NYS AG Office), Medicaid Fraud Control Unit, to a contracted physician practice but later included involvement by the Eastern District USAO. The Hospital has cooperated with the NYS AG's Office and the Eastern District USAO and is engaged in ongoing discussions regarding these matters. The full financial impact of these matters has not yet been identified.

In the accompanying consolidated financial statements, net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments which may arise from ongoing and future audits, reviews and investigations. However, at December 31, 2022, and as of the issuance of the accompanying consolidated financial statements, the amount of potential repayment obligations to (or other actions that may be taken by) the OIG, NYS AG Office, the Eastern District USAO, other government agencies and/or others in connection with such matters is unknown. In addition, the amount of any fines or penalties which may be assessed in connection with these matters is also presently unknown and will be recorded by the Hospital when reasonably estimable. Other matters arise from time to time which have not been described above and are either in early stages of evaluation or are not deemed to be material to the accompanying consolidated financial statements.

In December 2022, approximately 40% of the Hospital's employees were covered by collective bargaining agreements. On December 31, 2022, the Hospital reached agreement with the New York State Nurses Association (NYSNA) to extend, through December 31, 2025, the collective bargaining agreement covering nurses at NYPH's Columbia University Irving Medical Center campus. The majority of the Hospital's union represented nurses are represented by NYSNA and the Hospital and NYSNA are currently in negotiations to extend, beyond April 30, 2023, their collective bargaining agreement at NYP Brooklyn Methodist. Additionally, the agreement with 1199 SEIU Healthcare Employees was extended for two years in March 2023, prior to its scheduled expiration date. As a result of the recent negotiations, the majority of the collective bargaining agreements covering such employees are set to expire on various dates on or prior to September 2026.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

Effective January 1, 2009, the IRS issued final regulations for purposes of determining common control for qualified retirement plans sponsored by tax-exempt organizations. In general, tax-exempt entities that are under common control are treated as one entity for certain of the requirements of qualified plans. The regulations determine control based on facts and circumstances; for this purpose, common control would exist if, among other situations, at least 80% of the directors or trustees of one organization were either representatives of, or directly or indirectly controlled by, another organization. These regulations could have an effect on the operations of the Hospital's and its related entities' retirement plans and the responsibilities of those entities for associated liabilities, although such effects are uncertain at this time.

13. Fair Value Measurements

The Hospital uses various methods of calculating fair value of its financial assets and liabilities, when applicable. The Hospital defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. Fair value measurements are applied based on the unit of account from the Hospital's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated).

The Hospital uses a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs that are based on inputs not quoted in active markets but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Hospital uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers non-performance risk in its assessment of fair value. As described in Note 1, the Hospital records certain investments at fair value based on net asset value.

The following table presents financial instruments carried at fair value, excluding assets invested in the Pension Plans, as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents – held for investment	\$ 84,312	\$ 84,312	\$ –	\$ –
Fixed income:				
U.S. government	108,121	108,121	–	–
Corporate	284	–	284	–
Equities:				
U.S. equities ^(a)	40,569	40,569	–	–
Non-U.S. equities ^(b)	19,551	19,551	–	–
Mutual funds	52,499	52,499	–	–
Investments held by captive insurance companies ^(c)	249,308	–	201,919	47,389
	\$ 554,644	\$ 305,052	\$ 202,203	\$ 47,389

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements (continued)

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents – held for investment	\$ 71,726	\$ 71,726	\$ –	\$ –
Fixed income:				
U.S. government	116,885	116,885	–	–
Corporate	329	–	329	–
Equities:				
U.S. equities ^(a)	70,349	70,349	–	–
Non-U.S. equities ^(b)	38,349	38,349	–	–
Mutual funds	106,764	106,764	–	–
Investments held by captive insurance companies ^(c)	265,856	–	214,688	51,168
	<u>\$ 670,258</u>	<u>\$ 404,073</u>	<u>\$ 215,017</u>	<u>\$ 51,168</u>

The Hospital's investments in common collective equity funds, alternative investments, unitized investments held by HERS and pooled investments held by Fund, Inc. are reported using the equity method of accounting and, therefore, are not included in the tables above (see Notes 1 and 3).

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements (continued)

Financial instruments invested in the Hospital's Pension Plans at fair value are classified in the tables below in one of the three categories described above as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 204,580	\$ 204,580	\$ -	\$ -
Fixed income:	4,250	4,250	-	-
U.S. government				
Equities:				
U.S. equities ^(a)	564	564	-	-
Non-U.S. equities ^(b)	14,965	14,965		
	224,359	\$ 224,359	\$ -	\$ -
Assets measured at net asset value as a practical expedient:				
Common collective equity funds ^(d)	628,637			
Hedge funds ^(e)	349,523			
Private equity ^(f)	714,051			
Private real assets ^(g)	471,309			
	\$ 2,387,879			
	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 60,331	\$ 60,331	\$ -	\$ -
Fixed income:				
U.S. government	79,570	79,570	-	-
Equities:				
U.S. equities ^(a)	5,281	5,281	-	-
Non-U.S. equities ^(b)	19,924	19,924	-	-
	165,106	\$ 165,106	\$ -	\$ -
Assets measured at net asset value as a practical expedient:				
Common collective equity funds ^(d)	656,248			
Hedge funds ^(e)	428,315			
Private equity ^(f)	962,105			
Private real assets ^(g)	426,045			
	\$ 2,637,819			

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements (continued)

- ^(a) Equity portfolios invested in common stock of corporations primarily domiciled in the United States.
- ^(b) Equity portfolios invested in common stock of corporations primarily domiciled outside the United States, including emerging market countries.
- ^(c) Investments held by captive insurance companies consist of assets which are pooled with other assets maintained by the companies and include investments in marketable securities and alternative investments that are recorded by the captive insurance companies at fair value based on quoted market prices or other means for the companies' holdings of alternative investments. The Hospital reports an allocation of the fair value of the pooled investments in its accompanying consolidated statements of financial position.
- ^(d) Common collective equity funds invested in common stock of corporations domiciled in the United States and outside the United States, including emerging market countries.
- ^(e) Hedge funds include long and short equity, multi-strategy, event driven and relative value funds invested with managers who invest with different strategies and typically employ some leverage. In long and short equity, fund managers create a portfolio of long positions in stocks expected to appreciate over time and short positions in stocks expected to depreciate. Event driven managers create a portfolio designed to profit from corporate events such as mergers, spin-offs, defaults and bankruptcy. Relative value managers invest in long and short positions, but typically have a more neutral net market position than long and short. Multi-strategy is a fund employing a variety of hedge fund strategies.
- ^(f) Private equity investments include limited partnership investments in funds pursuing strategies in corporate buyouts, venture capital, growth equity, distressed and turnaround investments.
- ^(g) Real estate and natural resources investments.

The following is a description of the Hospital's valuation methodologies for assets measured at fair value. The fair value methodologies are not necessarily indicators of investment risk but are descriptive of the measures used to arrive at fair value pricing. Fair value for Level 1 is based upon quoted market prices. Investments classified as Level 2 are primarily valued using techniques that are consistent with the market approach. Valuations for Level 2 are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs, which include broker/dealer quotes, reported/comparable trades, and benchmark yields are obtained from various sources including market participants, dealers and brokers. Level 3 assets consist of interests in pooled alternative investments managed by captive insurance companies; the valuation for alternative investments is described in Note 1. The Pension

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements (continued)

Plans' common collective equity funds and alternative investments are measured at net asset value; the valuation for these alternative investments is described in Note 9. The methods described above may produce a fair value that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a summary of investments (by major class) that have restrictions on the Hospital's or the Hospital's Pension Plans' ability to redeem its investments at the measurement date, any unfunded capital commitments, and the investments strategies of the investees as of December 31, 2022 (excluding unitized investments held by HERS and pooled investments held by Fund, Inc.) (in thousands):

Description of Investment	December 31, 2022 Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Common collective equity funds	\$ 655,343	\$ –	Weekly to annually	5 to 150 days
Hedge funds	351,423	–	Monthly to annually	30 to 180 days
Private equity	715,061	377,611	*	*
Private real assets	471,337	179,245	*	*
	<u>\$ 2,193,164</u>	<u>\$ 556,856</u>		

* Liquidity restrictions range from several months to seven plus years for certain private equity and private real assets depending upon the investments fund cycle. Liquidity restrictions may apply to all or portions of a particular invested amount.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements (continued)

The following is a rollforward of the statements of financial position amounts for financial instruments classified by the Hospital in Level 3 of the valuation hierarchy defined above (in thousands):

	2022	2021
Fair value at beginning of year	\$ 51,168	\$ 38,447
Purchases	–	11,046
Total net realized and unrealized gains and losses	(3,826)	1,676
Other receipts	47	(1)
Fair value at end of year	\$ 47,389	\$ 51,168
Change in unrealized gains and losses related to financial instruments held at end of year	\$ (5,502)	\$ (2,858)

14. Multiemployer Pension Plans

Applicable entities comprising the Hospital contribute to the New York State Nurses Association Pension Plan (NYSNA), the 1199 SEIU Healthcare Employees Pension Fund (1199 SEIU) and the International Union of Operating Engineers Local 30 Pension Fund (Local 30). These are multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover the Hospital's union-represented employees. Contributions to union plans are based on union employee gross salary levels and rates required under union contractual arrangements.

The risks of participating in these multiemployer plans are different from single-employer plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Hospital chooses to stop participating in some of its multiemployer plans, the Hospital may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

14. Multiemployer Pension Plans (continued)

The Hospital’s participation in these plans for the annual period ended December 31, 2022 is outlined in the table below. The “EIN/Pension Plan Number” column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2022 and 2021 is for the plan’s year-end at December 31, 2021 and 2020, respectively. The zone status is based on information that the Hospital received from each plan and is certified by each plan’s actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded. The “FIP/RP Status” column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the NYPH expiration dates of the collective bargaining agreements to which the plans are subject (applicable Regional Hospital expiration dates range from April 30, 2023 to September 30, 2026).

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status	Contributions by the Hospital		Surcharge Imposed	NYPH Expiration Date of Collective Bargaining Agreement
		2022	2021		2022	2021		
<i>(In Thousands)</i>								
NYSNA	13-6604799/ Plan No. 001	Green	Green	No	\$ 46,694	\$ 45,866	No	12/31/2025*
1199 SEIU	13-3604862/ Plan No. 001	Green	Green	No	72,374	70,392	No	9/30/2026
Local 30	51-6045848/ Plan No. 001	Green	Green	No	1,815	1,965	No	9/30/2024
					<u>\$ 120,883</u>	<u>\$ 118,223</u>		

* The NYSNA contract for the NYP Brooklyn Methodist campus is currently pending renegotiation.

NYPH and NYP Brooklyn Methodist were listed in the NYSNA plan’s Form 5500 as providing more than 5% of the total contributions during the plan’s 2021 and 2020 plan year. NYPH was listed in the 1199 SEIU plan’s Form 5500 as providing more than 5% of the total contributions during the plan’s 2020 plan year. Forms 5500 are not yet available for the plan year ended in 2022.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

15. Events Subsequent to December 31, 2022

Subsequent events have been evaluated through April 27, 2023, which is the date the consolidated financial statements were issued. Except as disclosed in Note 1 and below, no events have occurred that require disclosure in or adjustment to the accompanying consolidated financial statements.

In January 2023, the Hospital entered into a select asset purchase agreement for its laboratory service business. The parties to this agreement expect to complete the transaction in the second quarter of 2023.

Supplementary Information

The New York and Presbyterian Hospital
Consolidating Statement of Financial Position

December 31, 2022

	Obligated Group	NYP Medical Group/Brooklyn Entities	NYP Medical Group/ Westchester and Other Entities	NYP Community Programs, Inc.		Eliminations/ Reclassifications	Consolidated
	NYPH			NYP/Hudson Valley	NYP/ Queens		
<i>(In Thousands)</i>							
Assets							
Current assets:							
Cash, cash equivalents and short-term investments:							
Cash and cash equivalents	\$ 251,119	\$ 11,294	\$ 36,755	\$ 20,020	\$ 83,749	\$ –	\$ 402,937
Short-term investments	2,250,417	–	–	30,273	58,066	–	2,338,756
Total cash, cash equivalents and short-term investments	2,501,536	11,294	36,755	50,293	141,815	–	2,741,693
Patient accounts receivable – net	1,165,530	6,888	6,202	43,193	124,472	–	1,346,285
Other current assets	445,712	3,947	2,559	19,107	106,414	–	577,739
Assets limited as to use – current portion	44,390	–	–	–	1,046	–	45,436
Professional liabilities insurance recoveries receivable and related deposits – current portion	76,855	–	–	2,836	11,765	–	91,456
Beneficial interest in net assets held by related organizations – current portion	73,284	–	–	–	–	–	73,284
Due from related organizations – net	462,179	27,577	–	–	–	(454,055)	35,701
Loans receivable from Regional Hospitals – current portion	8,485	–	–	–	–	(8,485)	–
Total current assets	4,777,971	49,706	45,516	115,429	385,512	(462,540)	4,911,594
Assets limited as to use – noncurrent	5,125,710	–	13,973	13,817	40,547	–	5,194,047
Property, buildings and equipment – net	4,485,727	20,153	8,816	173,382	379,065	–	5,067,143
Operating lease assets	462,564	165	13,984	39,266	47,906	–	563,885
Other noncurrent assets – net	278,036	–	–	7,742	81,042	(75,410)	291,410
Loans receivable from Regional Hospitals – net of current portion	125,536	–	–	–	–	(125,536)	–
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	251,241	–	–	14,017	38,668	–	303,926
Beneficial interest in net assets held by related organizations – noncurrent	2,500,701	–	–	–	–	–	2,500,701
Total assets	\$ 18,007,486	\$ 70,024	\$ 82,289	\$ 363,653	\$ 972,740	\$ (663,486)	\$ 18,832,706

See accompanying note to supplementary information.

The New York and Presbyterian Hospital
Consolidating Statement of Financial Position (continued)

December 31, 2022

	Obligated Group	NYP Medical Group/Brooklyn Entities	NYP Medical Group/ Westchester and Other Entities	NYP Community Programs, Inc.		Eliminations/ Reclassifications	Consolidated
	NYPH			NYP/Hudson Valley	NYP/ Queens		
<i>(In Thousands)</i>							
Liabilities and net assets							
Current liabilities:							
Long-term debt – current portion	\$ 81,255	\$ –	\$ –	\$ 1,149	\$ 2,083	\$ –	\$ 84,487
Loans payable to NYPH – current portion	–	–	–	2,602	5,883	(8,485)	–
Operating lease liability – current portion	51,747	117	2,537	3,182	10,255	–	67,838
Accounts payable and accrued expenses	866,516	12,597	33,344	34,037	156,665	12,762	1,115,921
Accrued salaries and related liabilities	545,843	27,575	9,273	40,214	35,021	–	657,926
Pension and postretirement benefit liabilities – current portion	4,139	–	–	–	1,205	–	5,344
Professional and other insurance liabilities – current portion	96,085	–	–	2,794	14,420	–	113,299
Other current liabilities	276,998	5,452	2,006	138	1,481	–	286,075
Due to related organizations – net	–	–	28,547	102,328	335,942	(466,817)	–
Total current liabilities	1,922,583	45,741	75,707	186,444	562,955	(462,540)	2,330,890
Long-term debt	3,901,311	–	–	3,939	3,061	–	3,908,311
Loans payable to NYPH	–	–	–	37,504	163,442	(200,946)	–
Operating lease liability	434,905	50	11,447	36,290	39,957	–	522,649
Professional and other insurance liabilities	719,137	–	7,475	21,330	86,174	–	834,116
Postretirement benefit liability	22,474	–	–	–	15,522	–	37,996
Other noncurrent liabilities	356,384	–	308	5,980	45,145	–	407,817
Total liabilities	7,356,794	45,791	94,937	291,487	916,256	(663,486)	8,041,779
Commitments and contingencies							
Net assets (deficiency):							
Net assets without donor restrictions	8,063,057	24,233	(13,075)	68,280	41,566	–	8,184,061
Net assets with donor restrictions	2,587,635	–	427	3,886	14,918	–	2,606,866
Total net assets (deficiency)	10,650,692	24,233	(12,648)	72,166	56,484	–	10,790,927
Total liabilities and net assets	\$ 18,007,486	\$ 70,024	\$ 82,289	\$ 363,653	\$ 972,740	\$ (663,486)	\$ 18,832,706

See accompanying note to supplementary information.

The New York and Presbyterian Hospital

Consolidating Statement of Operations

Year Ended December 31, 2022

	Obligated Group	NYP Medical Group/Brooklyn	NYP Medical Group/ Westchester and Other Entities	NYP Community Programs, Inc.		Eliminations/ Reclassifications	Consolidated
	NYPH	Entities	Other Entities	NYP/Hudson Valley	NYP/ Queens		
	<i>(In Thousands)</i>						
Operating revenues							
Net patient service revenue	\$ 8,350,179	\$ 125,528	\$ 48,567	\$ 294,431	\$ 890,136	\$ –	\$ 9,708,841
Other revenue	556,881	135,685	52,954	25,299	425,913	(177,428)	1,019,304
Total operating revenues	8,907,060	261,213	101,521	319,730	1,316,049	(177,428)	10,728,145
Operating expenses							
Salaries and wages	4,027,738	166,362	58,996	177,848	533,236	(499)	4,963,681
Employee benefits	966,455	24,656	17,770	42,379	159,621	(71)	1,210,810
Supplies and other expenses	2,930,516	67,953	25,424	102,305	676,131	(176,858)	3,625,471
Interest and amortization of deferred financing fees	148,141	–	–	1,911	5,244	–	155,296
Depreciation and amortization	515,889	2,242	923	14,316	38,257	–	571,627
Total operating expenses	8,588,739	261,213	103,113	338,759	1,412,489	(177,428)	10,526,885
Operating income (loss)	318,321	–	(1,592)	(19,029)	(96,440)	–	201,260
Investment return – net	(680,765)	–	(2,342)	(2,225)	(9,246)	–	(694,578)
Expected return on plan assets and other components of net periodic pension and postretirement cost	48,746	–	–	–	7,476	–	56,222
Deficiency of revenues over expenses	(313,698)	–	(3,934)	(21,254)	(98,210)	–	(437,096)
Other changes in net assets without donor restrictions:							
Net asset transfers (to) from related parties	(4,318)	(1,911)	–	–	621	–	(5,608)
Other changes in net assets	(12)	–	(113)	–	–	–	(125)
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	50,658	–	–	–	–	–	50,658
Change in pension and postretirement benefit liabilities to be recognized in future periods	314,043	–	–	–	39,039	–	353,082
Change in net assets without donor restrictions	\$ 46,673	\$ (1,911)	\$ (4,047)	\$ (21,254)	\$ (58,550)	\$ –	\$ (39,089)

See accompanying note to supplementary information.

The New York and Presbyterian Hospital

Note to Consolidating Supplementary Information

December 31, 2022

Basis of Presentation

The accompanying consolidating financial information includes the accounts of The New York and Presbyterian Hospital, NYP Community Programs, Inc. and other consolidated entities as described below. Refer to Note 1 to the consolidated financial statements in the previous section for additional information. The consolidating financial information includes columns for the following groups of entities with related activities based on corporate relationships, geography and/or purpose:

- **NYP Medical Group/Brooklyn Entities**, consisting of: Kings Physician Services, P.C.; Park Slope Medical Service, P.C.; Park Slope Pathology Services, P.C.; Park Slope Physician Services, P.C.; Park Slope Obstetrics Gynecology, P.C.; Park Slope Hematology & Oncology, P.C.; Park Slope Pediatric Medicine, P.C.; Park Slope Medicine, P.C.; Brooklyn Foot & Ankle, P.C.; Park Slope Emergency Physician Services, P.C.; Brooklyn Dental Services, P.C.; Brooklyn Radiology Services, P.C.; Park Slope Medical Health Provider, P.C.; and MSO of Kings County, LLC.
- **NYP Medical Group/Westchester and Other Entities**, consisting of: Lawrence Medical Associates, P.C. (d/b/a NewYork-Presbyterian Medical Group/Westchester); Lawrence Care, Inc., the sole corporate member of Lawrence Community Health Services; and NYP Sports Performance, LLC.
- **NYP/Hudson Valley**, consisting of: Hudson Valley Hospital Center; The Foundation of NYP/Hudson Valley Hospital; Westchester Putnam Health Management System, Inc.; Westchester Medical Practice, P.C. (d/b/a NewYork-Presbyterian Medical Group/Hudson Valley); Hudson Valley Ventures, Inc.; A.C. Ventures, Inc.; KNOWA Ventures, Inc.; and GI Ventures, Inc.
- **NYP/Queens**, consisting of: NewYork-Presbyterian/Queens; New York Queens Medicine and Surgery, PC (d/b/a NewYork-Presbyterian Medical Group/Queens); CRT Surgical Associates, PC (CRT); and New York Queens Charter Ventures, Inc. CRT is inactive.

The accompanying financial information has been prepared in accordance with accounting principles generally accepted in the United States of America. The notes to the consolidated financial statements in the previous section include disclosures regarding significant accounting policies. All significant intercompany balances and transactions have been eliminated in consolidation.

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APPENDIX C-2

**CONSOLIDATED FINANCIAL STATEMENTS THE NEW YORK AND PRESBYTERIAN
HOSPITAL YEARS ENDED DECEMBER 31, 2021 AND 2020 WITH REPORT OF
INDEPENDENT AUDITORS**

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CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

The New York and Presbyterian Hospital
Years Ended December 31, 2021 and 2020
With Report of Independent Auditors

Ernst & Young LLP



The New York and Presbyterian Hospital

Consolidated Financial Statements and
Supplementary Information

Years Ended December 31, 2021 and 2020

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Report of Independent Auditors

The Board of Trustees
The New York and Presbyterian Hospital

Opinion

We have audited the consolidated financial statements of The New York and Presbyterian Hospital (the Hospital), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital at December 31, 2021 and 2020, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital’s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating statement of financial position as of December 31, 2021 and consolidating statement of operations for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

April 28, 2022

The New York and Presbyterian Hospital
Consolidated Statements of Financial Position

	December 31	
	2021	2020
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash, cash equivalents and short-term investments:		
Cash and cash equivalents	\$ 455,807	\$ 647,337
Short-term investments	2,702,956	3,171,416
Total cash, cash equivalents and short-term investments	3,158,763	3,818,753
Patient accounts receivable – net	1,198,620	898,365
Other current assets	540,835	431,733
Assets limited as to use – current portion	50,628	70,125
Professional liabilities insurance recoveries receivable and related deposits – current portion	100,021	101,556
Beneficial interest in net assets held by related organizations – current portion	75,087	93,903
Due from related organizations – net	3,836	31,288
Total current assets	5,127,790	5,445,723
Assets limited as to use – noncurrent	5,736,988	5,073,399
Property, buildings and equipment – net	5,127,269	5,197,641
Operating lease assets	588,490	436,880
Other noncurrent assets – net	89,051	51,082
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	301,435	307,762
Beneficial interest in net assets held by related organizations – noncurrent	2,694,449	2,260,093
Total assets	\$ 19,665,472	\$ 18,772,580

	December 31	
	2021	2020
	<i>(In Thousands)</i>	
Liabilities and net assets		
Current liabilities:		
Long-term debt – current portion	\$ 262,502	\$ 92,282
Operating lease liability – current portion	60,727	59,619
Accounts payable and accrued expenses	1,046,644	1,038,089
Accrued salaries and related liabilities	686,160	667,756
Pension and postretirement benefit liabilities – current portion	22,015	25,228
Professional and other insurance liabilities – current portion	122,007	125,072
Other current liabilities	775,395	703,252
Total current liabilities	<u>2,975,450</u>	<u>2,711,298</u>
Long-term debt	3,604,749	4,095,488
Operating lease liability	546,554	395,571
Professional and other insurance liabilities	808,153	775,404
Pension liability	122,393	609,611
Postretirement benefit liability	50,225	74,312
Other noncurrent liabilities	501,422	1,052,090
Total liabilities	<u>8,608,946</u>	<u>9,713,774</u>
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions	8,223,150	6,644,997
Net assets with donor restrictions	2,833,376	2,413,809
Total net assets	<u>11,056,526</u>	<u>9,058,806</u>
Total liabilities and net assets	<u>\$ 19,665,472</u>	<u>\$ 18,772,580</u>

See accompanying notes.

The New York and Presbyterian Hospital

Consolidated Statements of Operations

	Year Ended December 31	
	2021	2020
	<i>(In Thousands)</i>	
Operating revenues		
Net patient service revenue	\$ 9,038,318	\$ 7,554,326
Other revenue	821,173	1,461,767
Total operating revenues	9,859,491	9,016,093
Operating expenses		
Salaries and wages	4,538,193	4,633,533
Employee benefits	1,127,571	1,079,929
Supplies and other expenses	3,366,837	3,304,672
Interest and amortization of deferred financing fees	155,220	143,775
Depreciation and amortization	561,300	505,055
Total operating expenses	9,749,121	9,666,964
Operating income (loss)	110,370	(650,871)
Investment return – net	882,668	476,942
Voluntary retirement program costs	–	(34,173)
Expected return on plan assets and other components of net periodic pension and postretirement cost	31,190	20,669
Excess (deficiency) of revenues over expenses	1,024,228	(187,433)
Other changes in net assets without donor restrictions:		
Net asset transfers to related parties	(10,175)	(17,858)
Other changes in net assets	(86)	(216)
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	25,364	25,000
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	24,541	62,131
Change in pension and postretirement benefit liabilities to be recognized in future periods	514,281	(264,207)
Change in net assets without donor restrictions	\$ 1,578,153	\$ (382,583)

See accompanying notes.

The New York and Presbyterian Hospital
Consolidated Statements of Changes in Net Assets

	Net Assets without Donor Restrictions	Net Assets With Donor Restrictions	Beneficial Interest in Net Assets with Donor Restrictions Held by Related Organizations				Total Beneficial Interest	Total Net Assets With Donor Restrictions	Total Net Assets
			Plant Replacement	Specific Purpose	Endowment Earnings	Permanent Endowment			
Net assets at January 1, 2020	\$ 7,027,580	\$ 52,072	\$ 755,204	\$ 931,365	\$ 217,564	\$ 265,871	\$ 2,170,004	\$ 2,222,076	\$ 9,249,656
Change in net assets without donor restrictions	(382,583)	–	–	–	–	–	–	–	(382,583)
Net investment return – donor restricted	–	9,059	–	–	–	–	–	9,059	9,059
Net assets released from restrictions	–	(1,318)	–	–	–	–	–	(1,318)	(1,318)
Changes in beneficial interest in net assets held by related organizations	–	–	2,760	166,494	4,726	10,012	183,992	183,992	183,992
Changes in net assets	(382,583)	7,741	2,760	166,494	4,726	10,012	183,992	191,733	(190,850)
Net assets at December 31, 2020	6,644,997	59,813	757,964	1,097,859	222,290	275,883	2,353,996	2,413,809	9,058,806
Change in net assets without donor restrictions	1,578,153	–	–	–	–	–	–	–	1,578,153
Net investment return – donor restricted	–	4,027	–	–	–	–	–	4,027	4,027
Changes in beneficial interest in net assets held by related organizations	–	–	162,755	183,635	44,494	24,656	415,540	415,540	415,540
Changes in net assets	1,578,153	4,027	162,755	183,635	44,494	24,656	415,540	419,567	1,997,720
Net assets at December 31, 2021	\$ 8,223,150	\$ 63,840	\$ 920,719	\$ 1,281,494	\$ 266,784	\$ 300,539	\$ 2,769,536	\$ 2,833,376	\$ 11,056,526

See accompanying notes.

The New York and Presbyterian Hospital
Consolidated Statements of Cash Flows

	Year Ended December 31	
	2021	2020
	<i>(In Thousands)</i>	
Operating activities		
Change in net assets	\$ 1,997,720	\$ (190,850)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	561,300	505,055
Amortization of deferred financing costs, deferred revenue, fair value adjustment to debt and mortgage discount	7,579	4,117
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	(25,364)	(25,000)
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	(24,541)	(62,131)
Net investment return – without donor restrictions, excluding interest and dividends	(875,208)	(459,308)
Equity in income from investee	(7,298)	(1,518)
Net asset transfers to related parties	10,175	17,858
Increase in debt for interest accretion	1,174	1,098
Changes in operating assets and liabilities:		
Patient accounts receivable – net	(300,255)	212,103
Other assets and operating lease assets	(299,708)	(110,445)
Beneficial interest in net assets held by related organizations	(415,540)	(183,992)
Accounts payable and accrued expenses	8,555	216,172
Accrued salaries and related liabilities	18,404	188,987
Due from related organizations – net	27,452	(21,481)
Other liabilities	(326,434)	1,069,747
Professional and other insurance liabilities and related insurance recoveries receivable and deposits	37,546	73,973
Pension and postretirement benefit liabilities	(514,518)	342,669
Net cash (used in) provided by operating activities	(118,961)	1,577,054
Investing activities		
Net sales (purchases) of short-term investments and assets limited as to use	692,858	(1,520,444)
Acquisitions of property, buildings and equipment – net	(444,270)	(630,713)
Loan receivable issued to Gracie Square Hospital	(7,504)	–
Distribution from investee	6,000	1,700
(Advances) collections on loan to Silvercrest Center for Nursing and Rehabilitation	(2,750)	500
Net cash provided by (used in) investing activities	244,334	(2,148,957)
Financing activities		
Repayments of long-term debt and line of credit advances	(370,216)	(492,281)
Proceeds from the issuance of long-term debt and line of credit advances	–	1,300,000
Payment of deferred financing costs	(5,716)	(5,168)
Net asset transfers to related parties	(10,175)	(17,858)
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	25,364	25,000
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	24,541	62,131
Net cash (used in) provided by financing activities	(336,202)	871,824
Net (decrease) increase in cash and cash equivalents and restricted cash and restricted cash equivalents	(210,829)	299,921
Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of year	705,053	405,132
Cash and cash equivalents and restricted cash and restricted cash equivalents at end of year	\$ 494,224	\$ 705,053
Supplemental disclosure of cash flow information		
Assets acquired under finance lease obligations	\$ 46,658	\$ 113,847

See accompanying notes.

The New York and Presbyterian Hospital
Notes to Consolidated Financial Statements

December 31, 2021

1. Organization and Basis of Presentation and Significant Accounting Policies

Organization and Basis of Presentation

The accompanying consolidated financial statements include the accounts of The New York and Presbyterian Hospital (referred to herein as “NYPH” when referencing the legal entity separate from its subsidiaries), NYP Community Programs, Inc. (Community Programs) and other consolidated entities as described below. NYPH is the sole member of Community Programs. The reporting entity resulting from the consolidation of these entities is referred to herein as the “Hospital”. All significant intercompany balances and transactions have been eliminated in consolidation.

NYPH is a tax-exempt organization that was incorporated under New York State not-for-profit corporation law. NYPH is a major academic medical center operating at seven campuses comprised of 2,812 beds, providing a full range of inpatient and outpatient services, mainly to residents of the New York metropolitan area. The Board of Trustees of NYPH consists of persons who have first been elected as members of New York-Presbyterian Foundation, Inc. (Foundation, Inc.), a New York State not-for-profit corporation. Foundation, Inc. is related to a number of organizations.

Community Programs is the sole member of the following entities: Hudson Valley Hospital Center, Westchester Putnam Health Management System, Inc. and their subsidiaries (collectively referred to herein as NYP/Hudson Valley or Hudson Valley); NewYork-Presbyterian/Queens and its controlled affiliates (collectively referred to herein as NYP/Queens or Queens); and NewYork-Presbyterian/Brooklyn Methodist (referred to as “BMH” when referencing the legal entity separate from its controlled affiliates) and its controlled affiliates (collectively referred to herein as NYP/Brooklyn Methodist or Methodist). NYP/Hudson Valley consists of a 128-bed acute care hospital located in Cortlandt Manor, Westchester County, New York, a fundraising foundation, a multi-specialty physician practice and certain other entities primarily formed to purchase and lease space. NYP/Queens consists of a 535-bed acute care hospital located in Queens County, New York, a multi-specialty physician practice and certain other entities. NYP/Brooklyn Methodist consists of a 591-bed acute care hospital located in Kings County, New York, physician practices and certain other entities. Hudson Valley, Queens and Methodist are collectively referred to herein as the “Regional Hospitals”.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Other entities included in the accompanying consolidated financial statements include the following:

- Lawrence Care, Inc. (LCI), the sole corporate member of Lawrence Community Health Services which operates a certified home health agency, a certified hospice program and a bereavement center. LCI has no corporate member and a majority of its Board of Directors consists of individuals concurrently participating in the supervision, control or management of NYPH.
- Lawrence Medical Associates, P.C. (d/b/a NewYork-Presbyterian Medical Group/Westchester) (NYPMG/W), a State of New York professional corporation exempt from federal income tax that was organized in 2009 and supports and furthers the charitable purposes of NYPH.
- NYP Sports Performance, LLC, incorporated on July 30, 2019 to operate facilities for the provision of services, training and skills development related to physical fitness, sports performance and wellbeing.

Although NYPH, Community Programs and the other entities described above have been consolidated for financial statement reporting purposes under applicable accounting requirements, there may be limitations on the use of one entity's funds by another member of the consolidated group resulting from the charitable nature of some of the entities or other factors.

On November 16, 2021, NYPH filed a certificate of need (CON) application with the New York State Department of Health seeking approval of a corporate merger of BMH with and into NYPH, with NYPH as the surviving corporation and NYPH acquiring all assets and assuming all liabilities of BMH. In addition, the CON requests approval of the disestablishment of NYP Community Programs, Inc. as the active parent of BMH. The merger is subject to various approvals and conditions. There can be no assurance that all of the approvals will be obtained, and all conditions will be met. If approved, this change will have no impact on the Hospital's consolidated financial statements as BMH is currently included in the accompanying consolidated financial statements.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Coronavirus Disease 2019 Pandemic and CARES Act Funding

On March 11, 2020, the World Health Organization designated the Coronavirus Disease 2019 (COVID-19) outbreak as a global pandemic. Federal, state and local government policies resulted in a substantial portion of the population remaining at home and forced the closure of certain businesses, which had an impact on the Hospital's patient volumes and revenues for most services. Through executive order, effective March 25, 2020, a New York State Mandate was issued to suspend all non-essential medical and surgical procedures and suspended elective procedures, which resumed at different dates during the year ended December 31, 2020. The Hospital's volumes and operations were impacted to varying degrees throughout 2020 and 2021, particularly as several waves of the pandemic intensified in the New York City metropolitan area at different points in time. During this time, the Hospital has also experienced significant price increases in, and utilization of, personnel costs and medical supplies, particularly personal protective equipment, as global supply lines were disrupted by the pandemic.

In response to COVID-19, the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) was signed into law on March 27, 2020. The CARES Act authorized funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Provider Relief Fund). Payments from the Provider Relief Fund are to be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the recipient for health care related expenses and/or lost revenues attributable to coronavirus and are not required to be repaid except where Provider Relief Funds received exceed the actual amounts of eligible health care related expenses and/or lost revenues as defined by the U.S. Department of Health and Human Services (HHS), provided the recipients attest to and comply with the terms and conditions. HHS distributions from the Provider Relief Fund include general distributions and targeted distributions, to support hospitals in high impact areas and rural providers. HHS has issued several Post-Payment Notices of Reporting Requirements and published responses to frequently asked questions (FAQs), most recently in September 2021, regarding the Provider Relief Fund distributions.

Additionally, on December 27, 2020, the Consolidated Appropriations Act, 2021 (CAA) was signed into law. The CAA appropriated additional funding for COVID-19 response and relief through the Provider Relief Fund and provided several changes to the administration of the Provider Relief Fund. The CAA clarified the methods available to calculate lost revenues and indicated that for any payment, including both general and targeted distributions, received by an eligible health care provider that is a subsidiary of a parent organization, the parent organization may allocate all or any portion of the distribution among any other eligible subsidiaries.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Distributions from the Provider Relief Fund are available for specified service periods through December 31, 2022 with various required data submissions (data regarding activity for Provider Relief Fund receipts through June 30, 2020 and the use of such funds through June 30, 2021 was submitted to HHS on September 30, 2021; data for funds received from July 1, 2020 to December 31, 2020 and the use of such funds through December 31, 2021 was submitted to HHS on March 24, 2022).

During the years ended December 31, 2021 and 2020, the Hospital received approximately \$5.5 million and \$949.9 million, respectively, in funding and recognized revenue of \$44.5 million and \$910.9 million, respectively, which is included in other revenue in the accompanying consolidated statements of operations. The recognized revenue has been determined based on applicable accounting guidance, Post-Payment Notice of Reporting Requirements and FAQs that the Hospital has interpreted as being applicable to the accompanying consolidated financial statements. The unrecognized amount of the Hospital's Provider Relief Fund receipts was reported in other current liabilities in the accompanying consolidated statements of financial position at December 31, 2020.

Additionally, the Hospital also received approximately \$115.3 million from the Provider Relief Fund in January 2022. Management will continue to monitor communications from HHS applicable to the Provider Relief Fund reporting and data submission requirements.

In 2021 and 2020, the Hospital applied for reimbursement for qualifying expenses under the Federal Emergency Management Agency (FEMA) Disaster Relief Fund and received reimbursement payment advances of approximately \$74.0 million and \$129.4 million in 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, the Hospital recognized \$114.0 million and \$39.0 million, respectively, as other revenue (for reimbursement of operating costs) and \$25.4 million and \$25.0 million, respectively, as FEMA receipts for capital expenditures (reported as a component of other changes in net assets without donor restrictions). The advances received in 2021 and 2020 relate to project worksheets totaling over \$412.0 million submitted by the Hospital to FEMA under its expedited claim submission process and streamlined submission process. The Hospital will be finalizing project worksheets previously submitted to allow for submission of expenses incurred during subsequent periods. The Hospital also intends to submit additional applications for funding of costs incurred through the end of the defined period. The ultimate amount that the Hospital may be reimbursed is uncertain.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

To enhance liquidity in 2020, the Centers for Medicare & Medicaid Services (CMS) expanded and streamlined the process for its Accelerated and Advance Payment Program, pursuant to which providers could receive advance Medicare payments. This program allowed eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. During April 2020, the Hospital received approximately \$740.1 million of expedited payments for future services. CMS advances under this program are included as a contract liability in other current liabilities for \$448.1 million and \$277.5 million at December 31, 2021 and 2020, respectively, and other noncurrent liabilities of \$462.6 million at December 31, 2020, respectively, in the accompanying consolidated statements of financial position.

Under the CARES Act, the Hospital has elected to defer the payment of the employer portion of social security taxes totaling approximately \$160.7 million that otherwise would have been due between March 27, 2020 and December 31, 2020. The CARES Act requires that 50% of the total deferred amount be paid by December 31, 2021, with the remaining balance due by December 31, 2022. The Hospital paid \$78.5 million of deferred taxes in December 2021; the remaining balance is recorded within accrued salaries and related liabilities in the accompanying consolidated statements of financial position at December 31, 2021.

Under the CARES Act, the Hospital is eligible to receive an employee retention credit (ERC) against the employer portion of Social Security taxes for certain wages between March 13, 2020 and December 31, 2020. The CAA subsequently extended the ERC through June 30, 2021, while also modifying the provisions of the credit. The American Rescue Plan Act keeps the modified provisions of the credit and extends the ERC through December 31, 2021. The Infrastructure Investment and Jobs Act further changed the expiration date of the ERC to September 30, 2021. As of December 31, 2021, the Hospital submitted amended Forms 941-X for calendar year 2020 and the first quarter of calendar year 2021 to claim the ERC. Approximately \$53.3 million of the filed ERC applications was received through April 2022. The Hospital recognized \$20.2 million as other revenue in 2021. The Hospital continues to process applications for the ERC.

Due to the evolving nature of the COVID-19 pandemic, the ultimate impact to the Hospital's operating results, including costs that may be incurred in the future and the level of utilization of the Hospital's services and resulting impact on net patient service revenue reported in the future, and its financial condition is presently unknown.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Significant Accounting Policies

The following is a summary of significant accounting policies:

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, such as collections on accounts receivable for services to patients, valuation of alternative investments, estimated settlements with third-party payors, professional liabilities and pension and postretirement benefit liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the amounts of revenue and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term.

Cash and Cash Equivalents and Short-term Investments: The Hospital classifies as cash equivalents all highly liquid financial instruments with a maturity of three months or less when purchased, excluding those held in short-term investments and assets limited as to use for funded depreciation and board designated purposes as such holdings are within investment portfolios. A reconciliation of amounts reported on the accompanying consolidated statements of financial position to the accompanying consolidated statements of cash flows as of and for the years ended December 31, 2021 and 2020 follows (in thousands):

	2021	2020
Cash and cash equivalents	\$ 455,807	\$ 647,337
Assets limited as to use – funds held under loan agreements: cash and cash equivalents	699	10,359
Assets limited as to use – funded self-insurance (professional liabilities): cash and cash equivalents	37,689	33,672
Assets limited as to use – donor restricted: cash and cash equivalents	29	13,685
	\$ 494,224	\$ 705,053
Total cash and cash equivalents and restricted cash and restricted cash equivalents	\$ 494,224	\$ 705,053

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Investments that are readily marketable and that are not classified as assets limited as to use are considered short-term investments and are classified as current assets. Short-term investments are used for cash management purposes and consist of cash and cash equivalents, fixed income securities, equity securities, hedge funds and pooled investments held by related parties. At December 31, 2021 and 2020, the Hospital's cash and cash equivalents include money market funds and interest-bearing accounts that are not fully insured by the U.S. government. The Hospital does not hold any money market funds with significant liquidity restrictions that would be required to be excluded from cash equivalents.

Receivables for Patient Care: Patient accounts receivable for which the Hospital receives payment under prospective payment formulae, cost reimbursement or negotiated rates, which cover the majority of patient services, are stated at the estimated net amounts receivable from payors, which are generally less than the established billing rates of the Hospital (see Note 2).

Supplies: Supplies, which are determined on the first-in, first-out method, are stated at the lower of cost or net realizable value. Supplies are used in the provision of patient care and are not held for sale. Supplies are included in other current assets in the accompanying consolidated statements of financial position at December 31, 2021 and 2020.

Investments and Investment Return: Investments are held in the Hospital's short-term and assets limited as to use portfolios. All investments are classified as trading investments and, excluding interests in common collective/commingled trusts, alternative investments and pooled investments held by related parties, are carried at fair value determined as described in Note 13. Common collective/commingled trusts and alternative investments are reported in the accompanying consolidated statements of financial position based upon net asset values derived from the application of the equity method of accounting.

Alternative investment interests generally are structured such that the Hospital holds a limited partnership interest or an interest in an investment management company, including hedge funds, private equity funds and private real estate funds. The Hospital's ownership structure does not provide for control over the related investees and the Hospital's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Individual investment holdings within the alternative investments include non-marketable and market-traded debt, equity and real asset securities and interests in other alternative investments. The Hospital may be exposed indirectly to securities lending, short sales of securities and trading in futures and forward contracts, options and other derivative products. Alternative investments often have liquidity restrictions under which the Hospital's capital may be divested only at specified times.

Financial information used by the Hospital to evaluate its alternative investments is provided by the investment manager or general partner and includes fair value valuations (quoted market prices and values determined through other means) of underlying securities and other financial instruments held by the investee and estimates that require varying degrees of judgment. The financial statements of the investee companies are audited annually by independent auditors, although the timing for reporting the results of such audits for certain investee companies does not coincide with the Hospital's annual financial statement reporting.

Interests in pooled investments held by related parties are reported based upon unitized net asset value (see Note 3). Assets held in the Hospital's defined benefit pension plans are carried at fair value (see Note 9).

There is uncertainty in the accounting for alternative investments arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings and time lags associated with reporting by the investee companies. As a result, there is at least a reasonable possibility that estimates will change in the near term.

Investments received as a gift are recorded at fair value on the date of contribution. All investment transactions are recorded on the dates such trades take place. Realized gains and losses on sales of marketable securities are based on the average cost method. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Investment return is included within the performance indicator in the accompanying consolidated statements of operations, unless restricted by donor or by law. Investment return is reported net of external and direct internal investment expenses, such as trustee fees, investment fund manager fees and salaries and related costs for the Hospital's investment management personnel.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Assets Limited as to Use: Assets so classified represent investments whose use is restricted for specific purposes under internal and/or external designation, terms of loan agreements and for self-insured liabilities (see Note 3). Assets limited as to use which are internally designated for funded depreciation represent amounts that will be expended in future periods for acquisitions of property, buildings and equipment. Assets limited as to use required to meet current liabilities are reported as current assets.

Beneficial Interest in Net Assets Held by Related Organizations: New York-Presbyterian Fund, Inc. (Fund, Inc.) was incorporated under New York State not-for-profit corporation law to solicit, receive and administer funds to be applied exclusively for charitable, educational and scientific purposes, primarily for the benefit of health care related charitable organizations. The directors of Fund, Inc. consist of persons who have first been elected as members of Foundation, Inc. Fund, Inc. is related to NYPH and a number of other organizations. The Hospital recognizes its accumulated interest in the net assets held by Fund, Inc. and The New York Weill Cornell Medical Center Fund, Inc. (WCMC Fund) as beneficial interest in net assets held by related organizations in the accompanying consolidated statements of financial position and also recognizes the periodic changes in such interests in the accompanying consolidated statements of changes in net assets.

Related-Party Transactions: The entities comprising the Hospital provide various inter-entity services to their affiliated entities. The services consist of certain financial planning, information systems and telecommunications, general accounting, and other services. Charges for such services are based on the approximate cost to provide the services and are allocated between the entities based on an agreed-upon method which reflects the approximate level of usage by each entity. Such inter-entity charges and all intercompany balances between the entities comprising the Hospital eliminate in consolidation.

Property, Buildings and Equipment: Property, buildings and equipment purchased are initially recorded at cost. Assets acquired through acquisitions of businesses not previously under common control, gifts and bequests are initially recorded at appraised or fair value established at the date of the transaction. The carrying amounts of assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of and any resulting gain or loss is included in operations. Depreciation of buildings, building improvements, and fixed equipment is recorded using the straight-line method over the estimated useful lives of the assets. Depreciation of NYPH movable equipment is recorded using the sum-of-the-years-digits method. Depreciation of the Regional Hospitals' movable equipment is recorded using

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

the straight-line method over the estimated useful lives of the assets. Equipment under finance lease obligations and leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful life of the asset or the lease term. Such amortization is included in depreciation and amortization in the accompanying consolidated statements of operations.

Deferred Financing Costs: Capitalized financing costs are included as a deduction to long-term debt in the accompanying consolidated statements of financial position and are amortized using the effective interest method over the term that the related debt is expected to be outstanding.

Classification of Net Assets: The Hospital separately accounts for and reports net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are not externally restricted for identified purposes by donors or grantors. Net assets without donor restrictions include resources that the governing board may use for any designated purpose and resources whose use is limited by agreement between the Hospital and an outside party other than a donor or grantor.

Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time frame or purpose or have been restricted by donors as permanent endowments to be maintained in perpetuity. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restriction.

The Hospital also recognizes governmental grants where commensurate value is not exchanged as contributions when conditions and restrictions are satisfied and reports such amounts within other revenue (see Note 11).

Operating Leases: Scheduled base rent increases under operating leases are recognized as rental expense on a straight-line basis over the lease term (see Note 6).

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Program Services: The Hospital's program services consist of providing health care and related services, including graduate medical education. For the year ended December 31, 2021, expenses related to providing these services are summarized as follows (in thousands):

	Health Care and Related Services		Program Support and General Services		Total
	NYPH	Regional Hospitals	NYPH	Regional Hospitals	
Salaries and wages	\$ 2,811,978	\$ 973,986	\$ 537,231	\$ 214,998	\$ 4,538,193
Employee benefits	682,467	285,231	102,068	57,805	1,127,571
Supplies and other expenses	1,881,274	859,844	468,767	156,952	3,366,837
Interest and amortization of deferred financing fees	115,245	6,016	19,606	14,353	155,220
Depreciation and amortization	325,412	79,168	146,112	10,608	561,300
	\$ 5,816,376	\$ 2,204,245	\$ 1,273,784	\$ 454,716	\$ 9,749,121

For the year ended December 31, 2020, expenses related to providing these services are summarized as follows (in thousands):

	Health Care and Related Services		Program Support and General Services		Total
	NYPH	Regional Hospitals	NYPH	Regional Hospitals	
Salaries and wages	\$ 2,896,836	\$ 1,000,735	\$ 549,365	\$ 186,597	\$ 4,633,533
Employee benefits	660,748	274,860	99,683	44,638	1,079,929
Supplies and other expenses	1,959,367	773,029	458,775	113,501	3,304,672
Interest and amortization of deferred financing fees	111,555	7,189	19,527	5,504	143,775
Depreciation and amortization	320,722	60,324	115,472	8,537	505,055
	\$ 5,949,228	\$ 2,116,137	\$ 1,242,822	\$ 358,777	\$ 9,666,964

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

The accompanying consolidated financial statements report expense categories that are attributable to more than one health care service or support function. Costs not directly attributable to a function are allocated on a functional basis using internal records and estimates.

The Hospital maintains academic affiliations with two medical colleges: Columbia University Vagelos College of Physicians & Surgeons (Columbia VP&S) and The Joan and Sanford I. Weill Medical College of Cornell University (Weill Cornell Medical College) (collectively, the Schools). Transactions occur on a routine basis between the Hospital and the Schools, based upon arrangements between the parties.

Performance Indicator: The accompanying consolidated statements of operations include excess (deficiency) of revenues over expenses as the performance indicator. Excluded from the performance indicator are permanent transfers of assets to related entities, net assets released from restrictions and distributions received for the purchase of fixed assets, certain Disaster Relief Fund receipts and the change in pension and postretirement benefit liabilities to be recognized in future periods. Transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenues and operating expenses and are included in operating income (loss). Investment return and certain transactions which are peripheral or of an infrequent nature are excluded from operating income (loss).

Commencing October 2019, the Hospital offered a voluntary retirement option (VRO) to certain eligible employees aged 60 or older with a minimum of 15 years of total service (as defined). The VRO includes enhanced benefits including salary continuation and coverage for certain medical and other benefits. VRO costs incurred in 2020 totaled approximately \$34.2 million, related to severance and other accrued amounts under the VRO. The VRO was not offered in 2021.

Tax Status: The majority of the entities comprising the Hospital are Section 501(c)(3) organizations exempt from Federal income taxes on related income under Section 501(a) of the Internal Revenue Code (IRC). These entities are also exempt from New York State income taxes. NYPH, Community Programs, NYP/Queens and NYP/Brooklyn Methodist are exempt from New York City income taxes.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Certain subsidiaries of the Hospital are for-profit entities. Taxable operations and the potential for income taxes from these entities and from unrelated business activities of the tax-exempt entities are not significant to the accompanying consolidated financial statements.

Reclassifications: Certain reclassifications have been made to the 2020 amounts previously reported or disclosed in order to conform to the current year presentation.

Recent Accounting Pronouncements: In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 and related ASU updates is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in ASU 2016-13 are effective for the Hospital for fiscal years beginning after December 15, 2022. The Hospital is in the process of evaluating the impact of ASU 2016-13 on its consolidated financial statements.

The FASB has amended certain guidance related to various disclosures in ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20) – Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans*. The guidance in ASU 2018-14 requires all sponsors of defined benefit plans to provide certain new disclosures: the weighted-average interest crediting rate for cash balance plans and other plans with promised interest crediting rates and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. Among other changes, ASU 2018-14 eliminates the required disclosure for all sponsors of defined benefit plans to disclose the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year. ASU 2018-14 is effective for fiscal years ending after December 15, 2021. The adoption of ASU 2018-14 in 2021 did not have a material impact on the Hospital's consolidated financial statements.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the standard. ASU 2018-15 will require an entity (customer) in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. ASU 2018-15 also requires the entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement, among other provisions. The amendments in ASU 2018-15 are effective for annual reporting periods beginning after December 15, 2020, and interim periods thereafter. In 2021, the amendments can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The adoption of ASU 2018-15 in 2021 did not have a material impact on the Hospital’s consolidated financial statements.

2. Net Patient Service Revenue

Net Patient Service Revenue and Accounts Receivable

Net patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include provisions for variable consideration (reductions to revenue) for retroactive revenue adjustments, including adjustments due to the settlement of ongoing and future audits, reviews, and investigations.

The Hospital uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios primarily consist of major payor classes for inpatient revenue and major types of services provided for outpatient revenue. Based on historical collection trends and other analyses, the Hospital believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

The Hospital's initial estimate of the transaction price for services provided to patients is determined by reducing the total standard charges related to the patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions, and other reductions to the Hospital's standard charges. The Hospital determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements, the Hospital's discount policies and historical experience. For uninsured and under-insured patients who do not qualify for charity care, the Hospital determines the transaction price associated with services on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on the Hospital's historical collection experience for applicable patient portfolios. Under the Hospital's charity care policy, a patient who has no insurance or is under-insured and is ineligible for any government assistance program has his or her bill reduced to (1) the lesser of charges or the Medicaid diagnostic-related group for inpatient and (2) a discount from Medicaid fee-for-service rates for outpatient. Patients who meet the Hospital's criteria for free care are provided care without charge; such amounts are not reported as revenue.

Generally, the Hospital bills patients and third-party payors several days after the services are performed and/or the patient is discharged. Net patient service revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Hospital. Net patient service revenue for performance obligations satisfied over time is recognized based on the estimated expected payment at that point in time. The Hospital believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services or patients receiving services in the Hospital's outpatient and ambulatory care centers. The Hospital measures the performance obligation from admission into the Hospital or the commencement of an outpatient service to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or the completion of the outpatient visit. Substantially all of its performance obligations relate to contracts with a duration of less than one year. Unsatisfied or partially unsatisfied performance obligations primarily relate to inpatient acute care services at the end of the reporting period for patients who remain admitted at that time (in-house patients). The performance obligations for in-house patients are generally completed when the patients are discharged, which for the majority of the Hospital's in-house patients occurs within days or weeks after the end of the reporting period.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Net patient service revenue for the years ended December 31 by payor is as follows (in thousands):

	2021		2021		Total
	NYPH		Regional Hospitals		
Medicare	\$ 1,655,140	24%	\$ 782,083	37%	\$ 2,437,223
Medicaid	1,068,643	15	399,182	19	1,467,825
Commercial carriers and health maintenance organizations	4,144,835	60	908,871	43	5,053,706
Self-pay	60,816	1	18,748	1	79,564
	<u>\$ 6,929,434</u>	<u>100%</u>	<u>\$ 2,108,884</u>	<u>100%</u>	<u>\$ 9,038,318</u>

	2020		2020		Total
	NYPH		Regional Hospitals		
Medicare	\$ 1,530,031	26%	\$ 673,668	36%	\$ 2,203,699
Medicaid	905,576	16	373,905	20	1,279,481
Commercial carriers and health maintenance organizations	3,232,465	57	786,368	43	4,018,833
Self-pay	35,467	1	16,846	1	52,313
	<u>\$ 5,703,539</u>	<u>100%</u>	<u>\$ 1,850,787</u>	<u>100%</u>	<u>\$ 7,554,326</u>

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the third-party payors amounts above.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to patient service revenue in the period of the change. Changes in the Hospital's estimates of implicit price concessions, discounts, contractual adjustments or other reductions to expected payments for performance obligations satisfied in prior periods were not significant. Portfolio collection estimates are updated quarterly based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis when applicable) are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2021 and 2020 was not significant.

At December 31, accounts receivable is comprised of the following components (in thousands):

	<u>2021</u>	<u>2020</u>
Patient receivables	\$ 1,119,903	\$ 824,877
Contract assets	78,717	73,488
	<u>\$ 1,198,620</u>	<u>\$ 898,365</u>

Contract assets are related to in-house patients who were provided services during the reporting period but were not discharged as of the reporting date and for which the Hospital may not have the right to bill.

Third-Party Payment Programs

The Hospital has agreements with third-party payors that provide for payment for services rendered at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: Hospitals are paid for most Medicare patient services under national prospective payment systems and other methodologies of the Medicare program for certain other services. Federal regulations provide for adjustments to current and prior years' payment rates, based on industry-wide and Hospital-specific data.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Non-Medicare: In New York State, hospitals and all non-Medicare payors (including Medicare and Medicaid managed care plans), except Medicaid, workers' compensation and no-fault insurance programs, negotiate hospitals' payment rates. If negotiated rates are not established, payors are billed at hospitals' established charges. Medicaid, workers' compensation and no-fault payors pay hospital rates promulgated by the New York State Department of Health (DOH). Payments to hospitals for Medicaid, workers' compensation and no-fault inpatient services are based on a statewide prospective payment system, with retroactive and/or prospective adjustments. Outpatient services also are paid based on a statewide prospective system. Medicaid rate methodologies are subject to approval at the Federal level by the Centers for Medicare and Medicaid Services (CMS), which may routinely request information about such methodologies prior to approval. Revenue related to specific rate components that have not been approved by CMS is not recognized until the Hospital is reasonably assured that such amounts are realizable. Adjustments to the current and prior years' payment rates for those payors will continue to be made in future years.

The Hospital has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and Hospital-specific data. Medicare cost reports, which serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through 2001 and years 2005, 2006, and 2014 to 2017 for NYPH and through various years ranging from 2008 to 2018 for the Regional Hospitals, although revisions to final settlements or other retroactive changes could be made. Other years and various issues remain open for Medicare audit and settlement, as are numerous issues related to the New York State Medicaid program for prior years. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled, audits are completed and additional information is obtained. Settlements with third-party payors for cost report filings and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Hospital's historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. Estimated settlements are adjusted in future periods

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. For the years ended December 31, 2021 and 2020, the net effect of the Hospital's revisions to prior year estimates resulted in net patient service revenue increasing by approximately \$101.9 million and \$35.8 million, respectively.

The current Medicaid, Medicare and other third-party payor programs are based upon extremely complex laws and regulations that are subject to interpretation. Non-compliance with such laws and regulations could result in fines, penalties and exclusion from such programs. The Hospital is not aware of any allegations of non-compliance that could have a material adverse effect on the accompanying consolidated financial statements and believes that it is in compliance in all material respects with all applicable laws and regulations, except for the matter disclosed in Note 12.

There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of or revisions to health care reform that has been or will be enacted by the federal and state governments, cannot be determined presently. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Hospital. Additionally, certain payors' payment rates for various years have been appealed by the Hospital. If the appeals are successful, additional income applicable to those years could be realized.

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. Significant concentrations of patient accounts receivable at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Medicare	24%	26%
Medicaid	23	22
Commercial carriers and health maintenance organizations	48	46
Self-pay patients	5	6
	<u>100%</u>	<u>100%</u>

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Uncompensated Care and Community Benefit Expense

The Hospital's Division of Community and Population Health (the CPH Division) collaborates with community, hospital, and academic organizations to improve the health and well-being of children, adolescents, and adults in the communities served by the Hospital.

The CPH Division conducts a comprehensive community needs assessment every three years to enhance management and staff's understanding of the health and social needs of the communities served by the Hospital. Based on the results, the Hospital creates a community service plan outlining health priorities and addresses the approach to each priority. The Hospital collaborates with community members and entities to decrease local health disparities through population health initiatives, care provider training, scholarship, and research that are collaboratively developed, executed, assessed, and maintained.

The Hospital's commitment to community service is evidenced by services provided to special populations such as minorities, the elderly, persons with disabilities, the mentally ill, persons with AIDS and poor persons (Special Populations) and benefits provided to the broader community. Services provided to such Special Populations include services provided to persons who cannot afford health care because of inadequate resources and who are uninsured or underinsured.

The Hospital provides quality medical care regardless of race, creed, sex, sexual orientation, national origin, handicap, age or ability to pay. Although payment for services rendered is critical to the operations and financial stability of the Hospital, the Hospital recognizes that not all individuals have the ability to pay for medically necessary services and, furthermore, the Hospital's mission is to serve the community with respect to health care. Therefore, in keeping with the Hospital's commitment to serve members of the community, the Hospital provides uncompensated care through: medical care to the indigent for free or at discounted prices (charity care/financial aid) and care to persons covered by governmental programs that pay the Hospital less than the full cost of services provided.

In addition, the Hospital provides significant community benefit activities which include, among others impacted by social determinants of health: wellness programs, community education and health literacy programs, behavioral health clinical services, childhood and adolescent obesity programs, prenatal care, weight management and nutrition education, HIV counseling, testing and comprehensive services, other health screenings and a broad variety of community support services, health professionals' education, school based programs, and subsidized health services.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

The Hospital believes it is important to quantify comprehensively the benefits it provides to the community, which is an area of emphasis for not-for-profit health care providers. The costs of uncompensated care and community benefit activities are derived from various Hospital records. Amounts for activities as reported below are based on estimated and actual data, subject to changes in estimates upon the finalization of the Hospital's annual cost reports and other government filings. The amounts reported below are calculated in accordance with guidelines prescribed by the Internal Revenue Service (IRS); 2020 estimates have been updated to reflect final amounts reported in IRS filings based on accumulated data for costs and patient activity meeting certain criteria and classifications (such updates to final reported data do not impact revenue or expense recognition for the related period). The net cost of charity care includes the direct and indirect cost of providing charity care services, offset by revenues received from indigent care pools and other subsidies. The cost is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated charges associated with providing charity care. Funds received to offset implicit price concessions and charity services totaled approximately \$51.6 million and \$62.2 million for the years ended December 31, 2021 and 2020, respectively, including approximately \$50.9 million and \$60.9 million, respectively, from the Indigent Care Pool under the New York State Medicaid program. The charity care component of the Indigent Care Pool payments (approximately 48% for 2021 and 59% 2020) is estimated utilizing a ratio of charity care charges to total charity care and bad debt charges applied to the Indigent Care Pool payment.

Net costs related to uncompensated care and community benefit activities are summarized for the years ended December 31, 2021 and 2020 as follows (in thousands):

	2021	2020
Charity care – net ^(a)	\$ 68,561	\$ 85,729
Means-tested programs ^(b)	906,836	858,118
Other community benefits ^{(c)(d)}	1,284,405	1,246,988
Total charity care and other community benefits	\$ 2,259,802	\$ 2,190,835

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Charity care, at cost, and means-tested programs include the following (and exclude losses incurred on providing services to Medicare patients):

- ^(a) *Charity Care:* As part of its charity care and financial aid policy, the Hospital obtains and uses additional financial information for uninsured or under-insured patients who have not supplied the requisite information to qualify for charity care. The additional information obtained is used by the Hospital to determine whether to qualify patients for charity care and/or financial aid in accordance with the Hospital's policies.

The Hospital makes available free care programs for qualifying patients under its charity care and financial aid policy. During the registration, billing and collection process, a patient's eligibility for free care funds is determined. For patients who do not receive free care and who are determined to be eligible for charity care in the form of discounted medical services under the Hospital's charity care and financial aid policy, care given but not paid for is classified as charity care. Amounts related to patients who were determined by the Hospital to have the ability to pay but did not represent implicit price concessions and are not classified as charity care. Distinguishing between charity care and implicit price concessions is difficult, in part because services are often rendered prior to the Hospital's full evaluation of a patient's ability to pay. Implicit price concessions were approximately \$212.8 million and \$161.7 million in 2021 and 2020, respectively.

Annually, the Hospital accrues for potential losses that meet the definition of charity care (including free and discounted medical care) allowances.

- ^(b) *Means-Tested Programs:* Community benefits include losses incurred in providing services to patients who participate in certain public health programs such as Medicaid. Payments received by the Hospital for patient services provided to Medicaid program participants are less than the actual cost of providing such services. Therefore, to the extent Medicaid payments are less than the cost of care provided to Medicaid patients, the uncompensated cost of that care is considered to be a community benefit. Such costs increased significantly in 2020 and 2021 due to the COVID-19 pandemic.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Other community benefits include the following:

- (c) *Community Health Improvement Services and Community Benefit Operations:* The Hospital is committed to serving the vast array of neighborhoods comprising its service area and recognizes the importance of preserving a local community focus to effectively meet community need. The Hospital adheres to a single standard for assessing and meeting community need, while retaining a geographically focused approach for soliciting community participation and involvement and providing community outreach.

The Hospital has fostered continued community participation and outreach activities through linkages with numerous community-based groups. Community health improvement services and related operations include clinical services, screening and exams, and other education or support services in areas such as the following: asthma, behavioral health, cancer, children's health, community-based outreach and health education, digestive diseases, emergency services/emergency preparedness, heart disease, HIV/AIDS, neuroscience, vascular disease and women's health (a complete description of each service can be found in the Hospital's annual community service plan). The net cost of such services is accumulated based on actual expenditures plus estimates using the Hospital's cost to charge ratio and related standard charges associated with the services, offset by payments received.

In October 2020, the Hospital launched The Dalio Center for Health Justice (Dalio Center) with the goal of understanding and addressing the root causes of health inequities. Through the Dalio Center, the Hospital invests in research and education, advocates for policy change, and drives measurable improvements in health outcomes for all members of the community.

- (d) *Health Professional Education:* Helping to prepare future health care professionals is a distinguishing characteristic of major academic not-for-profit teaching hospitals and constitutes a significant community benefit. The Hospital has world renowned residency programs and trains approximately 2,200 residents each year in all clinical programs (the programs are in two medical schools and cover approximately 177 accredited graduate medical education programs). The Hospital is committed to offering quality graduate medical education programs as part of its education mission. The estimated cost of health professional education consists primarily of personnel costs provided to graduate staff, offset by amounts received from CMS and the DOH for medical education programs.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity

The Hospital's investments are either separately invested or held on a pooled basis with related parties. Hudson East River Systems, LLC (HERS) was formed to receive, hold, and manage the investments of certain related organizations in a unitized structure. Fund Inc., NYPH and the Regional Hospitals maintain member capital accounts with HERS. Each entity's member capital account for HERS is tracked for various strategic pools of investments. Each entity is allocated income from investments on a monthly basis based on the underlying fair values and net asset values of the invested securities and their individual unitized capital interest. The Hospital recognizes in its accompanying consolidated statements of financial position only the unitized portion of the HERS assets attributable to the Hospital's member capital accounts. The HERS assets attributable to the Hospital, consisting of separate member capital accounts for NYPH, NYP/Hudson Valley, NYP/Queens and NYP/Brooklyn Methodist, represented approximately 73% and 75% of the total HERS portfolio at December 31, 2021 and 2020, respectively; the composition of the HERS investment portfolio asset allocation is provided in this Note.

The composition and reported value of short-term investments at December 31, 2021 and 2020 consist of the following (in thousands):

	2021	2020
Investments held by the Hospital:		
Marketable securities, carried at fair value	\$ 257,821	\$ 523,711
Hedge funds, accounted for using the equity method	1,551	1,434
Total investments held by the Hospital	259,372	525,145
Unitized investments held by HERS, accounted for using the equity method	2,436,403	2,640,548
Pooled investments held by Fund, Inc. on behalf of NYP/Queens, accounted for using the equity method	7,181	5,723
Total short-term investments	\$ 2,702,956	\$ 3,171,416

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

The composition and reported value of assets limited as to use, which excludes the beneficial interest in net assets held by related organizations (see Note 7), at December 31, 2021 and 2020 consist of the following (in thousands):

	2021	2020
Investments accounted for at fair value:		
Marketable securities, carried at fair value	\$ 146,581	\$ 470,985
Investments held by captive insurance companies, at allocated fair value	265,856	241,498
Total investments accounted for at fair value	412,437	712,483
Hospital held investments accounted for using the equity method:		
Common collective equity funds	31,738	33,194
Hedge funds	334	326
Private equity	2,200	2,222
Private real assets	160	35,280
Total Hospital held investments accounted for using the equity method	34,432	71,022
Pooled investments held by Fund, Inc. on behalf of NYP/Queens, accounted for using the equity method	28,119	24,560
Unitized investments held by HERS, accounted for using the equity method	5,312,628	4,335,459
Total investments accounted for using the equity method	5,375,179	4,431,041
Total assets limited as to use	5,787,616	5,143,524
Less current portion	50,628	70,125
Assets limited as to use – noncurrent	\$ 5,736,988	\$ 5,073,399

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

The asset allocation of the HERS investment portfolio and unfunded commitments and liquidity restrictions of certain alternative investments held by HERS at December 31, 2021 are as follows (in thousands):

Description of Investment	Asset Allocation	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Cash and cash equivalents	3%			
Fixed income securities:				
U.S. government bonds and notes	8			
Mortgage and asset-backed Corporate	7			
Equities:				
U.S. equities	1			
Non-U.S. equities	1			
Common collective equity funds	31	\$ -	Weekly to annually	5 to 90 days
Hedge funds	12	-	Monthly to annually	30 to 180 days
Private equity	21	746,083	*	*
Private real assets	9	611,636	*	*
	<u>100%</u>	<u>\$ 1,357,719</u>		

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

The asset allocation of the HERS investment portfolio and unfunded commitments and liquidity restrictions of certain alternative investments held by HERS at December 31, 2020 are as follows (in thousands):

Description of Investment	Asset Allocation	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Cash and cash equivalents	4%			
Fixed income securities:				
U.S. government bonds and notes	11			
Mortgage and asset-backed Corporate	10 9			
Equities:				
U.S. equities	4			
Non-U.S. equities	3			
Real asset investments	1			
Common collective equity funds	22	\$ —	Daily to annually	3 to 90 days
Hedge funds	14	—	Monthly to annually	30 to 180 days
Private equity	15	899,267	*	*
Private real assets	7	579,673	*	*
	<u>100%</u>	<u>\$ 1,478,940</u>		

* HERS' liquidity restrictions range from several months to ten years for certain private equity and private real asset investments. Liquidity restrictions may apply to all or portions of a particular invested amount.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

Assets limited as to use at December 31, 2021 and 2020 are limited to the following (in thousands):

	<u>2021</u>	<u>2020</u>
Board designated funds – capital expenditures	\$ 3,295,818	\$ 2,984,826
Funded depreciation	2,025,505	1,673,137
Investments held by captive insurance companies	265,856	241,498
Funds held under loan agreements	38,169	80,796
Funded self-insurance	50,438	50,704
Board designated funds – other	38,341	41,159
Donor restricted	41,751	38,210
Employee benefit funds	31,738	33,194
	<u>\$ 5,787,616</u>	<u>\$ 5,143,524</u>

Funds held under loan agreements at December 31, 2021 and 2020 are for the following purposes (in thousands):

	<u>2021</u>	<u>2020</u>
Mortgage reserve funds	\$ 33,914	\$ 71,964
Escrow fund	604	631
Capital reserve fund	3,651	3,642
Debt service fund	–	4,559
	<u>\$ 38,169</u>	<u>\$ 80,796</u>

Investment return, net related to net assets without donor restrictions for the years ended December 31, 2021 and 2020 consists of the following (in thousands):

	<u>2021</u>	<u>2020</u>
Change in interest in unitized investments held by HERS	\$ 835,741	\$ 420,521
Net change in unrealized gains and losses	(11,427)	19,811
Interest and dividend income	7,460	17,634
Equity in earnings of common collective/commingled trusts and alternative investment companies and investment return of captive insurance companies	25,277	16,302
Change in interest in pooled investments held by Fund, Inc. on behalf of NYP/Queens	3,424	1,635
Net realized gains and losses on sales of investments	22,193	1,039
Total	<u>\$ 882,668</u>	<u>\$ 476,942</u>

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments, Assets Limited as to Use and Liquidity (continued)

The table below presents financial assets and liquidity resources available for general expenditures within one year at December 31 (in thousands):

	<u>2021</u>	<u>2020</u>
Financial assets as reported on the accompanying consolidated statements of financial position:		
Cash and cash equivalents	\$ 455,807	\$ 647,337
Short-term investments	2,702,956	3,171,416
Patient accounts receivable – net	1,198,620	898,365
Assets limited as to use	<u>5,787,616</u>	<u>5,143,524</u>
Total financial assets as reported on the accompanying consolidated statements of financial position	10,144,999	9,860,642
Liquidity resources:		
Line of credit availability	<u>750,000</u>	600,000
Total financial assets and liquidity resources	10,894,999	10,460,642
Less amounts not available to be used for general expenditures within one year:		
Assets limited as to use	<u>5,787,616</u>	5,143,524
Financial assets available to be used for general expenditures within one year	<u>\$ 5,107,383</u>	<u>\$ 5,317,118</u>

The Hospital has assets limited as to use which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have not been included in the total for financial assets to meet general expenditures within one year.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

4. Property, Buildings and Equipment

A summary of property, buildings and equipment at December 31, 2021 and 2020 follows (in thousands):

	2021	2020
Land and land improvements	\$ 238,386	\$ 238,792
Buildings, building improvements and fixed equipment	5,893,090	5,352,016
Movable equipment	2,039,315	1,846,932
Leasehold improvements	422,506	390,096
	8,593,297	7,827,836
Less accumulated depreciation and amortization	3,591,765	3,280,271
	5,001,532	4,547,565
Construction-in-progress	125,737	650,076
	\$ 5,127,269	\$ 5,197,641

During 2021 and 2020, the Hospital wrote off approximately \$249.8 million and \$225.7 million of fully depreciated assets, respectively.

Substantially all property, buildings and equipment have been pledged as collateral under various debt agreements (see Note 5).

At December 31, 2021 and 2020, assets recorded in connection with finance leases aggregated approximately \$242.9 million and \$223.6 million, respectively, with accumulated amortization aggregating approximately \$180.3 million and \$160.4 million, respectively.

The Hospital leases certain buildings from Royal Charter Properties – Westchester, Inc., a related entity (see Note 10).

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt

A summary of long-term debt at December 31, 2021 and 2020 follows (in thousands):

	2021	2020
The New York and Presbyterian Hospital taxable bonds, Series 2020 ^(a)	\$ 750,000	\$ 750,000
The New York and Presbyterian Hospital taxable bonds, Series 2019 ^(b)	500,000	500,000
The New York and Presbyterian Hospital taxable bonds, Series 2016 ^(c)	850,000	850,000
The New York and Presbyterian Hospital taxable bonds, Series 2015 ^(d)	750,000	750,000
FHA Section 242 insured mortgage loan – 1998 ^(e)	–	115,450
FHA Section 241 insured mortgage loan – 2007 ^(f)	–	187,986
Secured hospital revenue refunding bonds – 2011 – Lower Manhattan Campus ^(g)	–	8,555
FHA Section 241 insured mortgage loan – 2013 ^(h)	391,853	407,193
Term loan payable ⁽ⁱ⁾	9,358	11,659
Leasehold condominium note payable ^(j)	280,830	279,653
Line of credit ^(k)	200,000	200,000
Finance leases ^(l)	180,507	180,150
	3,912,548	4,240,646
Add unamortized fair value adjustment related to acquisitions and unamortized bond premium	–	45
Less deferred financing costs – net of accumulated amortization	45,297	52,921
Less current portion – net of current deferred financing costs	262,502	92,282
Long-term portion	\$ 3,604,749	\$ 4,095,488

^(a) *The New York and Presbyterian Hospital Taxable Bonds, Series 2020:* In August 2020, NYPH issued \$750.0 million in unsecured, taxable bonds. The bonds have three separate final maturity dates: \$150.0 million due August 1, 2030, \$300.0 million due August 1, 2040, and \$300.0 million due August 1, 2060, and bear interest payable semi-annually at approximate fixed rates of 1.7%, 2.3%, and 2.6%, respectively. NYPH is the only member of the obligated group for this debt. NYPH incurred approximately \$5.2 million of financing costs in 2020 in connection with the issuance of the bonds that will be amortized over the life of the bonds using the effective interest method. The proceeds of the Series 2020 bonds may be used for eligible corporate purposes of NYPH and its affiliates.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

- (b) *The New York and Presbyterian Hospital Taxable Bonds, Series 2019:* In October 2019, NYPH issued \$500.0 million in unsecured, taxable bonds. The bonds bear interest at a fixed rate of 3.95%, payable semi-annually. The bonds have a final maturity date of August 1, 2119, at which time the full principal balance is due. NYPH is the only member of the obligated group for this debt. The proceeds of the Series 2019 bonds may be used for eligible corporate purposes of NYPH and its affiliates.
- (c) *The New York and Presbyterian Hospital Taxable Bonds, Series 2016:* In June 2016, NYPH issued \$850.0 million in unsecured, taxable bonds. The bonds have three separate final maturity dates, \$250.0 million due August 1, 2036, \$350.0 million due August 1, 2056, and \$250.0 million due August 1, 2116, and bear interest payable semi-annually at approximate fixed rates of 3.6%, 4.1% and 4.8%, respectively. NYPH is the only member of the obligated group for this debt. The proceeds of the Series 2016 bonds may be used for eligible corporate purposes of NYPH and its affiliates, which have included the following: (a) making a loan to NYP/Hudson Valley to refinance its then outstanding 1993 and 2007 U.S. Department of Housing and Urban Development Federal Housing Agency (FHA) insured mortgage loans, (b) making a loan to NYP/Queens to refinance its then outstanding 2007 FHA-insured mortgage loan, (c) refinancing then outstanding Westchester County Industrial Development Agency bonds, (d) refinancing outstanding debt of NYPH and other outstanding debt of certain NYPH affiliates, (e) financing of one or more projects of NYPH and certain NYPH affiliates, and (f) making a loan in 2017 to Methodist for a capital project.

In November 2016, NYPH loaned NYP/Hudson Valley \$56.5 million and loaned NYP/Queens \$124.9 million from the proceeds of the Series 2016 bonds to finance the repayment of certain of their obligations. In connection with these loans, NYP/Hudson Valley and NYP/Queens issued mortgage loans to NYPH to repay the obligations. The mortgage loans are secured by substantially all of the property, buildings and equipment and the gross receipts of the respective entities. The loans bear interest at a fixed rate of 4.21% and call for monthly payments of interest and principal through 2035.

In January 2017, proceeds from the Series 2016 bonds were used to loan Methodist \$327.0 million to finance the design, construction and equipping of the Center for Community Health, an approximately 400,000 square foot ambulatory care facility located in Brooklyn, New York. The loan bears interest at a fixed rate of 4.21% and calls for monthly payments of interest only through January 1, 2020, and monthly payments of interest and principal of approximately \$1.7 million through January 1, 2047.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

In September 2017 and 2018, proceeds from the Series 2016 Bonds were used to loan NYP/Queens \$16.0 million and \$39.4 million, respectively, to finance contributions into NYP/Queens' pension plan. In connection with the loans, NYP/Queens issued promissory notes to NYPH. The interest rate on the loans resets annually on December 1 to a variable LIBOR-based rate. In no event shall the rate be less than 1.00% or greater than 4.21%. The loans call for monthly payments of interest through December 1, 2037, with the entire principal amount of each loan due on that date.

The outstanding principal balance and interest related to all of the loans between NYPH and the Regional Hospitals are eliminated in the accompanying consolidated financial statements as of and for the years ended December 31, 2021 and 2020.

- (d) *The New York and Presbyterian Hospital Taxable Bonds, Series 2015*: In February 2015, NYPH issued \$750.0 million in unsecured, taxable bonds. The bonds bear interest at a fixed rate of 4.02%, payable semi-annually. The bonds have a final maturity date of August 1, 2045, at which time the full principal balance is due. NYPH is the only member of the obligated group for this debt.
- (e) *FHA Section 242 Insured Mortgage Loan – 1998*: In 1998 the Dormitory Authority of the State of New York (DASNY) issued revenue bonds to fund a mortgage loan to NYPH. NYPH's original mortgage agreement with DASNY was insured under the provisions of the FHA Section 242 mortgage insurance program. In December 2010, DASNY assigned NYPH's mortgage to Prudential Huntoon Paige Associates, Ltd. (Prudential); the mortgage continued to be FHA-insured. In connection with the assignment of the mortgage, the associated DASNY bonds were defeased and Prudential issued new Government National Mortgage Association bonds to fund the mortgage loan. This transaction resulted in a reduction in the interest rate of the mortgage loan, effective December 15, 2010, to a fixed rate of 4.22% over the remaining term and required NYPH to make an equity contribution of \$23.8 million (\$15.1 million of the equity contribution was made, with the remaining balance of amounts held in assets limited as to use as part of the final endorsement). The FHA Section 242 mortgage loan was fully repaid in February 2021 and the related collateral for the mortgage was released.
- (f) *FHA Section 241 Insured Mortgage Loan – 2007*: In September 2007, DASNY issued \$296.1 million of The New York and Presbyterian Hospital FHA-Insured Mortgage Hospital Revenue Bonds, Series 2007. A portion of the proceeds of the bonds was used to fund a mortgage loan from DASNY to NYPH. The maximum principal amount of

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

\$278.5 million incorporated a discount of \$5.4 million. The mortgage was insured under the provisions of the FHA Section 241 mortgage insurance program. The mortgage bore interest at a rate of 6.5% through May 31, 2010, and 4.9% through July 31, 2012 (in addition, NYPH paid an incremental rate of 1.6% until final endorsement). On August 7, 2012, NYPH completed final endorsement and the terms of the mortgage were amended and, effective August 1, 2012, interest was paid at a rate of 4.55%. In December 2012, DASNY assigned NYPH's mortgage loan to Prudential; the mortgage continued to be FHA-insured. In connection therewith, the DASNY bonds were refunded and Prudential issued new Government National Mortgage Association securities to fund NYPH's mortgage. This transaction resulted in a reduction in the interest rate on the mortgage loan to a fixed rate of 2.74% over the remaining term of the loan, effective December 13, 2012. The FHA Section 241 mortgage loan was fully repaid in February 2021 and the related collateral for the mortgage was released.

- (g) *Secured Hospital Revenue Refunding Bonds – 2011*: In March 2011, New York-Presbyterian/Lower Manhattan Hospital (NYP/LMH), a campus of NYPH, issued \$32.6 million of Secured Hospital Revenue Refunding Bonds – 2011 through DASNY. The bonds bore interest at a fixed interest rate of 5%, payable semi-annually, with a final maturity date of February 15, 2022. In February 2021, the Hospital completed the redemption of the entire outstanding principal amount. The bonds were outstanding in the aggregate principal amount of \$8.6 million. Approximately \$8.5 million of mortgage and debt service reserve funds and the related collateral were released as part of the transaction.
- (h) *FHA Section 241 Insured Mortgage Loan – 2013*: In September 2013, NYPH executed a \$500.0 million mortgage note with Prudential. The mortgage note bears interest at a fixed interest rate of 4.5%, payable semi-annually. The loan has a final maturity of September 1, 2038, with principal payable annually. The proceeds of the loan were deposited into a construction escrow account and were used to construct an ambulatory care center and pay related costs (see Note 3).
- (i) *Term Loan Payable*: A term loan agreement with an initial principal amount of \$25.7 million used for the construction of a three-story surgery and oncology center and a six-room operating suite on the NYP/Lawrence Hospital campus. The loan is payable through 2025 with interest at a fixed rate of 3.4% per annum.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

- (i) *Leasehold Condominium Note Payable:* In June 2017, the Hospital entered into a transaction pursuant to which the Hospital purchased a 30-year leasehold condominium interest (with an option to extend) in approximately 480,000 square feet of space located at 466 Lexington Avenue (the Leasehold Condominium) to consolidate corporate services of the Hospital. To finance the acquisition of the Leasehold Condominium, the Hospital issued to the seller a promissory note in the principal amount of \$249.9 million (the Promissory Note) which bears interest at a rate of 7% per annum. Interest payments for the period from July 2017 through December 2018 were deferred. The debt service terms require principal and interest payments in escalating amounts over the life of the note, ranging from \$1.5 million to \$2.5 million commencing January 2019 through December 2048.

Unpaid interest incurred during the period accrues to the outstanding principal balance on the Promissory Note. Under this arrangement, the amount due will increase to an ultimate principal balance of \$283.3 million in December 2023. As of December 31, 2021, and 2020, the balance due includes the original principal amount of the Promissory Note and accrued interest of approximately \$30.9 million and \$29.8 million, respectively. The Promissory Note is secured by a mortgage granted by the Hospital in its interest in the Leasehold Condominium. In connection with this transaction, the seller/landlord provided the Hospital with a tenant allowance for leasehold improvements of approximately \$75.6 million, which is recorded in the accompanying consolidated statements of financial position within other current assets and other noncurrent assets based on the timing of the related cash receipts from the seller/landlord and other noncurrent liabilities for the deferred benefit, to be amortized over the term of the Promissory Note. As of December 31, 2021, and 2020, the accompanying consolidated statements of financial position include \$5.6 million as receivable for leasehold improvements in current assets, a \$19.2 million receivable recorded in noncurrent assets at a net present value of approximately \$3.2 million and \$4.6 million, respectively, and noncurrent liabilities totaling approximately \$64.8 million and \$67.2 million, respectively.

- (k) *Lines of Credit:* The Hospital has an unsecured \$200.0 million line of credit agreement with a commercial bank available through June 30, 2022. Effective March 27, 2020, the commitment was amended to \$350.0 million and the termination date was extended through March 31, 2023. The Hospital borrowed \$200.0 million from this line of credit on March 25, 2020, with the balance outstanding at December 31, 2020 and 2021. Effective April 1, 2021, the termination date was extended through March 31, 2024. The Hospital is in the process of extending the termination date for an additional year. In February 2022, the Hospital repaid the outstanding balance of \$200.0 million.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

The Hospital had an unsecured \$150.0 million line of credit with a second commercial bank available through August 15, 2022. The Hospital borrowed \$150.0 million from this line of credit on March 27, 2020 and repaid the balance of \$150.0 million in 2020. Effective April 17, 2020, the Hospital entered into an additional unsecured \$100.0 million line of credit available through April 16, 2021. The Hospital did not draw on this line of credit in 2020. Effective January 11, 2021, the \$100.0 million line of credit was amended to \$150.0 million and the termination date was extended through December 30, 2021. Effective November 26, 2021, the two \$150.0 million lines of credit were combined into one \$300.0 million line of credit, with the termination date extended to August 15, 2024. No amounts were drawn in 2021 and no balance is outstanding at December 31, 2021.

Effective March 30, 2020, the Hospital entered into an unsecured \$200.0 million line of credit with a third commercial bank available through March 29, 2021. The Hospital borrowed \$200.0 million from this line of credit on March 30, 2020 and repaid the balance of \$200.0 million in 2020. Effective March 29, 2021, the \$200.0 million line of credit was amended to \$300.0 million, and the termination date was extended through November 2023. No amounts were drawn in 2021 and no balance is outstanding at December 31, 2021.

- ⁽¹⁾ *Finance Leases:* Certain equipment leases are the equivalent of an installment purchase for purposes of financial statement reporting. The lenders hold a first security interest in the financed equipment. The Hospital entered into several finance leases in 2021 and 2020 totaling approximately \$46.7 million and \$113.8 million, respectively. Interest rates related to the Hospital's outstanding finance lease obligations range from 0.0% to 4.3%.

Estimated principal payments under long-term debt for the next five years and thereafter, excluding the line of credit balance and finance leases, consist of the following (in thousands):

2022	\$ 18,426
2023	19,245
2024	21,128
2025	21,430
2026	20,385
Thereafter	3,431,427

In connection with previously outstanding Methodist Series 2014 Bonds, the bonds were advance refunded in December 2020 through an escrow account deposit of \$24.2 million, with final redemption of the defeased bonds to occur on July 1, 2024.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

In 2019 and 2020, NYPH loaned NYP/Queens \$8.6 million and \$20.7 million, respectively, to finance contributions into NYP/Queens' pension plan and to repay a previously outstanding mortgage loan. In connection with these loans, NYP/Queens issued promissory notes to NYPH with similar terms as noted in (c) above.

Pursuant to its debt agreements, NYPH is required to maintain certain debt service and other funds, including mortgage reserve funds (see Note 3). In addition, NYPH is required to maintain certain working capital, debt service coverage and other financial ratios and financial conditions, and to obtain approvals to incur additional debt above specified levels if certain covenant requirements are not met. At December 31, 2021, NYPH was in compliance with the applicable financial covenants. At December 31, 2020, NYPH was in compliance with the applicable financial covenants except for the long-term debt service coverage ratio as required by the Master Trust Indenture (MTI) related to NYPH's Series 2015, 2016, 2019 and 2020 taxable bonds. The MTI requires that the long-term debt service coverage ratio, as defined and as calculated at the end of each fiscal year, will not be less than 1.10. If the long-term debt service coverage ratio is not met, NYPH is required to retain an independent consultant to make recommendations to increase such long-term debt service coverage ratio in the following fiscal year to the level required or, if in the opinion of the independent consultant the attainment of such level is impracticable, to the highest level attainable. The MTI required NYPH to retain an independent consultant within 30 days of providing its consolidated financial statements to the master trustee and that the consultant's recommendations be provided within 45 days after being retained. NYPH complied with these remedy provisions in 2021. The long-term debt is classified based on scheduled maturities in the accompanying consolidated statements of financial position.

Certain of the debt instruments described above are collateralized by designated NYPH property, buildings and equipment and gross receipts derived from operations and certain Regional Hospital property and equipment on an entity-specific basis.

Interest paid under all borrowings for the years ended December 31, 2021 and 2020 aggregated approximately \$168.2 million and \$143.0 million, respectively.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

6. Leases

The Hospital leases certain property and equipment under finance and operating leases. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than a year, the Hospital records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Hospital's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities unless the Hospital is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, the Hospital uses a risk-free discount rate determined using a period comparable with that of the lease term. The Hospital separates lease components from non-lease components in contracts when determining its lease payments for its asset classes except for medical equipment. As such, the Hospital does not account for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities. The Hospital does not record leases with an initial term of less than a year as right-of-use assets and liabilities.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

6. Leases

The following schedule summarizes information related to the lease assets and liabilities as of and for the years ended December 31 (in thousands):

	2021	2020
Lease cost		
Finance lease cost:		
Amortization of right-of-use asset	\$ 38,332	\$ 31,344
Interest on lease liabilities	3,578	3,273
Operating lease cost	79,493	85,271
Short-term lease cost	8,624	10,949
Variable lease cost	45,926	7,658
Total lease cost	<u>\$ 175,953</u>	<u>\$ 138,495</u>
Right-of-use assets		
Right-of-use assets – finance leases	\$ 55,166	\$ 62,574
Right-of-use assets – operating leases	588,490	436,880
Total right-of-use assets	<u>\$ 643,656</u>	<u>\$ 499,454</u>
Right-of-use liabilities		
Right-of-use liabilities – finance leases	\$ 180,507	\$ 180,150
Right-of-use liabilities – operating leases	607,281	455,190
Total right-of-use liabilities	<u>\$ 787,788</u>	<u>\$ 635,340</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 3,569	\$ 10,922
Operating cash flows from operating leases	79,192	82,713
Financing cash flows from finance leases	46,301	40,636
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 46,658	\$ 113,847
Right-of-use assets obtained in exchange for new operating lease liabilities	214,900	29,298
Weighted-average remaining lease term – finance leases	3.49	4.32
Weighted-average remaining lease term – operating leases	9.37	9.36
Weighted-average discount rate – finance leases	2.57	2.55
Weighted-average discount rate – operating leases	2.12	2.54

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

6. Leases (continued)

For finance leases, right-of-use assets are recorded in property, buildings and equipment and lease liabilities are recorded in long-term debt in the accompanying consolidated statements of financial position. For operating leases, right-of-use assets are recorded in operating lease assets and lease liabilities are recorded in operating lease liabilities, current and noncurrent, in the accompanying consolidated statements of financial position.

The following table reconciles the undiscounted lease payments to the lease liabilities recorded in the accompanying consolidated statements of financial position at December 31, 2021 (in thousands):

	Finance Leases	Operating Leases
2022	\$ 48,918	\$ 70,211
2023	39,962	70,618
2024	36,091	66,470
2025	31,512	54,134
2026	21,177	44,995
Thereafter	10,471	394,907
Total lease payments	188,131	701,335
Less imputed interest	7,624	94,054
Total lease obligation	180,507	607,281
Less current portion	46,067	60,727
Long-term portion	<u>\$ 134,440</u>	<u>\$ 546,554</u>

Sublease income and contingent rentals for the years ended December 31, 2021 and 2020 were not significant. The Hospital leases certain properties owned by related entities (see Note 10).

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

7. Beneficial Interest in Net Assets Held by Related Organizations

The Hospital recognizes its accumulated interest in certain net assets held by Fund, Inc. and WCMC Fund, which are as follows at December 31, 2021 and 2020 (in thousands):

	<u>2021</u>	<u>2020</u>
Fund, Inc.:		
Building and equipment replacement	\$ 920,719	\$ 757,964
Specific purpose health care services	1,281,494	1,097,859
Endowment earnings restricted for specific-purpose health care services	266,784	222,290
Permanent endowment to be held in perpetuity	246,015	233,944
	<u>2,715,012</u>	<u>2,312,057</u>
WCMC Fund:		
Investments held in perpetual trust	54,524	41,939
Total beneficial interest in net assets held by related organizations	2,769,536	2,353,996
Less current portion	75,087	93,903
	<u>\$ 2,694,449</u>	<u>\$ 2,260,093</u>

Certain net assets that are included in the beneficial interest in net assets held by related organizations represent endowments that have been restricted by donors to be maintained in perpetuity and are held by Fund, Inc. and WCMC Fund on behalf of the Hospital. The Hospital follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as they relate to permanent endowment contributions and net assets.

The Hospital has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. The Hospital classifies as net assets with donor restrictions – permanent endowment the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Accumulations to the permanent endowment are used in accordance with NYPMIFA and at the direction of the applicable donor gift, such amounts are expended annually.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

The Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (i) the duration and preservation of the fund; (ii) the purposes of the Hospital and the donor-restricted endowment fund; (iii) general economic conditions; (iv) the possible effects of inflation and deflation; (v) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Hospital; (vi) the expected total return from income and the appreciation of investments; (vii) other resources of the Hospital and (viii) the investment and spending policies of the Hospital. Fund, Inc.'s endowment investment return distribution policy, which applies to the Hospital, allows for expenditures of investment return only, at a rate not to exceed 4.5% of the permanent endowment net asset balance on an annual basis. Income distributions based on the annual endowment spending policy are recorded within investment return.

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding related to the endowment funds, while seeking to maintain the purchasing power of the funds. To satisfy long-term return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital employs a long-term equity-oriented strategy of investing in both traditional and alternative asset classes.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

Assets held by Fund, Inc. and WCMC Fund for the benefit of the Hospital consist of pledges and investments (at fair value) that represent allocated amounts from Fund, Inc.'s pooled investments portfolio, a significant portion of which is invested in the HERS program, and WCMC Fund's interest in a perpetual trust. These assets are comprised of the following at December 31, 2021 and 2020 (in thousands):

	2021	2020
Fund, Inc. pooled investment portfolio allocation:		
Marketable securities:		
Cash and cash equivalents	\$ 122,668	\$ 151,740
Fixed income:		
U.S. government	106,752	127,173
Equities:		
U.S. equities	23,135	61,776
Non-U.S. equities	21,954	36,453
Common collective/commingled trusts	829,683	553,255
Total marketable securities	1,104,192	930,397
Hedge funds	356,808	380,460
Private equity	599,423	416,865
Private real assets	272,993	242,434
Total Fund, Inc. pooled investment portfolio allocation	2,333,416	1,970,156
Fund, Inc. pledges receivable – net	381,596	341,901
	2,715,012	2,312,057
WCMC Fund:		
Investment held in perpetual trusts	54,524	41,939
Total beneficial interests in net assets held by related organizations	2,769,536	2,353,996
Less current portion	75,087	93,903
	\$ 2,694,449	\$ 2,260,093

The current portion of beneficial interest in net assets held by related organizations represents amounts the Hospital expects to receive and expend on operations in the subsequent year.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

Pledges receivable by Fund, Inc. at December 31, 2021 and 2020 are to be paid as follows (in thousands):

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 127,963	\$ 120,000
One to five years	166,090	143,101
Thereafter and bequests	<u>147,244</u>	<u>139,477</u>
	441,297	402,578
Allowance for uncollectible pledges and discounts	<u>(59,701)</u>	<u>(60,677)</u>
	<u>\$ 381,596</u>	<u>\$ 341,901</u>

Estimated cash flows from pledges receivable due after one year are discounted using a risk-adjusted rate, ranging from 0.36% to 7.35%.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

Changes in the beneficial interest in net assets held by Fund, Inc. and WCMC Fund on the Hospital's behalf are recognized in the Hospital's accompanying consolidated statements of changes in net assets for the years ended December 31, 2021 and 2020 and are as follows (in thousands):

	Plant Replacement	Specific Purpose	Endowment Earnings	Permanent Endowment	Total Changes in Beneficial Interest
Year ended December 31, 2021					
Gifts, bequests and similar items	\$ 98,426	\$ 90,733	\$ –	\$ –	\$ 189,159
Investment return – net	102,526	170,643	47,991	24,656	345,816
Net assets released from restrictions for administrative and fundraising costs	(5,822)	(8,433)	(3,505)	–	(17,760)
Net assets released from restrictions for program expenditures	(15,379)	(59,094)	–	–	(74,473)
Net assets released from restrictions for distribution to the Hospital for the purchase of fixed assets	(23,411)	(3,762)	(29)	–	(27,202)
Transfers of donor-related net assets	6,415	(6,452)	37	–	–
Changes in beneficial interest in net assets	<u>\$ 162,755</u>	<u>\$ 183,635</u>	<u>\$ 44,494</u>	<u>\$ 24,656</u>	<u>\$ 415,540</u>
Year ended December 31, 2020					
Gifts, bequests and similar items	\$ 46,633	\$ 180,473	\$ –	\$ 3,100	\$ 230,206
Investment return – net	41,499	67,077	9,399	6,912	124,887
Net assets released from restrictions for administrative and fundraising costs	(8,723)	(6,259)	(4,672)	–	(19,654)
Net assets released from restrictions for program expenditures	(22,074)	(73,056)	–	–	(95,130)
Net assets released from restrictions for distribution to the Hospital for the purchase of fixed assets	(52,075)	(4,241)	(1)	–	(56,317)
Transfers of donor-related net assets	(2,500)	2,500	–	–	–
Changes in beneficial interest in net assets	<u>\$ 2,760</u>	<u>\$ 166,494</u>	<u>\$ 4,726</u>	<u>\$ 10,012</u>	<u>\$ 183,992</u>

Endowment distributions available to spend for operations and capital resulted in a 4.5% investment return allocation in 2021 and 2020.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

8. Insurance

Professional Liability Insurance: In 1978, NYPH, in conjunction with a number of unrelated health care entities, participated in the formation of captive insurance companies (collectively, the Captive) to provide professional liability and general liability insurance to its participants. The premiums are based on a modified claims-made coverage and are actuarially determined based on the actual experience of the Captive, NYPH-specific experience, and estimated current exposure. The Captive has reinsurance coverage from reinsurers for certain amounts above its coverage level per claim limits. The professional liability tower currently provides coverage in excess of \$200.0 million to the Hospital.

In January 1996, rights to equity in the Captive were transferred to Fund, Inc. Accordingly, insurance premiums are paid by the Hospital initially to Fund, Inc. (see Note 10).

Effective July 1, 2013, August 1, 2014, February 1, 2015 and December 1, 2015, NYP/LMH, NYP/Lawrence Hospital, NYP/Hudson Valley and NYP/Queens, respectively, became insured by the Captive. Prior to each entity's respective effective date with the Captive, the entities were covered by various self-insured, claims-made and excess insurance policies.

Exposure for claims that occurred prior to and reported after the respective dates of NYP/LMH, NYP/Lawrence Hospital, NYP/Hudson Valley and NYP/Queens being insured by the Captive is retained by each hospital and will be paid under a deposit program with the Captive (assets totaling \$13.3 million and \$17.4 million that are on deposit with the Captive at December 31, 2021 and 2020, respectively, are reported within professional liabilities insurance recoveries receivable and related deposits in the accompanying consolidated statements of financial position).

In 1983, Methodist and a number of other health care providers unrelated to Methodist or the Hospital formed Combined Coordinating Council, Inc. of New York (CCCI) to coordinate the access to insurance for professional and comprehensive general liability risks and to serve as a risk management advisor to the providers who participate in CCCI. The shareholders of CCCI are also the shareholders of CCC Insurance Company, Ltd. of Bermuda, a captive insurer formed in 1983, and its subsidiary, CCC Corporation of Barbados, formed in 1987. Through June 30, 2004, the CCCI insurance program provided insurance under a common occurrence-basis structure with reinsurance from outside reinsurers for specified amounts above per-claim limits.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

8. Insurance (continued)

Effective July 1, 2004, CCCI formed CCC Insurance SCC and implemented a “cell captive” structure which replaced the previous coverage structure. Under this program, primary coverage for individual claims for each participating hospital is provided through a commercial insurance carrier on an occurrence basis. The first layer of excess coverage under the program utilizes individual segregated cells for each participating hospital, under which invested assets and insurance-related liabilities are segregated for each participant and there is no shared risk among the entities. In addition to coverage for the participating hospitals’ professional liability, the program also includes coverage of voluntary attending physicians’ professional liability with premiums paid by the participating physicians.

The Hospital records Methodist’s investment under the cell captive structure, the related changes in Methodist’s segregated account as reported by CCC Insurance SCC and Methodist’s investments in other insurance companies within the CCC insurance group in the accompanying consolidated statements of financial position. At December 31, 2021 and 2020, investments held in the CCC segregated cell totaling approximately \$265.9 million and \$241.5 million, respectively, are included in assets limited as to use in the accompanying consolidated statements of financial position (see Note 3). Methodist also retains commercial reinsurance above the first excess coverage layer.

Other self-insurance funded amounts are included in assets limited as to use in the accompanying consolidated statements of financial position (see Note 3).

The Hospital’s undiscounted estimate for professional liabilities and the estimate for incidents that have been incurred but not reported aggregated approximately \$941.3 million and \$911.3 million at December 31, 2021 and 2020, respectively, and is included in professional and other insurance liabilities in the accompanying consolidated statements of financial position at the actuarially determined present value of approximately \$855.2 million and \$834.7 million, respectively, based on a composite discount rate of approximately 3.0% at December 31, 2021 and 2020. The Hospital has recorded related insurance recoveries receivable of approximately \$388.2 million and \$391.9 million at December 31, 2021 and 2020, respectively. The current portion of professional liabilities and the related insurance recoveries receivable represents an estimate of expected settlements and insurance recoveries over the next 12 months.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

8. Insurance (continued)

The Hospital's estimates for professional liabilities are based upon complex actuarial calculations which utilize factors such as historical claims experience for the Hospital and related industry factors, trending models, estimates for the payment patterns of future claims and present value discount factors. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term (see Note 12). Revisions to estimated amounts resulting from actual experience differing from projected expectations are recorded in the period the information becomes known or when changes are anticipated.

Workers' Compensation Insurance: Prior to April 1, 1999, NYPH was self-insured for workers' compensation claims. From April 1, 1999 through March 31, 2019, NYPH purchased insurance through the New York State Insurance Fund in a program that effectively transferred risk from NYPH. At December 31, 2021 and 2020, the estimate for workers' compensation claims and incurred but not reported liabilities pertaining to NYPH under previous programs and similar liabilities related to the Regional Hospitals totaled approximately \$16.3 million and \$13.3 million, respectively.

Effective April 1, 2019, the Hospital entered into a workers' compensation insurance program with a commercial insurer which includes a \$1.0 million deductible per occurrence, as defined within the policy. At December 31, 2021 and 2020, the estimate for workers' compensation claims and incurred but not reported liabilities under this program is approximately \$58.7 million and \$52.4 million, respectively.

In connection with the workers' compensation self-insurance programs, the Hospital maintains three letters of credit through banks in the aggregate amount of approximately \$39.5 million, which satisfies the collateral deposit requirement.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans

Pension Plans: The Hospital provides pension and similar benefits to its employees through several plans, including various multiemployer plans for union employees (see Note 14), a qualified noncontributory defined benefit plan primarily for eligible non-union employees of NYPH (the Qualified Pension Plan), a nonqualified defined benefit plan for certain NYPH executives (the Nonqualified Pension Plan), a defined benefit retirement plan under a collective bargaining agreement for certain employees of NYP/LMH (the NYP/LMH Pension Plan), a non-contributory defined benefit retirement plan for eligible NYP/Lawrence Hospital employees (the Lawrence Pension Plan), a defined benefit plan for union and nonunion employees of NYP/Queens that was frozen for future benefit accruals in 2003 (the Queens Pension Plan) and a defined benefit plan primarily for eligible non-union employees of Methodist (the Methodist Pension Plan) (these non-multiemployer plans are collectively referred to as the Pension Plans).

The Hospital funds the noncontributory defined benefit plans in accordance with the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA), plus additional amounts that the Hospital may deem appropriate from time to time.

Amounts contributed to the Pension Plans are based on actuarial valuations. The benefits for participants or their beneficiaries in the Pension Plans sponsored by the Hospital are based on years of service and employees' compensation during their years of employment as applicable and defined within each plan. The Hospital also sponsors several contributory and non-contributory defined contribution plans.

The Lawrence Pension Plan was amended such that effective after December 31, 2017 benefit accruals for certain participants will be frozen. Non-union participants who were at least age 59 with 10 years of credited service as of December 31, 2017 are grandfathered and will continue to accrue benefits.

Other Postretirement Benefits: NYPH, NYP/Queens, NYP/Lawrence Hospital and Methodist provide certain health care and life insurance benefits to certain eligible retired non-union employees through several other postretirement defined benefit plans (the Postretirement Benefit Plans).

The Hospital recognizes in the accompanying consolidated statements of financial position an asset, for a defined benefit plan's overfunded status, or a liability, for a plan's underfunded status; measures a defined benefit plan's assets and obligations that determine funded status as of the end of the fiscal year; and recognizes the periodic change in the funded status of a defined benefit plan

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

as a component of other changes in net assets without donor restrictions in the year in which the change occurs. Amounts that are recognized as a component of other changes in net assets without donor restrictions will be subsequently recognized as net periodic pension and postretirement cost in future periods.

The reconciliation of the beginning and ending balances of the Pension Plans' aggregated benefit obligation and the fair value of the Pension Plans' assets and of the Postretirement Benefit Plans' aggregated benefit obligation and the fair value of such plans' assets for the years ended December 31, 2021 and 2020 is as follows (in thousands):

	Pension Plans		Postretirement Benefit Plans	
	2021	2020	2021	2020
Benefit obligation				
Benefit obligation at beginning of year	\$ 2,819,176	\$ 2,492,963	\$ 81,035	\$ 74,327
Service cost	132,501	109,256	2,369	2,900
Interest cost	70,001	79,844	1,556	2,151
Actuarial (gains) losses	(121,505)	258,967	(11,076)	436
Plan amendments	-	-	(13,892)	-
Special termination benefit	-	-	-	3,671
Settlements paid	(4,611)	(4,819)	-	-
Effect of curtailments	-	532	-	-
Medicare Part D subsidy	-	-	88	101
Plan participant contributions	-	-	1,099	990
Benefits paid	(145,211)	(117,567)	(5,641)	(3,541)
Benefit obligation at end of year	<u>2,750,351</u>	<u>2,819,176</u>	<u>55,538</u>	<u>81,035</u>
Fair value of plan assets				
Fair value of plan assets at beginning of year	2,191,060	2,200,808	-	-
Actual return on plan assets	472,184	104,589	-	-
Hospital contributions	124,397	10,558	4,542	2,551
Plan participant contributions	-	-	1,099	990
Settlements paid	(4,611)	(7,328)	-	-
Benefits paid	(145,211)	(117,567)	(5,641)	(3,541)
Fair value of plan assets at end of year	<u>2,637,819</u>	<u>2,191,060</u>	<u>-</u>	<u>-</u>
Funded status	<u>\$ (112,532)</u>	<u>\$ (628,116)</u>	<u>\$ (55,538)</u>	<u>\$ (81,035)</u>

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

The net actuarial gains in 2021 primarily relate to increases in the discount rate used to measure the projected benefit obligation, combined with updates in plan experience assumptions. The net actuarial losses in 2020 primarily relate to decreases in the discount rate used to measure the projected benefit obligation.

At December 31, 2021 and 2020, the funded status of the Pension Plans is reported in the accompanying consolidated statements of financial position as follows (in thousands):

	Pension Plans	
	2021	2020
Noncurrent assets – overfunded plans	\$ 26,563	\$ –
Current liability	(16,702)	(18,505)
Noncurrent liability	(122,393)	(609,611)
	<u>\$ (112,532)</u>	<u>\$ (628,116)</u>

At December 31, 2021 and 2020, the funded status of the Postretirement Benefit Plans is reported in the accompanying consolidated statements of financial position as follows (in thousands):

	Postretirement Benefit Plans	
	2021	2020
Current liability	\$ (5,313)	\$ (6,723)
Noncurrent liability	(50,225)	(74,312)
	<u>\$ (55,538)</u>	<u>\$ (81,035)</u>

Included in other changes in net assets without donor restrictions at December 31, 2021 and 2020 are the following amounts related to the Pension Plans and Postretirement Benefit Plans that have not yet been recognized in net periodic pension cost (in thousands):

	2021	2020
Unrecognized prior service cost	\$ (17,637)	\$ (6,896)
Unrecognized actuarial losses	598,564	1,102,104
	<u>\$ 580,927</u>	<u>\$ 1,095,208</u>

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

The change in net assets from pension and postretirement benefit liabilities to be recognized in future periods as reported in the accompanying consolidated statements of operations is an increase (decrease) in net assets of approximately \$514.3 million and \$(264.2) million for 2021 and 2020, respectively, and represents the combined change in the amounts for the Pension Plans and the Postretirement Benefit Plans.

The projected benefit obligation, accumulated benefit obligation, and fair value of the plans' assets by type of defined benefit pension plan follow (in thousands):

	<u>December 31, 2021</u>	
	<u>Qualified Pension Plans</u>	<u>Nonqualified Pension Plan</u>
Projected benefit obligation	\$ 2,705,582	\$ 44,769
Accumulated benefit obligation	2,157,177	36,076
Fair value of plans' assets	2,637,819	–

	<u>December 31, 2020</u>	
	<u>Qualified Pension Plans</u>	<u>Nonqualified Pension Plan</u>
Projected benefit obligation	\$ 2,769,093	\$ 50,083
Accumulated benefit obligation	2,748,255	38,794
Fair value of plans' assets	2,191,060	–

Weighted-average assumptions used in determining the pension and postretirement benefits obligations as of December 31, 2021 and 2020 were as follows:

	<u>Pension Plans</u>		<u>Postretirement Benefit Plans</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Discount rates	2.75%–3.00%	2.50–2.75%	2.50%–2.75%	2.00–2.75%
Rates of compensation increase	3.50%–4.00%	3.00–4.00	–	–

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

Net periodic pension cost for the Pension Plans and net periodic postretirement benefits cost for the Postretirement Benefit Plans for the years ended December 31, 2021 and 2020 consist of the following (in thousands):

	Pension Plans		Postretirement Benefit Plans	
	2021	2020	2021	2020
Service cost	\$ 132,501	\$ 109,256	\$ 2,369	\$ 2,900
Interest cost	70,001	79,844	1,556	2,151
Expected return on plan assets	(167,033)	(162,056)	–	–
Net amortization of prior service cost	255	714	(1,194)	(648)
Recognized actuarial loss	66,895	53,472	818	934
Recognized actuarial loss (gain) due to curtailment	–	532	(2,819)	–
Recognized actuarial loss due to settlement	–	717	–	–
Recognized actuarial loss due to special termination benefits	331	–	–	3,671
Net periodic pension cost and postretirement benefits cost	\$ 102,950	\$ 82,479	\$ 730	\$ 9,008

Weighted-average assumptions used in determining the net periodic pension and postretirement benefits cost for the years ended December 31, 2021 and 2020 were as follows:

	Pension Plans		Postretirement Benefit Plans	
	2021	2020	2021	2020
Discount rates	2.50-2.75%	3.25%	2.00-2.75%	3.00-3.25%
Expected rates of return on plan assets	7.25-7.50	7.25-7.50	–	–
Rates of compensation	3.50-4.00	3.00-4.00	–	–
Cash balance plan interest crediting rates*	1.54-4.00	0.86-4.00	–	–

* The Qualified Pension Plan and the Methodist Pension Plan include cash balance plan benefit formulas.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

The overall expected long-term rate of return on assets of the Pension Plans is based on the historical returns of each asset class weighted by the target asset allocation. The target asset allocation has been selected consistent with the Hospital's desired risk and return characteristics. The Hospital reviews the expected long-term rate periodically and based on the building block approach, updates the rate for changes in the marketplace. The market conditions in 2021 and 2020 and changes in the pension asset allocations were considered in the Hospital's evaluation of the expected long-term rate of return assumption.

The measurement date used to determine the pension and postretirement benefits measurements is December 31.

Plan Assets: The overall objectives of the investment policies are to produce an asset allocation that will generate return annually in order to meet the expense and income needs and provide for sufficient annual asset growth. Funds are invested with a long-term (five years or greater) return objective.

The investment policies include the following strategic asset allocation guideline targets:

<u>Asset Category</u>	<u>NYPH Master Trust Investment Pool¹</u>
Equities	32%
Private Equity	22
Hedge Funds	16
Real Estate	8
Opportunistic Credit	7
Infrastructure	5
Fixed Income	4
Natural Resources	3
Uncorrelated Alpha	3

¹ At December 31, 2021, the qualified defined pension plans of NYPH, NYP/Queens, NYP/Lawrence Hospital, Methodist and NYP/LMH participate in the NYPH Master Trust.

The policy target percentages are reevaluated at least quarterly. Investment performance is reviewed quarterly with performance results and benchmarks.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

9. Pension and Similar Benefit Plans (continued)

Assets invested for the Pension Plans are carried at fair value. Fixed income and equity securities with readily determinable values are carried at fair value as determined based on independent published sources. Alternative investments are stated at fair value, as estimated in an unquoted market. Fair value for alternative investments is determined for each investment using net asset values as a practical expedient, as permitted by U.S. generally accepted accounting principles, rather than using another valuation method to independently estimate fair value.

The composition and reported value of the Pension Plans' assets at December 31, 2021 and 2020 are disclosed in Note 13.

The Hospital expects to contribute \$70.0 million to the Pension Plans in 2022.

The Hospital expects to pay the following benefit payments, which reflect expected future service as appropriate (in thousands):

Year:	Pension Plans
2022	\$ 155,498
2023	146,620
2024	151,223
2025	147,213
2026	156,276
2027 to 2031	775,556

10. Related Organizations

Fund, Inc. is an affiliated not-for-profit public charity whose revenue is derived from soliciting, receiving, investing and administering funds. Royal Charter Properties, Inc. (RCP, Inc.), Royal Charter Properties-East, Inc. (RCP-East) and Royal Charter Properties-Westchester, Inc. (RCP-West) are affiliated not-for-profit support corporations that derive revenue from acquiring and holding direct and indirect interests in real estate and related personal property, which are primarily used to provide residential housing, office space and parking to NYPH and its employees based on the market value of such services. RCP, Inc., RCP-East and RCP-West provide services primarily to or for the benefit of NYPH.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

10. Related Organizations (continued)

Amounts received by NYPH from or amounts contributed by NYPH to related support organizations, reflected in other revenue in the accompanying consolidated statements of operations for the years ended December 31, 2021 and 2020, are as follows (see Note 11) (in thousands):

	<u>2021</u>	<u>2020</u>
Distributions from (payments to) NYPH according to organization's bylaws:		
RCP, Inc.	\$ 1,859	\$ 7,130
RCP-East	22,043	31,198
RCP-West	(94)	(52)
	<u>\$ 23,808</u>	<u>\$ 38,276</u>

Fund, Inc. also pays certain program related costs on behalf of NYPH (see Note 7). Additionally, Fund, Inc. paid the Hospital approximately \$8.8 million during 2021 related to malpractice costs incurred by the Hospital. Fund, Inc. paid the Hospital approximately \$11.2 million during 2020 related to malpractice and postretirement costs incurred by the Hospital. Fund, Inc. paid approximately \$21.5 million in 2021 for Regional Hospital Medical Group expansion activities. Other distributions made by Fund, Inc. to NYPH include approximately \$24.5 million and \$62.1 million in 2021 and 2020, respectively, for the purchase of fixed assets.

Services provided to NYPH by related entities for the years ended December 31, 2021 and 2020 are as follows (in thousands):

	<u>2021</u>	<u>2020</u>
Fund, Inc. – insurance	\$ 82,081	\$ 70,506
RCP, Inc. – rentals (net)	4,164	4,653
RCP-East – rentals	10,071	9,845
RCP-West – rentals	182	238
	<u>\$ 96,498</u>	<u>\$ 85,242</u>

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

10. Related Organizations (continued)

In connection with a financing initially completed by RCP, Inc. in 2001 for the renovation and improvement of a parking garage facility, NYPH entered into a noncancelable lease with RCP, Inc., for a period not longer than 29 years, whereby NYPH will lease 50% of the parking spaces at an amount sufficient to cover the debt service on the financing.

In connection with the financing completed by RCP-East in 1998, NYPH entered into a lease through April 2035, whereby NYPH is required to pay a fixed rent in the event that RCP-East does not meet certain covenants.

NYPH received income distributions of \$17.5 million and \$15.0 million in 2021 and 2020, respectively, from Weill Cornell Imaging at New York-Presbyterian, a radiology and imaging joint venture affiliated with NYPH and Weill Cornell Medical College.

The Hospital provides employee and other services to related entities for which the Hospital receives reimbursement, and the costs of providing such services are recorded directly by those entities. Accordingly, such amounts are not included in the accompanying consolidated financial statements of the Hospital. Charges for such services are based on the approximate cost to provide the services and totaled approximately \$28.6 million and \$29.2 million for the years ended December 31, 2021 and 2020, respectively. The services consist of patient accounting, financial planning, information systems and telecommunications, general accounting, medical supplies, biomedical engineering services, house staff, ambulance services, institutional billings, engineering and other services.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

10. Related Organizations (continued)

The following net balances are due from (to) related organizations at December 31, 2021 and 2020 (in thousands):

	2021		2020
Fund, Inc.	\$ 19,488	\$	42,186
RCP, Inc.	(24,711)		(18,445)
RCP-East	6,246		7,876
RCP-West	(538)		(597)
Network Recovery Services, Inc.	1,085		658
The Silvercrest Center for Nursing and Rehabilitation (Silvercrest) ^(a)	9,822		2,838
The Hospital for Special Surgery	1,432		1,942
The New York Gracie Square Hospital, Inc. (Gracie) ^(a)	24,333		18,599
New York-Presbyterian Healthcare System, Inc.	(3,724)		(3,818)
The Rogosin Institute	2,090		1,984
	35,523		53,223
Less noncurrent portion included in other noncurrent assets, before valuation allowance	31,687		21,935
Due from related organizations – net	\$ 3,836	\$	31,288

^(a) During 2021, NYPH transferred approximately \$8.9 million and \$1.3 million to Gracie and Silvercrest, respectively. During 2020, NYPH transferred approximately \$17.9 million to Gracie.

The Hospital periodically assesses the collectibility of amounts due from related organizations. The amounts included in other noncurrent assets are adjusted to state the receivables at their estimated net realizable value. The balances due from certain related organizations are provided for through a valuation allowance.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

11. Other Revenue

Other revenue consisted of the following for the years ended December 31, 2021 and 2020 (in thousands):

	2021	2020
Grants and contracts	\$ 44,233	\$ 36,497
HHS Provider Relief Fund <i>(Note 1)</i>	44,505	910,882
FEMA Disaster Relief Fund – operating expenses <i>(Note 1)</i>	114,011	39,000
Employee retention credit <i>(Note 1)</i>	20,221	–
Amounts received from related organizations – net	71,608	64,476
Rental of space	61,615	57,781
Cafeteria and vending	10,369	9,146
Net assets released from restrictions, including changes in beneficial interest in net assets held by related organizations	74,473	96,448
Affiliation agreements	5,500	10,403
Professional fees and other receipts	9,271	11,053
Pharmacy	273,700	163,607
Other	91,667	62,474
	\$ 821,173	\$ 1,461,767

The Hospital's pharmacy program relates to the distribution of certain prescribed medications, the cost of which is reported within supplies and other expenses in the accompanying consolidated statements of operations.

12. Commitments and Contingencies

Various lawsuits and claims arising in the normal course of operations are pending or are in progress against the Hospital. Such lawsuits and claims are specifically covered by insurance, are addressed through management-recorded provisions for certain estimated losses to the extent they are not covered by insurance, or are not deemed material. While the outcome of these lawsuits cannot be determined at this time, management, based on advice from legal counsel, believes that any loss which may arise from these actions will not have a material adverse effect on the financial position or results of operations of the Hospital.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

Litigation pending against the Hospital includes certain cases in which the Hospital is a co-defendant with Columbia VP&S involving alleged sexual abuse by a former faculty member of Columbia VP&S. These cases continue to receive periodic media attention. In 2020, the Hospital received notice that plaintiffs' counsel filed a proposed class action lawsuit arising from the same type of allegations against the former Columbia VP&S faculty member. Based on the information presently available to the Hospital concerning the number and types of claims, management believes, upon advice of legal counsel, it to be unlikely the federal court will certify the class. Management therefore currently believes that the probable recoveries and estimated costs and expenses of defense of this litigation, after application of any available insurance coverage, will not materially and adversely affect the Hospital's operations or financial condition. The current status of this matter is based on New York State law and statutes as of the date of issuance of the consolidated financial statements. If certain proposed legislation which could impact the statute of limitations or other aspects of this matter is enacted, the Hospital could incur additional losses; however, as the proposed legislation is not currently enacted, such amounts cannot be determined at the present time.

The US Attorney's Office for the Eastern District of New York (Eastern District USAO) contacted the Hospital to renew discussions regarding certain self-disclosures and investigations that have been dormant for several years. The matters relate to Methodist, and certain activities pertaining to professional corporations affiliated with Methodist, and to a lesser extent Queens, regarding certain claims and an affiliated medical group. The potential issues related to Methodist concern certain physician compensation, billing, physician supervision and review, and other matters that potentially violate the Federal Civil Monetary Penalties Law (CMPL) as well as the Federal False Claims Act and similar state laws.

Two of these were matters submitted to the United States Department of Health and Human Services, Office of Counsel to the Inspector General, Office of Inspector General (the OIG) through the OIG's Self-Disclosure Protocol (SDP). As previously described in Note 2, noncompliance with Medicare and Medicaid laws and regulations can result in repayment obligations, fines, penalties or exclusion from such programs. However, the OIG's SDP indicates that a provider's good faith participation in the SDP can potentially mitigate the provider's exposure under the OIG's civil monetary penalties authorities as compared to what might otherwise be required in resolving a Government-initiated investigation and may result in faster resolution of such issues. Corrective action relating to the matters described in the SDPs has been taken by management.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

Methodist is also responding to two other subpoenas, one received from the Eastern District USAO and one which was initially issued by the New York State Attorney General's Office (NYS AG Office), Medicaid Fraud Control Unit, to a contracted physician practice but later included involvement by the Eastern District USAO. Methodist has cooperated with the NYS AG's Office and the Eastern District USAO and is engaged in ongoing discussions regarding these matters. The financial impact, if any, has not yet been identified, but these matters are part of ongoing discussions with the Eastern District USAO.

In the accompanying consolidated financial statements, net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments which may arise from ongoing and future audits, reviews and investigations. However, at December 31, 2021, and as of the issuance of the accompanying consolidated financial statements, the amount of potential repayment obligations to (or other actions that may be taken by) the OIG, NYS AG Office, the Eastern District USAO, other government agencies and/or others in connection with such matters is unknown. In addition, the amount of any fines or penalties which may be assessed in connection with these matters is also presently unknown and will be recorded by the Hospital when reasonably estimable. Other matters arise from time to time which have not been described above and are either in early stages of evaluation or are not deemed to be material to the accompanying consolidated financial statements.

At December 31, 2021 and 2020, approximately 41% of the Hospital's employees were covered by collective bargaining agreements, respectively. Collective bargaining agreements covering all such employees are set to expire at various dates through 2024.

Effective January 1, 2009, the IRS issued final regulations for purposes of determining common control for qualified retirement plans sponsored by tax-exempt organizations. In general, tax-exempt entities that are under common control are treated as one entity for certain of the requirements of qualified plans. The regulations determine control based on facts and circumstances; for this purpose, common control would exist if, among other situations, at least 80% of the directors or trustees of one organization were either representatives of, or directly or indirectly controlled by, another organization. These regulations could have an effect on the operations of the Hospital's and its related entities' retirement plans and the responsibilities of those entities for associated liabilities, although such effects are uncertain at this time.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements

The Hospital uses various methods of calculating fair value of its financial assets and liabilities, when applicable. The Hospital defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. Fair value measurements are applied based on the unit of account from the Hospital's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated).

The Hospital uses a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Hospital uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers non-performance risk in its assessment of fair value.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements (continued)

The following table presents financial instruments carried at fair value, excluding assets invested in the Pension Plans, as of December 31, 2021 and 2020 (in thousands):

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents – held for investment	\$ 71,726	71,726	\$ –	\$ –
Fixed income:				
U.S. government	116,885	116,885	–	–
Corporate	329	–	329	–
Equities:				
U.S. equities ^(a)	70,349	70,349	–	–
Non-U.S. equities ^(b)	38,349	38,349	–	–
Mutual funds	106,764	106,764	–	–
Investments held by captive insurance companies ^(c)	265,856	–	214,688	51,168
	\$ 670,258	\$ 404,073	\$ 215,017	\$ 51,168
	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents – held for investment	\$ 368,150	\$ 368,150	\$ –	\$ –
Fixed income:				
U.S. government	146,166	146,166	–	–
Corporate	18,199	–	18,199	–
Mortgage and asset-backed	2,743	–	2,743	–
Equities:				
U.S. equities ^(a)	75,803	75,803	–	–
Non-U.S. equities ^(b)	52,718	52,718	–	–
Mutual funds	330,917	330,917	–	–
Investments held by captive insurance companies ^(c)	241,498	–	203,051	38,447
	\$ 1,236,194	\$ 973,754	\$ 223,993	\$ 38,447

The Hospital's alternative investments, common collective equity funds, unitized investments held by HERS and pooled investments held by Fund, Inc. are reported using the equity method of accounting and, therefore, are not included in the tables above (see Notes 1 and 3).

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements (continued)

Financial instruments invested in the Hospital's Pension Plans at fair value are classified in the tables below in one of the three categories described above as of December 31, 2021 and 2020 (in thousands):

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 60,331	\$ 60,331	\$ –	\$ –
Fixed income:				
U.S. government	79,570	79,570	–	–
Equities:				
U.S. equities ^(a)	5,281	5,281	–	–
Non-U.S. equities ^(b)	19,924	19,924	–	–
	<u>165,106</u>	<u>\$ 165,106</u>	<u>\$ –</u>	<u>\$ –</u>
Assets measured at net asset value as a practical expedient:				
Common collective equity funds ^(d)	656,248			
Hedge funds ^(e)	428,315			
Private equity ^(f)	962,105			
Private real assets ^(g)	426,045			
	<u>\$ 2,637,819</u>			
		December 31, 2020		
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 30,467	\$ 30,467	\$ –	\$ –
Fixed income:				
U.S. government	162,720	162,720	–	–
Equities:				
U.S. equities ^(a)	93,534	93,534	–	–
Non-U.S. equities ^(b)	37,279	37,279	–	–
	<u>324,000</u>	<u>\$ 324,000</u>	<u>\$ –</u>	<u>\$ –</u>
Assets measured at net asset value as a practical expedient:				
Common collective equity funds ^(d)	437,751			
Hedge funds ^(e)	482,053			
Private equity ^(f)	637,292			
Private real assets ^(g)	309,964			
	<u>\$ 2,191,060</u>			

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements (continued)

- ^(a) Equity portfolios invested in common stock of corporations primarily domiciled in the United States.
- ^(b) Equity portfolios invested in common stock of corporations primarily domiciled outside the United States, including emerging market countries.
- ^(c) Investments held by captive insurance companies consist of assets which are pooled with other assets maintained by the companies and include investments in marketable securities and alternative investments that are recorded by the captive insurance companies at fair value based on quoted market prices or other means for the companies' holdings of alternative investments. The Hospital reports an allocation of the fair value of the pooled investments in its accompanying consolidated statements of financial position.
- ^(d) Common collective equity funds invested in common stock of corporations domiciled in the United States and outside the United States, including emerging market countries.
- ^(e) Hedge funds include long and short equity, multi-strategy, event driven and relative value funds invested with managers who invest with different strategies and typically employ some leverage. In long and short equity, fund managers create a portfolio of long positions in stocks expected to appreciate over time and short positions in stocks expected to depreciate. Event driven managers create a portfolio designed to profit from corporate events such as mergers, spin-offs, defaults and bankruptcy. Relative value managers invest in long and short positions, but typically have a more neutral net market position than long and short. Multi-strategy is a fund employing a variety of hedge fund strategies.
- ^(f) Private equity investments include limited partnership investments in funds pursuing strategies in corporate buyouts, venture capital, growth equity, distressed and turnaround investments.
- ^(g) Real estate and natural resources investments.

The following is a description of the Hospital's valuation methodologies for assets measured at fair value. The fair value methodologies are not necessarily indicators of investment risk, but are descriptive of the measures used to arrive at fair value pricing. Fair value for Level 1 is based upon quoted market prices. Investments classified as Level 2 are primarily valued using techniques that are consistent with the market approach. Valuations for Level 2 are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs, which include broker/dealer quotes, reported/comparable trades, and benchmark yields are obtained from various sources including market participants, dealers and brokers. Level 3 assets consist of Methodist's interest in pooled alternative investments managed by captive insurance companies; the valuation for alternative investments is described in Note 1. The Pension Plans' common collective equity funds and alternative investments are measured at net asset value; the valuation for these alternative investments is described in Note 9. The methods described above may produce a fair value that is not indicative of net realizable value or reflective

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

13. Fair Value Measurements (continued)

of future fair values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a summary of investments (by major class) that have restrictions on the Hospital's or the Hospital's Pension Plans' ability to redeem its investments at the measurement date, any unfunded capital commitments and the investments strategies of the investees as of December 31, 2021 (including investments accounted for using the equity method) (in thousands):

Description of Investment	December 31, 2021 Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Common collective equity funds	\$ 687,986	\$ —	Weekly to annually	5 to 90 days
Hedge funds	430,200	—	Monthly to annually	30 to 180 days
Private equity	964,305	316,253	*	*
Private real assets	426,205	248,164	*	*
	<u>\$ 2,508,696</u>	<u>\$ 564,417</u>		

* The Hospital's liquidity restrictions range from several months to ten years for certain private equity and private real asset investments. Liquidity restrictions may apply to all or portions of a particular invested amount.

Following is a rollforward of the statement of financial position amounts for financial instruments classified by the Hospital in Level 3 of the valuation hierarchy defined above (in thousands):

	2021	2020
Fair value at beginning of year	\$ 38,447	\$ 33,871
Purchases	11,046	—
Total net realized and unrealized gains and losses	1,676	4,534
Other receipts	(1)	42
Fair value at end of year	<u>\$ 51,168</u>	<u>\$ 38,447</u>
Change in unrealized gains and losses related to financial instruments held at end of year	<u>\$ (2,858)</u>	<u>\$ 936</u>

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

14. Multiemployer Pension Plans

Applicable entities comprising the Hospital contribute to the New York State Nurses Association Pension Plan (NYSNA), the 1199 SEIU Healthcare Employees Pension Fund (1199 SEIU) and the International Union of Operating Engineers Local 30 Pension Fund (Local 30). These are multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover the Hospital's union-represented employees. Contributions to union plans are based on union employee gross salary levels and rates required under union contractual arrangements.

The risks of participating in these multiemployer plans are different from single-employer plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Hospital chooses to stop participating in some of its multiemployer plans, the Hospital may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Hospital's participation in these plans for the annual period ended December 31, 2021 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2021 and 2020 is for the plan's year-end at December 31, 2020 and 2019, respectively. The zone status is based on information that the Hospital received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded. The "FIP/RP Status" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the NYPH expiration dates of the

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

14. Multiemployer Pension Plans (continued)

collective bargaining agreements to which the plans are subject (applicable Regional Hospital expiration dates range from September 30, 2021* to September 30, 2024).

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status	Contributions by the Hospital		Surcharge Imposed	NYPH Expiration Date of Collective Bargaining Agreement
		2021	2020		2021	2020		
<i>(In Thousands)</i>								
NYSNA	13-6604799/ Plan No. 001	Green	Green	No	\$ 45,866	\$ 46,507	No	12/31/2022
1199 SEIU	13-3604862/ Plan No. 001	Green	Green	No	70,392	67,622	No	9/30/2024
Local 30	51-6045848/ Plan No. 001	Green	Green	No	1,965	1,794	No	9/30/2021*
					<u>\$ 118,223</u>	<u>\$ 115,923</u>		

* Currently pending renegotiation.

NYPH and Methodist were listed in the NYSNA plan's Form 5500 as providing more than 5% of the total contributions during the plan's 2020 and 2019 plan year. NYPH was listed in the 1199 SEIU plan's Form 5500 as providing more than 5% of the total contributions during the plan's 2020 and 2019 plan years. Forms 5500 are not yet available for the plan year ended in 2021.

15. Events Subsequent to December 31, 2021

Subsequent events have been evaluated through April 28, 2022, which is the date the consolidated financial statements were issued. Except as disclosed in Notes 1 and 5 and below, no events have occurred that require disclosure in or adjustment to the accompanying consolidated financial statements.

On March 10, 2022, NYPH entered into a private placement Note Purchase Agreement which authorized the issuance and sale of \$200.0 million aggregate principal amount of Senior Notes (the "Notes"). The closing of the sale and purchase of the Notes is scheduled for May 2022 and the maturity date of the Notes is May 2047.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements (continued)

15. Events Subsequent to December 31, 2021 (continued)

On March 1, 2022, NYPH entered into an agreement to purchase land, building and improvements located in White Plains, New York for the price of \$83.5 million. These two properties will serve as a state-of-the-art ambulatory care center along with a parking garage.

Supplementary Information

The New York and Presbyterian Hospital
Consolidating Statement of Financial Position

December 31, 2021

	Obligated Group		NYP Community Programs, Inc.			Eliminations/ Reclassifications	Consolidated
	NYPH	Other Entities	NYP/Hudson Valley	NYP/Queens	NYP/Brooklyn Methodist		
<i>(In Thousands)</i>							
Assets							
Current assets:							
Cash, cash equivalents and short-term investments:							
Cash and cash equivalents	\$ 271,652	\$ 27,223	\$ 27,228	\$ 56,338	\$ 73,366	\$ –	\$ 455,807
Short-term investments	2,285,612	–	31,146	108,889	277,309	–	2,702,956
Total cash, cash equivalents and short-term investments	2,557,264	27,223	58,374	165,227	350,675	–	3,158,763
Patient accounts receivable – net	947,137	5,678	28,058	131,648	86,099	–	1,198,620
Other current assets	391,702	2,457	12,094	75,972	58,610	–	540,835
Assets limited as to use – current portion	31,738	–	–	1,207	17,683	–	50,628
Professional liabilities insurance recoveries receivable and related deposits – current portion	83,183	–	3,893	12,945	–	–	100,021
Beneficial interest in net assets held by related organizations – current portion	75,087	–	–	–	–	–	75,087
Due from related organizations – net	271,024	–	–	–	–	(267,188)	3,836
Loans receivable from Regional Hospitals – current portion	15,495	–	–	–	–	(15,495)	–
Total current assets	4,372,630	35,358	102,419	386,999	513,067	(282,683)	5,127,790
Assets limited as to use – noncurrent	5,110,536	16,316	15,316	50,955	543,865	–	5,736,988
Property, buildings and equipment – net	3,925,449	6,468	170,738	355,304	669,310	–	5,127,269
Operating lease assets	447,918	15,500	29,893	47,689	47,490	–	588,490
Other noncurrent assets – net	109,123	–	7,861	43,968	3,508	(75,409)	89,051
Loans receivable from Regional Hospitals – net of current portion	447,184	–	–	–	–	(447,184)	–
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	232,898	–	17,938	41,740	8,859	–	301,435
Beneficial interest in net assets held by related organizations – noncurrent	2,694,449	–	–	–	–	–	2,694,449
Total assets	\$ 17,340,187	\$ 73,642	\$ 344,165	\$ 926,655	\$ 1,786,099	\$ (805,276)	\$ 19,665,472

The New York and Presbyterian Hospital
Consolidating Statement of Financial Position (continued)

December 31, 2021

	Obligated Group		NYP Community Programs, Inc.			Eliminations/ Reclassifications	Consolidated
	NYPH	Other Entities	NYP/Hudson Valley	NYP/Queens	NYP/Brooklyn Methodist		
<i>(In Thousands)</i>							
Liabilities and net assets							
Current liabilities:							
Long-term debt – current portion	\$ 259,277	\$ –	\$ 655	\$ 1,876	\$ 694	\$ –	\$ 262,502
Loans payable to NYPH – current portion	–	–	2,495	5,641	7,359	(15,495)	–
Operating lease liability – current portion	42,287	2,207	2,073	8,724	5,436	–	60,727
Accounts payable and accrued expenses	777,686	30,111	27,655	107,392	93,704	10,096	1,046,644
Accrued salaries and related liabilities	518,778	8,370	33,620	30,211	95,181	–	686,160
Pension and postretirement benefit liabilities – current portion	20,512	–	–	1,107	396	–	22,015
Professional and other insurance liabilities – current portion	84,890	–	3,909	15,525	17,683	–	122,007
Other current liabilities	602,032	2,935	15,745	78,712	75,971	–	775,395
Due to related organizations – net	–	18,361	60,182	190,604	8,137	(277,284)	–
Total current liabilities	2,305,462	61,984	146,334	439,792	304,561	(282,683)	2,975,450
Long-term debt	3,600,815	–	1,910	4,268	223	(2,467)	3,604,749
Loans payable to NYPH	–	–	40,106	169,325	310,695	(520,126)	–
Operating lease liability	418,684	13,294	28,024	40,458	46,094	–	546,554
Professional and other insurance liabilities	483,298	6,128	24,270	86,276	208,181	–	808,153
Pension liability	122,393	–	–	–	–	–	122,393
Postretirement benefit liability	19,827	–	–	25,321	5,077	–	50,225
Other noncurrent liabilities	336,838	828	10,160	45,174	108,422	–	501,422
Total liabilities	7,287,317	82,234	250,804	810,614	983,253	(805,276)	8,608,946
Commitments and contingencies							
Net assets (deficiency):							
Net assets without donor restrictions	7,274,631	(9,028)	89,534	100,116	767,897	–	8,223,150
Net assets with donor restrictions	2,778,239	436	3,827	15,925	34,949	–	2,833,376
Total net assets	10,052,870	(8,592)	93,361	116,041	802,846	–	11,056,526
Total liabilities and net assets	\$ 17,340,187	\$ 73,642	\$ 344,165	\$ 926,655	\$ 1,786,099	\$ (805,276)	\$ 19,665,472

The New York and Presbyterian Hospital

Consolidating Statement of Operations

Year Ended December 31, 2021

	Obligated Group		NYP Community Programs, Inc.			Eliminations/ Reclassifications	Consolidated
	NYPH	Other Entities	NYP/Hudson Valley	NYP/Queens	NYP/Brooklyn Methodist		
	<i>(In Thousands)</i>						
Operating revenues							
Net patient service revenue	\$ 6,880,605	\$ 48,829	\$ 272,383	\$ 879,303	\$ 957,198	\$ –	\$ 9,038,318
Other revenue	427,978	54,510	21,980	312,720	55,649	(51,664)	821,173
Total operating revenues	7,308,583	103,339	294,363	1,192,023	1,012,847	(51,664)	9,859,491
Operating expenses							
Salaries and wages	3,287,755	61,454	151,781	505,462	531,741	–	4,538,193
Employee benefits	766,957	17,578	37,257	151,565	154,214	–	1,127,571
Supplies and other expenses	2,376,577	25,128	99,411	539,280	378,105	(51,664)	3,366,837
Interest and amortization of deferred financing fees	134,851	–	1,956	5,557	12,856	–	155,220
Depreciation and amortization	470,626	898	14,090	34,761	40,925	–	561,300
Total operating expenses	7,036,766	105,058	304,495	1,236,625	1,117,841	(51,664)	9,749,121
Operating income (loss)	271,817	(1,719)	(10,132)	(44,602)	(104,994)	–	110,370
Investment return – net	784,644	2,155	2,304	12,778	80,787	–	882,668
Expected return on plan assets and other components of net periodic pension and postretirement cost	19,616	–	–	8,266	3,308	–	31,190
Excess (deficiency) of revenues over expenses	1,076,077	436	(7,828)	(23,558)	(20,899)	–	1,024,228
Other changes in net assets without donor restrictions:							
Net asset transfers (to) from related parties	(55,875)	–	3,885	30,503	11,312	–	(10,175)
Other changes in net assets	–	(86)	–	–	–	–	(86)
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	25,364	–	–	–	–	–	25,364
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	24,541	–	–	–	–	–	24,541
Change in pension and postretirement benefit liabilities to be recognized in future periods	410,079	–	–	62,371	41,831	–	514,281
Change in net assets without donor restrictions	\$ 1,480,186	\$ 350	\$ (3,943)	\$ 69,316	\$ 32,244	\$ –	\$ 1,578,153

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APPENDIX C-3

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION THE NEW YORK PRESBYTERIAN HOSPITAL AS OF AND FOR THE SIX
MONTHS ENDED JUNE 30, 2023**

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UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

The New York and Presbyterian Hospital
As of and For the Six Months Ended June 30, 2023

The New York and Presbyterian Hospital
Unaudited Consolidated Financial Statements
and Supplementary Information
As of and For the Six Months Ended June 30, 2023

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The New York and Presbyterian Hospital

Unaudited Consolidated Statements of Financial Position (In Thousands)

	<i>(Unaudited)</i>	<i>(Audited)</i>
	June 30	December 31
	2023	2022
Assets		
Current assets:		
Cash, cash equivalents and short-term investments:		
Cash and cash equivalents	\$ 687,272	\$ 402,937
Short-term investments	2,702,256	2,338,756
Total cash, cash equivalents and short-term investments	3,389,528	2,741,693
Patient accounts receivable – net	1,468,205	1,346,285
Other current assets	577,525	577,739
Assets limited as to use – current portion	52,289	45,436
Professional liabilities insurance recoveries receivable and related deposits – current portion	91,456	91,456
Beneficial interest in net assets held by related organizations – current portion	70,824	73,284
Due from related organizations – net	2,248	35,701
Total current assets	5,652,075	4,911,594
Assets limited as to use – noncurrent	5,471,996	5,194,047
Property, buildings and equipment – net	5,030,406	5,067,143
Operating lease assets	537,178	563,885
Other noncurrent assets – net	235,615	291,410
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	304,513	303,926
Beneficial interest in net assets held by related organizations – noncurrent	2,633,306	2,500,701
Total assets	\$ 19,865,089	\$ 18,832,706

Continued on following page.

The New York and Presbyterian Hospital

Unaudited Consolidated Statements of Financial Position (continued)
(In Thousands)

	<i>(Unaudited)</i>	<i>(Audited)</i>
	June 30	December 31
	2023	2022
Liabilities and net assets		
Current liabilities:		
Long-term debt – current portion	\$ 82,641	\$ 84,487
Operating lease liability – current portion	69,036	67,838
Accounts payable and accrued expenses	1,176,540	1,115,921
Accrued salaries and related liabilities	665,955	657,926
Pension and postretirement benefit liabilities – current portion	5,344	5,344
Professional and other insurance liabilities – current portion	115,308	113,299
Other current liabilities	387,629	286,075
Total current liabilities	<u>2,502,453</u>	<u>2,330,890</u>
Long-term debt	3,876,742	3,908,311
Operating lease liability	495,805	522,649
Professional and other insurance liabilities	833,670	834,116
Postretirement benefit liability	38,637	37,996
Other noncurrent liabilities	423,546	407,817
Total liabilities	<u>8,170,853</u>	<u>8,041,779</u>
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions	8,956,918	8,184,061
Net assets with donor restrictions	2,737,318	2,606,866
Total net assets	<u>11,694,236</u>	<u>10,790,927</u>
Total liabilities and net assets	<u>\$ 19,865,089</u>	<u>\$ 18,832,706</u>

See accompanying notes.

The New York and Presbyterian Hospital
 Unaudited Consolidated Statements of Operations
(In Thousands)

	<i>(Unaudited)</i>	
	Six Months Ended June 30	
	2023	2022
Operating revenues		
Net patient service revenue	\$ 5,248,023	\$ 4,672,952
Other revenue	925,813	557,266
Total operating revenues	<u>6,173,836</u>	<u>5,230,218</u>
Operating expenses		
Salaries and wages	2,757,459	2,425,411
Employee benefits	648,928	594,968
Supplies and other expenses	2,111,457	1,734,489
Interest and amortization of deferred financing fees	76,412	75,827
Depreciation and amortization	300,235	304,443
Total operating expenses	<u>5,894,491</u>	<u>5,135,138</u>
Operating income	279,345	95,080
Investment return, net	374,140	(513,223)
Expected return on plan assets and other components of net periodic pension and postretirement cost	27,990	22,268
Excess (deficiency) of revenues over expenses	<u>681,475</u>	<u>(395,875)</u>
Other changes in net assets without donor restrictions:		
Net asset transfers to related parties	(423)	(896)
Net assets transfer to restricted funds	(239)	(88)
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	63,000	-
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	40,286	27,385
Change in pension and postretirement benefit liabilities to be recognized in future periods	(11,242)	274,199
Change in net assets without donor restrictions	<u>\$ 772,857</u>	<u>\$ (95,275)</u>

See accompanying notes.

The New York and Presbyterian Hospital

Unaudited Consolidated Statements of Changes in Net Assets (In Thousands)

	Net Assets		Beneficial Interest in Net Assets with Donor Restrictions Held by Related Organizations					Total Net Assets	
	without Donor Restrictions	Net Assets with Donor Restrictions	Plant Replacement	Specific Purposes	Endowment Earnings	Permanent Endowment	Total Beneficial Interest	with Donor Restrictions	Total Net Assets
	<i>(Unaudited)</i>								
Net assets at January 1, 2022	\$ 8,223,150	\$ 63,840	\$ 920,719	\$ 1,281,494	\$ 266,784	\$ 300,539	\$ 2,769,536	\$ 2,833,376	\$ 11,056,526
Change in net assets without donor restrictions	(95,275)	–	–	–	–	–	–	–	(95,275)
Net investment return - donor restricted	–	(4,838)	–	–	–	–	–	(4,838)	(4,838)
Changes in beneficial interest in net assets held by related organizations	–	–	(8,888)	(136,793)	(27,042)	(5,132)	(177,855)	(177,855)	(177,855)
Change in net assets	(95,275)	(4,838)	(8,888)	(136,793)	(27,042)	(5,132)	(177,855)	(182,693)	(277,968)
Net assets at June 30, 2022	\$ 8,127,875	\$ 59,002	\$ 911,831	\$ 1,144,701	\$ 239,742	\$ 295,407	\$ 2,591,681	\$ 2,650,683	\$ 10,778,558
Net assets at January 1, 2023	\$ 8,184,061	\$ 32,881	\$ 893,970	\$ 1,158,077	\$ 218,586	\$ 303,352	\$ 2,573,985	\$ 2,606,866	\$10,790,927
Change in net assets without donor restrictions	772,857	–	–	–	–	–	–	–	772,857
Net investment return - donor restricted	–	307	–	–	–	–	–	307	307
Changes in beneficial interest in net assets held by related organizations	–	–	73,424	41,855	13,430	1,436	130,145	130,145	130,145
Change in net assets	772,857	307	73,424	41,855	13,430	1,436	130,145	130,452	903,309
Net assets at June 30, 2023	\$ 8,956,918	\$ 33,188	\$ 967,394	\$ 1,199,932	\$ 232,016	\$ 304,788	\$ 2,704,130	\$ 2,737,318	\$11,694,236

See accompanying notes.

The New York and Presbyterian Hospital
Unaudited Consolidated Statements of Cash Flows
(In Thousands)

	<i>(Unaudited)</i>	
	Six Months Ended June 30	
	2023	2022
Operating activities		
Change in net assets	\$ 903,309	\$ (277,968)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	300,235	304,443
Amortization of deferred financing costs, mortgage discount and other	933	986
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	(40,286)	(27,385)
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	(63,000)	—
Net investment return-without donor restrictions, excluding interest and dividends	(362,431)	510,800
Equity in income from investee	(1,489)	(4,313)
Net asset transfers to related parties	423	896
Increase in debt for interest accretion	666	621
Changes in operating assets and liabilities:		
Patient accounts receivable – net	(121,920)	(145,676)
Other assets and operating lease assets	82,955	(135,780)
Beneficial interest in net assets held by related organizations	(130,145)	177,855
Accounts payable and accrued expenses	60,619	18,953
Accrued salaries and related liabilities	8,029	(3,169)
Due from related organizations – net	33,453	(1,113)
Other liabilities	91,637	(349,513)
Professional and other insurance liabilities and related insurance recoveries receivable and deposits	976	7,500
Pension and postretirement benefit liabilities	641	(159,631)
Net cash provided by (used in) operating activities	764,605	(82,494)
Investing activities		
Net (purchases) sales of short-term investments and assets limited as to use	(275,335)	211,247
Acquisitions of property, buildings and equipment – net	(254,689)	(133,727)
Distribution from investee	2,250	2,250
Loan receivable issued to related organization	(1,000)	—
Net cash (used in) provided by investing activities	(528,774)	79,770
Financing activities		
Repayments of long-term debt and line of credit advances	(43,823)	(231,594)
Proceeds from issuance of long-term debt	—	200,000
Net asset transfers to related parties	(423)	(896)
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	40,286	27,385
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	63,000	—
Net cash provided by (used in) financing activities	59,040	(5,105)
Net increase (decrease) in cash and cash equivalents and restricted cash and restricted cash equivalents	294,871	(7,829)
Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of period	439,722	494,224
Cash and cash equivalents and restricted cash and restricted cash equivalents at end of period	\$ 734,593	\$ 486,395
Supplemental disclosure of cash flow information		
Assets acquired under finance lease obligations	\$ 8,809	\$ 135,982

See accompanying notes.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements
June 30, 2023

1. Organization and Summary of Significant Accounting Policies

Financial Statements

The New York and Presbyterian Hospital (the Hospital) presumes that users of this unaudited consolidated financial information intended for quarterly reporting purposes have read or have access to the Hospital's audited consolidated financial statements which include certain disclosures required by accounting principles generally accepted in the United States of America (GAAP). The audited financial statements of the Hospital as of and for the years ended December 31, 2022 and 2021 are on file with the Municipal Securities Rulemaking Board and are accessible through its Electronic Municipal Market Access Database (EMMA). Accordingly, footnotes and other disclosures that would substantially duplicate the disclosures contained in the Hospital's most recent audited financial statements have been omitted from the unaudited consolidated financial information.

In the opinion of management, all adjustments considered necessary for a fair presentation of the results of the periods have been included in the accompanying unaudited consolidated financial statements. All such adjustments are considered by management to be of a normal, recurring nature, except as noted otherwise. Certain amounts pertaining to the Hospital and its subsidiaries have been reflected in the accompanying unaudited consolidated and consolidating financial information based on amounts available as of the filing date of this unaudited consolidated information and are recorded based on annual estimates, are only updated annually, or are projected for interim financial reporting purposes; however, such amounts and estimates are subject to change and are reevaluated by the Hospital quarterly and on an annual basis.

Organization and Basis of Presentation: The accompanying consolidated financial statements include the accounts of The New York and Presbyterian Hospital (referred to herein as "NYPH" when referencing the legal entity separate from its subsidiaries), NYP Community Programs, Inc. (Community Programs) and other consolidated entities as described below. NYPH is the sole member of Community Programs. The reporting entity resulting from the consolidation of these entities is referred to herein as the "Hospital." All significant intercompany balances and transactions have been eliminated in consolidation.

NYPH is a tax-exempt organization that was incorporated under New York State not-for-profit corporation law. NYPH is a major academic medical center operating at eight campuses comprised of 3,402 beds, providing a full range of inpatient and outpatient services, mainly to residents of the New York metropolitan area. The Board of Trustees of NYPH consists of persons who have first been elected as members of New York-Presbyterian Foundation, Inc. (Foundation, Inc.), a New York State not-for-profit corporation. Foundation, Inc. is related to a number of organizations.

As of June 30, 2023, Community Programs is the sole member of the following entities: Hudson Valley Hospital Center and Westchester Putnam Health Management System, Inc. (collectively with their controlled affiliates referred to herein as NYP/Hudson Valley or Hudson Valley); and NewYork-Presbyterian/Queens (collectively with its controlled affiliates referred to herein as NYP/Queens or Queens). NYP/Hudson Valley consists of a 128-bed acute care hospital located in Cortlandt Manor, Westchester County, New York, a fundraising foundation, a multi-specialty physician practice and certain other entities primarily formed to purchase and lease space. NYP/Queens consists of a 535-bed acute care hospital located in Queens County, New York, a multi-specialty physician practice and certain other entities. Hudson Valley and Queens are collectively referred to herein as the "Regional Hospitals."

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)

June 30, 2023

1. Organization and Summary of Significant Accounting Policies (continued)

Through September 30, 2022, Community Programs was also the sole member of NewYork-Presbyterian/Brooklyn Methodist, which consists of a 591-bed acute care hospital located in Kings County, New York, physician practices and certain other entities.

Effective October 1, 2022, New York-Presbyterian/Brooklyn Methodist excluding its affiliates, referred to herein as "NYP Brooklyn Methodist," was merged with and into NYPH, with NYPH as the surviving corporation acquiring all assets and liabilities of NYP Brooklyn Methodist. Community Programs was disestablished as the active parent of NYP Brooklyn Methodist effective October 1, 2022. Additionally, effective as of the date of the merger, the NYP Brooklyn Methodist affiliated physician practice entities, State of New York professional corporations exempt from federal income tax that were organized for the sole purpose of supporting and furthering the charitable purposes of NYP Brooklyn Methodist, now support and further the charitable purposes of NYPH. These changes had no impact on the Hospital's consolidated financial statements as NYP Brooklyn Methodist and its affiliated physician practice entities were previously included in the Hospital's consolidated financial statements.

Other entities included in the accompanying consolidated financial statements include Lawrence Care, Inc. (LCI), Lawrence Medical Associates, P.C. (d/b/a NewYork-Presbyterian Medical Group/Westchester), and NYP Sports Performance, LLC.

Although NYPH, Community Programs and the other entities described above have been consolidated for financial statement reporting purposes under applicable accounting requirements, there may be limitations on the use of one entity's funds by another member of the consolidated group resulting from the charitable nature of some of the entities or other factors.

Coronavirus Disease 2019 Pandemic and Related Funding

On March 11, 2020, the World Health Organization designated the Coronavirus Disease 2019 (COVID-19) outbreak as a global pandemic. Federal, state and local government policies resulted in a substantial portion of the population remaining at home and forced the closure of certain businesses, which had an impact on the Hospital's patient volumes and revenues for most services. The impact of the pandemic continues to effect patient service patterns, revenue and the costs of providing health care services.

In response to COVID-19, the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) was signed into law on March 27, 2020. The CARES Act authorized funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Provider Relief Fund). Payments from the Provider Relief Fund are to be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the recipient for health care related expenses and/or lost revenues attributable to coronavirus and are not required to be repaid except where Provider Relief Funds received exceed the actual amounts of eligible health care related expenses and/or lost revenues as defined by the U.S. Department of Health and Human Services (HHS), provided the recipients attest to and comply with the terms and conditions. HHS distributions from the Provider Relief Fund include general distributions and targeted distributions, to support hospitals in high impact areas and rural providers. HHS has issued several Post-Payment Notices of Reporting Requirements and published responses to frequently asked questions (FAQs) regarding the Provider Relief Fund distributions.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

1. Organization and Summary of Significant Accounting Policies (continued)

Additionally, on December 27, 2020, the Consolidated Appropriations Act, 2021 (CAA) was signed into law. The CAA appropriated additional funding for COVID-19 response and relief through the Provider Relief Fund and provided several changes and clarifications to the administration of the Provider Relief Fund. Distributions from the Provider Relief Fund are available for specified service periods through June 30, 2023 with various required data submissions. HHS has indicated that the public health emergency period ended on May 11, 2023.

In 2022, the Hospital received approximately \$116.5 million from the Provider Relief Fund and recognized the related grant revenue during the six months ended June 30, 2022. The recognized revenue has been determined based on applicable accounting guidance, Post-Payment Notice of Reporting Requirements and FAQs that the Hospital has interpreted as being applicable to the accompanying consolidated financial statements.

Commencing in 2020, the Hospital applied for reimbursement for qualifying expenses under the Federal Emergency Management Agency (FEMA) Disaster Relief Fund and received reimbursement payment advances and recognized approximately \$111.1 million and \$2.2 million as other revenue (for reimbursement of operating costs) during the six months ended June 30, 2023 and 2022, respectively. The advances received in 2023 and 2022 relate to project worksheets totaling over \$412.0 million submitted by the Hospital to FEMA under its expedited claim submission process and streamlined submission process.

In January 2023, FEMA approved the obligation of \$174.1 million of costs previously submitted by the Hospital for reimbursement; the payment to the Hospital was received in April 2023. For the six months ended June 30, 2023, the Hospital recognized \$111.1 million as other revenue (for reimbursement of operating costs) and \$63.0 million for capital expenditures (reported as a component of other changes in net assets without donor restrictions). The Hospital will be finalizing project worksheets previously submitted to FEMA and also intends to submit additional applications for funding of costs incurred through the end of the defined period. The ultimate amount of incurred costs that the Hospital may be reimbursed is uncertain.

Under the CARES Act, the Hospital is eligible to receive an employee retention credit (ERC) against the employer portion of Social Security taxes for certain wages. The ERC was designed to encourage employers to retain employees during the COVID-19 pandemic. The Hospital is eligible for ERC for the period of March 13, 2020 to September 30, 2021, as extended through further legislation. The Hospital submitted amended Forms 941-X for calendar year 2020 and the first quarter of calendar year 2021 to claim the ERC and continues to process applications for the ERC. The Hospital has received approximately \$130.5 million of ERC through June 2023. The Hospital recognized \$9.0 million and \$23.6 million as other revenue for the six months ended June 30, 2023 and 2022, respectively.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

1. Organization and Summary of Significant Accounting Policies (continued)

A summary of certain accounting policies follows (refer to Note 1 to the audited financial statements for further description of significant accounting policies):

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, such as collections on accounts receivable for services to patients, valuation of alternative investments, estimated settlements with third-party payors, professional insurance liabilities, and pension and postretirement benefits liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the amounts of revenue and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

Cash and Cash Equivalents and Short-term Investments: The Hospital classifies as cash equivalents all highly liquid financial instruments with a maturity of three months or less when purchased, excluding those held in short-term investments and assets limited as to use for funded depreciation and board designated purposes as such holdings are within investment portfolios. A reconciliation of amounts reported on the Hospital's statements of financial position to the statements of cash flows as of and for the six months ended June 30, 2023 and 2022 follows (in thousands):

	June 30,	
	2023	2022
	<i>(Unaudited)</i>	
Cash and cash equivalents	\$ 687,272	\$ 449,883
Assets limited as to use - funds held under loan agreements: cash and cash equivalents	643	948
Assets limited as to use - funded self-insurance (professional liabilities): cash and cash equivalents	46,592	35,529
Assets limited as to use - donor restricted: cash and cash equivalents	86	35
Total cash and cash equivalents and restricted cash and restricted cash equivalents	\$ 734,593	\$ 486,395

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)

June 30, 2023

1. Organization and Summary of Significant Accounting Policies (continued)

Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include provisions for variable consideration (reductions to revenue) for retroactive revenue adjustments, including adjustments due to the settlement of ongoing and future audits, reviews, and investigations.

The Hospital uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios primarily consist of major payor classes for inpatient revenue and major types of services provided for outpatient revenue. Based on historical collection trends and other analyses, the Hospital believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

The Hospital's initial estimate of the transaction price for services provided to patients is determined by reducing the total standard charges related to the patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions, and other reductions to the Hospital's standard charges. The Hospital determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements, the Hospital's discount policies and historical experience. For uninsured and under-insured patients who do not qualify for charity care, the Hospital determines the transaction price associated with services on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on the Hospital's historical collection experience for applicable patient portfolios. Under the Hospital's charity care policy, a patient who has no insurance or is under-insured and is ineligible for any government assistance program has his or her bill reduced to (1) the lesser of charges or the Medicaid diagnostic-related group for inpatient and (2) a discount from Medicaid fee-for-service rates for outpatient. Patients who meet the Hospital's criteria for free care are provided care without charge; such amounts are not reported as revenue.

Generally, the Hospital bills patients and third-party payors several days after the services are performed and/or when the patient is discharged. Net patient service revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Hospital. Net patient service revenue for performance obligations satisfied over time is recognized based on the estimated expected payment at that point in time. The Hospital believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services or patients receiving services in the Hospital's outpatient and ambulatory care centers. The Hospital measures the performance obligation from admission into the Hospital or the commencement of an outpatient service to the point when it is no longer

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

1. Organization and Summary of Significant Accounting Policies (continued)

required to provide services to that patient, which is generally at the time of discharge or the completion of the outpatient visit. Substantially all of its performance obligations relate to contracts with a duration of less than one year. Unsatisfied or partially unsatisfied performance obligations primarily relate to inpatient acute care services at the end of the reporting period for patients who remain admitted at that time (in-house patients). The performance obligations for in-house patients are generally completed when the patients are discharged, which for the majority of the Hospital's in-house patients occurs within days or weeks after the end of the reporting period.

Net patient service revenue for the six months ended June 30, 2023 and 2022 by payor is as follows (in thousands):

	June 30,	
	2023	2022
	<i>(Unaudited)</i>	
Medicare	\$ 1,384,102	\$ 1,273,313
Medicaid	846,137	765,808
Commercial carriers and health maintenance organizations	2,951,684	2,582,875
Self-pay	66,100	50,956
	\$ 5,248,023	\$ 4,672,952

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the third-party payors amounts above.

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to patient service revenue in the period of the change. For the six months ended June 30, 2023 and 2022, changes in the Hospital's estimates of implicit price concessions, discounts, contractual adjustments or other reductions to expected payments for performance obligations satisfied in prior periods were not significant. Portfolio collection estimates are updated quarterly based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis when applicable) are recorded as bad debt expense. Bad debt expense for the six months ended June 30, 2023 and 2022 was not significant.

At June 30, 2023 and December 31, 2022, accounts receivable is comprised of the following components (in thousands):

	June 30,	December 31,
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
Patient receivables	\$ 1,396,907	\$ 1,281,711
Contract assets	71,298	64,574
	\$ 1,468,205	\$ 1,346,285

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

1. Organization and Summary of Significant Accounting Policies (continued)

Contract assets are related to in-house patients who were provided services during the reporting period but were not discharged as of the reporting date and for which the Hospital may not have the right to bill.

The Hospital has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and Hospital-specific data. Medicare cost reports, which serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through 2001 and years 2005, 2006, and 2014 to 2018 for NYPH and through various years ranging from 2008 to 2019 for the Regional Hospitals, although revisions to final settlements or other retroactive changes could be made. Other years and various issues remain open for Medicare audit and settlement, as are numerous issues related to the New York State Medicaid program for prior years. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled, audits are completed, and additional information is obtained.

Settlements with third-party payors for cost report filings and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Hospital's historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amounts, depending on the circumstances related to a given estimated settlement item. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

For the six months ended June 30, 2023 and 2022, the net effect of the Hospital's revisions to prior year estimates resulted in net patient service revenue increasing by approximately \$22.3 million and \$12.5 million, respectively.

The current Medicaid, Medicare and other third-party payor programs are based upon extremely complex laws and regulations that are subject to interpretation. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. The Hospital is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying consolidated financial statements and believes that it is in compliance in all material respects with all applicable laws and regulations; refer to historical disclosure in Note 12 to the audited consolidated financial statements for the years ended December 31, 2022 and 2021.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

1. Organization and Summary of Significant Accounting Policies (continued)

There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of or revisions to health care reform that has been or will be enacted by the federal and state governments, cannot be determined presently. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Hospital. Additionally, certain payors' payment rates for various years have been appealed by the Hospital. If the appeals are successful, additional income applicable to those years could be realized.

Investments

Investments are held in the Hospital's short-term and assets limited as to use portfolios. All investments are classified as trading investments and, excluding interests in common collective equity funds, alternative investments and pooled investments held by related parties, are carried at fair value determined as described in Note 5. Common collective equity funds and alternative investments are reported in the accompanying unaudited consolidated statements of financial position based upon net asset values derived from the application of the equity method of accounting.

Alternative investment interests generally are structured such that the Hospital (or its related party investment pool) holds a limited partnership interest or an interest in an investment management company, including hedge funds, private equity funds and private real estate funds. The Hospital's ownership structure does not provide for control over the related investees and the Hospital's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment.

Individual investment holdings within the alternative investments include non-marketable and market-traded debt, equity and real asset securities and interests in other alternative investments. The Hospital may be exposed indirectly to securities lending, short sales of securities and trading in futures and forward contracts, options and other derivative products. Alternative investments often have liquidity restrictions under which the Hospital's capital may be divested only at specified times.

Financial information used by the Hospital to evaluate its alternative investments is provided by the investment manager or general partner and includes fair value valuations (quoted market prices and values determined through other means) of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment.

The financial statements of the investee companies are audited annually by independent auditors, although the timing for reporting the results of such audits for certain investee companies does not coincide with the Hospital's annual financial statement reporting.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

1. Organization and Summary of Significant Accounting Policies (continued)

Interests in pooled investments held by related parties are reported based upon unitized net asset value. Assets held in the Hospital's defined benefit pension plans are carried at fair value. Fair value for alternative investments held by such plans is determined for each investment using net asset values as a practical expedient, as permitted by generally GAAP, rather than using another valuation method to independently estimate fair value.

There is uncertainty in the accounting for alternative investments arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings and time lags associated with reporting by the investee companies. As a result, there is at least a reasonable possibility that estimates will change in the near term.

Tax Status

The majority of the entities comprising the Hospital are Section 501(c)(3) organizations exempt from Federal income taxes on related income under Section 501(a) of the Internal Revenue Code. These entities are also exempt from New York State income taxes. NYPH, Community Programs, and NYP/Queens are exempt from New York City income taxes.

Certain subsidiaries and controlled entities of the Hospital are for-profit entities. Taxable operations and the potential for income taxes from these entities and from unrelated business activities of the tax exempt entities are not significant to the accompanying unaudited consolidated financial statements.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 and related ASU updates is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in ASU 2016-13 are effective for the Hospital for fiscal years beginning after December 15, 2022. The Hospital adopted ASU 2016-13 in the first quarter of 2023 with no significant impact to its accompanying unaudited consolidated financial statements.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

2. Pension and Similar Benefits Plans

The Hospital provides pension and similar benefits to its employees through several plans, including participation in various multi-employer plans for union employees and several defined benefit plans. Additionally, the Hospital sponsors several defined contribution plans for certain employees. The Hospital also has several postretirement benefit plans that provide certain health care and life insurance benefits to its employees.

The Hospital funds the noncontributory defined benefit plans in accordance with the minimum funding requirements of the Employee Retirement Income Security Act of 1974 as amended (ERISA), plus additional amounts that the Hospital may deem appropriate from time to time. Amounts contributed to the defined benefit pension plans are based on actuarial valuations.

The Hospital contributed \$30.0 million to its defined benefit pension plans for the six months ended June 30, 2022 (none in 2023). The Hospital currently does not expect to make contributions to its defined benefit pension plans in 2023; however, management will reevaluate the funding status periodically in 2023.

The Hospital contributed \$3.0 million and \$2.1 million to its other postretirement benefit plans for the six months ended June 30, 2023 and 2022, respectively. The Hospital expects to contribute approximately \$3.0 million to its other postretirement benefit plans for the remainder of 2023.

The Hospital recognizes in its consolidated statements of financial position an asset, for a defined benefit plan's overfunded status, or a liability, for a plan's underfunded status; measures a defined benefit plan's assets and obligations that determine funded status as of the end of the Hospital's fiscal year; and recognizes the periodic change in the funded status of a defined benefit plan as a component of changes in net assets without donor restrictions in the year in which the change occurs. Amounts that are recognized as a component of changes in net assets without donor restrictions will be subsequently recognized as net periodic benefit cost. On a quarterly basis, NYPH management has elected to determine an interim discount rate and estimates the fair value of the plan assets and reports the change in pension and postretirement benefit liabilities to be recognized in future periods. The NYPH interim estimates are subject to volatility from market interest rates and amounts reported on an interim basis are subject to change and do not reflect the impact of other changes to the funded status of the defined benefit plans as measured at year end. The other consolidating entities do not update the interim discount rate and fair value of plan assets quarterly.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

2. Pension and Similar Benefits Plans (continued)

Net periodic benefit cost consists of the following for the six months ended June 30, 2023 and 2022 (in thousands):

	Pension Plans		Postretirement Benefit Plans	
	2023	2022	2023	2022
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Service cost	\$ 58,628	\$ 72,520	\$ 4,429	\$ 5,163
Interest cost	36,297	31,602	689	778
Expected return on plan assets	(68,276)	(73,502)	-	-
Net amortization of prior service cost	-	-	(730)	(597)
Recognized actuarial loss	3,759	20,452	271	409
Recognized actuarial loss due to curtailment	-	-	-	(1,410)
Net periodic pension cost and postretirement benefits cost	\$ 30,408	\$ 51,072	\$ 4,659	\$ 4,343

The amounts for 2023 in the table above are based on preliminary estimates determined by the Hospital's actuaries which will be finalized later in the year.

3. Professional Liability Insurance Program

In 1978, NYPH, in conjunction with a number of unrelated health care entities, participated in the formation of captive insurance companies (collectively, the Captive) to provide professional liability and general liability insurance to its participants. The premiums are based on a modified claims-made coverage and are actuarially determined based on the actual experience of the Captive, NYPH-specific experience, and estimated current exposure. The Captive has reinsurance coverage from reinsurers for certain amounts above its coverage level per claim limits. The professional liability tower currently provides coverage in excess of \$200.0 million to the Hospital. In January 1996, rights to equity in the Captive were transferred to New York-Presbyterian Fund, Inc. (Fund, Inc.), a related party. Accordingly, insurance premiums are paid by the Hospital initially to Fund, Inc. (refer to Note 10 of the Hospital's audited consolidated financial statements for the years ended December 31, 2022 and 2021).

Effective July 1, 2013, August 1, 2014, February 1, 2015, December 1, 2015 and July 1, 2022, NewYork-Presbyterian Lower Manhattan Hospital (NYP/LMH), NYP Westchester (formerly NewYork-Presbyterian/Lawrence Hospital), NYP/Hudson Valley, NYP/Queens and NYP Brooklyn Methodist, respectively, became insured by the Captive. Prior to each entity's respective effective date with the Captive, the entities were covered by various commercially purchased policies or self-insured programs. For hospital-liability claims incurred through June 30, 2022, NYP Brooklyn Methodist participates in a separate captive insurance program which includes certain self-insured retentions; certain physician-liability coverage continues to be obtained through this separate captive insurance program subsequent to July 1, 2022. The notes to the audited consolidated financial statements of the Hospital for the years ended December 31, 2022 and 2021 include additional disclosures which describe the Hospital's accounting for its professional liability insurance program and related matters.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)

June 30, 2023

3. Professional Liability Insurance Program (continued)

The Hospital's estimates for professional liabilities are based upon complex actuarial calculations which utilize factors such as historical claims experience for the Hospital and related industry factors, trending models, estimates for the payment patterns of future claims and present value discount factors. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term (see Note 6). Revisions to estimated amounts resulting from actual experience differing from projected expectations are recorded in the period the information becomes known or when changes are anticipated.

4. Investments and Assets Limited as to Use

The Hospital's investments are either separately invested or held on a pooled basis with related parties (pooled with Fund, Inc. or included in unitized investment funds within Hudson East River Systems, LLC (HERS)). Fund, Inc., NYPH and the Regional Hospitals maintain member capital accounts with HERS. Each entity's member capital account for HERS is tracked for various strategic pools of investments. Each entity is allocated income from investments on a monthly basis based on the underlying fair values and net asset values of the invested securities and their individual unitized capital interest. The Hospital recognizes in its accompanying consolidated statements of financial position only the unitized portion of the HERS assets attributable to the Hospital's member capital accounts. The HERS assets attributable to the Hospital, consisting of separate member capital accounts for NYPH, NYP/Hudson Valley and NYP/Queens represented approximately 74% and 73% of the total HERS portfolio at June 30, 2023 and December 31, 2022, respectively; the composition of the HERS investment portfolio asset allocation is provided in this Note.

The composition and reported value of short-term investments at June 30, 2023 and December 31, 2022 consist of the following (in thousands):

	June 30, 2023	December 31, 2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
Investments held by the Hospital:		
Marketable securities, carried at fair value	\$ 177,331	\$ 167,883
Hedge funds, accounted for using the equity method	1,650	1,552
Total investments held by the Hospital	178,981	169,435
Unitized investments held by HERS, accounted for using the equity method	2,515,576	2,162,238
Pooled investments held by Fund, Inc. on behalf of NYP/Queens, accounted for using the equity method	7,699	7,083
Total short-term investments	\$ 2,702,256	\$ 2,338,756

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

4. Investments and Assets Limited as to Use (continued)

The composition and reported value of assets limited as to use, which excludes the beneficial interest in net assets held by related organizations, at June 30, 2023 and December 31, 2022 consist of the following (in thousands):

	June 30, 2023	December 31, 2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
Investments accounted for at fair value:		
Marketable securities, carried at fair value	\$ 140,348	\$ 137,453
Investments held by captive insurance companies, at allocated fair value	253,534	249,308
Total investments accounted for at fair value	393,882	386,761
Hospital held investments accounted for using the equity method:		
Common collective equity funds	31,547	26,706
Hedge funds	381	348
Private equity	1,018	1,010
Private real assets	27	28
Total Hospital held investments accounted for using the equity method	32,973	28,092
Pooled investments held by Fund, Inc. on behalf of NYP/Queens, accounted for using the equity method	25,642	24,904
Unitized investments held by HERS, accounted for using the equity method	5,071,788	4,799,726
Total investments accounted for using the equity method	5,130,403	4,852,722
Total assets limited as to use	5,524,285	5,239,483
Less current portion	52,289	45,436
Assets limited as to use – noncurrent	\$ 5,471,996	\$ 5,194,047

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

4. Investments and Assets Limited as to Use (continued)

The asset allocation of the HERS investment portfolio and unfunded commitments and liquidity restrictions for certain alternative investments held by HERS at June 30, 2023 are as follows (in thousands):

Description of Investment	Asset Allocation	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
<i>(Unaudited)</i>				
Cash and cash equivalents	8%			
Fixed income securities:				
U.S. government bonds and notes	10			
Mortgage and asset-backed	6			
Corporate	6			
Equities:				
U.S. equities	1			
Non-U.S. equities	1			
Common collective equity funds	33	\$ 23,780	Weekly to annually	5 to 150 days
Hedge funds	11	-	Monthly to annually	30 to 180 days
Private equity	15	1,390,948	*	*
Private real assets	9	360,844	*	*
	100%	\$ 1,775,572		

* HERS' liquidity restrictions range from several months to seven plus years for certain private equity and private real assets depending upon the investments fund cycle. Liquidity restrictions may apply to all or portions of a particular invested amount.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

5. Fair Value Measurements

The Hospital uses various methods of calculating fair value of its financial assets and liabilities, when applicable. The Hospital defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. Fair value measurements are applied based on the unit of account from the Hospital's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated).

The Hospital uses a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs that are based on inputs not quoted in active markets but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Hospital uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers non-performance risk in its assessment of fair value. As described in Note 1, the Hospital records certain investments at fair value based on net asset value.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)

June 30, 2023

5. Fair Value Measurements (continued)

The following table presents financial instruments carried at fair value, excluding assets invested in the Pension Plans, as of June 30, 2023 and December 31, 2022 (in thousands):

	June 30, 2023			
	<i>(Unaudited)</i>			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents – held for investment	\$77,619	\$ 77,619	\$ –	\$ –
Fixed income:				
U.S. government	119,225	119,225	–	–
Corporate	280	–	280	–
Equities:				
U.S. equities ^(a)	44,634	44,634	–	–
Non-U.S. equities ^(b)	21,460	21,460	–	–
Mutual funds	54,461	54,461	–	–
Investments held by captive insurance companies ^(c)	253,534	–	205,428	48,106
	\$ 571,213	\$ 317,399	\$ 205,708	\$ 48,106

	December 31, 2022			
	<i>(Audited)</i>			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents – held for investment	\$ 84,312	\$ 84,312	\$ –	\$ –
Fixed income:				
U.S. government	108,121	108,121	–	–
Corporate	284	–	284	–
Equities:				
U.S. equities ^(a)	40,569	40,569	–	–
Non-U.S. equities ^(b)	19,551	19,551	–	–
Mutual funds	52,499	52,499	–	–
Investments held by captive insurance companies ^(c)	249,308	–	201,919	47,389
	\$ 554,644	\$ 305,052	\$ 202,203	\$ 47,389

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

5. Fair Value Measurements (continued)

The Hospital's investments in common collective equity funds, alternative investments, unitized investments held by HERS and pooled investments held by Fund, Inc. are reported using the equity method of accounting and, therefore, are not included in the tables above (see Notes 1 and 4).

Financial instruments invested in the Hospital's defined benefit pension plans at fair value are classified in the table below in one of the three categories described above as of June 30, 2023 and December 31, 2022 (in thousands):

	June 30, 2023			
	<i>(Unaudited)</i>			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 60,373	\$ 60,373	\$ -	\$ -
Fixed income:				
U.S. government	228,531	228,531	-	-
Equities:				
U.S. equities ^(a)	94	94	-	-
Non-U.S. equities ^(b)	17,121	17,121	-	-
	306,119	\$ 306,119	\$ -	\$ -
Asset measured at net asset value as a practical expedient:				
Common collective equity funds ^(d)	694,876			
Hedge funds ^(e)	337,479			
Private equity ^(f)	665,909			
Private real assets ^(g)	389,560			
	\$ 2,393,943			

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

5. Fair Value Measurements (continued)

	December 31, 2022 <i>(Audited)</i>			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 204,580	\$ 204,580	\$ —	\$ —
Fixed income:				
U.S. government	4,250	4,250	—	—
Equities:				
U.S. equities ^(a)	564	564	—	—
Non-U.S. equities ^(b)	14,965	14,965	—	—
	224,359	\$ 224,359	\$ —	\$ —
Asset measured at net asset value as practical expedient:				
Common collective equity funds ^(d)	628,637			
Hedge funds ^(e)	349,523			
Private equity ^(f)	714,051			
Private real assets ^(g)	471,309			
	\$ 2,387,879			

^(a) Equity portfolios invested in common stock of corporations primarily domiciled in the United States.

^(b) Equity portfolios invested in common stock of corporations primarily domiciled outside the United States, including emerging market countries.

^(c) Investments held by captive insurance companies consist of assets which are pooled with other assets maintained by the companies and include investments in marketable securities and alternative investments that are recorded by the captive insurance companies at fair value based on quoted market prices or other means for the companies' holdings of alternative investments. The Hospital reports an allocation of the fair value of the pooled investments in its accompanying consolidated statements of financial position.

^(d) Common collective equity funds invested in common stock of corporations domiciled in the United States and outside the United States, including emerging market countries.

^(e) Hedge funds include long and short equity, multi-strategy, event driven and relative value funds invested with managers who invest with different strategies and typically employ some

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

5. Fair Value Measurements (continued)

leverage. In long and short equity, fund managers create a portfolio of long positions in stocks expected to appreciate over time and short positions in stocks expected to depreciate. Event driven managers create a portfolio designed to profit from corporate events, such as mergers, spin-offs, defaults and bankruptcy. Relative value managers invest in long and short positions, but typically have a more neutral net market position than long and short. Multi-strategy is a fund employing a variety of hedge fund strategies.

- ^(f) Private equity investments include limited partnership investments in funds pursuing strategies in corporate buyouts, venture capital, growth equity, distressed and turnaround investments.
- ^(g) Real estate and natural resources investments.

The following is a description of the Hospital's valuation methodologies for assets measured at fair value. The fair value methodologies are not necessarily indicators of investment risk, but are descriptive of the measures used to arrive at fair value pricing. Fair value for Level 1 is based upon quoted market prices. Investments classified as Level 2 are primarily valued using techniques that are consistent with the market approach. Valuations for Level 2 are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs, which include broker/dealer quotes, reported/comparable trades, and benchmark yields are obtained from various sources including market participants, dealers and brokers. Level 3 assets consist of interests in pooled alternative investments managed by captive insurance companies, the valuation for alternative investments is described in Note 1. The Pension Plans' common collective equity funds and alternative investments are measured at net asset value; the valuation for these alternative investments is described in Note 1. The methods described above may produce a fair value that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

5. Fair Value Measurements (continued)

The following is a summary of investments (by major class) that have restrictions on the Hospital's or the Hospital's pension plans ability to redeem its investments at the measurement date, any unfunded capital commitments and the investments strategies of the investees as of June 30, 2023 (including investments accounted for using the equity method) (in thousands):

Description of Investment	June 30, 2023 Value	Unfunded Commitments	<i>(Unaudited)</i>	
			Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Common collective equity funds	\$ 726,423	\$ —	Weekly to annually	5 to 150 days
Hedge funds	339,510	—	Monthly to annually	30 to 180 days
Private equity	666,927	340,400	*	*
Private real assets	389,587	126,315	*	*
	<u>\$ 2,122,447</u>	<u>\$ 466,715</u>		

* The Hospital's liquidity restrictions range from several months to seven plus years for certain private equity and private real assets depending upon the investments fund cycle. Liquidity restrictions may apply to all or portions of a particular invested amount.

The New York and Presbyterian Hospital
Notes to Unaudited Consolidated Financial Statements (continued)
June 30, 2023

6. Commitments and Contingencies

Various lawsuits and claims arising in the normal course of operations are pending or are in progress against the Hospital. Such lawsuits and claims are specifically covered by insurance, or are addressed through management-recorded provisions for certain estimated losses based on presently known information to the extent they are not covered by insurance, or are not deemed material. While the outcome of these matters cannot be determined at this time, management, based on presently known information and advice from legal counsel, believes that any loss which may arise from these actions will not have a material adverse effect on the financial position or results of operations of the Hospital. However, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Refer to historical disclosure in Note 12 to the audited consolidated financial statements for the years ended December 31, 2022 and 2021 for its annual disclosure of other matters involving commitments and contingencies.

7. Other Revenue

Other revenue consisted of the following for the six months ended June 30, 2023 and 2022 (in thousands):

	June 30,	
	2023	2022
Recurring other revenue	\$ 530,646	\$ 414,994
Laboratory asset purchase agreement	275,000	–
HHS Provider Relief Fund	–	116,456
FEMA Disaster Relief Fund – operating expenses	111,122	2,224
Employee retention credit	9,045	23,592
	\$ 925,813	\$ 557,266

8. Subsequent Events

Subsequent events have been evaluated through August 10, 2023, which is the date the unaudited consolidated financial statements were issued. No events have occurred that require disclosure in or adjustment to the accompanying unaudited consolidated financial statements.

The New York and Presbyterian Hospital
Unaudited Consolidating Statement of Financial Position
Six Months Ended June 30, 2023
(In Thousands)

Unaudited consolidating Information

The following table summarizes the unaudited consolidating statement of financial position at June 30, 2023 (in thousands):

	Obligated Group NYPH	NYP Medical Group/Brooklyn Entities	NYP Medical Group/Westchester and Other Entities	NYP Community Programs, Inc.		Eliminations / Reclassifications	Consolidated
				NYP/Hudson Valley	NYP/Queens		
<i>(Unaudited)</i>							
Assets							
Current assets:							
Cash, cash equivalents and short-term investments:							
Cash and cash equivalents	\$ 544,918	\$ 3,673	\$ 42,188	\$ 21,658	\$ 74,835	\$ —	\$ 687,272
Short-term investments	2,609,927	—	—	30,968	61,361	—	2,702,256
Total cash, cash equivalents and short-term investments	3,154,845	3,673	42,188	52,626	136,196	—	3,389,528
Patient accounts receivable - net	1,256,241	4,446	5,580	51,798	150,140	—	1,468,205
Other current assets	427,292	12,205	1,807	19,275	116,946	—	577,525
Assets limited as to use – current portion	51,239	—	—	—	1,050	—	52,289
Professional liabilities insurance recoveries receivable and related deposits – current portion	76,855	—	—	2,836	11,765	—	91,456
Beneficial interest in net assets held by related organizations – current portion	70,824	—	—	—	—	—	70,824
Due from related organizations – net	527,606	29,419	—	—	—	(554,777)	2,248
Loans receivable from Regional Hospitals – current portion	8,666	—	—	—	—	(8,666)	—
Total current assets	5,573,568	49,743	49,575	126,535	416,097	(563,443)	5,652,075
Assets limited as to use – noncurrent	5,400,806	—	14,531	14,566	42,093	—	5,471,996
Property, buildings and equipment – net	4,441,422	19,472	8,556	169,381	391,575	—	5,030,406
Operating lease assets	439,290	107	13,140	37,773	46,868	—	537,178
Other noncurrent assets – net	219,396	—	—	7,983	83,646	(75,410)	235,615
Loans receivable from Regional Hospitals – noncurrent	121,157	—	—	—	—	(121,157)	—
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	251,820	—	—	13,892	38,801	—	304,513
Beneficial interest in net assets held by related organizations – noncurrent	2,633,306	—	—	—	—	—	2,633,306
Total assets	\$ 19,080,765	\$ 69,322	\$ 85,802	\$ 370,130	\$ 1,019,080	\$ (760,010)	\$ 19,865,089

See accompanying note to supplementary information.

The New York and Presbyterian Hospital
Unaudited Consolidating Statement of Financial Position (continued)

Six Months Ended June 30, 2023
(In Thousands)

Unaudited consolidating Information (continued)

	Obligated Group NYPH	NYP Medical Group/Brooklyn Entities	NYP Medical Group/Westchester and Other Entities	NYP Community Programs, Inc.		Eliminations / Reclassifications	Consolidated
				NYP/Hudson Valley	NYP/Queens		
<i>(Unaudited)</i>							
Liabilities and net assets							
Current liabilities:							
Long-term debt – current portion	\$ 78,983	\$ –	\$ –	\$ 1,167	\$ 2,491	\$ –	\$ 82,641
Loans payable to NYPH – current portion	–	–	–	2,657	6,008	(8,665)	–
Operating lease liability – current portion	52,099	109	2,450	3,219	11,159	–	69,036
Accounts payable and accrued expenses	935,244	10,873	28,971	39,752	150,423	11,277	1,176,540
Accrued salaries and related liabilities	564,669	29,258	9,775	28,688	33,565	–	665,955
Pension and postretirement benefit liabilities – current portion	4,139	–	–	–	1,205	–	5,344
Professional and other insurance liabilities – current portion	98,094	–	–	2,794	14,420	–	115,308
Other current liabilities	379,668	4,520	2,158	161	1,122	–	387,629
Due to related organizations – net	–	–	36,096	125,009	404,949	(566,054)	–
Total current liabilities	2,112,896	44,760	79,450	203,447	625,342	(563,442)	2,502,453
Long-term debt	3,869,891	–	–	3,351	3,500	–	3,876,742
Loans payable to NYPH	–	–	–	36,162	160,406	(196,568)	–
Operating lease liability	411,781	329	10,689	34,824	38,182	–	495,805
Professional and other insurance liabilities	721,224	–	8,246	20,460	83,740	–	833,670
Postretirement benefit liability	23,448	–	–	–	15,189	–	38,637
Other noncurrent liabilities	376,387	–	308	6,574	40,277	–	423,546
Total liabilities	7,515,627	45,089	98,693	304,818	966,636	(760,010)	8,170,853
Net assets:							
Net assets without donor restrictions	8,847,343	24,233	(13,313)	61,367	37,288	–	8,956,918
Net assets with donor restrictions	2,717,795	–	422	3,945	15,156	–	2,737,318
Total net assets	11,565,138	24,233	(12,891)	65,312	52,444	–	11,694,236
Total liabilities and net assets	\$ 19,080,765	\$ 69,322	\$ 85,802	\$ 370,130	\$ 1,019,080	\$ (760,010)	\$ 19,865,089

See accompanying note to supplementary information.

The New York and Presbyterian Hospital
Unaudited Consolidating Statement of Operations
Six Months Ended June 30, 2023
(In Thousands)

Unaudited consolidating Information (continued)

	Obligated Group NYPH	NYP Medical	NYP Medical	NYP Community Programs, Inc.		Eliminations / Reclassifications	Consolidated
		Group/Brooklyn Entities	Group/Westchester and Other Entities	NYP/Hudson Valley	NYP/Queens		
				(Unaudited)			
Operating revenues							
Net patient service revenue	\$ 4,507,010	\$ 68,712	\$ 25,660	\$ 160,255	\$ 486,386	\$ –	\$ 5,248,023
Other revenue	590,776	71,860	28,165	12,601	314,427	(92,016)	925,813
Total operating revenues	5,097,786	140,572	53,825	172,856	800,813	(92,016)	6,173,836
Operating expenses							
Salaries and wages	2,263,368	90,495	31,872	91,767	280,241	(284)	2,757,459
Employee benefits	517,885	15,375	9,683	22,335	83,693	(43)	648,928
Supplies and other expenses	1,671,045	33,516	12,607	58,661	427,317	(91,689)	2,111,457
Interest and amortization of deferred financing fees	72,936	–	–	923	2,553	–	76,412
Depreciation and amortization	270,156	1,223	756	7,402	20,698	–	300,235
Total operating expenses	4,795,390	140,609	54,918	181,088	814,502	(92,016)	5,894,491
Operating income (loss)	302,396	(37)	(1,093)	(8,232)	(13,689)	–	279,345
Investment return, net	366,272	37	1,081	1,319	5,431	–	374,140
Expected return on plan assets and other components of net periodic pension and postretirement cost	24,075	–	–	–	3,915	–	27,990
Excess (deficiency) of revenues over expenses	692,743	–	(12)	(6,913)	(4,343)	–	681,475
Other changes in net assets without donor restrictions:							
Net asset transfers (to) from related parties	(488)	–	–	–	65	–	(423)
Other changes in net assets	(13)	–	(226)	–	–	–	(239)
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	63,000	–	–	–	–	–	63,000
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	40,286	–	–	–	–	–	40,286
Change in pension and postretirement benefit liabilities to be recognized in future periods	(11,242)	–	–	–	–	–	(11,242)
Change in net assets without donor restrictions	\$ 784,286	\$ –	\$ (238)	\$ (6,913)	\$ (4,278)	\$ –	\$ 772,857

See accompanying note to supplementary information.

The New York and Presbyterian Hospital

Note to Unaudited Consolidating Supplementary Information

June 30, 2023

Basis of Presentation

The accompanying unaudited consolidating financial information includes the accounts of The New York and Presbyterian Hospital, NYP Community Programs, Inc. and other consolidated entities as described below. Refer to Note 1 to the unaudited consolidated financial statements in the previous section for additional information. The unaudited consolidating financial information includes columns for the following groups of entities with related activities based on corporate relationships, geography and/or purpose:

- **NYP Medical Group/Brooklyn Entities**, consisting of: Kings Physician Services, P.C.; Park Slope Medical Service, P.C.; Park Slope Pathology Services, P.C.; Park Slope Physician Services, P.C.; Park Slope Obstetrics Gynecology, P.C.; Park Slope Hematology & Oncology, P.C.; Park Slope Pediatric Medicine, P.C.; Park Slope Medicine, P.C.; Brooklyn Foot & Ankle, P.C.; Park Slope Emergency Physician Services, P.C.; Brooklyn Dental Services, P.C.; Brooklyn Radiology Services, P.C.; Park Slope Medical Health Provider, P.C.; and MSO of Kings County, LLC.
- **NYP Medical Group/Westchester and Other Entities**, consisting of: Lawrence Medical Associates, P.C. (d/b/a NewYork-Presbyterian Medical Group/Westchester); Lawrence Care, Inc., the sole corporate member of Lawrence Community Health Services; and NYP Sports Performance, LLC.
- **NYP/Hudson Valley**, consisting of: Hudson Valley Hospital Center; The Foundation of NYP/Hudson Valley Hospital; Westchester Putnam Health Management System, Inc.; Westchester Medical Practice, P.C. (d/b/a NewYork-Presbyterian Medical Group/Hudson Valley); Hudson Valley Ventures, Inc.; A.C. Ventures, Inc.; KNOWA Ventures, Inc.; and GI Ventures, Inc.
- **NYP/Queens**, consisting of: NewYork-Presbyterian/Queens; New York Queens Medicine and Surgery, PC (d/b/a NewYork-Presbyterian Medical Group/Queens); CRT Surgical Associates, PC (CRT); and New York Queens Charter Ventures, Inc. CRT is inactive.

The accompanying unaudited financial information has been prepared in accordance with accounting principles generally accepted in the United States of America. The notes to the unaudited consolidated financial statements in the previous section include disclosures regarding significant accounting policies. All significant intercompany balances and transactions have been eliminated in consolidation.

APPENDIX D
CERTAIN DEFINITIONS

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The following are definitions of certain of the terms defined in the Resolution, the Series Resolution, or the Loan Agreement and used in this Official Statement.

Act means the Dormitory Authority Act being Title 4 of Article 8 of the Public Authorities Law of the State, as amended, including without limitation by the Health Care Financing Consolidation Act, being Title 4-B of Article 8 of the Public Authorities Law of the State.

Arbitrage Rebate Fund means the fund so designated, created and established pursuant to the Resolution.

Authorized Officer means in the case of the Issuer, an Institution or the Trustee, as the case may be, when used with reference to any act or document referenced under the Resolution, any person authorized by a resolution of the party's governing board, the by-laws of the applicable party or any other corporate documentation to perform such act or execute such document.

Bond or **Bonds** means any of the bonds of the Issuer authorized and issued pursuant to the Resolution and to a Series Resolution.

Bond Counsel means Hawkins Delafield & Wood LLP and/or D. Seaton and Associates, P.A., P.C., or an attorney or other law firm or firms appointed by the Issuer, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

Bond Year means, unless otherwise provided in a Series Resolution or a Certificate of Determination with respect to a Series of Bonds, a period of twelve (12) consecutive months beginning August 1 in any calendar year and ending on July 31 of the succeeding calendar year.

Bondholder, Holder of Bonds or **Holder** or any similar term, when used with reference to a Bond or Bonds, means the registered owner of any Bond.

Book Entry Bond means a Bond authorized to be issued, and issued to and registered in the name of, a Depository for the participants in such Depository or the beneficial owner of such Bond.

Business Day means, unless otherwise defined in connection with Bonds of a particular Series, any day which is not a Saturday, Sunday or a day on which the Trustee or banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York.

Certificate of Determination means a certificate of an Authorized Officer of the Issuer fixing terms, conditions and other details of Bonds in accordance with the delegation of power to do so under the Resolution or under a Series Resolution as such certificate may be amended or supplemented from time to time.

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

Construction Fund means the fund so designated, created and established for a Project by or pursuant to a Series Resolution authorizing the issuance of a Series of Bonds for the purpose of paying or refinancing the Costs of such Project.

Cost or **Costs of Issuance** means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges relating to a Credit Facility, a Liquidity Facility, a Hedge Agreement, costs and expenses in connection with the refunding of Bonds or other bonds or notes of the Issuer, costs and expenses incurred pursuant to a remarketing agreement and other costs, charges and fees, including those of the Issuer, in connection with the foregoing.

Cost or **Costs of the Project** means when used in relation to a Project, the costs and expenses incurred in connection with the Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for

design, environmental inspections and assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the applicable Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project, (vii) any sums required to reimburse an Institution or the Issuer for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project (including interest on money borrowed from parties other than such Institution), (viii) interest on the Bonds, bonds, notes or other obligations of the Issuer issued to finance Costs of the Project that accrued prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Project, and (ix) fees, expenses and liabilities of the Issuer incurred in connection with the Project or pursuant to the Resolution or to a Loan Agreement, a Credit Facility in connection with Bonds, a Liquidity Facility or a remarketing agreement in connection with Option Bonds or Variable Interest Rate Bonds.

Counterparty means any person with which an Institution has entered into a Hedge Agreement.

Credit Facility means, with respect to a Series of Bonds, an irrevocable letter of credit, insurance policy, surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement pursuant to which the Trustee is entitled to obtain money to pay the principal and Sinking Fund Installments of and interest on particular Bonds whether or not the Issuer is in default under the Resolution, which is issued or provided by:

(i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a saving and loan association;

(ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;

(iii) the Government National Mortgage Association or any successor thereto;

(iv) the Federal National Mortgage Association or any successor thereto; or

(v) any other federal agency or instrumentality set forth in the Series Resolution authorizing the Series of Bonds.

Any such Credit Facility may also constitute a Liquidity Facility if it also meets the requirements of the definition of a Liquidity Facility contained in the Resolution.

Debt Service Fund means, when used in connection with a Series of Bonds, the fund so designated, created and established by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds.

Debt Service Reserve Fund means, when used in connection with a particular Series of Bonds, a reserve fund for the payment of the principal and Sinking Fund Installments of and interest on such Series of Bonds, as so designated, created and established by the Issuer by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds.

Debt Service Reserve Requirement means the amount of money required to be deposited in a Debt Service Reserve Fund as determined in accordance with the Series Resolution pursuant to which such Debt Service Reserve Fund has been established.

Defeasance Security means any of the following:

(i) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligation;

(ii) a Federal Agency Obligation described in clauses (i) or (ii) of the definition of Federal Agency Obligation;

(iii) an Exempt Obligation, provided such Exempt Obligation (a) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the

trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, (c) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (a) above, and (d) is rated by at least two Rating Services in the highest rating category for such Exempt Obligation; and

(iv) any other investments as provided in the applicable Series Resolution.

Notwithstanding the foregoing, for purposes of (i), (ii) and (iii) above, such term shall not include (1) any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

Depository or **DTC** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds or a Certificate of Determination relating to a Series of Bonds to serve as securities depository for the Bonds of such Series (or any successor thereto appointed pursuant to the Resolution).

Determination of Taxability means, when used with respect to a Tax Exempt Bond, a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the Issuer shall consent or from which no timely appeal shall have been taken, in each case to the effect that interest on such Bond is includable in the gross income of the Holder thereof for purposes of federal income taxation.

Electronic Means means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Resolution.

EMMA means the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board or any successor repository for municipal securities disclosures.

Exempt Obligation means any of the following:

(i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services;

(ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and

(iii) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

Extraordinary Expenses means all fees and expenses incurred by or due to the Trustee or any paying agent under the Resolution other than Ordinary Expenses, including reasonable fees and disbursements of Trustee’s counsel.

Extraordinary Services means all services rendered by the Trustee or any paying agent under the Resolution other than Ordinary Services.

Favorable Opinion of Bond Counsel means, with respect to any action the occurrence of which requires such an opinion, an unqualified opinion of Bond Counsel to the effect that such action is permitted under the Act and the Resolution and, with respect to any action relating to the Tax-Exempt Bonds, will not impair the exclusion of interest on the Tax-Exempt Bonds from gross income for purposes of federal income taxation.

Federal Agency Obligation means any of the following:

(i) an obligation issued by any federal agency or instrumentality which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services;

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services;

(iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above;

(iv) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations; and

(v) any other obligation issued by any federal agency or instrumentality permitted under the Issuer’s investment guidelines that is approved in writing by both the Issuer and an applicable Institution or the Obligated Group Representative.

Government Obligation means any of the following:

(i) a direct obligation of the United States of America;

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by the United States of America;

(iii) an obligation to which the full faith and credit of the United States of America are pledged;

(iv) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, any of the foregoing; and

(v) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

Governmental Requirements means any present and future laws, rules, orders, ordinances, regulations, statutes, requirements and executive orders applicable to the Project, of the United States, the State and any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them, now existing or hereafter created, and having jurisdiction over the Project or any part thereof, including without limitation, those relating to environmental matters.

Hedge Agreement means any financial arrangement entered into by an Institution with a Counterparty that is or in the nature of an interest rate exchange agreement, an interest rate cap or collar or other exchange or rate protection transaction, in each case executed for the purpose of moderating interest rate fluctuations, reducing interest cost or, with respect to any Variable Interest Rate Bond, creating the economic or financial equivalent of a fixed rate of interest on such Bond.

Institution means The New York and Presbyterian Hospital, a corporation duly organized and existing under the laws of the State, which is a not-for-profit hospital corporation authorized under the laws of the State, or any successor thereto, or other entity or person that is a Member of the Obligated Group and for whose benefit the Issuer has, as authorized under the Public Health Law or any other law or regulation, issued a Series of Bonds or any portion thereof.

Investment Agreement means a repurchase agreement or other agreement for the investment of money with a Qualified Financial Institution.

Issuer means the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State created by the Act, or any body, agency or instrumentality of the State which shall succeed to the rights, powers, duties and functions of the Issuer.

Liquidity Facility means a letter of credit, a surety bond, a standby purchase agreement, a line of credit or other agreement or arrangement pursuant to which money may be obtained by the Trustee upon the terms and conditions contained therein for the purchase of Bonds tendered for purchase in accordance with the terms of the Series Resolution authorizing such Bonds or the Certificate of Determination relating to such Bonds.

Loan Agreement means, when used in connection with a Series of Bonds or the funds and accounts established in connection with a Series of Bonds, the Loan Agreement by and between the Issuer and the applicable Institution entered into in connection with the issuance of such Series of Bonds, as the same from time to time shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by such Loan Agreement.

Master Indenture means the Master Trust Indenture by and among the Members of the Obligated Group and the Master Trustee, dated as of January 1, 2015, as the same may be amended, supplemented and restated from time to time.

Master Trustee means TD Bank, N.A., New York, New York, and any successor under the Master Indenture.

Maximum Interest Rate means, with respect to any particular Variable Interest Rate Bond, the numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Certificate of Determination relating to such Bond as the maximum rate at which such Bond may bear interest at any time.

Member means each organization that is a member of the Obligated Group.

Minimum Interest Rate means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Certificate of Determination relating to such Bonds as the minimum rate at which such Bond may bear interest at any time.

Obligated Group means The New York and Presbyterian Hospital Obligated Group of which The New York and Presbyterian Hospital is currently the sole Member; and such other organizations as may from time to time be added as members of such Obligated Group, and excluding such organizations as may from time to time withdraw as Members of such Obligated Group, all as provided in the Master Indenture, pursuant to which such Obligated Group was created.

Obligated Group Representative means The New York and Presbyterian Hospital, its successors and assigns.

Obligation means an "Obligation" as defined in and as issued pursuant to the Master Indenture and a Supplemental Indenture to secure indebtedness of a Member of the Obligated Group, and with respect to the Loan Agreement, Obligation No. 5 issued to the Trustee by the Obligated Group pursuant to the Master Indenture and the Series 2023 Supplemental Indenture, to secure the obligations of the Institution to the Issuer under the Loan Agreement.

Opinion of Bond Counsel means an opinion of Bond Counsel to the effect that the action proposed to be taken will not cause interest on the Bonds to which such action relates to be includable in the gross income of the owners of such Bonds for purposes of federal income taxation and that such action is authorized or permitted by the Resolution and by the applicable Series Resolution and Certificate of Determination.

Option Bond means any Bond which by its terms may be or is required to be tendered by and at the option of the Holder thereof for redemption by the Issuer prior to the stated maturity thereof or for purchase by the Issuer prior to the stated maturity thereof or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bonds or the Certificate of Determination related to such Bonds.

Ordinary Expenses means those fees and expenses normally incurred by or due to the Trustee or paying agent, as the case may be, under the Resolution, including reasonable fees and disbursements of counsel for the Trustee.

Ordinary Services means those services normally rendered by the Trustee or any paying agent, as the case may be, under the Resolution.

Outstanding, when used in reference to Bonds, means, as of a particular date, all Bonds of such Series authenticated and delivered under the Resolution and under any applicable Series Resolution except:

- (i) any Bond canceled by the Trustee at or before such date;
- (ii) any Bond deemed to have been paid in accordance with the defeasance provisions of the Resolution;
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and
- (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Certificate of Determination relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Certificate of Determination relating to such Bond.

Permitted Collateral means any of the following:

- (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligation;
- (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligation;
- (iii) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a Rating Service in the highest rating category; and
- (iv) any other obligations or securities permitted under the Issuer's investment guidelines and approved in writing by both the Issuer and an applicable Institution or the Obligated Group Representative.

Permitted Investments means any of the following:

- (i) Government Obligations;
- (ii) Federal Agency Obligations;
- (iii) Exempt Obligations;
- (iv) uncollateralized demand deposits, including interest bearing money market accounts, time deposits, overnight bank deposits and other interest bearing deposits, and certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;
- (v) collateralized demand deposits, including interest bearing money market accounts, time deposits, overnight bank deposits and other interest bearing deposits, and certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, rated by at least one Rating Service in at least the second highest rating category, and (b) fully collateralized by Permitted Collateral;
- (vi) commercial paper issued by a domestic corporation rated, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, in the highest short term rating category by at least one Rating Service and having maturities of not longer than two hundred seventy (270) days from the date of purchase;
- (vii) bankers' acceptances issued by a bank rated, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, in the highest short term rating category by at least one Rating Service and having maturities of not longer than three hundred sixty five (365) days from the date they are purchased;
- (viii) Investment Agreements that are fully collateralized by Permitted Collateral;
- (ix) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended,

whose objective is to maintain a constant share value of \$1.00 per share and that is rated, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, in the highest short term rating category by at least one Rating Service; and

(x) any other investment permitted under the Issuer's investment guidelines that is approved in writing by both the Issuer and an applicable Institution or the Obligated Group Representative.

Permitted Liens shall have the meaning set forth in Section 3.05 of the Master Indenture.

Project means the project referenced in a Loan Agreement and authorized to be financed or refinanced under the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of Bonds, as more particularly described in the Resolution, in or pursuant to a Series Resolution or in or pursuant to a Certificate of Determination relating to such Bonds.

Qualified Financial Institution means any of the following entities that has an equity capital of at least \$125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least \$125,000,000:

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; *provided, however*, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank, which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; *provided, however*, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; *provided, however*, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Issuer; or

(v) a corporation whose obligations, including any investments of any money held under the Resolution purchased from such corporation, are insured by an insurer that meets the applicable rating requirements set forth above.

Rating Service means Moody’s Investors Service, Inc., S&P Global Ratings, Fitch Ratings and any other nationally recognized statistical rating organization or their respective successors and assigns.

Record Date means, unless the Series Resolution or the Certificate of Determination relating thereto provides otherwise, the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

Redemption Price, when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Resolution or to the applicable Series Resolution or Certificate of Determination.

Refunding Bonds means all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered on original issuance pursuant to the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution.

Resolution means the The New York and Presbyterian Hospital Obligated Group Revenue Bond Resolution, adopted by the Issuer on July 26, 2023, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution.

Restricted Gift means any gift, grant or bequest of money or other property to or for the benefit of the Institution, the use of which has been restricted by the donor or the grantor to paying any cost or expense that constitutes a Cost of the Project.

Revenues means, when used in connection with the Bonds of any particular Series:

(i) all payments received or receivable by the Issuer that pursuant to the Loan Agreement entered into in connection with such Series of Bonds are required to be paid to the Trustee, other than payments to the Trustee for any of the following: (A) the administrative costs and expenses or fees of the Trustee, (B) deposit to the Arbitrage Rebate Fund, or (C) deposit to any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds tendered or deemed to have been tendered for purchase, and (D) deposit to any fund or account established by or pursuant to such Series Resolution for repayment of advances made by a provider of a Credit Facility or a Liquidity Facility;

(ii) all payments made under the Master Indenture or payable by the Obligated Group pursuant to the applicable Obligation; and

(iii) all amounts received as a consequence of the enforcement of a Loan Agreement or realized upon liquidation of collateral securing an Obligation.

Serial Bond means any Bond so designated in a Series Resolution or a Certificate of Determination.

Series means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and to the Series Resolution authorizing such Bonds as a separate Series of Bonds or the Certificate of Determination relating thereto, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Series Resolution means a resolution of the Issuer authorizing the issuance of one or more Series of Bonds adopted by the Issuer pursuant to the Resolution, as it may be amended or supplemented from time to time.

Series 2023 Bonds means the Issuer’s The New York and Presbyterian Hospital Obligated Group Revenue Bonds, Series 2023A.

Series 2023 Supplemental Indenture means the Supplemental Indenture for Obligation No. 5, issued pursuant to the Master Indenture authorizing the issuance by the Obligated Group of such Obligation No. 5.

Sinking Fund Installment means, as of any date of calculation, when used with respect to any Bonds of a Series, so long as any such Bonds are Outstanding, the amount of money required by the Resolution or by the Series Resolution pursuant to which such Bonds were issued or by the Certificate of Determination relating thereto to be paid on a single future August 1 (or such other date as provided in a Series Resolution or a Certificate of Determination with respect to a Series of Bonds) for the retirement of any Outstanding Bonds of said Series which mature after said future August 1, but does not include any amount payable by the Issuer by reason only of the maturity of a Bond, and said future August 1 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment.

State means the State of New York.

Supplemental Indenture means any Supplemental Indenture under the Master Indenture authorizing the issuance of an Obligation to secure a Series of Bonds.

Supplemental Resolution means any resolution of the Issuer amending or supplementing the Resolution, any Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms and provisions of thereof.

Tax Certificate means the certificate of the Issuer and the Institution, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of tax-exempt Bonds in which the Issuer and the Institution make representations and agreements as to arbitrage and compliance with the provisions of Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said certificate, in each case as the same may be amended or supplemented.

Tax-Exempt Bond means any Bond as to which Bond Counsel has rendered an opinion to the effect that interest on it is excluded from gross income for purposes of federal income taxation.

Term Bond means any Bond so designated in a Series Resolution or a Certificate of Determination and payable from Sinking Fund Installments.

Trustee means the bank or trust company appointed as Trustee and paying agent for the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for in the Resolution, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution.

Unassigned Rights means the rights of the Issuer to (a) execute and deliver supplements and amendments to the Resolution and the Loan Agreement, pursuant to the Resolution, (b) be held harmless and indemnified pursuant to the Loan Agreement, (c) receive any funds for its own use, whether as administration fees, indemnification, or otherwise under the Loan Agreement, (d) receive notices, Favorable Opinions of Bond Counsel and other documents as required under the Loan Agreement to be delivered to the Issuer; (e) require the Institution to take actions necessary to comply with the Loan Agreement; and (f) enforce any of the foregoing pursuant to the Loan Agreement.

Variable Interest Rate means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Certificate of Determination relating to such Bonds and which shall be based on:

- (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; or
- (ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Certificate of Determination;

provided, however, that in each case such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate as provided in the Series Resolution authorizing such Bonds or the Certificate of Determination relating thereto, and that Series Resolution or Certificate of Determination shall also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner of determining such time or times.

Variable Interest Rate Bond means any Bond which bears a Variable Interest Rate; *provided, however*, that a Bond, the interest rate on which shall have been fixed for the remainder of the term thereof, shall no longer be a Variable Interest Rate Bond.

Verification Report means, when used in connection with any Bonds for the payment of which Defeasance Securities and money has been deposited with the Trustee in accordance with the Resolution, a letter or other written report verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a brief summary of certain provisions of the Loan Agreement. Such summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix D or in the Body of this Official Statement.

Representations of the Institution

Due Organization and Authority. The Institution is a not-for-profit corporation duly organized and validly existing under the laws of the State, is in good standing under the laws of the State and has full legal right, power and authority to execute, deliver and perform its obligations under each of the Institution Documents (excluding the Preliminary Official Statement and the Official Statement) and the other documents contemplated thereby to which it is a party. Each of the Institution Documents (excluding the Preliminary Official Statement and the Official Statement) and the other documents contemplated thereby to which it is a party has been duly authorized, executed and delivered by the Institution.

Securities Law Status. The Institution is an organization organized and operated: (i) exclusively for educational or charitable purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. The Institution agrees that it shall not perform any act or enter into any agreement which shall adversely affect such status as set forth in clauses (i), (ii) and (iii) of this paragraph.

No Conflicts. Neither the execution and delivery of any of the Institution Documents or the other documents relating to the Bonds or the Obligation expressly contemplated thereby nor the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Institution Documents or the other documents relating to the Bonds or the Obligation expressly contemplated thereby, will conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of any law or ordinance of the State or any political subdivision thereof, the Institution's certificate of incorporation or by-laws, as amended, or any corporate restriction or any agreement or instrument to which the Institution is a party or by which it is bound which would have a material adverse effect on the Institution or the transaction, or result in, except as contemplated by the Institution Documents, the creation or imposition of any Lien of any nature upon any of the Property of the Institution under the terms of any such law, ordinance, charter, by-laws, restriction, agreement or instrument.

No Litigation. There is no action, suit, investigation or proceeding pending or, to the knowledge of the Institution, threatened against the Institution or any properties or rights of the Institution before any court, arbitrator or administrative or governmental body which might result in any materially adverse change in the business, condition or operations of the Institution or which might materially adversely affect the ability of the Institution to comply with the Loan Agreement or other Institution Documents.

Compliance with Governmental Requirements. The design, construction, renovation, equipping and operation of the Project and any contracts and agreements relating thereto do conform or will conform with all applicable Governmental Requirements.

Enforceability. Each of the Institution Documents (other than the Preliminary Official Statement and the Official Statement) and the other documents contemplated thereby to which the Institution is a party constitutes a valid and binding obligation of the Institution enforceable against the Institution in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditor's rights generally, and subject to general principles of equity.

Warranty of Title. The Institution warrants and represents to the Issuer that (i) it has good and marketable title to the Project, free and clear of Liens and encumbrances, other than Permitted Liens, so as to permit it to have quiet enjoyment and use thereof for purposes of the Loan Agreement and the Institution's programs and (ii) the

Institution has such rights of way, easements or other rights in land as may be reasonably necessary for ingress and egress to and from the Project for proper operation and utilization of the Project and for utilities required to serve the Project, together with such rights of way, easements or other rights in, to and over land as may be necessary for construction by the Institution of the Project.

(Section 2.2)

Covenants of the Institution

Operation of the Project. The Institution shall continue to be duly authorized to do business in the State and will operate or cause the Members of the Obligated Group, as applicable, to operate all portions of the Project (to the extent financed or refinanced with proceeds of the Bonds) as a health care facility or health care facilities throughout the term of this Agreement.

Maintenance of Corporate Existence. The Institution shall maintain its corporate existence, will continue to operate as a not-for-profit organization, shall obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditations as may be necessary for the continued operation of the Institution as a not-for-profit organization providing such programs and services as it may from time to time determine, shall not dissolve or otherwise dispose of all or substantially all of its assets and shall not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, however, that if no Event of Default shall be continuing and prior written approval shall have been obtained from the Commissioner of Health, then, upon prior written notice to the Issuer, the Institution may (i) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies under Section 501(c)(3) of the Code, or any successor provision of federal income tax law, or (ii) permit one or more corporations or any other organization to consolidate with or merge into it, or (iii) acquire all or substantially all of the assets of one or more corporations or any other organization; provided, further, that in each case (a) the Institution provides a Favorable Opinion of Bond Counsel addressed to the Issuer and the Trustee relating to any such sale, transfer, consolidation, merger or acquisition, (b) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and qualified under Section 501(c)(3) of the Code or any successor provision of federal income tax law, and (c) the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of and restrictions on the Institution under the Loan Agreement and under the Institution Documents, furnishes to the Issuer a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation shall be in compliance with applicable laws, rules and regulations and each of the provisions of the Loan Agreement and shall meet the requirements of the Act and furnishes such other certificates and documents as the Issuer may reasonably request. In addition to the foregoing, any sale, transfer, consolidation, merger or acquisition or any change in the operator or in the control of the Institution shall be subject to and shall be accomplished in compliance with applicable provisions of the New York State Public Health Law and regulations of the Department of Health.

Limitation on Agreements. Except as expressly permitted by the Loan Agreement, by the Master Indenture or by the Resolution, the Institution shall not enter into any contracts or agreements or perform any act which may materially and adversely affect any of the assurances, interests or rights of the Issuer or the Bondholders under the Loan Agreement or under the Resolution.

Restriction on Religious Use. With respect to the Project or any portion thereof, so long as any of the Bonds are outstanding, the Project or portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination.

Sale of the Project. The Institution shall not, nor shall it permit the Members to, transfer, sell or convey any interest in the Project or any part thereof or interest therein, including development rights unless the Institution provides a Favorable Opinion of Bond Counsel addressed to the Issuer and the Trustee relating to such action.

(Section 2.3)

Financing and Refinancing of Project

The Institution agrees, and covenants and warrants to the Issuer that the proceeds of the Bonds will be used to finance and/or refinance the Costs of the Project and other purposes authorized by the Resolution.

The Institution agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and the Loan Agreement the Institution shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of the Project, substantially in accordance with the documents relating thereto and the description in the Loan Agreement and, if applicable in the Official Statement or other offering document. The Issuer makes no representation, express or implied, that the net proceeds of the Bonds will be sufficient to pay all costs to complete the Project. In the event that the moneys in the Construction Fund are not sufficient to pay in full all costs of the Project, the Institution agrees to pay all such sums as may be in excess of the moneys available therefor and necessary to complete the Project.

(Section 3.1)

Loan Payments and Other Amounts Payable.

(a) Except to the extent that moneys are available therefor under the Resolution or Loan Agreement, including moneys in the Debt Service Fund (other than moneys required to pay the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the Institution, unconditionally agrees to pay, so long as Bonds are Outstanding from its general funds or any other moneys legally available to it (including moneys from a draw under a Credit Facility or Liquidity Facility, if any, or under a Self-Liquidity Arrangement (as defined in the Certificate of Determination):

(i) On or before the date of delivery of the Bonds, the Issuer Fee agreed to by the Issuer and the Institution in connection with issuance of the Bonds;

(ii) On or before the date of delivery of the Bonds, such amount, if any, as is required, in addition to the proceeds of such Bonds available therefor, to pay the Costs of Issuance of the Bonds, and other costs in connection with the issuance of the Bonds;

(iii) On each Loan Repayment Date, Loan Repayments in the amount determined in the manner set forth in Schedule D;

(iv) On or before any Redemption Date, the amount required to pay the Redemption Price or purchase price of such Bonds, together with the amount of any fees or expenses charged or incurred by the Issuer to effectuate the redemption or defeasance of such Bonds, and, with respect to any Variable Interest Rate Bonds, on the Business Day on which any tendered Bonds which have not been remarketed pursuant to the Certificate of Determination are to be purchased, an amount equal to the Purchase Price of such Bonds; *provided, however*, the payment of the Redemption Price of Bonds called for redemption shall not be required in the event any conditions specified in the notice of redemption given as provided under the Resolution have not been satisfied on or before the Redemption Date and as a result thereof the Bonds will not redeemed;

(v) On December 10 of each Bond Year one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with the Bonds, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; provided, however, that the Annual Administrative Fee with respect to the Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to the Bonds multiplied by a fraction the numerator of which is the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);

(vi) Promptly upon demand by the Issuer or the Trustee, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Tax-Exempt Bonds or otherwise available therefor under the Resolution and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds;

(vii) Promptly after notice from the Issuer, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Issuer (A) for the Issuer Fee then unpaid, (B) to reimburse the Issuer for payments made by it pursuant to paragraph (h) below and any expenses or liabilities incurred by the Issuer pursuant to the Loan Agreement, (C) to reimburse the Issuer for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of a Project, including but not limited to any fees or other amounts payable by the Issuer under a Remarketing Agreement, a Credit Facility or a Liquidity Facility, (D) for the costs and expenses incurred by the Issuer to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of the Resolution, the Master Indenture and the Obligation in accordance with the terms thereof and (E) for the fees and expenses of the Trustee and any paying agent in connection with performance of their duties under the Resolution; and,

(viii) Promptly upon demand by the Trustee, (a copy of which shall be furnished to the Issuer), all amounts required to be paid by the Institution as a result of an acceleration pursuant to the Loan Agreement.

(b) In addition to the Loan Payments pursuant to Section 4.2(a) of the Loan Agreement throughout the Loan Term, the Institution shall pay to the Issuer as additional loan payments, within fifteen (15) days of the receipt of demand therefor, an amount equal to the sum of the out-of-pocket expenses of the Issuer and the members thereof actually incurred (i) by reason of the Issuer's financing of the Project, or (ii) in connection with the carrying out of the Issuer's duties and obligations under the Issuer Documents, the payment of which is not otherwise provided for under the Loan Agreement; or (iii) on account of any payments made by the Issuer for the purpose of fulfilling the Institution's obligations under the Loan Agreement, including, but not limited to, payments made pursuant to the Loan Agreement for taxes, insurance premiums or other similar charges.

(c) In addition, the Institution shall pay as additional loan payments within fifteen (15) days after receipt of a written demand therefor the Ordinary Expenses and Extraordinary Expenses payable to the Trustee pursuant to and under the Resolution, including in its capacity as tender agent, if applicable, under the provisions of the Certificate of Determination delivered in connection with the Bonds.

(d) Subject to the provisions of the Loan Agreement and of the Resolution, the Institution shall receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to paragraph (a)(iii) above on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through any Sinking Fund Installments during the next succeeding Bond Year, either (i) the Institution delivers to the Trustee for cancellation one or more Bonds and maturity to be so redeemed or (ii) the Trustee, at the written direction of the Issuer, has purchased one or more Bonds of the maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

(e) The Issuer directs the Institution, and the Institution agrees, to make the payments required by paragraphs (a)(iii), (a)(iv), (a)(vi), and (a)(viii) above directly to the Trustee for deposit and application in accordance with the Resolution, the payments required by paragraphs (a)(ii) and (a)(vii)(E) above directly to the Trustee for deposit in the Construction Fund or other fund established under the Resolution, as directed by the Issuer, and the payments required by paragraphs (a)(i), (a)(v), (a)(vii)(A), (B), (C) and (D) of above and paragraph (b) above directly to the Issuer.

(f) Notwithstanding any provisions in the Loan Agreement to the contrary (except as otherwise specifically provided for in this subdivision), all moneys paid by the Institution to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee (other than moneys received by the Trustee pursuant to paragraphs

(a)(ii) (a)(vi) and (a)(vii)(E)) above shall be applied in reduction of the Institution's indebtedness to the Issuer under the Loan Agreement first, with respect to interest and, then, with respect to the principal amount of such indebtedness, but only to the extent that, with respect to interest on such indebtedness, such moneys are applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such moneys have been applied to, or are held for, payments in reduction of the principal amount of Outstanding Bonds and as a result thereof Bonds have been paid or deemed to have been paid in accordance with the Resolution. Except as otherwise provided in the Resolution and the preceding sentence of this paragraph (f), the Trustee shall hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of Bonds, regardless of the actual due date or applicable payment date of any payment to the Holders of Bonds.

(g) The Issuer, for the convenience of the Institution, may, in its sole discretion, furnish to the Institution statements of the due date, purpose and amount of payments to be made pursuant to the Loan Agreement. Neither the failure to furnish such statements nor any error contained in such statements shall excuse non-payment of the amounts payable under the Loan Agreement at the time and in the manner provided by the Loan Agreement.

(h) The Issuer shall have the right in its sole discretion to make on behalf of the Institution any payment required pursuant to the provisions under this heading which has not been made by the Institution when due. No such payment by the Issuer shall limit, impair or otherwise affect the rights of the Issuer under the Loan Agreement arising out of the Institution's failure to make such payment and no payment by the Issuer shall be construed to be a waiver of any such right or of the obligation of the Institution to make such payment.

(i) The Institution agrees that it shall also be obligated to make all payments when due on the Obligation to the Trustee as holder of the Obligation, and that the holder shall be entitled to so receive all payments when due on the Obligation, it being the intention of the parties to the Loan Agreement that the Obligation and the Loan Agreement are separate (but not duplicative) obligations of the Institution (and, to the extent provided in the Obligation, of the Obligated Group), that payments by the Institution (or the Obligated Group) to the Trustee pursuant to the Obligation shall serve as a credit against amounts due from the Institution to the Issuer pursuant to the Loan Agreement with regard to the Bonds and that payments by the Institution to or upon the order of the Issuer pursuant to the Loan Agreement shall serve as a credit against respective amounts due from the Institution (or the Obligated Group) to the Trustee pursuant to the Obligation.

(Section 4.2)

Maintenance and Modifications of the Project by the Institution

(a) The Institution agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Project in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and safe condition and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Project may be properly and advantageously conducted. The Institution shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Project which may have been financed by the proceeds of the sale of the Bonds provided that such fixtures, furnishings and equipment continue to be used for purposes permitted under the Tax Certificate or as otherwise permitted in a Favorable Opinion of Bond Counsel delivered by the Institution to the Issuer and the Trustee, and provided further that, unless otherwise approved by the Issuer and the Department of Health (for those portions of the Project subject to the review of the Department of Health) or as provided below, the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced. With regard to equipment, furniture and fixtures that have not been financed by the proceeds of the Tax-Exempt Bonds, the Institution may convey any such equipment, furniture and fixtures outside of the Obligated Group if permitted by the Master Indenture. The Institution, if permitted in the Master Indenture, subject to compliance with all applicable Governmental Requirements, may transfer any equipment, furniture and fixtures at any time to Members or non-members of the Obligated Group. Notwithstanding the foregoing, in all cases such transfers may be made only if they will not adversely affect the tax-exempt status of the Tax-Exempt Bonds.

(b) A Project may be amended by the Institution upon compliance with Governmental Requirements and with the prior written consent of an Authorized Officer of the Issuer and the Department of Health (to the extent the portion of the Project to be amended is subject to Department of Health review) to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, improving, or otherwise providing, furnishing and equipping of a Project which the Issuer is authorized to undertake.

(c) The Institution covenants that it shall not close or permit the closure of any facility of the Obligated Group that at the time of closure constitutes core Health Care Facilities of the Obligated Group as defined and described in the Master Indenture, without prior notice to the Issuer and compliance with all Governmental Requirements in connection with such closure.

(d) No documents shall be entered into or amended after the date of execution of the Loan Agreement that (1) implement a material modification, addition or amendment to the Project, or (2) involve a change order materially affecting the scope or nature of a Project or (3) where the cost of implementing the change to the Project exceeds \$5,000,000; in each case without the prior written approval of an Authorized Officer of the Department of Health (for those portions of the Project subject to the review of the Department of Health), which approval shall not be unreasonably withheld. The Institution agrees to furnish or cause to be furnished to the Issuer copies of all change orders approved by the Institution regardless of amount, upon the request of an Authorized Officer of the Issuer therefor. Notwithstanding the foregoing provisions of this paragraph (d), the parties to the Loan Agreement agree that the Project was completed prior to the issuance of the Bonds and, therefore, the provisions of this paragraph (d) are inapplicable.

(e) The Institution further agrees that it shall pay at its own expense all extraordinary costs of maintaining, repairing and replacing the Project except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards.

(Section 5.1)

Use and Control of Project

Subject to the rights, duties and remedies of the Issuer under the Loan Agreement and the statutory and regulatory powers of the Department of Health, the Institution or any applicable Member shall have sole and exclusive control and possession of and responsibility for (i) the Project, (ii) the operation of the Project and supervision of the activities conducted therein or in connection with any part thereof and (iii) the maintenance, repair and replacement of the Project; provided, however, that, except as otherwise limited by the Loan Agreement, the foregoing shall not prohibit use of the Project by persons other than the Institution or its patients, staff or employees in furtherance of the Institution's corporate purposes, if such use will not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

(Section 5.2)

Insurance Required

The Institution agrees to maintain or cause to be maintained insurance with insurance companies or by means or self-insurance, of such type, against such risks and in such amounts as are customarily carried by health care facilities located in the State of a nature similar to that of the Institution, which insurance shall include property damage, fire and extended coverage, public liability and property damage liability insurance in amounts estimated to indemnify the reasonably anticipated damage, loss or liability, subject to reasonable deductible provisions. The Institution shall at all times also maintain worker's compensation coverage and disability benefits insurance coverage as required by the laws of the State which may be maintained through self-insurance to the extent permitted by law.

If the Issuer shall so request in writing, the Institution shall provide to the Issuer summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Issuer.

(Section 5.5)

Right of Issuer to Pay Taxes, Insurance Premiums and Other Charges

If the Institution fails (i) to pay any tax that if not paid could become a lien against the Project, together with any fine, penalty, interest or cost which may have been added thereto or become due or been imposed by operation of law for nonpayment thereof, assessment or other governmental charge required to be paid by the Loan Agreement, (ii) to maintain any insurance required to be maintained by the Loan Agreement, (iii) to pay any amount required to be paid by any law or ordinance relating to the use or occupancy of the Project or by any requirement, order or notice of violation thereof issued by any governmental person or (iv) to pay any mechanic's Lien which is recorded or filed against the Project or any part thereof (unless contested or bonded in accordance with the provisions of the Loan Agreement), or (v) to pay any other amount or perform any act under the Loan Agreement required to be paid or performed by the Institution under the Loan Agreement, the Issuer may pay or cause to be paid such tax, assessment or other governmental charge or the premium for such insurance or any such other payment or may perform any such act. No such payment shall be made or act performed by the Issuer until at least thirty (30) days shall have elapsed since written notice shall have been given by the Issuer to the Institution and the Trustee, and in the case of any tax, assessment or governmental charge or the amounts specified in clauses (iii), (iv) and (v) of this paragraph, no such payment shall be made in any event if the Institution is contesting the same in good faith and diligently prosecuting the same unless an Event of Default under the Loan Agreement shall have occurred and be continuing. No such payment by the Issuer shall affect or impair any rights of the Issuer under the Loan Agreement or of the Trustee under the Resolution arising in consequence of such failure by the Institution. The Institution shall, on demand, reimburse the Issuer for any amount so paid or for expenses or costs incurred in the performance of any such act by the Issuer pursuant to the provisions under this heading (which shall include all reasonable legal fees and disbursements), together with interest thereon from the date of payment of such amount, expense or cost by the Issuer at the per annum rate of ten percent (10%) and such amount, together with such interest, shall become additional indebtedness secured by the Obligation.

(Section 5.6)

Damage or Condemnation

Any insurance, condemnation or eminent domain proceeds received by the Institution, for damage to, condemnation of or taking by eminent domain of the Project shall, at the Institution's election, either be: (i) applied to the cost of replacing, repairing, rebuilding, restoring or relocating the Project; or (ii) paid to the Trustee for deposit to the Debt Service Fund and applied to the purchase or redemption of Outstanding Bonds; or (iii) used for any other purpose for which the Institution provides a Favorable Opinion of Counsel to the Issuer and the Trustee.

All such repair, replacement, rebuilding, restoration or relocation of the Project (or such portion thereof) shall be effected with due diligence in a good and workmanlike manner in compliance with all applicable legal requirements and shall be promptly and fully paid for by the Institution in accordance with the terms of the applicable contracts.

If any portion of the Project shall be damaged or destroyed (in whole or in part) at any time during the term of the Loan Agreement: (i) there shall be no abatement or reduction in the amounts payable by the Institution under the Loan Agreement (whether or not such portion of the Project is replaced, repaired, rebuilt, restored or relocated); and (ii) the Issuer shall have no obligation to replace, repair, rebuild, restore or relocate the Project or any portion of the Project.

(Section 6.1)

Indemnity By Institution.

To the extent permitted by law, the Institution releases and agrees to hold harmless, defend and indemnify the Issuer and any members, officers, officials, counsel, consultants, agents and employees of the Issuer (each called an "Issuer Indemnified Party" and collectively called the "Issuer Indemnified Parties"), from and against all, and

agrees that the Issuer Indemnified Parties shall not be liable for any (i) liabilities, suits, actions, claims, demands, damages, losses, expenses and costs of every kind and nature resulting from any action taken in accordance with, or permitted by, the Institution Documents, the Resolution or any other Issuer Documents, or arising therefrom or incurred by reason thereof or arising from or incurred by reason of the financing of the Project (but excluding any loss, damage or liability which may arise as a result of the willful misconduct or intentional misrepresentation of an Issuer Indemnified Party), or (ii) loss or damage to property or any injury to or death of any or all persons that may be occasioned by any cause whatsoever pertaining to the Project or arising by reason of or in connection with the presence on, in or about the premises of such Project of any person; including in each case, without limiting the generality of the foregoing, causes of action and attorneys' fees and other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing and including any loss, damage or liability which may arise as a result of the negligence (but excluding any loss, damage or liability which may arise as a result of the willful misconduct or intentional misrepresentation) of any Issuer Indemnified Party, and to deliver at the request of the Issuer any further instrument or instruments in form satisfactory to the Issuer as in the reasonable judgment of the Issuer may be necessary to effectuate more fully the provisions of this paragraph); *provided, however*, that (i) the indemnity provided in this sentence shall be effective only to the extent of any loss or liability that may be sustained by the Issuer Indemnified Party in excess of net proceeds received by such party from any insurance carried by the Institution with respect to such loss or liability and (ii) the Issuer and the Institution shall each provide waiver of rights of subrogation against the other in any insurance coverage obtained relating to the Project. The indemnity provided for the Issuer by this paragraph shall be in addition to and not limited by any of the provisions of the next succeeding paragraph or of the provisions summarized above under the heading "Right of Issuer to Pay Taxes, Insurance Premiums and Other Charges"; *provided, however*, that, to the extent the Issuer receives indemnification pursuant to such provisions, the Issuer shall not be entitled to additional indemnification pursuant to this paragraph.

The Institution agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Issuer Indemnified Parties against any and all losses, claims, damages, liabilities or expenses whatsoever, joint or several, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) are caused by, arise out of or are based upon any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact in the Official Statement or other offering document (other than any information certified by the Issuer or the underwriters), or any amendment thereof or supplement thereto, relating to the Bonds offered for sale thereby, or caused by, arising out of or based upon any omission or alleged omission from such an official statement, or any amendment thereof or supplement thereto, of any material fact in the Official Statement (other than any information certified by the Issuer or the underwriters) necessary in order to make the statements made therein in the light of the circumstances under which they were made not misleading.

Except as may otherwise be provided in the Loan Agreement or in the Resolution, to the extent permitted by law, the Institution releases and agrees to hold harmless, defend and indemnify the Trustee, including in its capacity as tender agent, if applicable, under the Certificate of Determination, and any members, officers, officials, counsel, consultants, agents and employees of the Trustee (each called a "*Trustee Indemnified Party*" and collectively called the "*Trustee Indemnified Parties*"), from and against all, and agrees that the Trustee Indemnified Parties shall not be liable for any (i) liabilities, suits, actions, claims, demands, damages, losses, expenses and costs of every kind and nature resulting from any action taken in accordance with, or permitted by, the Institution Documents, the Bonds, the Resolution and the Certificate of Determination, or arising therefrom or incurred by reason thereof, or arising from or incurred by reason of the Issuer's financing of the Project (but excluding any loss, damage or liability which may arise as a result of the negligence, misconduct or misrepresentation of a Trustee Indemnified Party), or (ii) loss or damage to property or any injury to or death of any or all persons that may be occasioned by any cause whatsoever pertaining to the Project or arising by reason of or in connection with the presence on, in or about the premises of such Project of any person; including in each case, without limiting the generality of the foregoing, causes of action and attorneys' fees and other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing (but excluding any loss, damage or liability which may arise as a result of the negligence, misconduct or misrepresentation of any Trustee Indemnified Party), and to deliver at the request of the Issuer or the Trustee any further instrument or instruments in form satisfactory to the Issuer and the Trustee as in the reasonable judgment of the Issuer and the Trustee may be necessary to effectuate more fully the provisions of this paragraph; *provided, however*, that (i) the indemnity provided in this sentence shall be effective only to the extent of any loss or liability that may be sustained by the Trustee Indemnified Party in excess of net proceeds received by such party from any insurance carried by the Institution with respect to such loss or liability

and (ii) the Trustee and the Institution shall each provide waiver of rights of subrogation against the other in any insurance coverage obtained relating to the Project.

In case any action shall be brought in respect of which indemnity may be sought against the Institution pursuant to the Loan Agreement, any person seeking indemnity under the Loan Agreement shall promptly notify the Institution in writing, and the Institution shall promptly assume the defense thereof, including the employment of counsel and the payment of all expenses; *provided, however*, that the Institution shall have the right to negotiate and consent to settlement and that it shall be the duty of such person to cooperate with the Institution in asserting such defense and in reaching such settlement. Any such person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such person unless the employment of such counsel has been specifically authorized by the Institution. The Institution shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Institution or if there be a final judgment for the plaintiff in any such action with or without the Institution's consent, the Institution agrees to indemnify and hold harmless such person from and against any loss or liability by reason of such settlement or judgment in accordance with the Loan Agreement.

In the event that the Issuer is notified in writing that the Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Institution. In the event that the Institution is notified in writing that the Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Issuer. Upon the occurrence of such an event, the Institution and the Issuer shall fully cooperate with one another and participate in all aspects of the conduct of the response thereto. The Institution shall be responsible for the payment of all costs incurred by the Issuer (including, but not limited to, attorneys and other professional fees) in connection with any such investigation.

(Section 7.6)

Tax Matters

The Institution represents and warrants that (i) it is an organization described in Section 501(c)(3) of the Code and it is not a "private foundation" as defined in Section 509 of the Code; (ii) it has received letters from the Internal Revenue Service to that effect; (iii) such letters have not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letters; (v) the facts and circumstances which form the basis of such letters continue substantially to exist as represented to the Internal Revenue Service; (vi) it is not aware of any action, pending or threatened, that calls its status as represented in clause (i) into question; and (vii) it is exempt from federal income taxes under Section 501(a) of the Code.

The Institution covenants and agrees that it shall not perform any act or enter into any agreement or omit to take any action that would adversely affect its status as an organization described in Section 501(c)(3) of the Code and shall conduct its operations in a manner which conforms to the standards necessary to qualify the Institution as a charitable organization within the meaning of Section 501(c)(3) of the Code or any successor provisions of federal income tax law.

The Issuer and the Institution covenant that they (i) will comply with the provisions of the Code required to preserve the exclusion from gross income of interest on the Tax-Exempt Bonds for Federal income tax purposes, and (ii) shall not take or omit to take any action if such action or omission would cause the interest in the Tax-Exempt Bonds to be includable in gross income under Section 103 of Code.

Partly in furtherance of the foregoing, the Issuer and the Institution are entering into a Tax Certificate with respect to matters of federal tax law pertaining to the Tax-Exempt Bonds. The Tax Certificate, including the amendment provisions thereof, will be treated as incorporated by reference in the Loan Agreement. The Issuer and the Institution each covenant that it will not take any action or fail to take any action which would cause any of its representations contained in the Tax Certificate to be untrue and shall comply with all its covenants contained in the Tax Certificate, unless the Issuer or the Institution, as applicable, provides the other party with a Favorable Opinion of Bond Counsel relating to the taking or failing to take such action or the failing to comply with its covenants under the Tax Certificate.

Except with a Favorable Opinion of Bond Counsel addressed to the Issuer and the Trustee, neither the Institution nor any related party to the Institution (as defined in Treas. Reg. § 1.150-1(b)) shall purchase any of the Tax-Exempt Bonds in an amount related to the obligation represented by the Loan Agreement.

The Institution shall engage a rebate analyst to calculate rebate amount and shall retain in the Institution's possession, so long as required by the Code, copies of all documents, reports and computations made by the rebate analyst in connection with the calculation of earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the Issuer and its agents and representatives, any of whom may make copies thereof. Upon written request therefor from the Issuer, the Institution shall as soon as practicable provide the Issuer with a copy of any such document, report or computation. The Institution shall also provide the Issuer with a copy of all documents or reports to be filed with the Department of Treasury of the United States of America relating to the rebate of earnings and absent manifest error, the Issuer agrees to execute and to file the necessary forms with the Department of Treasury of the United States of America.

The provisions above shall survive the termination of the Loan Agreement or defeasance of the Bonds.

(Section 8)

Events of Default and Remedies

(a) As used in the Loan Agreement the term "Event of Default" shall mean:

(i) the Institution shall default in the timely payment of any amount payable pursuant to the Loan Agreement or the payment of any other amounts required to be delivered or paid by on or behalf of the Institution in accordance with the Loan Agreement and with the Resolution, and (A) with respect to a payment required by paragraph (iii) or (viii) of Section 4.2(a) of the Loan Agreement, such default continues for two (2) Business Days, or (B) other than with respect to a payment required by paragraph (iii) or (viii) of Section 4.2(a) of the Loan Agreement or a payment required by paragraph (iv) of Section 4.2(a) for which there shall be no cure period, such default continues for seven (7) days; or

(ii) the Institution defaults in the due and punctual performance of any other covenant contained in the Loan Agreement (other than those designated in subparagraph (i) above) or breaches any representation made in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Institution by the Issuer or the Trustee; provided, however, that, if in the determination of the Issuer such default cannot be corrected within such thirty (30) day period through commercially reasonable efforts but can be corrected by appropriate action, it shall not constitute an Event of Default if corrective action is instituted by the Institution within such period and is diligently pursued until the default is corrected; or

(iii) as a result of any default in payment or performance required of the Institution under the Loan Agreement or any Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Issuer shall be in default in the payment or performance of any of its obligations under the Resolution or an "event of default" (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee, a provider of a Credit Facility or Liquidity Facility, or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof; or

(iv) the Obligated Group shall be in default under the Master Indenture or under the Obligation, and in either case such default continues beyond any applicable grace period; or

(v) the certificate of incorporation of the Institution or any license necessary to operate the Project shall be suspended or revoked; or

(vi) ,except as may be necessary in connection with a permitted sale, transfer, consolidation, merger, change in operator or control of the Institution pursuant to Section 2.3(c) of the Loan Agreement, (A) the Institution shall file a petition to dissolve the Institution with the Secretary of State of the State of New York, the Department of Health, the legislature of the State, the Attorney General of the State or other governmental authority having jurisdiction over the Institution; or (B) an order of dissolution of the Institution shall be made by the State, the legislature of the State or other governmental authority having jurisdiction over the Institution, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days.

(b) Upon the occurrence of an Event of Default the Issuer may take any one or more of the following actions:

(i) declare all sums payable by the Institution under the Loan Agreement or under the Obligation immediately due and payable, to the extent permitted under the Master Indenture;

(ii) withhold any and all payments, advances and reimbursements from the proceeds of Bonds or the Construction Fund or otherwise to which the Institution may otherwise be entitled under the Loan Agreement and apply any such proceeds or moneys for such purposes as are authorized by the Resolution; or

(iii) maintain an action against the Institution under the Loan Agreement to recover any sums payable by the Institution or to require its compliance with the terms of the Loan Agreement; or exercise any rights as the holder of an Obligation under the Master Indenture; or

(iv) take any action necessary to enable the Issuer to realize on its Liens under the Loan Agreement or by law, and any other action or proceeding permitted by the terms of the Loan Agreement or by law.

(c) All rights and remedies in the Loan Agreement given or granted to the Issuer are cumulative, non-exclusive and in addition to any and all rights and remedies that the Issuer may have or may be given by reason of any law, statute, ordinance or in equity or otherwise, and no failure to exercise or delay in exercising any remedy shall effect a waiver of the Issuer's right to exercise such remedy thereafter, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

(d) At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement the Issuer may annul any declaration made or action taken pursuant to paragraph (b) above and its consequences if such Events of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

Notwithstanding any assignment of the Loan Agreement to the Trustee, the Issuer reserves the right to direct the Trustee to take any actions authorized by clauses (ii) (iii) and (iv) of paragraph (b) above as shall be necessary to enforce the Issuer's Unassigned Rights.

(Section 9.1)

Termination

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Institution shall have been made or provision made for the payment thereof; provided, however, that certain Sections of the Loan Agreement and the liabilities and the obligations of the Institution to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to certain provisions of the Loan Agreement shall nevertheless survive any such termination. Upon such termination, an Authorized Officer of the Issuer shall deliver such documents as may be reasonably requested by the Institution to evidence such termination and the discharge of its duties under,

the Loan Agreement and the release or surrender of any security interests granted by the Institution to the Issuer pursuant to the Loan Agreement.

(Section 10.1)

Amendments, Changes and Modifications

The Loan Agreement may be amended only in accordance with the Resolution and each amendment shall be made by an instrument in writing signed by an Authorized Officer of the Institution and the Issuer, an executed counterpart of which shall be filed with the Trustee; provided however, that no amendment or waiver of any provisions of the Loan Agreement may be made without the prior written consent of the Commissioner of Health.

(Section 11.4)

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution pertaining to the Series 2023 Bonds. This summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. The headings below are not part of the Resolution but have been added for ease of reference only. Defined terms used herein shall have the meanings ascribed to them in Appendix D or in the body of this Official Statement.

Resolution and Bonds Constitute a Contract

With respect to each Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution and under a Series Resolution by those who shall hold or own the same from time to time, the Resolution shall be deemed to be and shall constitute a contract among the Issuer, the Trustee and the Holders from time to time of such Bonds, and the pledge and assignment to the Trustee made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Issuer shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds of that Series, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any such Bonds of that Series over any other Bonds of that Series except as expressly provided in or permitted by the Resolution.

(Section 2.2)

Pledge of Resolution

The proceeds from the sale of the Bonds of a Series, the Revenues, the Series Resolution authorizing the issuance of such Series of Bonds (other than Unassigned Rights), and, except as otherwise provided in the Resolution, all funds and accounts established by or pursuant to such Series Resolution are pledged under the Resolution and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on the Bonds of such Series and as security for the performance of any other obligation of the Issuer under the Resolution and under the Series Resolution authorizing the issuance of such Series of Bonds, all in accordance with the provisions of the Resolution and the Series Resolution.

The pledges made by the Resolution are valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, and all funds and accounts established by or pursuant to any Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Series shall be special limited obligations of the Issuer payable solely from and secured by a pledge of the proceeds from the sale of the Bonds of such Series, the Revenues, and all the funds and accounts established by or pursuant to the Series Resolution authorizing the issuance of the Bonds of such Series which are pledged by the Resolution as provided therein.

The Bonds of each Series shall be separately secured one from another by the Loan Agreement entered into in connection with a particular Series of Bonds and the Revenues derived from such Loan Agreement and the applicable Obligation, and only the Bonds of the Series in connection with which such Loan Agreement was entered into shall be secured by such Loan Agreement except as otherwise expressly permitted by the Resolution or the Series Resolution or Certificate of Determination relating to such Series and by the terms of the applicable Loan Agreement.

(Section 2.3)

Assignment of Rights and Remedies to Trustee

As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds of a Series and for the performance of each other obligation of the Issuer under the Resolution and for the performance of each other obligation of an Institution thereunder, under the Resolution the Issuer grants, pledges and assigns to the Trustee, all of the Issuer's estate, right, title, interest and claim in, to and under the related Loan Agreement (other than the Unassigned Rights and the related Obligation, together with all rights, powers, security interests, privileges, options and other benefits of the Issuer under such Loan Agreement and such Obligation, including, without limitation, the immediate and continuing right to receive, enforce and collect (and

to apply the same in accordance with the Resolution) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Issuer under such Loan Agreement and such Obligation, including without limitation the right to declare the indebtedness under such Loan Agreement and such Obligation immediately due and payable and to maintain an action to realize upon any collateral securing such Obligation, and the right to make all waivers and agreements in the name and on behalf of the Issuer, as Trustee for the benefit of the Bondholders, and to perform all other necessary and appropriate acts under such Loan Agreement and such Obligation. Such assignment shall be made by the execution and delivery to the Trustee of documents of assignment in form and substance reasonably acceptable to the Trustee. The Trustee shall accept such grant, pledge and assignment which acceptance shall be evidenced in writing and signed by an Authorized Officer of the Trustee in form and substance reasonably satisfactory to the Issuer.

Notwithstanding anything to the contrary in the Resolution or in the related Loan Agreement or the related Obligation, the Issuer shall have no obligation to and instead the Trustee, in accordance with the Resolution or such Loan Agreement, shall have the right, without any direction from or action by the Issuer, to take any and all steps, actions and proceedings, to enforce any or all rights of the Issuer under the Resolution, such Loan Agreement (other than the Issuer's Unassigned Rights) and such Obligation, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the related Institution under such Loan Agreement and the Obligated Group under such Obligation.

(Section 2.4)

Additional Obligations

The Issuer reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Issuer, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as permitted by the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien created by the Resolution, or prior or equal to the rights of the Issuer and Holders of Bonds as provided by the Resolution. Notwithstanding anything in the Resolution to the contrary, the Issuer may issue bonds, notes or any other obligations pursuant to another resolution for the benefit of any of the Members of the Obligated Group and such bonds, notes or other obligations may be secured as parity obligations under the Master Indenture with the Bonds issued pursuant to the Resolution.

(Section 3.5)

Establishment of Funds and Accounts

The following funds shall be established by the applicable Series Resolution in accordance with the Resolution, which funds shall be for the sole benefit of and solely secure the Series of Bonds authorized by such Series Resolution:

- Construction Fund, if any;
- Debt Service Fund; and
- Debt Service Reserve Fund, if any.

The Issuer is authorized in connection with the issuance of a Series of Bonds to establish such other funds, together with accounts and subaccounts established within such funds, in connection with such Series of Bonds as the Issuer or the Trustee deems proper, necessary or desirable. In addition to the funds and accounts required to be established by or pursuant to each Series Resolution, the Resolution establishes an Arbitrage Rebate Fund to be held by the Trustee as custodian for the Issuer, which fund is not pledged to the payment of any Bonds.

All money at any time deposited in any such fund, account or subaccount created and pledged by the Resolution shall be held in trust for the benefit of the Holders of the Outstanding Bonds secured thereby, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution or in the applicable Series Resolution. Notwithstanding the foregoing provisions and except as otherwise provided in the Series Resolution or Certificate of Determination relating to such Series of Bonds, (i) the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the Certificate of Determination relating to such Bonds or derived from a Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds and are pledged for the payment of the purchase price of such Option Bonds, and (ii) any fund or account established by or pursuant to such Series Resolution for repayment of advances made under a Liquidity Facility for payment of the purchase price of Option Bonds, shall not

be held in trust for the benefit of the Holders of Bonds other than such Option Bonds, and may be pledged to the provider of such Liquidity Facility.

(Section 6.1)

Application of Moneys in the Construction Fund

As soon as practicable after the delivery of a Series of Bonds, the Trustee shall deposit in the Construction Fund established in connection with such Series of Bonds, if any, the amount required to be deposited therein pursuant to the Resolution. In addition, the Trustee shall deposit in such Construction Fund all amounts paid by the applicable Institution which by the terms of the Loan Agreement executed in connection with such Series of Bonds are required to be deposited therein for the acquisition, construction, reconstruction, renovation or equipment of any Project, including the proceeds of any insurance of condemnation award to be so applied.

Except as otherwise provided in the Resolution and in any applicable Series Resolution or Certificate of Determination, money deposited in a Construction Fund shall be used only to pay the Costs of Issuance of the Series of Bonds in connection with which such Construction Fund was established and the Costs of the Project for which such Construction Fund was established.

Payments for Costs of Issuance shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by the Issuer stating the names of the payees and the respective amounts of each such payment. Payments for the Costs of the Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Issuer, each substantiated by a certificate filed with the Issuer signed by an Authorized Officer of the applicable Institution stating that amounts were incurred or expended on Costs of the Project, except that payments to pay interest on Bonds shall be made by the Trustee upon receipt of, and in accordance with, the direction of the Issuer directing the Trustee to transfer such amount from the Construction Fund to the applicable Debt Service Fund.

Upon receipt by the Trustee of a certificate of completion signed by an Authorized Officer of the applicable Institution in the form set forth in the Loan Agreement (which certificate shall not be required if no money is remaining in the Construction Fund), the money then remaining in the Construction Fund, after making provision in accordance with the direction of the Issuer for the payment of any Costs of Issuance and Costs of the Project then unpaid, shall be paid or applied by the Trustee as follows and in the following order of priority: first: upon the direction of an Authorized Officer of the Issuer, to the Arbitrage Rebate Fund, the amount set forth in such direction; second: to restore the Debt Service Reserve Fund (if any) to the Debt Service Reserve Fund Requirement; and third: to the applicable Debt Service Fund, to be applied in accordance with the Resolution, any balance remaining.

(Section 6.3)

Enforcement of Obligation; Deposit and Allocation of Revenues

To the extent an applicable Institution fails to make any timely payment with respect to a Series of Bonds under the Loan Agreement executed in connection with such Series of Bonds, which payment would constitute a credit for payment of the related Obligation in accordance with the terms thereof, the Trustee shall promptly make demand for payment under such Obligation in accordance with the terms thereof.

All Revenues (including all payments received under the applicable Loan Agreement, the Master Indenture, an applicable Supplemental Indenture and the applicable Obligations), and any other money required by any of the provisions of a Loan Agreement to be paid to the Trustee shall, upon receipt thereof, be deposited or paid by the Trustee to the applicable Debt Service Fund except for the following: (i) amounts paid to the Trustee for any of the following purposes: (x) to pay the Costs of Issuance of the Bonds, and other costs in connection with the issuance of the Bonds; (y) to pay amounts required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds; and (z) to pay the fees and expenses of the Trustee in connection with performance of its duties under the Resolution; and (ii) amounts required to be paid by an Institution to the Trustee pursuant to any section of such Loan Agreement that specifically provides for the deposit of such payments into a fund, other than the Debt Service Fund, established under the Resolution or pursuant to the applicable Series Resolution or Certificate of Determination relating thereto.

(Section 6.4)

Debt Service Fund

The Trustee shall pay out of the Debt Service Fund established in connection with Bonds of a Series, when due: (i) the interest due and payable on the Outstanding Bonds of such Series; (ii) the principal due and payable on the Outstanding Bonds of such Series; (iii) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on the Outstanding Bonds of such Series; and (iv) in connection with the optional redemption of Bonds of a Series pursuant to the Resolution and subject to the satisfaction of any conditions contained in the notice of redemption given pursuant to the Resolution, the Redemption Price, together with interest accrued and unpaid thereon, on the redemption date.

The Issuer may, at any time subsequent to the first principal payment date of any Bond Year, (or such other date as provided in a Series Resolution or a Certificate of Determination with respect to a Series of Bonds), but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund established in connection with the Bonds of a Series at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds of such Series to be redeemed from such Sinking Fund Installment. In addition, an Institution pursuant to a related Loan Agreement may deliver, at any time subsequent to the first principal payment date of any Bond Year (or such other date as provided in a Series Resolution or a Certificate of Determination with respect to a Series of Bonds), but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, to the Trustee for cancellation one or more Term Bonds of such Series to be so redeemed on such date from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond so delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Issuer. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date; *provided, however*, that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

The Trustee, after making all payments from the Debt Service Fund as provided in the Resolution, shall promptly notify the Issuer and the applicable Institution of any balance of Revenues remaining in the Debt Service Fund on the first day of the next succeeding Bond Year. The balance, if any, of the Revenues then remaining shall be applied in the following order of priority: first, there shall be paid to the Issuer, unless otherwise paid, such amounts as are payable to the Issuer for: (i) all expenditures reasonably and necessarily incurred by the Issuer in connection with the financing of the Project, including expenses incurred by the Issuer to compel full and punctual performance of all the provisions of an applicable Loan Agreement in accordance with the terms thereof, and (ii) any unpaid fees or other amounts payable to the Issuer under the Loan Agreement; but only upon receipt by the Trustee of a certificate signed by the Issuer, stating in reasonable detail the amounts payable to the Issuer pursuant to this paragraph;

second, upon the direction of the Issuer, be paid by the Trustee to such Institution, in the respective amounts set forth in such direction. Any amounts paid to such Institution shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Series Resolution or the applicable Loan Agreement; and

third, be retained in the Debt Service Fund.

(Section 6.5)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by an Institution for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Issuer, money on deposit in any other funds held by the Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions.

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Issuer to make payments to the Department of the Treasury of the United States of America at such times and in such amounts determined to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money in excess of the amount required to be so rebated shall be deposited to any fund or account established under the Resolution in accordance with the written direction of an Authorized Officer of the Issuer.

The amount which may be required by the Code to be rebated to the Department of the Treasury of the United States of America with respect to each Series of Bonds shall be determined as provided in the applicable Loan Agreement and the Issuer shall direct the Trustee to (i) transfer from any other of the funds and accounts held by the Trustee under the Resolution and deposit to the applicable Arbitrage Rebate Fund such amount as the Issuer shall have determined to be necessary in order to enable it to comply with its obligation to rebate money to the Department of the Treasury of the United States of America with respect to each Series of Bonds and (ii) if and to the extent required by the Code, pay out of such Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 6.6)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time the money held in the Debt Service Fund established in connection with a Series of Bonds for the payment of the principal and Sinking Fund Installments of the Bonds of such Series, together with the money held in the Debt Service Reserve Fund, if any, established for such Bonds, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of such Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to the Resolution for the payment of such Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Issuer and the applicable Institution. Upon receipt of such notice, the Issuer may advise such Institution that no further payments on account of principal and interest are due under the Loan Agreement and further (upon the receipt of written instructions from an Authorized Officer of such Institution or the Obligated Group Representative) may (i) direct the Trustee to redeem all such Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Bonds in the manner provided in the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Resolution and make provision for the payment of such Bonds at the maturity or redemption dates thereof in accordance therewith.

(Section 6.7)

Transfer of Investments

Whenever money in any fund or account established under the Resolution is to be paid in accordance with the Resolution to another such fund or account, such payment may be made, in whole or in part, by transferring to such other fund or account investments held as part of the fund or account from which such payment is to be made, whose value, together with the money, if any, to be transferred, is at least equal to the amount of the payment then to be made; ***provided, however***, that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

(Section 6.8)

Security for Deposits

The Trustee shall continuously and fully secure all money held under the Resolution by it for the benefit of the Issuer and the Holders of the Bonds with Permitted Collateral having a market value equal to the amount of money secured thereby; ***provided, however***, (a) that if the securing of such money is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee to give security for the deposit of any money with them pursuant to the Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any money which shall be represented by obligations purchased or other investments made under the provisions of the Resolution as an investment of such money. The Trustee shall include in its monthly report provided pursuant to the Resolution a statement showing the amount of money held by the Trustee pursuant to the Resolution on the date of such report, the Permitted Collateral pledged by the Trustee to secure such amount and market value of such Permitted Collateral on the date of such report.

(Section 7.1)

Investment of Funds and Accounts

Money held under the Resolution by the Trustee, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee, upon direction of the Issuer given or confirmed in writing by the Issuer (which direction shall specify the amount thereof to be so invested), in Government Obligations, Federal Agency Obligations or Exempt Obligations;

provided, however, that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Issuer reasonably believes such money will be required for the purposes thereof.

In lieu of the investments of money in obligations described in the paragraph above, the Trustee shall, to the extent permitted by law, upon direction of the Issuer given or confirmed in writing, invest money in a Construction Fund or Debt Service Reserve Fund in any Permitted Investment; *provided, however*, that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Issuer reasonably believes such money will be required for the purposes of the Resolution, *provided, further*, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Issuer, and (z) the Permitted Collateral shall be free and clear of claims of any other person. Notwithstanding anything in the Resolution to the contrary, any direction of the Issuer given with respect to the investment of money in a Construction Fund pursuant to this paragraph, shall be in consultation with the applicable Institution.

Permitted Investments purchased as an investment of money in any fund or account held by the Trustee under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

In computing the amount in any fund or account held by the Trustee under the provisions of the Resolution, each Permitted Investment shall be valued at par or the market value thereof, plus accrued interest, whichever is lower.

Notwithstanding anything to the contrary in the Resolution, the Issuer, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided therein. Except as provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Issuer and the applicable Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the Resolution. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

No part of the proceeds of any Series of Bonds or any other funds of the Issuer shall be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Bond that is issued as a Tax-Exempt Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

(Section 7.2)

Liability for Investments

Neither the Issuer nor the Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of the Resolution, in the manner provided therein, for any depreciation in value of any such investment, or for any loss, direct or indirect, resulting from any such investment.

(Section 7.3)

Payment of Principal and Interest

Solely and exclusively from the property pledged pursuant to the Resolution, the Issuer shall pay or cause to be paid the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on every Bond of each Series on the dates and in the manner provided in the Bonds according to the true intent and meaning thereof.

(Section 8.1)

Further Assurance

The Issuer, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as

may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, pledges and assignments by the Resolution created or made or intended to be created or made, or which the Issuer may become bound to pledge or assign.

(Section 8.4)

Accounts and Reports

The Trustee, on behalf of the Issuer, shall keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to each Series of Bonds. Such books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Trustee, shall be subject to inspection by the Obligated Group or the applicable Institution, the Issuer or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Issuer, any provider of a Credit Facility and the Obligated Group. Such report shall include at least: a statement of all funds (including investments thereof) held by the Trustee pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with each Series Resolution; and complete and correct entries of the transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

(Section 8.5)

Creation of Liens

Except as permitted by the Resolution with respect to the Revenues, the Issuer shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that securing the Bonds or the proceeds from the sale of the Bonds, the Revenues, the Obligations and the funds and accounts established by the Resolution or pursuant to any Series Resolution; *provided, however*, that nothing contained in the Resolution shall prevent the Issuer from issuing bonds, notes or other obligations or otherwise incurring indebtedness under another and separate resolution or otherwise so long as the charge or lien created by such resolution, except as permitted by the Resolution with respect to the Revenues, is not prior or equal to the charge or lien created by the Resolution.

(Section 8.6)

Enforcement of Duties and Obligations of the Institution; Obligations of the Issuer

The Issuer covenants that, at the written request of the Trustee, it shall take all legally available action to cause an applicable Institution fully to perform all the respective duties and acts and fully to comply with the covenants of such Institution required by the related Loan Agreement in the manner and at the times provided in such Loan Agreement, provided that the Issuer shall be furnished with satisfactory security or indemnity for the reimbursement of all expenses and to protect it against all liability in connection with any such action. None of the provisions of the Resolution shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers thereunder, unless payable from the Revenues, or unless the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby.

The Loan Agreement sets forth covenants and obligations of the Issuer and the applicable Institution, and reference is by the Resolution made to the same for a detailed statement of said covenants and obligations. Notwithstanding anything to the contrary in the Resolution or the Loan Agreement, the Issuer shall have no obligation to and instead the Trustee, in accordance with the Resolution, shall have the right, without further direction from or action by the Issuer, to take any and all steps, actions and proceedings, to enforce any or all rights of the Issuer under the Resolution and the Loan Agreement (other than the Issuer's Unassigned Rights), including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the applicable Institution under such Loan Agreement.

(Section 8.7)

Offices for Payment and Registration of Bonds

The Issuer shall at all times maintain an office or agency in the State where Bonds may be presented for payment, registration, transfer or exchange and the Trustee is appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

(Section 8.9)

Amendment of Loan Agreements

Each Loan Agreement may, without the consent of the Holders of Bonds, be amended, changed, modified, altered or supplemented for any one or more of the following purposes: (i) to add an additional covenant or agreement for the purpose of further securing the payment of the related Institution's obligations under the Loan Agreement that is not contrary to or inconsistent with the covenants and agreements of such Institution contained in the Loan Agreement; (ii) to prescribe further limitations and restrictions upon an applicable Institution's right to incur, issue, assume or guaranty indebtedness that are not contrary to or inconsistent with the Master Indenture or any limitations and restrictions thereon theretofore in effect; (iii) to surrender any right, power or privilege reserved to or conferred upon an applicable Institution, if surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of such Institution contained in the Loan Agreement; (iv) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any Project, to amend the description of any Project or to add an additional Project; (v) to establish, amend or modify the Issuer Fee or the Annual Administrative Fee payable by an applicable Institution in connection with the Bonds of a Series; (vi) to modify an existing loan amortization and repayment schedule as may be necessary or desirable in connection with changes in the interest rate mode applicable to the related Bonds as permitted in the Series Resolution or Certificate of Determination authorizing such Bonds; or (vii) with the prior written consent of the Trustee, to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement or to amend, modify or waive any other provision of the Loan Agreement, provided that the same does not adversely affect the interests of the Bondholders in any material respect.

Notwithstanding the provisions of the paragraph above, the Loan Agreement relating to a Series of Bonds may not be amended, changed, modified, altered or terminated, nor may any provision thereof be waived, without the consent of the Holders of Outstanding Bonds of such Series if such amendment, change, modification, alteration, termination or waiver (i) reduces the amount of Revenues payable by the applicable Institution under such Loan Agreement on any date or delays the date on which payment is to be made or reduces the amount of any payment required to be made under the an Obligation, (ii) modifies the events which constitute Events of Default under such Loan Agreement, (iii) diminishes, limits or conditions the rights or remedies of the Issuer under such Loan Agreement upon the occurrence of an Event of Default thereunder, or (iv) adversely affects the rights of the Bondholders in any material respect.

No amendment, change, modification, alteration, termination or waiver described in the immediately preceding paragraph shall take effect unless the prior written consent of the Holders of at least a majority in principal amount of the Bonds then Outstanding of the affected Series; ***provided, however***, that if such amendment, change, modification, alteration, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified maturity of such Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this provision.

Bonds owned or held by or for the account of the Issuer or an Institution shall not be deemed Outstanding for the purpose of consent, and neither the Issuer nor the applicable Institution shall be entitled with respect to such Bonds to give any such consent. At the time of any consent, the Trustee shall be provided with certificates of the Issuer and such Institution in accordance with the Resolution.

The purchasers of Bonds, whether purchasing as underwriters, remarketing agent or otherwise for resale, may upon such purchase consent to an amendment, change, modification, alteration, termination or waiver permitted by the Resolution in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; ***provided, however***, that, if such consent is given by a purchaser who is purchasing as an underwriter, remarketing agent or otherwise for resale, the nature of the amendment, change, modification, alteration, termination or waiver and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the initial offering, reoffering or resale of the Bonds of such Series.

No amendment, change, modification or termination of a Loan Agreement, or waiver of a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification, alteration or waiver shall become effective unless there has been delivered to the Trustee an opinion of Bond Counsel that any such amendment, change, modification, alteration or waiver complies with the provisions of the Resolution. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee.

A Series shall be deemed to be adversely affected by an amendment, change, modification, alteration or termination of a Loan Agreement or the waiver of any provision thereof if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect, which determination shall be made without regard to the existence of any Credit Facility issued in connection with such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected in any material respect by any amendment, change, modification, alteration, termination or waiver and any such determination shall be binding and conclusive on the applicable Institution, the Members of the Obligated Group, the Issuer and all Holders of Bonds.

The Trustee shall be entitled to rely upon an opinion of counsel or an opinion or report of engineers, accountants or other experts, in each case reasonably satisfactory to the Trustee, with respect to whether any amendment, change, modification, alteration, termination or waiver adversely affects the interests of any Holders of Bonds then Outstanding in any material respect.

(Section 8.10)

General

The Issuer shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Issuer under the provisions of the Resolution in accordance with the terms of such provisions.

Upon the date of issuance of Bonds, all conditions, acts and things required by the statutes of the State and by the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened and have been performed and the issuance of such Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by the laws of the State.

(Section 8.11)

Responsibilities of Trustee

The recitals of fact contained in the Resolution and in each Series Resolution and in the Bonds shall be taken as the statements of the Issuer and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the Resolution, of any Series Resolution or of any Bonds, or in respect of the security afforded by the Resolution or by each Series Resolution, and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any money paid to the Issuer or others in accordance with the Resolution and with each Series Resolution except as to the application of any money paid to it in its capacity as Trustee. The Trustee shall not be liable in connection with the performance of its duties under the Resolution and under each Series Resolution except for its own negligence or default.

The duties and obligations of the Trustee shall be determined by the express provisions of the Resolution and of each Series Resolution and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Resolution and in each Series Resolution. In case an Event of Default has occurred and has not been cured, the Trustee shall exercise such rights and powers vested in it in the Resolution and under each applicable Series Resolution, and use the same degree of care and skill in its exercise as a reasonable and prudent person would use, under the circumstances, in the conduct of his or her own affairs.

The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Resolution or by any Series Resolution.

(Section 9.2)

Property Held in Trust

All money and securities conveyed to or held by the Trustee, except for amounts held in the Arbitrage Rebate Fund, at any time pursuant to the terms of the Resolution and of each Series Resolution shall be and are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of the Resolution and of the applicable Series Resolution.

The Trustee shall hold all money in the Arbitrage Rebate Fund as the agent of the Issuer and shall not disburse amounts therefrom except pursuant to the written instructions of an Authorized Officer of the Issuer.

(Section 9.3)

Evidence on Which the Trustee May Act

The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document reasonably believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be of counsel to the Issuer, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution and under any Series Resolution, such matter (unless other evidence in respect thereof be specifically prescribed by the Resolution) may be deemed to be conclusively proved and established by a certificate signed by an Authorized Officer of the Issuer or, with the permission of the an Authorized Officer of Issuer, signed by an Authorized Officer of the Obligated Group or an applicable Institution. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution and of the Series Resolution upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided in the Resolution and in each Series Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision of the Resolution and of any Series Resolution by the Issuer to the Trustee shall be sufficiently executed if executed in the name of the Issuer by an Authorized Officer.

(Section 9.4)

Compensation

Unless otherwise provided by contract with the Trustee, an applicable Institution, as provided in the related Loan Agreement, shall pay to the Trustee, from time to time, reasonable compensation for all services rendered by it under the Resolution and under the applicable Series Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Resolution and under the applicable Series Resolution. The Trustee shall be entitled to receive and collect such compensation from the Institution as provided in the Loan Agreement and, upon the occurrence of an Event of Default and except as otherwise set forth in a Series Resolution or Certificate of Determination, shall have a lien therefor on any and all funds at any time held by it under the Resolution and under the applicable Series Resolution (other than the Arbitrage Rebate Fund and any fund or account established for the payment of the principal or Redemption Price of or interest on Option Bonds or the purchase price of Option Bonds tendered for purchase) prior to any of the Bonds for which such services have been rendered; ***provided, however***, that the Trustee shall not be entitled to compensation for any expenses, charges, counsel fees or other disbursements incurred in connection with or incident to its resignation or removal as provided in the Resolution. An applicable Institution shall, pursuant to its obligations under the related Loan Agreement, indemnify and save the Trustee harmless against any liabilities which the Trustee may incur in the exercise and performance of its powers and duties under the Resolution and under the Applicable Series Resolution and which are not due to the Trustee's negligence or default. None of the provisions contained in the Resolution or in any Series Resolution shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it. The Trustee shall not be required to take any action pursuant to the Resolution unless and until it shall have been indemnified and saved harmless against any liabilities and all reasonable expenses, charges, counsel fees and other disbursements, including those of the Trustee's attorneys, agents and employees, incurred in connection with or as a result of taking such action.

(Section 9.5)

Permitted Acts

The Trustee may become the owner of or may deal in Bonds as fully and with the same rights as if it were not such Trustee. The Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the Issuer or any committee formed to protect the rights of Holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Resolution or of the Bonds or any Series Resolution whether or not such committee shall represent the Holders of a majority in principal amount of the Outstanding Bonds in respect of which any such action is taken.

(Section 9.6)

Resignation of Trustee

The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations under the Resolution and under each Series Resolution by giving not less than sixty (60) days written notice to the Issuer, any provider of Credit Enhancement and the Obligated Group, which notice shall specify the date when such resignation shall take effect, and, unless otherwise provided in the Resolution, mail to the registered owners of the Bonds a copy of such notice, by first class mail, postage prepaid, at their last known addresses, if any, appearing on the registration books of the Issuer. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed as provided in the Resolution, in which event such resignation shall take effect immediately on the appointment of such successor; *provided, however*, that such resignation shall not take effect until a successor Trustee has been appointed and has accepted such appointment pursuant to the Resolution.

(Section 9.7)

Removal of Trustee

The Trustee, or any successor thereof, may be removed at any time by the Holders of a majority in principal amount of the Outstanding Bonds, excluding any Bonds held by or for the account of the Issuer or an Institution, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to the Issuer. The Trustee, or any successor thereof, may also be removed at any time for cause or any breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with, any provisions of the Resolution or of any Series Resolution with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon application by the Issuer, or the Holders of not less than twenty per centum (20%) in aggregate principal amount of Bonds then Outstanding, excluding any Bonds held by or for the account of the Issuer or an Institution. The Trustee may also be removed at any time, other than during the continuance of an event of default under the Resolution, by the Issuer (which may be at the request of an applicable Institution with the consent of the Obligated Group Representative), by an instrument in writing signed and acknowledged by the Issuer. No removal of the Trustee under the Resolution shall take effect until a successor Trustee has been appointed. A copy of each instrument or order providing for the removal of the Trustee, or any successor thereof, shall be delivered by the Issuer to the Trustee, each provider of Credit Enhancement or such successor thereof and the Obligated Group.

(Section 9.8)

Successor Trustee

In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the Issuer shall forthwith appoint a Trustee, with written notice to Rating Service(s) rating the Bonds then Outstanding, to act as Trustee. Copies of any resolution or other instrument of the Issuer providing for any such appointment shall be delivered by the Issuer to the Trustee so appointed, the predecessor Trustee, any provider of Credit Enhancement and the Obligated Group. The successor Trustee shall: (a) give notice of any such appointment not later than thirty (30) days after such appointment to the registered owner of the Bonds as provided in the Resolution; and (b) submit the notice of its appointment to EMMA.

If in a proper case no appointment of a successor shall be made within forty-five (45) days after the giving of written notice in accordance with the Resolution or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint

such successor. Any successor appointed under the provisions of the Resolution shall be a bank located in the State having trust powers or a trust company organized under the laws of the State or national banking association having trust powers located in the State having a capital and surplus aggregating at least \$100,000,000, if there be such a bank having trust powers or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by the Resolution and by each Series Resolution.

(Section 9.9)

Transfer of Rights and Property to Successor Trustee

Any successor appointed under the provisions of the Resolution shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all money, estates, properties, rights, powers, duties and obligations of its predecessor under the Resolution and under each Series Resolution, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request by the Issuer or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to such successor any money or other properties subject to the trusts and conditions set forth therein. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor for more fully and certainly vesting in and confirming to it any such money, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Issuer.

(Section 9.10)

Merger or Consolidation of the Trustee

Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Trustee may sell or transfer any portion of its corporate trust business, provided such company shall be a bank having trust powers or trust company or national banking association qualified to be a successor to such Trustee under the provisions of the Resolution, shall be the successor to such Trustee, without any further act, deed or conveyance, with respect to the corporate trust business so transferred.

(Section 9.11)

Modification and Amendment Without Consent

Notwithstanding any other provisions of the Resolution, the Issuer may, without the consent of Bondholders and, except in the case of subparagraph (h) below, without the consent of the Trustee, adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes:

- (a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;
- (b) To add additional covenants and agreements of the Issuer for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Resolution;
- (c) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Issuer which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;
- (d) To surrender any right, power or privilege reserved to or conferred upon the Issuer by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Resolution;
- (e) To confirm, as further assurance, any pledge under the Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution or the Master Indenture, of the Revenues, or any pledge of any other money, securities or funds;

(f) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions;

(g) To modify or amend a Project; or

(h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

Any Series Resolutions or Supplemental Resolution adopted pursuant to the provisions summarized above shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Issuer and with respect to any Series Resolution or Supplemental Resolution relating to a Series of Bonds secured by a Credit Facility, providing a written copy thereof to the provider of such Credit Facility.

(Section 10.1)

Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the applicable Bondholders in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by the Issuer. The Trustee shall, upon its becoming effective, transmit a copy of such Supplemental Resolution to the Obligated Group and to each Rating Service rating the affected Bonds then Outstanding.

(Section 10.2)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained in the Resolution shall affect or limit the rights or obligations of the Issuer to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions thereof or the right or obligation of the Issuer to execute and deliver to the Trustee any instrument elsewhere in the Resolution provided or permitted to be delivered to the Trustee.

A copy of every Series Resolution and Supplemental Resolution adopted by the Issuer, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted thereby and is valid and binding upon the Issuer and enforceable in accordance with its terms. The Trustee shall transmit a copy of such Supplemental Resolution to the Obligated Group and with respect to any Series Resolution or Supplemental Resolution relating to a Series of Bonds secured by a Credit Facility, providing a written copy thereof to the provider of such Credit Facility.

The Trustee is authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee shall become effective without the written consent of the Trustee.

(Section 10.3)

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Issuer and of the Holders of the Bonds of a Series under the Resolution, in any particular, may be made by a Supplemental Resolution, with the

written consent given as provided in the Resolution, (i) of the Holders of at least a majority in principal amount of the Bonds of such Series Outstanding at the time such consent is given or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the Resolution section summarized herein, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect.

The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Issuer and all Holders of Bonds; **provided, however**, that such determination shall be made without regard to the existence of any Credit Facility issued in connection with such Bonds.

The Trustee shall be entitled to rely upon an opinion of counsel or an opinion or report of engineers, accountants or other experts, in each case reasonably satisfactory to the Trustee, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment hereof. The Trustee shall transmit a copy of such Supplemental Resolution to the Obligated Group upon its becoming effective.

(Section 11.1)

Consent of Bondholders

The Issuer may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding section to take effect when and as provided in the Resolution. A certified copy of such Supplemental Resolution shall be filed with the Trustee and a notice of such adoption, including the Supplemental Resolution and a statement that such Supplemental Resolution shall not take effect until the required percentages of Bondholders have consented thereto, shall be submitted to EMMA. A copy of such Supplemental Resolution shall, upon receipt of a written request therefor, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same. At the option of the Issuer, a copy of such Supplemental Resolution, together with a request to the Bondholders of a Series of Bonds affected thereby for their consent thereto in form satisfactory to the Trustee, may, unless otherwise provided in the Resolution, be mailed by the Trustee to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution).

Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the Resolution and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Issuer in accordance with the provisions thereof, is authorized or permitted thereby, and is valid and binding upon the Issuer and enforceable in accordance with its terms, and (ii) a notice shall have been given in accordance with the Resolution. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Issuer and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which

may be referred to as a Supplemental Resolution adopted by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Resolution, shall be given to: (1) the Bondholders by the Trustee in accordance with the provisions of the Resolution; and (2) by filing a copy of such notice with EMMA. The Trustee shall prepare a certificate as proof of the giving of such notice as required by the Resolution. A transcript, consisting of the papers required or permitted by the Resolution to be filed with or prepared by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Trustee, and the Holders of all Bonds upon the Trustee's execution of the certificate of proof of the giving of such notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution is rendered in a legal action or equitable proceeding for such purpose commenced within the thirty (30) day period beginning on the date of the Trustee's execution of the proof of giving such notice; **provided, however**, that the Issuer and the Trustee during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

For the purposes of the Resolution, the purchasers of the Bonds of a Series, including those purchasing as underwriters, placement agent or remarketing agent, for resale or otherwise, upon such purchase, may irrevocably consent to a modification or amendment permitted by the Resolution in the manner provided therein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; **provided, however**, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale or as a placement agent, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document (or if there is no such offering document, the purchase or placement agreement, if any) prepared in connection with the primary offering, reoffering, resale or private placement of the Bonds of such Series by the Issuer.

(Section 11.2)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Issuer and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the Issuer of a copy of a Supplemental Resolution certified by an Authorized Officer of the Issuer and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to the Bondholders shall be required.

(Section 11.3)

Trustee to Exercise Powers of Statutory Trustee

The Trustee is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 1686 of the Act which are not inconsistent with the provisions of the Resolution and the right of Bondholders to appoint a trustee pursuant to Section 1686 of the Act is by the Resolution abrogated in accordance with the provisions of subdivision 4(g) of Section 1682 of the Act.

(Section 12.1)

Events of Default

An event of default shall exist under the Resolution and under a Series Resolution (referred to in the Resolution as an "event of default") if with respect to the Bonds of a Series to which the Series Resolution relates:

- (a) Payment of the principal, Sinking Fund Installments or Redemption Price of any Bond of such Series shall not be made by the Issuer when the same shall otherwise become due and payable; or
- (b) Payment of an installment of interest on any Bond of such Series shall not be made by the Issuer when the same shall become due and payable; or
- (c) A Determination of Taxability shall have occurred and be continuing; or
- (d) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in the Bonds of such Series or in any Series Resolution on the part of the Issuer to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the

Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, or if such default is not capable of being cured within thirty (30) days, if the Issuer fails to commence within said thirty (30) days and diligently prosecute the cure thereof; or

(e) An “Event of Default” as defined in a Loan Agreement shall have occurred and be continuing and all sums payable by the applicable Institution under such Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 12.2)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the Resolution, other than an event of default summarized in paragraph (c) of the preceding section, then and in every such case the Trustee may, and, upon the written request of the Holders of not less than fifty per centum (50%) in principal amount of the Outstanding Bonds of each Series shall, by a notice in writing to the Issuer and each Rating Service then rating the Outstanding Bonds of such Series, (i) declare the principal of and interest on all of the Outstanding Bonds of such Series to be immediately due and payable, and (ii) request that the Master Trustee declare the applicable Outstanding Obligations (as defined in the Master Indenture) to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest on all of the Outstanding Bonds of such Series shall become and be immediately due and payable, anything in the Resolution or in a Series Resolution or in the Bonds to the contrary notwithstanding. At any time after the principal of the Bonds of such Series shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than fifty per centum (50%) in principal amount of the Bonds of such Series not then due by their terms and then Outstanding, by written notice to the Issuer, annul such declaration and its consequences if: (i) money shall have accumulated in the Debt Service Funds sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) money shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Issuer under the Resolution and under each applicable Series Resolution (other than principal amounts payable only because of a declaration and acceleration under the Resolution) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in any applicable Series Resolution or in the Bonds of such Series (other than a default in the payment of the principal of such Bonds then due only because of a declaration under the Resolution) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 12.3)

Enforcement of Remedies

Upon the happening and continuance of any Event of Default specified in the Resolution, then and in every such case, the Trustee may proceed, and upon the written request of the Holders of not less than fifty per centum (50%) in principal amount of the Outstanding Bonds of the Series affected by the Resolution, shall proceed (subject to the provisions of the Resolution relating to the compensation of the Trustee) to protect and enforce its rights and the rights of the Bondholders under the Resolution or under any Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under any Series Resolution or in aid or execution of any power granted in the Resolution or in any Series Resolution or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Resolution and under each Series Resolution the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Issuer for principal or interest or otherwise under any of the provisions of the Resolution or of any Series Resolution or of the Bonds of a Series, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolution and under any Series Resolution and under such Bonds, without

prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Issuer but solely as provided in the Resolution, in any Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the money adjudged or decreed to be payable.

(Section 12.4)

Priority of Payment After Default

If at any time the money held by the Trustee under each Series Resolution shall not be sufficient to pay the principal of and interest on the Bonds of the applicable Series as the same become due and payable (either by their terms or by acceleration of maturity), such money together with any money then available or thereafter becoming available for such purpose, whether through exercise of the remedies, shall be applied (after first depositing in the Arbitrage Rebate Fund all amounts required to be deposited therein and then paying all amounts owing to the Trustee under the Resolution) as follows:

(A) Unless the principal of all the Bonds of the applicable Series has become or been declared due and payable, all such money shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all amounts due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) If the principal of all of the Bonds of the applicable Series has become or been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest specified in the Bonds.

Whenever money is to be so applied by the Trustee pursuant to the provisions summarized in this section “Priority of Payment After Default”, such money shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. The setting aside of such money in trust for application in accordance with the provisions summarized in the preceding paragraphs shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Issuer, to any Holder of Bonds or to any other person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions hereof as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be on an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

Amounts held by the Trustee after payments to be made pursuant to the provisions summarized in preceding paragraph shall have been made and no Bonds of the applicable Series are Outstanding shall be paid and applied in accordance with the Resolution.

(Section 12.5)

Bondholders' Direction of Proceeding

Anything in the Resolution to the contrary notwithstanding, the Holders of a majority in principal amount of the Outstanding Bonds of a Series shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution and under each Series Resolution, provided such direction shall be in accordance with law and the provisions of the Resolution and of each Series Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

(Section 12.7)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy under the Resolution and in equity or at law. It is understood and intended that no one or more Holders of the Bonds secured by the Resolution shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution or to enforce any right under the Resolution except in the manner in the Resolution provided, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds. Notwithstanding any other provision of the Resolution, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

(Section 12.8)

Remedies Not Exclusive

No remedy conferred in the Resolution upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute.

(Section 12.10)

Waiver and Non-Waiver of Default

No delay or omission of the Trustee or any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by the Resolution to the Trustee and the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee, upon written request of the Holders of not less than fifty per centum (50%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the Resolution or before the completion of the enforcement of any other remedy under the Resolution.

(Section 12.11)

Notice of Event of Default

The Trustee shall give notice of each event of default under the Resolution known to the Trustee to the Obligated Group and to any provider of a Credit Facility, within five (5) days after knowledge of the occurrence thereof and to the Holders of Bonds within thirty (30) days after knowledge of the occurrence thereof, unless such event of default

shall have been remedied or cured before the giving of such notice; *provided, however*, that, except in the case of default in the payment of the principal, Sinking Fund Installments or Redemption Price of, or interest on, any of the Bonds, the Trustee shall be protected in withholding notice thereof to the Holders of Bonds if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds. Each such notice of event of default shall be given by the Trustee (i) to Bondholders in accordance with the provisions of the Resolution; (ii) by giving written notice thereof to any provider of a Credit Facility and to such other persons as is required by law; and (iii) by filing a copy of such notice with EMMA.

(Section 12.12)

Defeasance

(a) If the Issuer shall pay or cause to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Certificate of Determination, then the pledge of the Revenues or other money and securities pledged to such Bonds and all other rights granted by the Resolution to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Issuer, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Issuer, and all money or securities held by it pursuant to the Resolution and to the applicable Series Resolution which are not required for the payment or redemption of Bonds of such Series shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Issuer; and second, to the Issuer the amount certified by an Authorized Officer of the Issuer to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Issuer or pursuant to any indemnity; and, then, the balance thereof to the applicable Institution. Such money and securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(b) Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subdivision (a) above. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above if:

(1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds;

(2) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities purchased with money the principal of and interest on which when due will provide money which, together with cash, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be;

(3) the Issuer shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, a notice to the Holders of such Bonds in accordance with the provisions of the Resolution that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; and

(4) the Trustee shall have received a Verification Report or other documentation reasonably acceptable to each of the Trustee and the Issuer as to the sufficiency of the cash or Government Obligations on deposit in accordance with the provisions of this subparagraph (b).

The Trustee shall give written notice to each Rating Service then rating said Bonds of the Issuer's selection of the Series and maturity the payment of which is to be made in accordance with the Resolution. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with the Resolution. Neither Defeasance Securities nor money deposited with the Trustee pursuant to the defeasance provisions nor principal or

interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; **provided, however**, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date of the Resolution, as the case may be; **provided, further**, that money and Defeasance Securities may be withdrawn and used by the Issuer for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a Verification Report or other documentation reasonably acceptable to each of the Trustee and the Issuer as to the sufficiency of the cash or Government Obligations being substituted. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Issuer; and second to the Issuer the amount certified by an Authorized Officer of the Issuer to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Issuer or pursuant to any indemnity; and, then, the balance thereof to the applicable Institution. Such money and securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(c) For the purpose of determining whether an Option Bonds shall be deemed to have been paid in accordance with the defeasance provisions, there shall be deposited with the Trustee money in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; **provided, however**, that if, at the time a deposit is made with the Trustee pursuant to paragraph (b) above, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (c). If any portion of the money deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Issuer, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Issuer; second, to the Issuer the amount certified by an Authorized Officer of the Issuer to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Issuer or pursuant to any indemnity; and, then, the balance thereof to the applicable Institution. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(d) For the purpose of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, in accordance with paragraph (b) above, such determination shall be made in accordance with the provisions of the Series Resolution or the Certificate of Determination relating to such Series of Bonds.

(Section 13.1)

APPENDIX G-1

FORM OF MASTER TRUST INDENTURE

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THE NEW YORK AND PRESBYTERIAN HOSPITAL OBLIGATED GROUP

MASTER TRUST INDENTURE

by and between

THE NEW YORK AND PRESBYTERIAN HOSPITAL

and

TD BANK, N.A.,

as Master Trustee

Dated as of January 1, 2015

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THIS MASTER TRUST INDENTURE, dated for convenience of reference as of the first day of January, 2015, by and between The New York and Presbyterian Hospital, a New York not-for-profit corporation (the "Hospital"), and TD Bank, N.A., a national banking association and being duly qualified to accept and administer the trusts created hereby, as (the "Master Trustee").

WITNESSETH:

WHEREAS, the Hospital is authorized and deems it necessary and desirable to enter into this Master Trust Indenture for the purpose of (i) providing for the issuance from time to time of Obligations (as defined herein) to finance or refinance health care facilities or for other lawful and proper corporate purposes and (ii) forming an Obligated Group, of which the Hospital shall initially be the sole Member; and

WHEREAS, all acts and things necessary to constitute this Master Trust Indenture a valid indenture and agreement according to its terms have been done and performed, the Hospital has duly authorized the execution and delivery of this Master Trust Indenture, and the Hospital, in the exercise of the legal rights and powers vested in it, executes this Master Trust Indenture and proposes to make, execute, issue and deliver Obligations hereunder; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby, and

WHEREAS, to secure the performance and observance of the covenants and agreements set forth in this Master Trust Indenture, each Member of the Obligated Group does hereby assign, pledge and grant a security interest to the Master Trustee in all of its right, title and interest to all funds and accounts established under this Master Trust Indenture, including all moneys and investment therein and income thereon, all such security to be held by the Master Trustee in trust for the equal and ratable benefit and security of the holders of Obligations issued hereunder without preference or priority (except as specifically permitted herein) of any one Obligation over any other Obligation.

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of Obligations issued hereunder by the registered owners thereof, and for the purpose of fixing and declaring the terms and conditions upon which Obligations are to be issued, authenticated, delivered and accepted by all persons who shall from time to time be or become registered owners thereof, the Member of the Obligated Group covenant and agree with the Master Trustee, for the equal and proportionate benefit of the respective registered owners from time to time of Obligations issued hereunder, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS CONCERNING INTERPRETATION

Section 1.01. Definitions. For the purposes hereof unless the context otherwise indicates, the following words and phrases shall have the following meanings:

"Accelerable Instrument" means any Obligation or any mortgage, indenture, loan agreement or other instrument under which there has been issued or incurred, or by which there is secured, any Indebtedness evidenced by an Obligation, which Obligation or instrument provides that, upon the occurrence of an event of default under such Obligation or instrument, the holder thereof (or a credit enhancer exercising the rights of such holder) may, or may request that the Master Trustee, declare such Obligation or Indebtedness due and payable prior to the date on which it would otherwise become due and payable.

"Accountant" means any independent auditors or certified public accountant or firm of such auditors or accountants selected by the Obligated Group Representative.

"Affiliate" means a corporation, partnership, limited liability company, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof which

is directly or indirectly controlled by a Member of the Obligated Group or their respective successors or assigns or by any Person which directly or indirectly controls a Member of the Obligated Group and any joint ventures in which any of the Members of the Obligated Group participate. For purposes of this definition, control means the power to direct the management and policies of a Person through the ownership of not less than a majority of its voting securities or the right to designate or elect not less than a majority of the members of its board of directors or other governing board or body by contract or otherwise.

“Authorized Representative” means, with respect to the Obligated Group Representative, the Chairperson of its Governing Body, its Chief Executive Officer, its Chief Operating Officer or its Chief Financial Officer and, with respect to each Member of the Obligated Group, the Chairperson of its Governing Body, its Chief Executive Officer, its Chief Operating Officer or its Chief Financial Officer, or any other person or persons designated an Authorized Representative of such Member by an Officer’s Certificate of the Obligated Group Representative or such Member of the Obligated Group, respectively, signed by the Chairperson of its Governing Body, its Chief Executive Officer, its Chief Operating Officer or its Chief Financial Officer and filed with the Master Trustee.

“Book Value” when used in connection with Property, Plant and Equipment or other Property of any Person, means the value of such property, net of accumulated depreciation, as it is carried on the books of such Person in conformity with GAAP, and when used in connection with Property, Plant and Equipment or other Property of the Obligated Group, means the aggregate of the values so determined with respect to such Property, Plant and Equipment or other Property of the Obligated Group determined in such a manner that no portion of such value of Property, Plant and Equipment or other Property is included more than once.

“Code” means the Internal Revenue Code of 1986, as amended.

“Combined Group” or “Combined Group Members” means all Obligated Group Members and Designated Affiliates.

“Combined Group Financial Statements” means the consolidated (or combined, to the extent applicable) financial statements of the Combined Group and its affiliates (under GAAP), if such financial statements are prepared and audited, or the consolidated financial statements of the Hospital and its affiliates (under GAAP), for a 12-month period, or for such other period for which an audit has been performed, prepared in accordance with GAAP, which have been audited and reported upon by an Independent Auditor. The Combined Group Financial Statements shall include sufficient consolidating (or combining) information separating the financial position and results of the Members of the Combined Group from any entities included in such financial statements that are not Members of the Combined Group.

“Corporate Charter” means, with respect to any corporation, the articles of incorporation, certificate of incorporation, corporate charter or other organic document pursuant to which such corporation is organized and existing under the laws of the United States of America or any state thereof.

“Corporate Trust Office” means an office of the Master Trustee at which corporate trust business is conducted, which at the date hereof is located in Cherry Hill, New Jersey.

“Credit Facility” means a financial guaranty insurance policy, line of credit, letter of credit, standby bond purchase agreement or similar credit enhancement or liquidity facility established in connection with the issuance of Indebtedness to provide credit or liquidity support for such Indebtedness.

“Credit Facility Issuer” means the firm, association, corporation or other Person, if any, which has issued a Credit Facility that provides credit or liquidity support with respect to Indebtedness or Related Bonds.

“Defeasance Obligations” means, unless modified by the terms of a particular Supplement, (i) non-callable, non-prepayable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified non-callable, non-prepayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the

capacity of custodian, (iii) Defeased Municipal Obligations, (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian, and (v) stripped securities where the principal-only and interest-only strips of non-callable obligations are issued by the U.S. Treasury or Resolution Funding Corp. or securities stripped by the Federal Reserve Bank of New York.

“Defeased Municipal Obligations” means obligations of state or local government municipal bond issuers rated the highest rating by S&P, Fitch or Moody’s, respectively, provision for the payment of the principal of and interest on which shall have been made by irrevocable deposit with a trustee or escrow agent of (i) non-callable, non-prepayable Government Obligations or (ii) evidences of ownership of a proportionate interest in specified non-callable, non-prepayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian, the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, shall provide sufficient money to pay the principal of, redemption premium, if any, and interest on such obligations of state or local government municipal bond issuers.

“Defeased Obligations” means Obligations issued under a Supplement that have been discharged, or provision for the discharge of which has been made, pursuant to the terms hereof and of such Supplement.

“Demand Obligation” means any Indebtedness the payment of all or a portion of which is subject to the demand of the holder thereof.

“Derivative Agreement” means, without limitation,

- (a) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract;
- (b) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices;
- (c) any contract to exchange cash flows or payments or series of payments;
- (d) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and
- (e) any other type of contract or arrangement that the Member of the Combined Group entering into such contract or arrangement determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another, to maximize or increase investment return, or minimize investment risk or to protect against any type of financial risk or uncertainty.

“Derivative Period” means the period during which a Derivative Agreement is in effect.

“Designated Affiliate” means any Person which has been so designated by the a Member or Members of the Obligated Group in accordance with Section 3.11(a) hereof so long as such Person has not been further de-designated as a Designated Affiliate in accordance with Section 3.11(d).

“Event of Default” means any one or more of those events set forth in Section 4.01 of this Master Trust Indenture.

“Excluded Property” means any Property of a Member of the Combined Group that is not Health Care Facilities.

“Fair Market Value,” when used in connection with Property, means the fair market value of such Property as determined by either:

(a) an appraisal of the portion of such Property which is real property and the permanent improvements thereof made within five (5) years of the date of determination by a “Member of the Appraisal Institute” and an appraisal of any material portion of such Property which is not real property made within five (5) years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall be performed by an Independent Consultant, adjusted for the period, not in excess of five (5) years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer’s Certificate delivered to the Master Trustee;

(b) a bona fide offer for the purchase of such Property made on an arm’s-length basis within six (6) months of the date of determination, as established by an Officer’s Certificate; or

(c) an Authorized Representative of the Obligated Group Representative (whose determination shall be made in good faith and set forth in an Officer’s Certificate filed with the Master Trustee) if the fair market value of such Property is less than or equal to the greater of one hundred million dollars (\$100,000,000) or ten percent (10%) of cash and equivalents as shown on the Combined Group Financial Statements.

“FHA” means the United States Secretary of Housing and Urban Development, acting through the Federal Housing Commissioner or his or her authorized agents.

“FHA-Insured Loan” means a mortgage and note executed and delivered by a Member of the Combined Group and duly endorsed for insurance by FHA pursuant to Section 242 of Title II of the National Housing Act, as amended or such other section of the National Housing Act providing equivalent benefits.

“FHA-Insured Loan Documents” the documents evidencing and securing an FHA-Insured Loan, including without limitation one or more mortgages, mortgage notes, security agreements, and regulatory agreements.

“FHA Project” means a project financed with the proceeds of an FHA-Insured Loan.

“Fiscal Year” means the fiscal year of each Member of the Combined Group, which shall be the period commencing on January 1 of any year and ending on December 31 of such year unless the Master Trustee is notified in writing by the Obligated Group Representative of a change in such period, in which case the Fiscal Year shall be the period set forth in such notice.

“Fitch” means Fitch Inc., its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative by notice in writing to the Master Trustee.

“GAAP” means accounting principles generally accepted in the United States of America, consistently applied.

“Governing Body” means, when used with respect to any Member of the Obligated Group and the Obligated Group Representative, its board of directors, board of trustees, or other board or group of individuals by, or under the authority of which, corporate powers of such Member of the Obligated Group or the Obligated Group Representative are exercised.

“Government Obligation” means a direct obligation of the United States of America, an obligation the timely payment of principal of, and interest on, which are fully and unconditionally guaranteed by the United

States of America, an obligation (other than an obligation subject to variation in principal repayment) to which the full faith and credit of the United States of America is pledged, an obligation of any of the following instrumentalities or agencies of the United States of America: (a) Federal Home Loan Bank System; (b) Export-Import Bank of the United States; (c) Federal Financing Bank; (d) Government National Mortgage Association; (e) Farmers Home Administration; (f) Federal Home Loan Mortgage Company; (g) Federal Housing Administration; (h) Private Export Funding Corp.; (i) Federal National Mortgage Association, and (j) upon the approval of all Applicable Credit Facility Issuers, (A) an obligation of any federal agency and a certificate or other instrument which evidences the ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, direct obligations of the United States of America or (B) an obligation of any other agency or instrumentality of the United States of America created by Act of Congress, provided such obligation is rated at least "A" by S&P and Moody's at all times;

"Governmental Restrictions" means federal, state or other applicable governmental laws, regulations, rulings, judgments, court orders or consent decrees affecting any Member of the Combined Group and its health care facilities, including without limitation (a) Articles 28 and 28-B of the New York Public Health Law, and (b) those placing restrictions and limitations on the (i) fees and charges to be fixed, charged and collected by any Member of the Obligated Group or (ii) the amount or timing of the receipt of such fees or charges.

"Guaranty" means any obligation of any Member of the Combined Group guaranteeing in any manner, directly or indirectly, any obligation of any Person that is not a Member of the Combined Group which obligation of such other Person would, if such obligation were the obligation of a Member of the Combined Group, constitute Indebtedness hereunder.

"Health Care Facilities" means the Property now or hereafter used by any Member of the Combined Group to provide for the care, maintenance, diagnosis and treatment of patients or to otherwise provide health care services. Any Property whose primary function or functions is other than the care, maintenance, diagnosis and treatment of patients and which has incidental health care services provided on its premises shall be deemed not to be Health Care Facilities.

"Holder" means an owner of any Obligation issued in other than bearer form.

"Income Available for Debt Service" means, with respect to amounts derived from the Combined Group Financial Statements as to any period of time, the change in unrestricted net assets before depreciation, amortization, and interest expense (including receipts and payments relating to any Derivative Agreement identified to the Master Trustee in a Certificate of the Obligated Group Representative in accordance with the provisions of clause (vi) of the defined term "Long-Term Debt Service Requirement" below), as determined in accordance with GAAP and as shown on or derived from the Combined Group Financial Statements and the Combined Group Members' financial records; provided, that no determination thereof shall take into account:

(a) gifts, grants, bequests, donations or contributions, to the extent (i) temporarily restricted by the donor specifically for capital purposes, including the purchase of Property, Plant and Equipment funded through the release of such restrictions, or (ii) permanently restricted by the donor specifically to a particular purpose other than (1) payment of principal of, redemption premium and interest on Indebtedness, (2) release into unrestricted funds, or (3) payment of operating expenses;

(b) the net proceeds of casualty insurance and condemnation awards;

(c) any gain or loss resulting from the extinguishment of Indebtedness;

(d) any gain, loss or other change in unrestricted net assets resulting from the sale, exchange or other disposition (or receipt) of assets not in the ordinary course of business;

(e) any gain or loss resulting from any discontinued operations, and any restructuring charges;

- (f) any gain or loss resulting from pension terminations, settlements or curtailments;
- (g) noncash adjustments to the value of assets or liabilities resulting from changes in GAAP in the year of such change;
- (h) unrealized gains or losses on investments, including “other than temporary” declines in Book Value, change in the equity in income on alternative investments, and investment returns of captive insurance companies;
- (i) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract (including Derivative Agreements);
- (j) any termination payment or other similar payment made by a Combined Group Member under a Derivative Agreement that is not a regularly scheduled payment thereunder;
- (k) unrealized gains or losses from the write-down, reappraisal, impairment or revaluation of assets;
- (l) changes in the pension liability to be recognized in future periods (as determined under GAAP); or
- (m) other nonrecurring items which do not involve the receipt, expenditure or transfer of assets.

“Indebtedness” means (i) all indebtedness of Members of the Combined Group for borrowed money, (ii) all installment sales, conditional sales and capital lease obligations incurred or assumed by any Member of the Combined Group, and (iii) all Guaranties, whether constituting Long-Term Indebtedness or Short-Term Indebtedness. Indebtedness shall not include obligations of any Member of the Combined Group to another Member of the Combined Group. Derivative Agreements, trade payables, accrued expenses in the normal course of business, physician income guaranties or other credit/funding extension, any obligation to reimburse a bond insurer, financial institution or other Person which has guaranteed or otherwise assured the performance of a Combined Group Member’s obligations under a Derivatives Agreement, or any obligation to repay moneys deposited by patients or others with a Combined Group Member as security for or as prepayment of the cost of patient care, or any rights of residents of life care, elderly housing or similar facilities to endowment or similar funds deposited by or on behalf of such residents, shall not constitute Indebtedness.

“Independent Consultant” means a firm (but not an individual) selected by a Combined Group Member which (1) does not have any direct financial interest or any material indirect financial interest in any Combined Group Member (other than the agreement or agreements pursuant to which such firm is retained), (2) is not connected with any Combined Group Member as an officer or employee, and (3) in the good faith opinion of the Combined Group Member making such selection, is qualified to pass upon questions relating to the financial affairs of organizations similar to the Combined Group or facilities of the type or types operated by the Combined Group and has the skill and experience necessary to render the particular opinion or report required by the provision hereof in which such requirement appears.

“Investment Grade” means (i) that rating of any rating agency with a rating then in effect with respect to any Obligation or Related Bonds that represents the lowest rating that any of such rating services recognizes as being investment grade and (ii) each rating above such rating.

“Insurance Consultant” means a firm or Person which is not, and no member, stockholder, director, trustee, officer or employee of which is, an officer, director, trustee or employee of any Member of the Obligated Group or an Affiliate, which is qualified to survey risks and to recommend insurance coverage for hospitals, health-related facilities and services and organizations engaged in such operations and which is selected by the Obligated Group Representative and is not unacceptable to the Master Trustee; provided that, except with

respect to the review of self-insurance programs, the term “Insurance Consultant” shall include qualified in house risk management officers employed by any Member of the Obligated Group or an Affiliate.

“Lien” means any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property of any Member of the Combined Group which secures any Indebtedness or any other obligation of any Member of the Combined Group or which secures any obligation of any Person, other than an obligation to any Member of the Combined Group.

“Loan Agreement” means a Loan Agreement by and between a Member of the Obligated Group and the issuer of Related Bonds relating to the loan of proceeds of Related Bonds.

“Long-Term Debt Service Coverage Ratio” means for any Fiscal Year the ratio determined by dividing the Income Available for Debt Service by Long-Term Debt Service Requirement.

“Long-Term Debt Service Requirement” means, for any Fiscal Year, the aggregate amount paid in respect of principal and interest (whether or not separately stated) on Outstanding Long-Term Indebtedness during such period, subject to the following:

(i) any principal installment of Long-Term Indebtedness due in such year, whether at maturity or pursuant to mandatory redemption, shall be excluded from such calculation if and to the extent the debtor paid such principal installment with available and unrestricted funds designated prior to the payment or redemption date for such payment or redemption or with the proceeds of Indebtedness incurred to refinance such principal;

(ii) interest on Long-Term Indebtedness shall be excluded from such calculation to the extent such interest is provided from the proceeds of such Long-Term Indebtedness; and

(iii) the interest on Derivative Indebtedness during any Derivative Period thereunder shall be calculated by adding (x) the amount of interest paid by a Member of the Combined Group on such Derivative Indebtedness pursuant to its terms and (y) the amount of interest paid by such Member of the Combined Group under the Derivative Agreement and subtracting (z) the amount of interest paid by the Derivative Agreement Counterparty at the rate specified in the Derivative Agreement.

(iv) with respect to Long-Term Indebtedness incurred to finance capital improvements, debt service payable from the proceeds of such Long-Term Indebtedness (other than proceeds deposited in debt service reserve funds) held by a trustee or escrow agent for the payment of debt service shall not be included in the Long-Term Debt Service Requirement.

“Long-Term Indebtedness” means all Indebtedness having a maturity longer than one (1) year incurred or assumed by any Member of the Combined Group, including:

(i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one (1) year;

(ii) leases which are required to be capitalized in accordance with GAAP having an original term, or are renewable at the option of the lessee for a period from the date originally incurred, longer than one (1) year;

(iii) installment sale or conditional sale contracts having an original term in excess of one (1) year;

(iv) Short-Term Indebtedness if a commitment by a financial lender exists to provide financing to retire such Short-Term Indebtedness and such commitment provides for the repayment of principal on terms which would, if such commitment were implemented, constitute Long-Term Indebtedness; and

(v) the current portion of Long-Term Indebtedness.

“Master Trust Indenture” means this Master Trust Indenture, dated as of January 1, 2015, including any amendments or supplements hereto.

“Master Trustee” means TD Bank, N.A., and its successors and/or assigns in the trusts created under this Master Trust Indenture.

“Member of the Obligated Group” or “Obligated Group Member” means, initially, the Hospital and thereafter any other Person becoming a Member of the Obligated Group pursuant to Section 3.09 hereof, but not including any Person which shall have withdrawn from the Obligated Group in accordance with Section 3.10 hereof.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall also be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative by notice in writing to the Master Trustee.

“Obligated Group” means, collectively, the Members of the Obligated Group.

“Obligated Group Representative” means The New York and Presbyterian Hospital, a New York not-for-profit corporation with its principal place of business in New York, New York, and its legal successors, and thereafter any Member of the Obligated Group as may be designated pursuant to written notice to the Master Trustee executed by all of the Members of the Obligated Group.

“Obligation” means the evidence of particular Indebtedness issued under this Master Trust Indenture as a joint and several obligation of each Member of the Obligated Group. “Obligation” may also include the evidence of a particular obligation of each Member of the Obligated Group under a Derivative Agreement.

“Officer’s Certificate” means a certificate signed by the Authorized Representative of such Member of the Obligated Group or the Obligated Group Representative as the context requires. Each Officer’s Certificate presented pursuant to this Master Trust Indenture shall state that it is being delivered pursuant to (and shall identify the section or subsection of), and shall incorporate by reference and use in all appropriate instances all terms defined in, this Master Trust Indenture. Each Officer’s Certificate shall state (i) that the terms thereof are in compliance with the requirements of the section or subsection pursuant to which such Officer’s Certificate is delivered or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance and (ii) that it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

“Opinion of Bond Counsel” means an opinion in writing signed by an attorney or firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds and who is acceptable to the Master Trustee and each Related Bond Issuer.

“Opinion of Counsel” means an opinion in writing signed by an attorney or firm of attorneys, acceptable to the Master Trustee, who may be counsel for the Obligated Group Representative or any Member of the Obligated Group or other counsel acceptable to the Master Trustee.

“Outstanding” means, as of any date of determination, (i) when used with reference to Obligations, all Obligations theretofore issued or incurred and not paid and discharged, other than (A) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (B) Defeased Obligations and (C) Obligations in lieu of which other Obligations have been authenticated and delivered or have been paid pursuant to the provisions of the Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser, and (ii) when used with reference to Indebtedness other than Indebtedness evidenced by an Obligation, all Indebtedness theretofore issued or incurred and not paid and discharged, other than Indebtedness deemed paid

and no longer outstanding under the documents pursuant to which such Indebtedness was incurred; *provided, however,* that for purposes of determining whether the Holders of the requisite principal amount of Obligations have concurred in any demands, direction, request, notice, consent, waiver or other action under this Master Trust Indenture, Obligations or Related Bonds that are owned by the Obligated Group Representative or any Member of the Obligated Group or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such Member or the Obligated Group Representative shall be deemed not to be Outstanding, *provided further,* that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent, or waiver, only such Obligations or Related Bonds which the Master Trustee has actual notice or knowledge are so owned shall be deemed to be not Outstanding.

“Permitted Liens” shall have the meaning given in Section 3.05(b) hereof.

“Person” means an individual, association, unincorporated organization, limited liability company, corporation, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

“Property” means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated.

“Property, Plant and Equipment” means all Property of the Members of the Obligated Group which is property, plant and equipment under GAAP.

“Related Bond Indenture” means any indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued.

“Related Bond Issuer” means the issuer of any issue of Related Bonds.

“Related Bonds” means the revenue bonds or other obligations issued by any state, territory or possession of the United States or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof (i.e. a “Related Bond Issuer”) (“governmental issuer”), pursuant to a Related Bond Indenture, the proceeds of which are loaned or otherwise made available to the Obligated Group Representative or a Member of the Obligated Group in consideration of the execution, authentication and delivery of an Obligation to or for the order of such governmental issuer.

“Related Bond Trustee” means the trustee and its successors in the trusts created under any Related Bond Indenture.

“Related Credit Facility Issuer” means the Credit Facility Issuer with respect to any issue of Related Bonds.

“Related Loan Agreement” means any loan agreement, lease agreement or any similar instrument relating to the loan of proceeds of Related Bonds to a Member of the Obligated Group.

“Replacement Master Indenture” shall have the meaning given in Section 6.04 hereof.

“Restricted Moneys” means the proceeds of any grant (including without limitation any government grant), gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived from the investment of such proceeds) specifically restricted by the donor or grantor to an object or purpose inconsistent with their use for the payment of an amount payable under an Obligation or with respect to Related Bonds and for which the restriction has not been met.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally

recognized securities rating agency designated by the Obligated Group Representative by notice in writing to the Master Trustee.

“Short-Term Indebtedness” means all Indebtedness having a maturity of one (1) year or less, other than the current portion of Long-Term Indebtedness, incurred or assumed by any Member of the Obligated Group, including:

(i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one (1) year or less;

(ii) leases which are capitalized in accordance with GAAP having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one (1) year or less; and

(iii) installment purchase or conditional sale contracts having an original term of one (1) year or less.

“Substitute Obligation” shall have the meaning given in Section 6.04 hereof.

“Supplement” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Trust Indenture.

“Tax-Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof which is (i) an organization described in Section 501(c)(3) of the Code or is treated as an organization described in Section 501(c)(3) of the Code, and (ii) exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

“Total Revenues” means, for the period of calculation in question, the sum of operating revenue (including net patient service revenue, premium revenue and other revenue and nonoperating gains (losses), but excluding realized and unrealized gains on investments), as shown on the Combined Group Financial Statements for the most recent Fiscal Year.

“UCC” means the Uniform Commercial Code of the State of New York, as amended from time to time.

“Value,” when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Obligated Group Representative, at either its Fair Market Value or its Book Value.

Section 1.02. Interpretation. (a) Any reference herein to any officer or member of the Governing Body of a Member of the Obligated Group or the Obligated Group Representative shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Unless stated otherwise, where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with GAAP in effect on, at the sole option of the Obligated Group Representative, (i) the date such determination or computation is made for any purpose of this Master Indenture or (ii) the date of execution and delivery of this Master Indenture if the Obligated Group Representative delivers an Officer’s Certificate to the

Master Trustee describing why then-current GAAP is inconsistent with the intent of the parties on the date of execution and delivery of this Master Indenture; provided that the requirements set forth herein shall prevail if inconsistent with GAAP. In all cases, intercompany balances and liabilities among the Combined Group Members shall be disregarded. For avoidance of doubt, it is the intent of the parties on the date of execution and delivery of this Master Indenture that any operating lease, as defined by the Financial Accounting Standards Board on the date of execution and delivery of this Master Indenture, and any renewal of such operating lease, shall be governed in accordance with GAAP in effect on the date of execution and delivery of this Master Indenture and shall not be treated as the incurrence of Indebtedness or the disposition of Property.

(d) Headings of articles and sections herein and in the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(e) Provisions calling for the redemption of Obligations or the calling of Obligations for redemption do not mean or include the payment of Obligations at their stated maturity or maturities.

(f) Provisions calling for or referring to the delivery by each Member of the Obligated Group of financial statements for any given period shall be deemed satisfied if the combined or consolidated financial statements for such period, prepared in accordance with GAAP, of such entities are so delivered.

(g) Provisions calling for or referring to a calculation, with respect to the Combined Group in accordance with GAAP, shall be deemed not to require the consolidation of accounts of entities that are not Members of the Combined Group, as the case may be, even if GAAP would require such consolidation.

(h) Provisions calling for a forecast shall be deemed satisfied by a forecast which shall be compiled or examined based upon the most likely outcome of a stated set of assumptions that, in the opinion of the Obligated Group Representative, are reasonable.

(i) As used herein, the words “will” and “shall” are synonymous and are mandatory, not permissive.

ARTICLE II

INDEBTEDNESS, AUTHORIZATION, ISSUANCE AND TERMS OF OBLIGATIONS

Section 2.01. Amount of Indebtedness. Subject to the terms, limitations and conditions established in this Master Trust Indenture, each Member of the Obligated Group may incur Indebtedness by issuing Obligations hereunder or by creating Indebtedness under any other document. The principal amount of Indebtedness created under other documents and the number and principal amount of Obligations evidencing Indebtedness that may be created hereunder are not limited, except as limited by the provisions hereof or of any Supplement. Any Member of the Obligated Group proposing to issue an Obligation in a principal amount equal to or exceeding twenty million dollars (\$20,000,000), shall, at least seven (7) days prior to the date of the issuance of such Obligation, give written notice of its intention to issue such Obligation, including in such notice the amount of the Obligation to be issued, to the Obligated Group Representative, with copies to the other Members of the Obligated Group, and the Master Trustee. Each Member of the Obligated Group shall be jointly and severally liable for each and every Obligation issued hereunder.

Section 2.02. Designation of Obligations. Obligations shall be issued in such forms as may from time to time be created by Supplements permitted hereunder. Each Obligation or series of Obligations shall be created by a different Supplement and shall be designated in such a manner as will differentiate such Obligation from any other Obligation.

Section 2.03. Appointment of Obligated Group Representative. Each Member of the Obligated Group, by becoming a Member of the Obligated Group, irrevocably appoints the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative (a) full and exclusive

power to execute Supplements authorizing the issuance of Obligations or series of Obligations, (b) full power to execute Obligations for and on behalf of the Obligated Group and each Member of the Obligated Group, (c) full power to execute Supplements on behalf of the Obligated Group pursuant to Section 6.01 and 6.02 hereof and (d) full power to prepare, or authorize the preparation of, any and all documents, certificates or disclosure materials reasonably and ordinarily prepared in connection with the issuance of Obligations hereunder, or Related Bonds associated therewith, and to execute and deliver such items to the appropriate parties in connection therewith.

Section 2.04. Execution and Authentication of Obligations. All Obligations shall be executed for and on behalf of all of the Members of the Obligated Group by an Authorized Representative of the Obligated Group Representative. The signature of any such Authorized Representative may be mechanically or photographically reproduced on the Obligation. If any Authorized Representative whose signature appears on any Obligation ceases to be such Authorized Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Each Obligation shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication no Obligation shall be entitled to the benefits hereof.

The Master Trustee's authentication certificate shall be substantially in the following form:

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this Obligation _____ is one of the Obligations described in the within-mentioned Master Indenture.

Master Trustee

By: _____
Authorized Officer

Section 2.05. Supplement Creating Obligations. The Obligated Group Representative, on behalf of each Member of the Obligated Group, and the Master Trustee may from time to time enter into a Supplement in order to create an Obligation hereunder. Such Supplement shall, with respect to an Obligation evidencing Indebtedness created thereby, set forth the date thereof, and the date or dates on which the principal of and premium, if any, and interest on such Obligation shall be payable, the provisions regarding discharge thereof, and the form of such Obligation and such other terms and provisions as shall conform with the provisions hereof. Any such Obligation may be secured by such Properties and revenues of the Members of the Combined Group as may be permitted under this Master Trust Indenture as a Permitted Lien or under the provisions of a Supplement.

Obligations may be issued hereunder to evidence and secure Indebtedness or to evidence and secure any other financial obligations of any Member or Members of the Obligated Group, including but not limited to obligations under Derivative Agreements or Credit Facilities, and all references herein to payments of principal of, interest on, and premium on Obligations shall be deemed to include and refer to any and all other payments due or to become due on any Obligations. Any Obligation issued and authenticated hereunder to evidence or secure obligations that do not constitute Indebtedness shall nevertheless be equally and ratably secured hereunder with all Obligations issued hereunder, except as otherwise provided herein; provided, however, that any such Obligations that evidence or secure obligations that do not constitute Indebtedness shall be deemed to be Outstanding hereunder solely for the purpose of receiving payment hereunder and shall not be entitled to exercise any rights hereunder, including but not limited to any rights to direct the exercise of remedies, to vote or to grant consents.

Section 2.06. Conditions to Issuance of Obligations Hereunder. With respect to Indebtedness created hereunder, simultaneously with or prior to the execution, authentication and delivery of Obligations evidencing such Indebtedness pursuant to this Master Trust Indenture:

(a) All requirements and conditions to the issuance of such Obligations, if any, set forth in the Supplement or in this Master Trust Indenture shall have been complied with and satisfied, as provided in an Officer's Certificate of the Obligated Group Representative, a certified copy of which shall be delivered to the Master Trustee;

(b) The issuer of such Obligations shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (1) registration of such Obligations under the Securities Act of 1933, as amended, and qualification of this Master Trust Indenture or the Supplement under the Trust Indenture Act of 1939, as amended, is not required, or, if such registration or qualification is required, that all applicable registration and qualification provisions of said acts have been complied with, and (2) the Master Trust Indenture, the Supplement and the Obligations are valid, binding and enforceable obligations of the Members of the Obligated Group in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors' rights generally and usual equity principles; and

(c) The Obligated Group Representative shall have delivered to the Master Trustee an Officer's Certificate stating that, to the best of the knowledge of the signer thereof, each of the Persons who is to be a Holder of such Obligation upon the original issuance thereof is not acquiring the interest represented by such Obligation directly or indirectly with the assets of, or in connection with any arrangement or understanding by it in any way involving, any employee benefit plan with respect to which (i) any employee of any Member of the Obligated Group or the Master Trustee, in its individual capacity, is a participant or (ii) any Member of the Obligated Group or the Master Trustee, in its individual capacity, or any of their affiliates is otherwise a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE III

PARTICULAR COVENANTS OF THE OBLIGATED GROUP

Section 3.01. General Obligation; Restrictions on Encumbering Property; Joint and Several Obligation; Payment of Principal and Interest. (a) General Obligation. Any Obligation issued pursuant to this Master Trust Indenture shall be a general obligation of each Member of the Obligated Group.

(b) Restrictions on Encumbering Property. Each Member of the Obligated Group covenants that it will not pledge or grant a security interest in (except for Permitted Liens as set forth in Section 3.05(b) hereof or as may be otherwise provided in this Master Trust Indenture) any of its Property.

(c) Joint and Several Obligation. Each Obligation shall be a joint and several general obligation of each Member of the Obligated Group. Each Member of the Obligated Group covenants to promptly pay or cause to be paid the principal of, premium, if any, and interest on each Obligation issued pursuant to this Master Trust Indenture at the place, on the dates and in the manner provided in this Master Trust Indenture and in said Obligation according to the terms thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

Section 3.02. Covenants as to Corporate Existence, Maintenance of Properties, Etc. Each Member of the Obligated Group hereby covenants to do, and to cause each of its Designated Affiliates to do, the following:

(a) Except as otherwise expressly provided herein, to preserve its corporate or other legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualifications; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses, no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(b) At all times to cause its Property to be maintained, preserved and kept in good repair, working order and condition and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this subsection shall be construed to (i) prevent it from ceasing to

operate any portion of its Property, if in its judgment (evidenced, in the case of such a cessation other than in the ordinary course of business by an opinion or certificate of an Independent Consultant) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(c) To do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Properties; provided, nevertheless, that nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith.

(d) To pay promptly when due all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property; provided, however, that it shall have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof.

(e) To pay promptly or otherwise satisfy and discharge all of its Indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations created and Outstanding hereunder) whose validity, amount or collectability is being contested in good faith.

(f) At all times to comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness.

(g) To procure and maintain all necessary licenses and permits and maintain accreditation of its health care facilities (other than those of a type for which accreditation is not required) by The Joint Commission or other applicable recognized accrediting body; provided, however, that it need not comply with this Section 3.02(g) if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Indebtedness when due.

(h) So long as this Master Trust Indenture shall remain in force and effect, each Member of the Obligated Group which is a Tax-Exempt Organization at the time it becomes a Member of the Obligated Group agrees that, so long as all amounts due or to become due on any Related Bond have not been fully paid to the holder thereof, it shall not take any action or suffer any action to be taken by others, including any action which would result in the alteration or loss of its status as a Tax-Exempt Organization, or fail to take any action which failure, in the Opinion of Bond Counsel, would result in the interest on any Related Bonds becoming included in the gross income of the holder thereof for federal income tax purposes.

Section 3.03. Insurance.

(a) Except as may otherwise be required in a Related Loan Agreement, each Member of the Obligated Group agrees that it will maintain, or cause to be maintained, and will cause each of its Designated Affiliates to maintain, insurance (including one or more self-insurance programs considered to be adequate) covering such risks in such amounts and with such deductibles and co-insurance provisions as, in the judgment of its Governing Body, are adequate to protect it and its Property and operations.

(b) The Obligated Group Representative shall engage an Insurance Consultant to review the insurance requirements of the Members of the Combined Group from time to time (but not less frequently than biennially), and the Obligated Group shall file a copy of such report as required pursuant to Section 3.08(d) hereof. If the Insurance Consultant makes recommendations for the increase of any coverage, the applicable Member of the

Obligated Group shall increase or cause to be increased such coverage in accordance with such recommendations, subject to a good faith determination of the Governing Body of such Member that such recommendations, in whole or in part, are in the best interests of the Combined Group. If the Insurance Consultant makes recommendations for the decrease or elimination of any coverage, the Member of the Combined Group may decrease or eliminate such coverage in accordance with such recommendations, subject to a good faith determination of the Governing Body of the Obligated Group Representative that such recommendations, in whole or in part, are in the best interests of the Combined Group. Notwithstanding anything in this Section to the contrary, each Member of the Combined Group shall have the right, without giving rise to an Event of Default solely on such account, (i) to maintain insurance coverage below that most recently recommended by the Insurance Consultant, if the Obligated Group Representative furnishes to the Master Trustee a report of the Insurance Consultant to the effect that the insurance so provided affords either the greatest amount of coverage available for the risk being insured against at rates which in the judgment of the Insurance Consultant are reasonable in connection with reasonable and appropriate risk management, or the greatest amount of coverage necessary by reason of state or federal laws now or hereafter in existence limiting medical and malpractice liability, or (ii) to adopt alternative risk management programs which the Insurance Consultant determines to be reasonable, including, without limitation, to self-insure in whole or in part individually or in connection with other institutions, to participate in programs of captive insurance companies, to participate with other health care institutions in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs, to take advantage of state or federal laws now or hereafter in existence limiting medical and malpractice liability, or to establish or participate in other alternative risk management programs; all as may be approved by the Insurance Consultant as reasonable and appropriate risk management by the Combined Group. If any Member of the Combined Group shall be self-insured for any coverage, the report of the Insurance Consultant mentioned above shall state whether the anticipated funding of any self-insurance fund is actuarially sound, and if not, the required funding to produce such result and such coverage shall be reviewed by the Insurance Consultant not less frequently than annually.

Section 3.04. Insurance and Condemnation Proceeds. (a) Unless otherwise provided in Related Loan Agreements, amounts that do not exceed twenty percent (20%) of the Value of the Property, Plant and Equipment of the Combined Group received by any Member of the Combined Group as insurance proceeds with respect to any casualty loss relating to the Health Care Facilities or as condemnation awards relating to the Health Care Facilities may be used in such manner as the recipient may determine, including, without limitation, applying such moneys to the payment or prepayment of any Indebtedness in accordance with the terms thereof and of any pertinent Supplement.

(b) Unless otherwise provided in the Related Loan Agreements, each Member of the Obligated Group shall, and shall cause each of its Designated Affiliates to, apply amounts that exceed twenty percent (20%) of the Value of the Property, Plant and Equipment of the Combined Group received by any Member of the Combined Group as insurance proceeds with respect to any casualty loss relating to the Health Care Facilities or as condemnation awards relating to the Health Care Facilities to repair or replace the Property (either Property serving the same function or other Property that, in the judgment of the Governing Body, is of equal usefulness) to which such proceeds relate or to the payment or prepayment of Indebtedness in accordance with the terms thereof and of any pertinent Supplement; provided, however, that, subject to the terms of the Related Loan Agreements, such amounts may be used in such manner as the recipient may determine, if the recipient notifies the Master Trustee and within twelve (12) months after the casualty loss or taking, delivers to the Master Trustee:

(i) (A) An Officer's Certificate of the Obligated Group Representative certifying the forecasted Long-Term Debt Service Coverage Ratio for each of the two Fiscal Years following the date on which such proceeds or awards are forecasted to have been fully applied, which Long-Term Debt Service Coverage Ratio for each such period is not less than 1.50, as shown by pro forma financial statements for each such period, accompanied by a statement of the relevant assumptions including assumptions as to the use of such proceeds or awards, upon which such pro forma statements are based; and (B) if the amount of such proceeds or awards received with respect to any casualty loss or condemnation exceeds thirty percent (30%) of the Value of the Property, Plant and Equipment of the Combined Group, a written report of an Independent Consultant confirming such certification; or

(ii) A written report of an Independent Consultant stating the Independent Consultant's recommendations, including recommendations as to the use of such proceeds or awards, to cause the Long-Term Debt Service Coverage Ratio for each of the periods described in subsection (i) of this section to be not less than 1.10, or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level; and an Officer's Certificate of the Obligated Group Representative certifying that the recipient will use such proceeds in accordance with the recommendations contained in the Independent Consultant's report.

Each Member of the Obligated Group agrees that it will use, and will cause its Designated Affiliates to use, such proceeds or awards, to the extent permitted by law and any Related Loan Agreement, only in accordance with the assumptions described in subsection (i), or the recommendations described in subsection (ii), of this Section.

Notwithstanding anything to the contrary herein, so long as any FHA-Insured Loan is outstanding, amounts received by any Member of the Combined Group as insurance proceeds with respect to any casualty loss relating to an FHA Project shall be applied in accordance with the terms and provisions of the FHA-Insured Loan Documents.

Section 3.05. Limitations on Creation of Liens.

(a) Each Member of the Obligated Group agrees that it will not, and will cause its Designated Affiliates to not, create or suffer to be created or permit the existence of any Lien on Property now owned or hereafter acquired by it other than Permitted Liens.

(b) "Permitted Liens" means and shall consist of the following:

(i) Any judgment lien or notice of pending action against any Combined Group Member so long as the judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(ii) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such Property or materially and adversely affect the Value thereof, or (B) purchase, condemn, appropriate or recapture, or designate a purchase of, such Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not delinquent, or the amount or validity of which are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due and payable or which are not delinquent, or the amount or validity of which, are being contested or, with respect to liens of mechanics, materialmen and laborers, have been due for less than sixty (60) days, or the amount or validity of which are being contested; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the Value thereof; (iv) easements, exceptions or reservations for the purpose of ingress and egress, parking, pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage, sewerage, dikes, canals, laterals, ditches, removal of oil, gas, coal or other minerals, and other similar matters, including joint use agreements, which do not materially interfere with the use or operation of the subject Property for its intended purpose; and (v) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the Value thereof;

(iii) Any Lien described in **Appendix A** to this Master Indenture which is existing on the date of execution hereof or as **Appendix A** may be supplemented upon addition of a Combined Group Member with respect to Liens existing on the Property of such additional Combined Group Member, provided that no such Lien (or the amount of Indebtedness or other obligations secured thereby) may be increased, extended, renewed or modified to apply to any Property of any Combined Group Member not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien;

(iv) Any Lien in favor of the Master Trustee securing all Outstanding Obligations equally and ratably;

(v) Liens arising by reason of good faith deposits with any Combined Group Member in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Combined Group Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(vi) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Combined Group Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;

(vii) Any Lien arising by reason of any escrow or reserve fund established to pay debt service or the redemption price or purchase price of Indebtedness;

(viii) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(ix) Liens on moneys deposited by patients or others with any Combined Group Member as security for or as prepayment for the cost of patient care;

(x) Liens on Property received by any Combined Group Member through gifts, grants, bequests or research grants, such Liens being due to restrictions or rights reserved on such gifts, grants, bequests or research grants or the income thereon, up to the Fair Market Value of such Property;

(xi) Rights of the United States of America, including, without limitation, the Federal Emergency Management Agency ("FEMA") or the State of New York, by reason of FEMA and other federal and State of New York funds made available to any Combined Group Member of the Combined Group under federal or State of New York statutes;

(xii) Liens on Property securing Indebtedness incurred to refinance Indebtedness previously secured by a Lien on such Property, provided that (i) the amount of such new Indebtedness does not exceed the amount of such refinanced Indebtedness, (ii) the Property securing such Indebtedness is not materially increased, and (iii) the obligor with respect to such Indebtedness, whether direct or contingent, is not changed;

(xiii) Liens granted by a Combined Group Member to another Combined Group Member;

(xiv) Liens securing nonrecourse Indebtedness;

(xv) Liens consisting of purchase money security interests (as defined in the UCC) and lessors' interest in capitalized leases;

(xvi) Liens on the Combined Group Members' accounts receivable securing Indebtedness in an amount not to exceed thirty percent (30%) of the Combined Group Members' aggregate net patient accounts receivable and grant and other receivables, as shown on the Combined Group Financial Statements for the most recent year for which such financial statements are available immediately prior to the incurrence of such Indebtedness;

(xvii) Liens on revenues constituting rentals in connection with any other Lien permitted hereunder on the Property from which such rentals are derived;

(xviii) The lease or license of the use of a part of the Combined Group Members' facilities for use in performing professional or other services necessary for the proper and economical operation of such facilities in accordance with customary business practices in the industry;

(xix) Liens created on amounts deposited by a Combined Group Member pursuant to a security annex or similar document to collateralize obligations of such Member under a Derivative Agreement;

(xx) Liens junior to Liens in favor of the Master Trustee;

(xxi) Liens in favor of banking or other depository institutions arising as a matter of law encumbering the deposits of any Combined Group Member held in the ordinary course of business by such banking institution (including any right of setoff or statutory bankers' liens) so long as such deposit account is not established or maintained for the purpose of providing such Lien, right of setoff or bankers' lien;

(xxii) UCC financing statements filed with the Secretary of State of the State (or such other office maintaining such records) in connection with an operating lease entered into by any Combined Group Member in the ordinary course of business so long as such financing statement does not evidence the grant of any Lien other than a Permitted Lien;

(xxiii) Rights of tenants under leases or rental agreements pertaining to (i) Excluded Property and (ii) Property, Plant and Equipment owned by any Combined Group Member so long as the lease arrangement is in the ordinary course of business of the Member, including without limitation rentals of housing to employees and rooms rented to patients and families;

(xxiv) Deposits of Property by any Combined Group Member to meet regulatory requirements for a governmental workers' compensation, unemployment insurance or social security program, including any Lien imposed by ERISA;

(xxv) Deposits to secure the performance of another party with respect to a bid, trade contract, statutory obligation, surety bond, appeal bond, performance bond or lease, and other similar obligations incurred in the ordinary course of business of a Member;

(xxvi) Liens resulting from deposits to secure bids from or the performance of another party with respect to contracts incurred in the ordinary course of business of a Member (other than contracts creating or evidencing an extension of credit to the depositor or otherwise for the payment of Indebtedness);

(xxvii) Present or future zoning laws, ordinances or other laws or regulations restricting the occupancy, use or enjoyment of Property, Plant and Equipment of any Combined Group Member which, in the aggregate, are not substantial in amount, and which do not in any case materially impair

the use of such Property, Plant and Equipment for the purposes for which it is used or could reasonably be expected to be held or used;

(xxviii) Any Lien on Property due to the rights of third-party payors for recoupment of amounts paid to any Combined Group Member;

(xxix) Any Lien existing for not more than ten (10) days after the Combined Group Member shall have received notice thereof unless the Combined Group Member is contesting such Lien in good faith;

(xxx) Any other Lien on Property provided that the Value of all Property encumbered by all Liens permitted as described in this clause (xxx) does not exceed thirty percent (30%) of the Value of all Property of the Combined Group Members, calculated at the time of creation of such Lien;

(xxxi) Restrictions imposed in connection with the incurrence of Indebtedness permitted under this Master Indenture required to be imposed under applicable law in connection with such indebtedness such as regulatory agreements required in connection with mortgage insurance provided by state or federal governmental entities; and

(xxxii) Any Lien on Excluded Property.

Section 3.06. Long-Term Debt Service Coverage Ratio. (a) Each Member of the Obligated Group covenants to set rates and charges, and to cause each of its Designated Affiliates to set rates and charges, for its facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated at the end of each Fiscal Year, will not be less than 1.10 for such prior Fiscal Year; *provided, however*, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first Fiscal Year commencing after the occupation or utilization of such capital improvements unless the Long-Term Debt Service Requirement with respect thereto is required to be paid from sources other than the proceeds of such Long-Term Indebtedness prior to such Fiscal Year.

(b) If at any time the Long-Term Debt Service Coverage Ratio required by subsection (a) hereof, as derived from the most recent Combined Group Financial Statements for the most recent Fiscal Year, is not met, the Obligated Group covenants to retain an Independent Consultant within thirty (30) days of the delivery of the aforementioned Combined Group Financial Statements to make recommendations to increase such Long-Term Debt Service Coverage Ratio in the following Fiscal Year to the level required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable. Any Independent Consultant so retained shall be required to submit such recommendations within forty-five (45) days after being so retained. Each Member of the Obligated Group agrees that it will, to the extent permitted by Governmental Restrictions, follow the recommendations of the Independent Consultant. So long as an Independent Consultant shall be retained and each Member of the Obligated Group shall follow such Independent Consultant's recommendations to the extent permitted by such Governmental Restrictions, this Section shall be deemed to have been complied with even if the Long-Term Debt Service Coverage Ratio for the following Fiscal Year is below the required level; *provided, however*, that the Obligated Group shall not be required to retain an Independent Consultant to make recommendations pursuant to this subsection (b) more frequently than biennially.

Section 3.07. Merger, Consolidation, Sale or Conveyance. Each Obligated Group Member covenants that it will not merge or consolidate with any other Person that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member (a "Merger Transaction") unless:

(a) After giving effect to the Merger Transaction,

(i) the successor or surviving entity (hereinafter, the "Surviving Entity") is an Obligated Group Member, or

(ii) the Surviving Entity shall

(A) be a corporation or other entity organized and existing under the laws of the United States of America or any state thereof, and

(B) become an Obligated Group Member pursuant to Section 3.09 and comply with the provisions of Section 3.09, including without limitation 3.09(a);

(b) So long as any Related Bonds that are tax-exempt obligations are Outstanding, the Master Trustee receives an Opinion of Bond Counsel to the effect that, under the existing law, the consummation of the Merger Transaction, in and of itself, would not result in the inclusion of interest on such Related Bonds in gross income for purposes of federal income taxation;

(c) The Master Trustee receives an Opinion of Counsel to the effect that (i) all conditions in this Section 3.07 relating to the Merger Transaction have been complied with and the Master Trustee is authorized to join in the execution of any instrument required to be executed and delivered; (ii) the Surviving Entity meets the conditions set forth in this Section 3.07; (iii) the Merger Transaction will not adversely affect the validity of any Obligations then Outstanding and such Obligations then Outstanding are enforceable against the Surviving Entity in accordance with their respective terms; and (iv) the Merger Transaction will not cause the Master Indenture or any Obligations then Outstanding to be subject to registration under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and

(d) The Surviving Entity shall be substituted for its predecessor in interest in all Obligations and agreements then in effect which affect or relate to any Obligation, and the Surviving Entity shall execute and deliver to the Master Trustee appropriate documents in order to effect the substitution.

(e) From and after the effective date of such substitution (as set forth in the above-mentioned documents), the Surviving Entity shall be treated as an Obligated Group Member and shall thereafter have the right to participate in transactions hereunder relating to Obligations to the same extent as the other Obligated Group Members. All Obligations issued hereunder on behalf of a Surviving Entity shall have the same legal rank and benefit under this Master Indenture as Obligations issued on behalf of any other Obligated Group Member.

Section 3.08. Filing of Combined Group Financial Statements; Certificate of No Default; Other Information. Each Member of the Obligated Group covenants that it will:

(a) Within thirty (30) days after receipt of the audited financial statements mentioned below but in no event later than one hundred fifty (150) days after the end of each Fiscal Year, file with the Master Trustee, and with each Holder who may have so requested in writing or on whose behalf the Master Trustee may have so requested, a copy of the Combined Group Financial Statements as of the end of such fiscal reporting period and all audited financial statements from which the Combined Group Financial Statements are derived, accompanied by the applicable opinion(s) of independent certified public accountants.

(b) Within thirty (30) days after receipt of the audited financial statements mentioned above but in no event later than one hundred fifty (150) days after the end of each Fiscal Year, file with the Master Trustee, and with each Holder who may have so requested or on whose behalf the Master Trustee may have so requested, an Officer's Certificate stating the Long-Term Debt Service Coverage Ratio for such fiscal reporting period and stating whether, to the best knowledge of the signer, any Member of the Obligated Group is in default in the performance of any covenant contained in this Master Trust Indenture and, if so, specifying each such default of which the signer may have knowledge.

(c) If an Event of Default shall have occurred and be continuing, (i) file with the Master Trustee such other financial statements and information concerning its operations and financial affairs (or of any consolidated or Obligated Group of companies, including its consolidated or combined Affiliates, including any Member of the Combined Group) as the Master Trustee may from time to time reasonably request, excluding specifically donor records, patient records and personnel records and (ii) provide access to its facilities for the

purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request.

(d) Within thirty (30) days after its receipt thereof, file with the Master Trustee a copy of each report which any provision of this Master Trust Indenture requires to be prepared by an Independent Consultant or an Insurance Consultant.

(e) Cooperate, and cause each of its Designated Affiliates to cooperate, with each Obligated Group Member in order to comply with the continuing disclosure obligation of any Obligated Group Member may have under Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.

Section 3.09. Parties Becoming Members of the Obligated Group. Persons which are not Members of the Obligated Group and corporations which are successor corporations to any Member of the Obligated Group through a merger or consolidation permitted by Section 3.07 hereof may, with the prior written consent of the Obligated Group Representative, become Members of the Obligated Group, if:

(a) The Person or successor corporation which is becoming a Member of the Obligated Group shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee containing the agreement of such Person or successor corporation (i) to become a Member of the Obligated Group under this Master Trust Indenture and any Supplements and thereby become subject to compliance with all provisions of this Master Trust Indenture and any Supplements pertaining to a Member of the Obligated Group, and the performance and observance of all covenants and obligations of a Member of the Obligated Group hereunder, (ii) to adopt the same Fiscal Year as that of the Members of the Obligated Group, and (iii) unconditionally and irrevocably guarantee to the Master Trustee and each other Member of the Obligated Group that all Obligations issued and then Outstanding or to be issued and Outstanding hereunder will be paid in accordance with the terms thereof and of this Master Trust Indenture when due.

(b) Each instrument executed and delivered to the Master Trustee in accordance with subsection (a) of this Section, shall be accompanied by an Opinion of Counsel, addressed to and satisfactory to the Master Trustee, each Related Bond Issuer and each Related Credit Facility Issuer, to the effect that such instrument has been duly authorized, executed and delivered by such Person or successor corporation and constitutes a valid and binding obligation enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy laws, insolvency laws, other laws affecting creditors' rights generally, equity principles and laws dealing with fraudulent conveyances and that the obligations of such Person or successor corporation created thereunder include the requirements described in subsection (a).

(c) If all amounts due or to become due on any Related Bond which bears interest which is not includable in the gross income of the recipient thereof under the Code have not been paid to the Holders thereof, there shall be filed with the Master Trustee, (i) an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the consummation of such transaction would not adversely affect the exclusion of the interest on any such Related Bond from the gross income of the holder thereof for purposes of federal income taxation and (ii) an Opinion of Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the consummation of such transaction would not require the registration of any Obligations under the Securities Act of 1933, as amended or the Supplements under the Trust Indenture Act of 1939, as amended, or if such registration is required, that all applicable registration and qualification provisions of said acts have been complied with.

Section 3.10. Withdrawal from the Obligated Group. (a) No Member of the Obligated Group may withdraw from the Obligated Group without the prior written consent of the Obligated Group Representative; and provided further, that prior to the taking of such action, there is delivered to the Master Trustee:

(i) If all amounts due on any Related Bonds which bear interest which is not includable in the gross income of the recipient thereof under the Code have not been paid to the holders thereof, there shall be delivered to the Master Trustee an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law such Member's withdrawal from the Obligated Group, whether or not contemplated on any date of delivery

of any Related Bond, would not cause the interest payable on such Related Bond to become includable in the gross income of the recipient thereof under the Code;

(ii) an Opinion of Counsel, addressed and satisfactory to the Master Trustee, and each Credit Facility Issuer to the effect that such withdrawal is authorized by and complies with all Governmental Restrictions and the provisions of this Master Trust Indenture and any agreements or other documents relating to this Master Trust Indenture, the Obligations or the Related Bonds.

(b) Upon the withdrawal of any Member from the Obligated Group pursuant to subsection (a) of this Section, any guaranty by such Member pursuant hereto shall be released and discharged in full and all liability of such Member of the Obligated Group with respect to all Obligations Outstanding under this Master Trust Indenture shall cease.

Section 3.11. Designation and De-designation of Designated Affiliates.

(a) Any Member(s) of the Obligated Group, with the consent of the Obligated Group Representative, may from time to time designate one or more Persons as a Designated Affiliate, provided that the Member(s) of the Obligated Group that designate such Designated Affiliate, singly or together, shall either (i) maintain, directly or indirectly, control of such Designated Affiliate to the extent necessary to cause such Designated Affiliate to comply with the terms of this Master Indenture, whether through the ownership of voting securities, by contract, corporate membership, reserved powers or the power to appoint corporate members, trustees or directors, or otherwise or (ii) execute and have in effect such contracts or other agreements which the Obligated Group Representative and such Member(s) of the Obligated Group, in the judgment of their respective Governing Bodies, deem sufficient to cause such Designated Affiliate to comply with the terms of this Master Indenture. The Obligated Group Representative shall at all times maintain an accurate and complete list of all Persons designated as Designated Affiliates (and of the Obligated Group Member(s) that control each Designated Affiliate) and file such list with the Master Trustee and any Related Bond Issuer that shall request such list in writing annually on or before January 1 of each year.

(b) Each Obligated Group Member shall cause each of its Designated Affiliates to provide to the Obligated Group Representative a resolution of its Governing Body accepting such Person's designation as a Designated Affiliate and acknowledging the provisions of this Master Indenture which affect the Designated Affiliates.

(c) Each Obligated Group Member hereby covenants and agrees that it will cause each of its Designated Affiliates to comply with any and all directives given pursuant to the provisions of this Master Indenture.

(d) Any Person may cease to be a Designated Affiliate (and thus not subject to the terms of this Master Indenture) provided that prior to such Person ceasing to be a Designated Affiliate the Master Trustee receives:

(i) a resolution of the Governing Body of the Member(s) of the Obligated Group that control such Designated Affiliate and the Obligated Group Representative declaring such Person no longer a Designated Affiliate; and

(ii) an Officer's Certificate to the effect that immediately following such Person ceasing to be a Designated Affiliate neither a Default nor an Event of Default would exist.

Section 3.12. Transfers from Designated Affiliates. Each Member of the Obligated Group hereby covenants and agrees that it shall cause each of its Designated Affiliates to pay, loan or otherwise transfer to the Obligated Group Representative such amounts as are necessary to enable the Obligated Group Members to comply with the provisions of this Master Indenture including without limitation the provisions of Section 3.01; provided, however, that nothing herein shall be construed to require any Member of the Obligated Group to cause its

Designated Affiliate to pay, loan or otherwise transfer to the Obligated Group Representative any amounts that constitute Restricted Moneys.

ARTICLE IV

DEFAULT AND REMEDIES

Section 4.01. Events of Default. Event of Default, as used herein, shall mean any of the following events:

(a) The Members of the Obligated Group shall fail to make any payment of the principal of, the premium, if any, or interest on any Obligations issued and Outstanding hereunder when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof, of this Master Trust Indenture or of any Supplement;

(b) Any Member of the Obligated Group shall fail duly to perform, observe or comply with any covenant or agreement on its part under this Master Trust Indenture for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Members of the Obligated Group and the Obligated Group Representative by the Master Trustee, or to the Members of the Obligated Group and the Obligated Group Representative and the Master Trustee by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Obligations then Outstanding or by the Credit Facility Issuer, if any, with respect to an Obligation or Related Bonds; *provided, however*, that if said failure be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such thirty (30)-day period and diligently pursued until the Event of Default is corrected;

(c) An event of default shall occur under a Related Bond Indenture, under a Related Loan Agreement, upon a Related Bond or under any mortgage that secures any Obligation issued hereunder;

(d) (i) Any Member of the Obligated Group shall fail to make any required payment with respect to any Indebtedness or Derivative Agreement (other than Obligations issued and Outstanding hereunder), which Indebtedness is in an aggregate principal amount greater than one percent (1%) of Total Revenues for the most recent Fiscal Year whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or (ii) there shall occur an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, which Indebtedness is in an aggregate principal amount greater than one percent (1%) of Total Revenues for the most recent Fiscal Year whether such Indebtedness now exists or shall hereafter be created, which event of default shall not have been waived by the holder of such mortgage, indenture or instrument, and as a result of such failure to pay or other event of default such Indebtedness shall have been accelerated; *provided, however*, that such default shall not constitute an Event of Default within the meaning of this Section if within thirty (30) days (i) written notice is delivered to the Master Trustee, signed by the Obligated Group Representative, that such Member of the Obligated Group is contesting the payment of such Indebtedness and within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, any Member of the Obligated Group in good faith shall commence proceedings to contest the obligation to pay such Indebtedness and if a judgment relating to such Indebtedness has been entered against such Member of the Obligated Group (A) the execution of such judgment has been stayed or (B) sufficient moneys are escrowed with a bank or trust company for the payment of such Indebtedness;

(e) The entry of a decree or order by a court having jurisdiction in the premises for an order for relief against any Member of the Obligated Group, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Member under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of such Member or of any substantial part of its Property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days; and

(f) The institution by any Member of the Obligated Group of proceedings for an order for relief, or the consent by it to an order for relief against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement, adjustment, composition or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of such Member of the Obligated Group or of any substantial part of its Property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due.

(g) The occurrence of any additional event specified in a Supplement as an “Event of Default”.

Section 4.02. Acceleration; Annulment of Acceleration. (a) Upon the occurrence and during the continuation of an Event of Default hereunder, the Master Trustee may and, upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Obligations Outstanding or the holder of any Accelerable Instrument under which Accelerable Instrument an event of default exists (which event of default permits the holder thereof to request that the Master Trustee declare such Indebtedness evidenced by an Obligation due and payable prior to the date on which it would otherwise become due and payable), shall, by notice to the Members of the Obligated Group declare all Obligations Outstanding immediately due and payable, whereupon such Obligations shall become and be immediately due and payable, anything in the Obligations or in any other section of this Master Trust Indenture to the contrary notwithstanding. In the event Obligations are accelerated there shall be due and payable on such Obligations an amount equal to the total principal amount of all such Obligations, plus all interest accrued thereon to the date of acceleration and, to the extent permitted by applicable law, which accrues to the date of payment.

(b) At any time after the principal of the Obligations shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, if (i) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay all matured installments of interest and interest on installments of principal and interest and principal or redemption prices then due (other than the principal then due only because of such declaration) of all Obligations Outstanding; (ii) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay the charges, compensation, expenses, disbursements, advances, fees and liabilities of the Master Trustee; (iii) all other amounts then payable by the Obligated Group hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Master Trustee; and (iv) every Event of Default (other than a default in the payment of the principal of such Obligations then due only because of such declaration) shall have been remedied or waived pursuant to Section 4.09 hereof, then the Master Trustee may, and upon the written request of Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Obligations Outstanding or the holder of any Accelerable Instrument described in Section 4.02(a) above shall, annul such declaration and its consequences with respect to any Obligations or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 4.03. Additional Remedies and Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Obligations Outstanding or the holder of any Accelerable Instrument or upon the request of the Credit Facility Issuer, if any, with respect to any series of Obligations or Related Bonds, together with indemnification of the Master Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Holders hereunder by such suits, actions or proceedings as the Master Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (i) Enforcement of the right of the Holders to collect and enforce the payment of amounts due or becoming due under the Obligations;
- (ii) Bring suit upon all or any part of the Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders;

(iv) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders;

(v) Enforcement of any rights the Master Trustee may have hereunder or under any Supplement as a secured party under the UCC;

(vi) Enforcement of any mortgage granted by any Member of the Obligated Group to secure any one or more Obligations; and

(vii) Enforcement of any other right of the Holders conferred by law or hereby.

(b) Regardless of the happening of an Event of Default, the Master Trustee, if requested in writing by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Obligations then Outstanding or the Credit Facility Issuer, if any, with respect to a series of Obligations or Related Bonds, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request and the action to be taken by the Master Trustee are not in conflict with any applicable law or the provisions hereof and, in the sole judgment of the Master Trustee, are not unduly prejudicial to the interest of the Holders not making such request.

(c) In addition to any remedies enforceable pursuant to the Master Trust Indenture, upon the occurrence and continuance of any Event of Default under the Master Trust Indenture, the Master Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Obligations Outstanding, as provided in Section 4.03(a) of the Master Trust Indenture, together with indemnification of the Master Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Holders under the Master Trust Indenture by such suits, actions, foreclosure proceedings or other proceedings as the Master Trustee, being advised by counsel, shall deem expedient regarding enforcement of rights under the any mortgages granted to secure an Obligation issued hereunder. Any proceeds received from the enforcement of the rights of the Master Trustee as beneficiary under any particular mortgage shall be distributed by the Master Trustee, after the payment of any compensation, expenses, disbursements and advances then owing to the Master Trustee pursuant to Section 5.05 hereof, to satisfy any amounts then due and owing under any Obligations in accordance with the Master Trust Indenture.

Section 4.04. Application of Moneys after Default. During the continuance of an Event of Default, subject to the expenditure of moneys to make any payments required to permit any Member of the Obligated Group to comply with any requirement or covenant in any Related Indenture to cause Related Bonds the interest on which, immediately prior to such Event of Default, is excludable from the gross income of the recipients thereof for federal income tax purposes under the Code to retain such status under the Code, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article shall be applied, after the payment of any compensation, expenses, disbursements and advances then owing to the Master Trustee pursuant to Section 5.05 hereof, in accordance with the provisions of Section 4.03(c) hereof and, with respect to the payment of Obligations thereunder, as follows:

(a) Unless the principal of all Outstanding Obligations shall have become or have been declared due and payable:

First: To the payment to the Persons entitled thereto of all installments of interest then due on Obligations in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference;

Second: To the payment to the Persons entitled thereto of the unpaid principal installments of any Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the Persons entitled thereto, without any discrimination or preference; and

Third: To the extent there exists a Credit Facility Issuer with respect to any series of Obligations or Related Bonds, amounts owed to such Credit Facility Issuer by the Obligated Group and not otherwise paid under clauses First and Second above.

(b) If the principal of all Outstanding Obligations shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(c) If the principal of all Outstanding Obligations shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Outstanding Obligations shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation shall be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Members of the Obligated Group, their respective successors, or as a court of competent jurisdiction may direct.

Section 4.05. Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Master Trustee or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute on or after the date hereof.

Section 4.06. Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders. Subject to the provisions of Section 4.04 hereof, any recovery or judgment shall be for the equal benefit of the Holders.

Section 4.07. Holders' Control of Proceedings. If an Event of Default shall have occurred and be continuing, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Master Trustee and accompanied by indemnity satisfactory to the Master Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions hereof or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is not in conflict with any applicable

law or the provisions hereof, and is not unduly prejudicial to the interest of any Holders not joining in such direction, and provided further, that the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee in good faith shall determine that the proceeding so directed would involve the Master Trustee in personal liability, in the sole judgment of the Master Trustee, and provided further that nothing in this Section shall impair the right of the Master Trustee in its discretion to take any other action hereunder which it may deem proper and which is not inconsistent with such direction by the Holders; provided, further, however, that the Credit Facility Issuer, if any, with regard to any series of Obligations or any series of Related Bonds secured by Obligations, and not the Holders, shall have the right to control proceedings with respect thereto in the manner described in this Section.

Section 4.08. Termination of Proceedings. In case any proceeding taken by the Master Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Master Trustee or to the Holders, then the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

Section 4.09. Waiver of Event of Default. (a) No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Master Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee, with the consent of the holder(s) of any Accelerable Instrument and the Credit Facility Issuer, if any, of any affected Obligations or Related Bonds may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Master Trustee, upon the written request of the Holders of not less than a majority of the aggregate principal amount of Obligations then Outstanding, with the consent of the Credit Facility Issuer, if any, of any affected Obligations or Related Bonds, shall waive any Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.02 hereof, a default in the payment of the principal of, premium, if any, or interest on any Obligation, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Obligations (with respect to which such payment default exists) at the time Outstanding.

(d) In case of any waiver by the Master Trustee of an Event of Default hereunder, the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 4.10. Appointment of Receiver. Upon the occurrence of any Event of Default unless the same shall have been waived as herein provided, the Master Trustee shall be entitled as a matter of right if it shall so elect, (i) forthwith and without declaring the Obligations to be due and payable, (ii) after declaring the same to be due and payable, or (iii) upon the commencement of an action to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group with such powers as the court making such appointment shall confer. Each Member of the Obligated Group, respectively, hereby consents and agrees, and will if requested by the Master Trustee consent and agree at the time of application by the Trustee for appointment of a receiver of its Property, to the appointment of such receiver of its Property and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such Property and the revenues, profits and proceeds therefrom, with like effect as the Member of the Obligated Group could do so, and to borrow money and issue evidences of indebtedness as such receiver.

Section 4.11. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this instrument or the provisions hereof invalid or unenforceable under the provisions of any applicable law.

Section 4.12. Notice of Default. The Master Trustee shall, within ten (10) days after it has actual knowledge of the occurrence of an Event of Default, mail, by first class mail, to all Holders as the names and addresses of such Holders appear upon the books of the Master Trustee, notice of such Event of Default known to the Master Trustee, unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Obligations and the Events of Default specified in subsections (e) and (f) of Section 4.01, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or any responsible officer of the Master Trustee in good faith determines that the withholding of such notice is in the interests of the Holders.

ARTICLE V

THE MASTER TRUSTEE

Section 5.01. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default:

(i) The Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Trust Indenture, and no implied covenants or obligations shall be read into this Master Trust Indenture against the Master Trustee; and

(ii) In the absence of negligence and willful misconduct on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Trust Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine the same to determine whether or not on their face they conform to the requirements of this Master Trust Indenture.

(b) In case an Event of Default has occurred and is continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Trust Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Master Trust Indenture shall be construed to relieve the Master Trustee from liability for its own negligence or willful misconduct, except that:

(i) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(ii) the Master Trustee shall not be liable for any error of judgment made in good faith by a chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, any vice president (however designated), the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller and any assistant controller or any other officer or employee of the Master Trustee customarily performing functions similar to those performed by any of the above designated officers or with respect to a particular matter, any other

officer or employee to whom such matter is referred because of his knowledge of and familiarity with the particular subject, unless it shall be proved that the Master Trustee was grossly negligent;

(iii) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Obligations relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under this Master Trust Indenture, except under the circumstances set forth in Subsection (c) of Section 4.09 hereof requiring the consent of the Holders of all the Obligations at the time Outstanding; and

(iv) no provision of this Master Trust Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial or other, liability, directly or indirectly, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Master Trust Indenture relating to the conduct or affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section.

Section 5.02. Certain Rights of Master Trustee. Except as otherwise provided in Section 5.01:

(a) The Master Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request, direction or statement of any Member of the Obligated Group mentioned herein shall be sufficiently evidenced by an Officer's Certificate and any action of the Governing Body may be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Member of the Obligated Group to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

(c) Whenever in the administration of this Master Trust Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of negligence or willful misconduct on its part, rely upon an Officer's Certificate.

(d) The Master Trustee may consult with counsel or an independent auditor and the written advice of such counsel or independent auditor or any Opinion of Counsel or Opinion of Bond Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Trust Indenture whether on its own motion or at the request or direction of any of the Holders pursuant to this Master Trust Indenture which shall likely involve expense or liability not otherwise provided for herein, unless there shall have been offered and furnished to the Master Trustee reasonable security or indemnity satisfactory to the Master Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction or otherwise in connection herewith.

(f) The Master Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Master Trustee shall determine to make such

further inquiry or investigation, it shall be entitled to examine the books, records and premises of any Member of the Obligated Group, personally or by agent or attorney.

(g) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 5.03. Right to Deal in Obligations and Related Bonds and With Members of the Obligated Group. The Master Trustee may in good faith buy, sell or hold and deal in any Obligations and Related Bonds with like effect as if it were not such Master Trustee and may commence or join in any action which a Holder or holder of a Related Bond is entitled to take and may otherwise deal with Members of the Combined Group with like effect as if the Master Trustee were not the Master Trustee; provided, however, that if the Master Trustee has or shall acquire any conflicting interest, it shall, within ninety (90) days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign as Master Trustee.

Section 5.04. Removal and Resignation of the Master Trustee. The Master Trustee may resign on its motion or may be removed at any time by an instrument or instruments in writing signed by the Holders of not less than a majority of the principal amount of Obligations then Outstanding or, if no Event of Default shall have occurred and be continuing, by an instrument in writing signed by the Obligated Group Representative. No such resignation or removal shall become effective unless and until a successor Master Trustee (or temporary successor trustee as provided below) has been appointed and has assumed the trusts created hereby. Written notice of such resignation or removal shall be given to the Members of the Obligated Group and to each Holder by first class mail at the address then reflected on the books of the Master Trustee and such resignation or removal shall take effect upon the appointment and qualification of a successor Master Trustee. A successor Master Trustee may be appointed by the Obligated Group Representative or, if no such appointment is made by the Obligated Group Representative within thirty (30) days of the date notice of resignation or removal is given, the Holders of not less than a majority in aggregate principal amount of Obligations Outstanding. In the event a successor Master Trustee has not been appointed and qualified within sixty (60) days of the date notice of resignation is given, the Master Trustee, any Member of the Obligated Group or any Holder may apply to any court of competent jurisdiction for the appointment of a temporary successor Master Trustee to act until such time as a successor is appointed as above provided.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least fifty million dollars (\$50,000,000), if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Master Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to each Member of the Obligated Group an instrument in writing, accepting such appointment hereunder, and thereupon such successor Master Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of such predecessor. The predecessor Master Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all material records relating to the trust or copies thereof and, on request, communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Each successor Master Trustee, not later than ten (10) days after its assumption of the duties hereunder, shall mail a notice of such assumption to each registered Holder.

Section 5.05. Compensation and Reimbursement. The Members of the Obligated Group agree:

(a) To pay the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall be agreed to in writing between the Obligated Group Representative and the Master Trustee, but shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(b) Except as otherwise expressly provided herein, to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee, including fees on collection and enforcement, in accordance with any provision of this Master Trust Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or willful misconduct.

(c) To indemnify the Master Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the performance of the Members of the Obligated Group under this Section, the Master Trustee shall have a lien prior to any Obligations upon all property and funds held or collected by the Master Trustee as such, except funds held in trust for the payment of principal of or interest or premiums on Obligations.

Section 5.06. Recitals and Representations. The recitals, statements and representations contained herein, or in any Obligation (excluding the Master Trustee's authentication on the Obligations) shall be taken and construed as made by and on the part of the Members of the Obligated Group, respectively, and not by the Master Trustee, and the Master Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Obligations, or the validity or sufficiency of insurance to be provided. The Master Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of such document. The Master Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Master Trustee shall have no duty of inquiry with respect to any default or Events of Default described herein without actual knowledge of or receipt by the Master Trustee of written notice of a default or an Event of Default from a Member of the Obligated Group or any Holder.

Section 5.07. Separate or Co-Master Trustee. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee shall have power to appoint, and, upon the request of the Holders of at least twenty-five percent (25%) in aggregate principal amount of Obligations Outstanding, shall appoint, one or more Persons approved by the Master Trustee either to act as co-trustee or co-trustees, jointly with the Master Trustee, or to act as separate trustee or separate trustees, and to vest in such person or persons, in such capacity, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(a) The Obligations shall be authenticated and delivered solely by the Master Trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Master Trustee, or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Master Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Master Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Master Trustee at any time, by any instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section. Upon the request of the Master Trustee, the Members of the Obligated Group shall join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(f) No trustee or any paying agent hereunder shall be personally liable by reason of any act or omission of any other trustee or paying agent hereunder, nor will the act or omission of any trustee or paying agent hereunder be imputed to any other trustee or paying agent.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Master Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Master Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Master Trustee its or his attorney-in-fact and agent, with full power and authority to perform all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 5.08. Disclosure. The Master Trustee is authorized to disclose to a central repository of information and data regarding municipal bond issues such material as shall be required to be disclosed in accordance with applicable regulations and guidelines regarding such disclosure, including without limitation the American Bankers Association Corporate Trust Disclosure Guidelines for Master Trustees, and the Members of the Obligated Group shall in connection with any such disclosure pay the reasonable compensation and expenses of the Master Trustee, including the fees and expense of its counsel, incurred in connection with such disclosure and shall provide the Master Trustee with such indemnification as shall be reasonably satisfactory to the Master Trustee.

ARTICLE VI

SUPPLEMENTS AND AMENDMENTS; REPLACEMENT MASTER TRUST INDENTURE

Section 6.01. Supplements Not Requiring Consent of Holders. Each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee may, without the consent of or notice to any of the Holders enter into one or more Supplements for one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission herein.
- (b) To correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder and which shall not materially and adversely affect the interests of the Holders.
- (c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted or conferred upon them, subject to the provisions of the proviso of Section 6.02(a).
- (d) To qualify this Master Trust Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.
- (e) To create and provide for the issuance of Indebtedness or the entry into a Derivative Agreement (including, in either case, the issuance of an Obligation in respect thereof) as permitted under the Master Trust Indenture, so long as no Event of Default has occurred and is continuing under this Master Trust Indenture.
- (f) To obligate a successor to any Member of the Obligated Group as provided in Section 3.09.
- (g) To comply with the provisions of any federal or state securities law.
- (h) So long as no Event of Default has occurred and is continuing under this Master Trust Indenture and so long as no event which with notice or the passage of time or both would become an Event of Default under this Master Trust Indenture has occurred and is continuing, to make any change to the provisions of this Master Trust Indenture (except as set forth below) if the following conditions are met:

(i) the Obligated Group Representative delivers to the Master Trustee prior to the date such amendment is to take effect either (A)(1) an Independent Consultant's report to the effect that the proposed amendment is consistent with then current industry standards for comparable institutions and (2) an Officer's Certificate of the Obligated Group Representative demonstrating that the Long-Term Debt Service Coverage Ratio for the most recent period of twelve (12) consecutive calendar months preceding the date of delivery of the report for which there are Combined Group Financial Statements available was at least 1.75; or (B) evidence satisfactory to the Master Trustee to the effect that (i) there exists for each Related Bond or Obligation, which is not pledged to secure Related Bonds, credit enhancement consisting of a surety bond, insurance policy, letter of credit or other form of credit enhancement from a financial institution generally regarded as responsible (in each case which is irrevocable and will remain in full force and effect for the entire period of time each such Related Bond or Obligation, as the case may be, remains outstanding and provides for payment in full of principal and interest on such Related Bond or Obligation when due) or the Obligated Group has delivered, respectively, to each Related Bond Trustee for each outstanding Related Bond, each trustee for any outstanding Obligation which is not pledged to secure Related Bonds and each holder of an outstanding Obligation which is not pledged to secure Related Bonds and with respect to which there is no trustee, credit enhancement of the types described above in this subpart, and (ii) evidence satisfactory to the Master Trustee from each rating agency then rating each such Related Bond and Obligation that, on the date the proposed change is to take effect, each such Related Bond and Obligation rated by such rating agency will be rated based on such credit enhancement not lower than the rating applicable to such Related Bond or Obligation on the day prior to the effective date of such change;

(ii) if any series of Obligations or Related Bonds are rated based on credit enhancement of such Obligations or Related Bonds (whether in the form of a financial guaranty insurance policy, letter of credit, surety bond or otherwise) and not on the underlying credit of the Obligated Group, the issuer of such credit enhancement shall consent in writing to such amendment or modification; and

(iii) with respect to each outstanding Related Bond, an Opinion of Bond Counsel (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are not unacceptable to the Master Trustee) to the effect that the proposed change will not adversely affect the validity of any Related Bond or any exclusion from gross income for federal income taxation purposes of interest payable thereon to which such Bond would otherwise be entitled.

(i) To make any changes to this Master Trust Indenture in the event the Obligated Group Representative determines that a change in GAAP will create a lasting impediment upon the Members of the Obligated Group's ability to comply with the provisions of any quantitative financial provisions or requirements of this Master Trust Indenture, which changes to this Master Trust Indenture relate to any such quantitative provisions or requirements and the related definitions upon which the calculations included in such provisions or requirements are based, to provide for similar financial and economic measures of the performance of the Members of the Obligated Group.

Section 6.02. Supplements Requiring Consent of Holders. (a) Other than Supplements referred to in Section 6.01 hereof and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Obligations then Outstanding shall have the right, with consent of each Credit Facility Issuer insuring Obligations or Related Bonds, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Trustee of such Supplements as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, nothing in this Section shall permit or be construed as permitting a Supplement which would:

(i) Effect a change in the times, amounts or currency of payment of the principal of, premium, if any, and interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of such Obligation;

(ii) Except as otherwise permitted in this Master Trust Indenture or an existing Supplement, permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or

(iii) Reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding.

(b) If at any time each Member of the Obligated Group shall request the Master Trustee to enter into a Supplement pursuant to this Section, which request is accompanied by a copy of the resolution or other action of its Governing Body certified by its secretary or assistant secretary or if it has no secretary or assistant secretary, its comparable officer, and the proposed Supplement and if the Master Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) of this Section 6.02 for the Supplement in question which instrument or instruments shall refer to the proposed Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, thereupon, but not otherwise, the Master Trustee may execute such Supplement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Supplement, such revocation and, if such Obligation is transferable by delivery, proof that such Obligation is held by the signer of such revocation in the manner permitted by Section 8.01

of this Master Trust Indenture. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Supplement, the Master Trustee shall make and file with each Member of the Obligated Group a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required principal amount of the Obligations Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or any Member of the Obligated Group from executing the same or from taking any action pursuant to the provisions thereof

Section 6.03. Execution and Effect of Supplements. (a) In executing any Supplement permitted by this Article, the Master Trustee shall be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Supplement is authorized or permitted hereby. The Master Trustee may but shall not be obligated to enter into any such Supplement which affects the Master Trustee's own rights, duties or immunities.

(b) Except as otherwise set forth in such Supplement, upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of an Obligation theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may, and if required by the issuer of such Obligation or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplement. If the issuer of any series of Obligations then Outstanding or the Master Trustee shall so determine, new Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of such issuer to any such Supplement may be prepared and executed by the issuer and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Obligations then Outstanding.

Section 6.04. Replacement Master Indenture. Each Holder of an Obligation shall surrender such Obligation to the Master Trustee upon presentation to the Holder of all of the following:

(a) An original replacement note or similar obligation (the "Substitute Obligation") duly authenticated and issued under and pursuant to an existing or new indenture, bond resolution, bond order or other instrument pursuant to which indebtedness is incurred or issued (the "Replacement Master Indenture") by which the party or parties purported to be obligated thereby (collectively, the "New Obligor") have agreed to be bound; provided, however, that the trustee serving as master trustee under such Replacement Master Indenture (the "New Trustee") shall be an independent corporate trustee (which may be the Master Trustee or a Related Bond Trustee) meeting the eligibility requirements for the Master Trustee set forth in this Indenture;

(b) An original executed counterpart or certified copy of the Replacement Master Indenture pursuant to which each party purported to be bound thereby has agreed (1) to become subject to compliance with all provisions of the Replacement Master Indenture and (2) unconditionally and irrevocably (subject to the right of such party to cease its status as a New Obligor pursuant to the terms and conditions of the Replacement Master Indenture) to jointly and severally make payments upon each note and obligation, including the Substitute Obligation, issued under the Replacement Master Indenture at the times and in the amounts provided in each such note or obligation;

(c) An Opinion of Counsel addressed to the Holder and the Obligated Group Members to the effect that: (1) the Replacement Master Indenture has been duly authorized, executed and delivered or has been duly adopted by each party (other than the Master Trustee) purported to be bound thereby, the Substitute Obligation has been duly authorized, executed and delivered by the New Obligor, and the Replacement Master Indenture and the Substitute Obligation are each a legal, valid and binding obligation of the New Obligor, enforceable in accordance with their terms, subject in each case to customary exceptions for bankruptcy, insolvency, fraudulent conveyance and other laws affecting enforcement of creditors' rights generally and application of general principles of equity; (2)

all requirements and conditions to the issuance of the Substitute Obligation set forth in the Replacement Master Indenture have been complied with and satisfied; and (3) neither registration of the Substitute Obligation under the Securities Act nor qualification of the Replacement Master Indenture under the Trust Indenture Act is required, or, in either case, if such registration or qualification is required, all applicable registration and qualification provisions of said Acts have been complied with;

(d) An Opinion of Bond Counsel to the effect that the surrender of the Obligation and the acceptance by the Holder of the Substitute Obligation will not adversely affect the validity of any' Related Bonds or any exemption for the purposes of federal or state income taxation to which interest on such Related Bonds would otherwise be entitled; and

(e) Evidence (1) that written notice of such substitution, together with a copy of the Replacement Master Indenture, has been given by the New Obligor to each Rating Service then rating the Obligations, if any, or Related Bonds, (2) that the then current rating on such Obligations or Related Bonds will not be withdrawn or reduced below the then current rating category (without regard to any gradations by numerical qualifier or otherwise within such rating category) by any such Rating Service solely as a result of such substitution and (3) that the then current rating on such Obligation or Related Bonds is at least, and upon such substitution will not be reduced below, Investment Grade.

Notwithstanding any other provisions of this Section 6.04, no Substitute Obligation may effect any change with respect to any Obligation surrendered to the Master Trustee that would require the consent of the Holder of such Obligation if such change were to be made pursuant to Section 6.02 (a)(i) through (iii) hereof, without the consent of such Holder.

ARTICLE VII

SATISFACTION AND DISCHARGE OF INDENTURE

Section 7.01. Satisfaction and Discharge of Indenture. If (i) the Obligated Group Representative shall deliver to the Master Trustee for cancellation all Obligations theretofore authenticated (other than any Obligations which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in the Supplement) and not theretofore cancelled, or (ii) all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation shall have become due and payable and money sufficient to pay the same shall have been deposited with the Master Trustee, or (iii) all Obligations that have not become due and payable and have not been cancelled or delivered to the Master Trustee for cancellation shall be Defeased Obligations, and if in all cases the Members of the Obligated Group shall also pay or cause to be paid all other sums payable hereunder by the Members of the Obligated Group or any thereof, then this Master Trust Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Members of the Obligated Group and at the cost and expense of the Members of the Obligated Group, shall execute proper instruments acknowledging satisfaction of and discharging this Master Trust Indenture. Each Member of the Obligated Group, respectively, hereby agrees to reimburse the Master Trustee for any costs or expenses theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with this Master Trust Indenture or such Obligations.

Section 7.02. Payment of Obligations after Discharge of Lien. Notwithstanding the discharge of the lien hereof as in this Article provided, the Master Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and the registration, transfer, exchange and replacement of Obligations as provided herein.

Nevertheless, any moneys held by the Master Trustee or any paying agent for the payment of the principal of, premium, if any, or interest on any Obligation remaining unclaimed for five (5) years after the principal of all Obligations has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Members of the Obligated Group, as their interests may appear, and the Holders of any Obligations not theretofore presented for payment shall thereafter be entitled to look

only to the Members of the Obligated Group for payment thereof as unsecured creditors and all liability of the Master Trustee with respect to such moneys shall thereupon cease.

ARTICLE VIII

CONCERNING THE HOLDERS

Section 8.01. Evidence of Acts of Holders. (a) Except as otherwise provided in a Related Bond Indenture, in the event that any request, direction or consent is requested or permitted hereunder of the Holders of any Obligation securing an issue of Related Bonds, (i) each Related Bond Issuer shall be deemed to be such Holder for the purpose of any such request, direction or consent, or (ii) in the event such series of Related Bonds or Obligation is secured by a Credit Facility, so long as the issuer of such Credit Facility is not then in default on its obligations under such Credit Facility, the Credit Facility Issuer shall be deemed to be the Holder of such Obligation or Obligations pledged as security for such Related Bonds.

(b) As to any request, direction, consent or other instrument provided hereby to be signed and executed by the Holders, such action may be in any number of concurrent writings, shall be of similar tenor, and may be signed or executed by such Holders in person or by agent appointed in writing.

(c) Proof of the execution of any such request, direction, consent or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Master Trustee and the Members of the Obligated Group, with regard to any action taken by them, or either of them, under such request, direction or consent or other instrument, namely:

(i) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(ii) The ownership of Related Bonds may be proved by the registration books for such Related Bonds maintained pursuant to the Related Bond Indenture.

(d) Nothing in this Section shall be construed as limiting the Master Trustee to the proof herein specified, it being intended that the Master Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

(e) Any action taken or suffered by the Master Trustee pursuant to any provision hereof upon the request or with the assent of any person who at the time is the Holder of any Obligation, shall be conclusive and binding upon all future Holders of the same Obligation.

(f) In the event that any request, direction or consent is requested or permitted hereunder of the Holders of an Obligation that constitutes a Guaranty, for purposes of any such request, direction or consent, the principal amount of such Obligation shall be deemed to be the stated principal amount of such Obligation.

Section 8.02. Obligations or Related Bonds Owned by Members of Obligated Group. In determining whether the Holders of the requisite aggregate principal amount of Obligations have concurred in any demand, direction, request, notice, consent, waiver or other action under this Master Trust Indenture, Obligations or Related Bonds that are owned by any Member of the Obligated Group or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such Member shall be disregarded and deemed not to be Outstanding or outstanding under the Related Bond Indenture, as the case may be, for the purpose of any such determination, provided that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent or waiver, only such Obligations or Related Bonds which the Master Trustee has actual notice or knowledge are so owned shall be so disregarded and deemed not to be outstanding. Obligations or Related Bonds so owned that have been pledged in good faith may be regarded as Outstanding or outstanding

under the Related Bond Indenture, as the case may be, for purposes of this Section, if the pledgee shall establish to the satisfaction of the Master Trustee the pledgee's right to vote such Obligations or Related Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with any Member of the Obligated Group. In case of a dispute as to such right, any decision by the Master Trustee taken upon the advice of counsel shall be full protection to the Master Trustee.

Section 8.03. Instruments Executed by Holders Bind Future Holders. At any time prior to (but not after) the Master Trustee takes action in reliance upon evidence, as provided in Section 8.01 hereof, of the taking of any action by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action, any Holder of such an Obligation or Related Bond that is shown by such evidence to be included in Obligations the Holders of which have consented to such action may, by filing written notice with the Master Trustee and upon proof of holding as provided in Section 8.01, revoke such action so far as concerns such Obligation or Related Bond. Except upon such revocation any such action taken by the Holder of an Obligation or Related Bond in any direction, demand, request, waiver, consent, vote or other action of the Holder of such Obligation or Related Bond which by any provision hereof is required or permitted to be given shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Obligation or Related Bond, and of any Obligation or Related Bond issued in lieu thereof, whether or not any notation in regard thereto is made upon such Obligation or Related Bond. Any action taken by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action shall be conclusively binding upon each Member of the Obligated Group, the Master Trustee and the Holders of all of such Obligations or Related Bonds.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.01. Limitation of Rights. (a) With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Trust Indenture or the Obligations issued hereunder is intended or shall be construed to give to any Person other than each Member of the Obligated Group, the Master Trustee, any Credit Facility Issuer and the Holders hereunder any legal or equitable right, remedy or claim under or in respect to this Master Trust Indenture or any covenants, conditions and provisions herein contained; this Master Trust Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties mentioned in this Section.

(b) To the extent any provision of this Master Trust Indenture requires or provides for the consent or direction of the issuer of Related Bonds or the trustee for Related Bonds, such consent or direction shall only be required to the extent there exists Related Bonds outstanding (as such term 'outstanding' is defined in the instrument authorizing such Related Bonds).

Section 9.02. Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged invalid or unenforceable, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Obligations issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 9.03. Holidays. Except to the extent a Supplement or an Obligation provides otherwise:

(a) Subject to subsection (b) of this Section 9.03, when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day on which banking institutions in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day not a day on which banking institutions in such jurisdiction are authorized by law to remain closed with effect as though done on the day or within the time period named.

(b) When the date on which principal of or interest or premium on any Obligation is due and payable is a day on which banking institutions at the place of payment are authorized by law to remain closed, payment may be made on the next ensuing day on which banking institutions at such place are not authorized by law

to remain closed with the same effect as though payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

Section 9.04. Governing Law. This Master Indenture and any Obligations issued hereunder are contracts made under the laws of the State of New York and shall be governed by and construed in accordance with such laws.

Section 9.05. Counterparts. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 9.06. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, member, employee or agent of any Member of the Obligated Group, and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of Obligations issued hereunder.

Section 9.07. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon each Member of the Obligated Group, the Master Trustee and their respective successors and assigns subject to the limitations contained herein.

Section 9.08. Notices. (a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows:

(i) If to any Member of the Obligated Group, addressed to the Obligated Group Representative at its principal place of business, which on the date hereof is:

The New York and Presbyterian Hospital
333 East 38th Street, 8th Floor
New York, NY 10016
Attention: Chief Financial Officer;

(ii) If to the Master Trustee, addressed to it at:

TD Bank, N.A.
1006 Astoria Boulevard
Cherry Hill, NJ 08034

(iii) If to any registered Holder, addressed to such Holder at the address shown on the books of the Master Trustee kept pursuant hereto.

(b) Any Member of the Obligated Group, or the Master Trustee may from time to time by notice in writing to the other and to the registered Holders designate a different address or addresses for notice hereunder.

IN WITNESS WHEREOF, the Hospital has caused these presents to be signed in its name and on its behalf by its duly authorized officer and to evidence its acceptance of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all of as of the day and year first above written.

TD BANK, N.A.,
as Master Trustee

By: _____
David C. Leondi
Vice President

THE NEW YORK AND PRESBYTERIAN HOSPITAL

By: _____
Phyllis R. F. Lantos
Executive Vice President, Chief Financial Officer
& Treasurer

Appendix A
Schedule of Liens

APPENDIX G-2

FORM OF SUPPLEMENTAL INDENTURE

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[Form of Supplemental Indenture]

THE NEW YORK AND PRESBYTERIAN HOSPITAL OBLIGATED GROUP

SUPPLEMENTAL MASTER INDENTURE

FOR OBLIGATION NO. 5

pursuant to that certain

MASTER TRUST INDENTURE

dated as of January 1, 2015

by and between

THE NEW YORK AND PRESBYTERIAN HOSPITAL

and

**TD BANK, N.A.,
as Master Trustee**

Dated as of August 1, 2023

THIS SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 5 made and entered into as of the 1st day of August 2023 (this “Supplemental Indenture”), by and between The New York and Presbyterian Hospital, a New York not-for-profit corporation (the “Hospital”), and TD Bank, N.A., a national banking association, as master trustee (the “Master Trustee”) under the Master Trust Indenture, dated as of January 1, 2015 (as it may be amended and supplemented, the “Master Indenture”), by and among the Master Trustee and the Hospital.

WITNESSETH:

WHEREAS, the Hospital has entered into the Master Indenture which provides for the establishment of the Obligated Group, of which the Hospital is currently the sole Member, and for the issuance, by any Member of the Obligated Group, of Obligations thereunder, upon the Obligated Group and the Master Trustee entering into an indenture supplemental to the Master Indenture to create Indebtedness; and

WHEREAS, on August 29, 2023, the Dormitory Authority of the State of New York (the “Authority”) is issuing its The New York Presbyterian Hospital Obligated Group Revenue Bonds, Series 2023 (the “Series 2023 Bonds”), pursuant to the Authority’s General Resolution and Series Resolution, each adopted on July 26, 2023 (collectively, the “Bond Resolution”); and

WHEREAS, the Authority is loaning the proceeds of the Series 2023 Bonds to the Hospital pursuant to the Loan Agreement, dated as of August 29, 2023 (the “Loan Agreement”), for the purpose of providing funds to be applied, together with other available funds, to (i) prepay on or about October 30, 2023 (the “Prepayment Date”) the FHA-insured mortgage loan (FHA Project No. 012-10044) (the “Mortgage Loan”) made to the Hospital by Prudential Huntoon Paige Associates LLC (“Prudential”) on September 10, 2013 and (ii) pay costs of issuance of the Series 2023 Bonds; and

WHEREAS, in accordance with the provisions of the Loan Agreement, the Hospital has agreed to issue Obligation No. 5 hereunder concurrently with the issuance of the Series 2023 Bonds to evidence and secure its obligations with respect to the Series 2023 Bonds and the Loan Agreement; and

WHEREAS, all acts and things necessary to constitute this Supplemental Indenture a valid indenture and agreement according to its terms have been done and performed, and the Hospital has duly authorized the execution and delivery hereof and of Obligation No. 5; and

WHEREAS, there have been previously authorized the Supplemental Indentures set forth on Schedule I hereto.

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of Obligation No. 5 by the holder thereof, the Obligated Group covenants and agrees with the Master Trustee, for the benefit of the holder from time to time of Obligation No. 5, as follows:

Section 1. Definitions. For the purposes hereof unless the context otherwise indicates the following words and phrases shall have the following meanings.

(a) All terms used herein which are defined in the Master Indenture shall have the meanings assigned to them therein.

- (b) “Authority” means the Dormitory Authority of the State of New York, and any legal successor or successors thereto.
- (c) “Bond Resolution” means the General Resolution and the Series Resolution.
- (d) “Bond Trustee” means TD Bank, N.A., as trustee with respect to the Series 2023 Bonds, and its successors and/or assigns as such trustee.
- (e) “Certificate of Determination” means the Certificate of Determination of the Authority, dated as of August 29, 2023, relating to the sale and certain details of the Series 2023 Bonds.
- (f) “Defeasance Security” means the Defeasance Security as specified in the definition thereof set forth in Section 1.1 of the General Resolution.
- (g) “Fourth Amendment to Intercreditor Agreement” means the Fourth Amendment to Intercreditor Agreement, dated as of August 1, 2023, by and among Prudential, the Authority, the Master Trustee, the Series 2015 Bond Trustee, the Series 2016 Bond Trustee, the Series 2019, the Series 2020 Bond Trustee, the Bond Trustee, HUD and the Hospital.
- (h) “General Resolution” means The New York and Presbyterian Hospital Obligated Group Revenue Bond Resolution adopted by the Authority on July 26, 2023.
- (i) “Holder” means, with respect to Obligation No. 5, the Bond Trustee.
- (j) “Hospital” means The New York and Presbyterian Hospital.
- (k) “HUD” means the U.S. Department of Housing and Urban Development.
- (l) “Intercreditor Agreement” means the Intercreditor Agreement, made as of January 16, 2015, by and among Prudential, DASNY, the Master Trustee, the Series 2015 Bond Trustee, HUD and the Hospital, as amended from time to time, including as amended by the Fourth Amendment to Intercreditor Agreement.
- (m) “Loan Agreement” means that certain Loan Agreement, dated as of August 29, 2023, by and between the Corporation and the Authority.
- (n) “Obligation No. 5” means the Obligation issued pursuant to the Master Indenture and this Supplemental Indenture.
- (o) “Proposed Springing Amendments” means the proposed springing amendments to the Master Indenture set forth in Appendix B hereto and as further addressed in Section 14 of this Supplemental Indenture.
- (p) “Prudential” means Prudential Huntoon Paige Associates, LLC.
- (q) “Series Resolution” means the Series Resolution 2023-1 Authorizing Up To \$400,000,000 The New York and Presbyterian Hospital Obligated Group Revenue Bonds, adopted by the Authority on July 26, 2023.
- (r) “Series 2015 Bond Trustee” means TD Bank, N.A., as trustee with respect to the Series 2015 Bonds, and its successors and/or assigns as such trustee.
- (s) “Series 2016 Bond Trustee” means TD Bank, N.A., as trustee with respect to the Series 2016 Bonds, and its successors and/or assigns as such trustee.

(t) “Series 2019 Bond Trustee” means TD Bank, N.A., as trustee with respect to the Series 2019 Bonds, and its successors and/or assigns as such trustee.

(u) “Series 2020 Bond Trustee” means TD Bank, N.A., as trustee with respect to the Series 2020 Bonds, and its successors and/or assigns as such trustee.

(v) “Series 2015 Bonds” means The New York and Presbyterian Hospital Taxable Bonds, Series 2015.

(w) “Series 2016 Bonds” means The New York and Presbyterian Hospital Taxable Bonds, Series 2016.

(x) “Series 2019 Bonds” means The New York and Presbyterian Hospital Taxable Bonds, Series 2019.

(y) “Series 2020 Bonds” means The New York and Presbyterian Hospital Taxable Bonds, Series 2020.

(z) “Series 2023 Bonds” means the Dormitory Authority of the State of New York The New York and Presbyterian Hospital Obligated Group Revenue Bonds, Series 2023.

(aa) “Supplemental Indenture” means this Supplemental Master Indenture for Obligation No. 5 executed and delivered by the Obligated Group and the Master Trustee pursuant to the Master Indenture.

Section 2. Issuance of Obligation No. 5. There is hereby created and authorized to be issued Obligation No. 5 in the aggregate principal amount of two hundred ninety-two million, nine hundred thousand dollars (\$292,900,000), designated as “The New York and Presbyterian Hospital Obligation No. 5”. Obligation No. 5 shall be dated as of August 29, 2023, and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as are set forth in the form of Obligation No. 5 attached hereto as Appendix A. The aggregate principal amount of Obligation No. 5 is limited to the amount stated in this Section except for any Obligation authenticated and delivered in lieu of another Obligation as provided in Section 7 hereof with respect to any Obligation destroyed, lost, or, subject to the provisions of Section 6 of this Supplemental Indenture, upon transfer of registration of Obligation No. 5.

Section 3. Payments on Obligation No. 5: Credits.

(a) Payments on Obligation No. 5 are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts. Except as provided in subsections (b) and (c) of this Section with respect to credits, payments on Obligation No. 5 shall be made at the times and in the amounts specified in Obligation No. 5 in immediately available funds by the Members of the Obligated Group (i) depositing the same with or to the account of the Bond Trustee at or prior to the opening of business on the day such payments shall become due or payable (or on the next succeeding business day if such date is a Saturday, Sunday or bank holiday in the city in which the principal corporate trust office of the Bond Trustee is located) and (ii) giving a notice to the Master Trustee of each payment on Obligation No. 5, specifying the amount paid, and identifying such payment as a payment on Obligation No. 5.

(b) The Obligated Group shall receive credit for payment on Obligation No. 5, in addition to any credits resulting from payment or prepayment from other sources, as follows:

(i) On installments of interest on Obligation No. 5 in an amount equal to moneys deposited in the Debt Service Fund created under the Bond Resolution which amounts are available to pay interest on the Series 2023 Bonds, to the extent such amounts have not previously been credited against payments on Obligation No. 5; and

(ii) On installments of principal of Obligation No. 5 in an amount equal to moneys deposited in the Debt Service Fund created under the Bond Resolution which amounts are available to pay principal of the Series 2023 Bonds, to the extent such amounts have not previously been credited on Obligation No. 5; and

(iii) On installments of principal of and interest on Obligation No. 5 in an amount equal to the principal amount of Series 2023 Bonds which have been called by the Bond Trustee for redemption prior to maturity and for the redemption of which sufficient amounts (as determined by Section 13.1 of the General Resolution) in cash or Defeasance Securities are on deposit as provided in Section 13.1 of the General Resolution, to the extent such amounts have not been previously credited against payments on Obligation No. 5, and the interest on such Series 2023 Bonds from and after the date of such notice to the date fixed for redemption thereof; and

(iv) On installments of principal of and interest on Obligation No. 5 in an amount equal to the principal amount of Series 2023 Bonds acquired by, or on behalf of, the Obligated Group and delivered to the Bond Trustee for cancellation or purchased by the Bond Trustee and cancelled, and the interest on such Series 2023 Bonds from and after the date interest thereon has been paid prior to cancellation.

Subject to the receipt by the Master Trustee of notice of the failure of the Obligated Group to make the foregoing payments as and when due from the Holder of Obligation No. 5, the Master Trustee may conclusively assume that such payments were made and corresponding credit on Obligation No. 5 shall be deemed to have occurred.

Section 4. Prepayment of Obligation No. 5.

(a) So long as all amounts which have become due under Obligation No. 5 have been paid, the Members may, in accordance with the terms of the Loan Agreement, at any time and from time to time pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 5.

(b) All such prepayments shall be deposited upon receipt in the Debt Service Fund and, at the request of and as determined by the Members, credited against payments due under Obligation No. 5 or used for the redemption or purchase of Outstanding Series 2023 Bonds in the manner and subject to the terms and conditions set forth in the Resolutions. Notwithstanding any such prepayment or surrender of Series 2023 Bonds, as long as any Series 2023 Bonds remain Outstanding or any additional payments required to be made hereunder remain unpaid, the Members shall not be relieved of their obligations hereunder.

Section 5. Registration. Numbers. Negotiability and Transfer of Obligation No. 5.

(a) Obligation No. 5 shall be registered on the register to be maintained by the Master Trustee for that purpose at the Corporate Trust Office of the Master Trustee. Except as provided in subsection (c) of this Section, so long as any Series 2023 Bond remains Outstanding (within the meaning of that term as used in the Bond Resolution), Obligation No. 5 shall consist of a single Obligation registered in the name of the holder of Obligation No. 5 and no transfer of Obligation

No. 5 shall be registered under this Supplemental Indenture except for transfers to successors designated in writing to the Master Trustee.

(b) Upon the principal of all Obligations Outstanding being declared immediately due and payable upon and during the continuance on an Event of Default, Obligation No. 5 may be transferred and such transfer registered, if and to the extent the Master Trustee requests that the restrictions of subsection (a) of this Section on transfers be terminated.

(c) Obligation No. 5 shall be transferable only upon presentation of the respective Obligation at the Corporate Trust Office of the Master Trustee by the registered owner or by its duly authorized attorney. Such transfer shall be without charge to the owner thereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the owner requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for such transferred Obligation a new Obligation registered in the name of the transferee.

(d) Prior to due presentment by the owner for registration of transfer, the Members and the Master Trustee may deem and treat the persons in whose name Obligation No. 5 is registered as the absolute owner for all purposes; and neither the Members nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the registered owner shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on Obligation No. 5.

Section 6. Mutilation, Destruction and Loss of Obligation No. 5. If (i) Obligation No. 5 is surrendered to the Master Trustee in a mutilated condition, or the Obligated Group Representative and the Master Trustee receive evidence to its satisfaction of the destruction or loss of Obligation No. 5, and (ii) there is delivered to the Obligated Group Representative and the Master Trustee such security or indemnity as may be required by them to hold them and the Members harmless, then, in the absence of proof satisfactory to the Obligated Group Representative and the Master Trustee that Obligation No. 5 has been acquired by a bona fide purchaser and upon the Holder paying the reasonable expenses of the Members, the Obligated Group Representative and the Master Trustee, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver, in exchange for such mutilated, lost or destroyed Obligation No. 5, a new Obligation No. 5 of like principal amount, date and tenor. Every mutilated Obligation No. 5 so surrendered to the Master Trustee shall be cancelled by it and delivered to, or upon the order of, the Members. If any such mutilated, destroyed or lost Obligation No. 5 has become or is about to become due and payable. Obligation No. 5 may be paid when due instead of delivering a new Obligation No. 5.

Section 7. Execution and Authentication of Obligation No. 5. Obligation No. 5 shall be manually executed for and on behalf of the Members by their respective Authorized Representatives or the Obligated Group Representative. If any such signatory whose signature appears on Obligation No. 5 ceases to be such Authorized Representative of the Obligated Group Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such signatory had remained in such capacity until such delivery. Obligation No. 5 shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication Obligation No. 5 shall not be entitled to the benefits hereof.

Section 8. Right to Redeem. Obligation No. 5 shall be subject to redemption, in whole or in part, prior to the maturity, in an amount equal to the principal amount of any Series 2023 Bond called for redemption pursuant to the Bond Resolution.

Obligation No. 5 shall be subject to redemption on the date any Series 2023 Bond shall be so redeemed or purchased, and in the manner provided in the Bond Resolution.

Section 9. Partial Redemption of Obligation No. 5. Upon the call for redemption and the surrender of Obligation No. 5 for redemption in part only, the Members shall cause to be executed and the Master Trustee shall authenticate and deliver to or upon the written order of the holder thereof, at the expense of the Members, a new Obligation No. 5 in principal amount equal to the unredeemed portion of Obligation No. 5, which old Obligation No. 5 so surrendered to the Master Trustee pursuant to this Section shall be cancelled by it and delivered to, or upon the order of, the Members.

The Obligated Group Representative may agree with the Holder of Obligation No. 5 that such Holder may, in lieu of surrendering Obligation No. 5 for a new fully registered Obligation No. 5, endorse on Obligation No. 5 a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the registered owner of Obligation No. 5 and the Obligated Group and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of Obligation No. 5 by the owner thereof and irrespective of any error or omission in such endorsement.

Section 10. Effect of Call for Redemption. On the date designated for redemption of the Series 2023 Bonds, Obligation No. 5 shall become and be due and payable in an amount equal to the redemption or purchase price to be paid on the Series 2023 Bonds on such date. If, on the date fixed for redemption of Obligation No. 5, moneys for payment of the redemption or purchase price and accrued interest on the Series 2023 Bonds are properly set aside in accordance with the Bond Resolution, interest on Obligation No. 5 shall cease to accrue and said Obligation No. 5 shall cease to be entitled to any benefit or security under the Master Indenture to the extent of said redemption and the amount of Obligation No. 5 so called for redemption shall be deemed paid and no longer Outstanding in accordance with the Bond Resolution.

Upon the final maturity of the Series 2023 Bonds or payment by the Obligated Group of a sum, in cash or Defeasance Securities, or both, sufficient, together with any other cash and Defeasance Securities held by the Bond Trustee and available for such purpose, to cause all Outstanding Series 2023 Bonds to be deemed to have been paid within the meaning of Article XIII of the General Resolution and to pay all other amounts referred to in Article XIII of the General Resolution (as modified by the Certificate of Determination), accrued and to be accrued to the date of discharge of the Bond Resolution, Obligation No. 5 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture.

Section 11. Discharge of Supplement.

(a) Upon payment by the Obligated Group of a sum, in cash or Defeasance Securities (as defined in the Bond Resolution), or both, sufficient, together with any other cash and Defeasance Securities properly set aside with the Bond Trustee or Paying Agent and available for such purpose, to cause all Outstanding Series 2023 Bonds to be deemed to have been paid within the meaning of the Bond Resolution and to pay all other amounts referred to in the Bond Resolution accrued and to be accrued to the date of discharge of the Bond Resolution, Obligation No. 5 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture.

(b) When Obligation No. 5 is no longer Outstanding, as provided in this Section, this Supplemental Indenture shall be discharged.

Section 12. Ratification of Master Indenture. As supplemented hereby, the Master Indenture is in all respects ratified and confirmed and the Master Indenture as so supplemented hereby shall be read, taken and construed as one and the same instrument.

Section 13. Additional Covenants. So long as Obligation No. 5 remains Outstanding, the Hospital agrees that it shall not exercise its right to withdraw from the Obligated Group pursuant to Section 3.10 of the Master Indenture; and further agrees that, in the event the Master Indenture is replaced with a Replacement Master Indenture in accordance with Section 6.04 of the Master Indenture, the Hospital will be and remain part of any New Obligor, as a member of the new obligated group or otherwise, as applicable, under such Replacement Master Indenture.

Section 14. Proposed Springing Amendments to the Master Indenture. Section 6.02 of the Master Indenture provides that the Master Indenture may be amended with the consent of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Obligations then Outstanding under the Master Indenture and entitled to grant consents thereto. By their purchase of the Series 2023 Bonds, the original purchasers thereof, on behalf of themselves and on behalf of all current and future holders of this Obligation or the Series 2023 Bonds, (i) shall consent, and shall be deemed to have consented, to the Proposed Springing Amendments; (ii) shall waive, and shall be deemed to have waived, any and all other formal notice, implementation, execution or timing requirements that may otherwise be required under the Master Indenture into order to implement the Proposed Springing Amendments; and (iii) shall waive, and shall be deemed to have waived the right to revoke such consent. Such holders of the Series 2023 Bonds constitute approximately 9.3% of the Obligations Outstanding under the Master Indenture. As of the date hereof, none of the other owners of any Obligations issued prior to the date hereof and currently outstanding have consented to the Proposed Springing Amendments. Therefore, the Proposed Springing Amendments will not be effective on the date hereof but will become effective upon the consent of the owners of fifty-one percent (51%) in aggregate principal amount of the Obligations then Outstanding under the Master Indenture and entitled to grant consents to amendments thereto.

Section 15. Severability. If any provision of this Supplemental Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case and any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses, sections or subsections contained in this Supplemental Indenture shall not affect the remaining portions of this Supplemental Indenture or any part thereto.

Section 16. Counterparts. This Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 17. Governing Law. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 18. Intercreditor Agreement. The Hospital hereby authorizes and directs the Master Trustee to enter into the Fourth Amendment to Intercreditor Agreement and agrees that the provisions of Article V of the Master Trust Indenture shall apply to the execution, delivery and performance of the Fourth Amendment to Intercreditor Agreement by the Master Trustee.

Supplemental Indenture

IN WITNESS WHEREOF, the Hospital, currently the sole Member of the Obligated Group, has caused these presents to be signed in its name and on its behalf by its duly authorized officer or the Obligated Group Representative and to evidence its acceptance of the trusts hereby created the Master Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all as of the day and year first above written.

TD BANK, N.A.,
as Master Trustee

THE NEW YORK AND PRESBYTERIAN
HOSPITAL

By: _____
Name:
Title:

By: _____
Name:
Title:

APPENDIX A

[Form of Obligation No. 5]

THE NEW YORK AND PRESBYTERIAN HOSPITAL

Obligation No. 5

KNOW ALL MEN BY THESE PRESENTS that The New York and Presbyterian Hospital (the “Hospital”), a New York not-for-profit corporation (the “Obligated Group” and individually, being a “Member” thereof) hereby acknowledges itself obligated to, and promise to pay to the Dormitory Authority of the State of New York (the “Authority”) or registered assigns, the principal sum of two hundred, ninety-two million, nine hundred thousand dollars (\$292,900,000) and to pay interest thereon from the date hereof at the rates on the Series 2023 Bonds (as defined below). Principal and interest on this Obligation shall be paid as provided in the Indenture.

This Obligation No. 5 is a single Obligation of the Obligated Group (as defined in the Master Trust Indenture hereinafter identified) limited to \$292,900,000 in principal amount, designated as “The New York and Presbyterian Hospital Obligation No. 5” (“Obligation No. 5” and together with all other Obligations issued under the Master Trust Indenture, the “Obligations”) issued under and pursuant to the Supplemental Master Indenture for Obligation No. 5, dated as of August 1, 2023 (the “Supplemental Indenture”), supplementing the Master Trust Indenture, dated as of January 1, 2015 (the “Master Trust Indenture”), by and among the Members of the Obligated Group and TD Bank, N.A., as master trustee (the “Master Trustee”). The Master Trust Indenture, as supplemented and/or amended from time to time, is hereinafter called the “Master Indenture”. This Obligation No. 5, together with all other Obligations Outstanding under the Master Indenture, is equally and ratably secured by the provisions of the Master Indenture. As provided by Section 2.01 of the Master Indenture, each Member of the Obligated Group (as defined in the Master Indenture) is jointly and severally liable for this Obligation No. 5. Currently, the Hospital is the sole Member of the Obligated Group.

Principal hereof, interest hereon and any applicable redemption premium, are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts. The principal hereof, premium, if any, and interest hereon shall be payable in clearing house funds by the Obligated Group depositing the same with or to the account of the Holder of Obligation No. 5 at or prior to the opening of business on the day such payments shall become due and payable and the Obligated Group shall give notice of payment to the Master Trustee as provided in the Supplemental Indenture.

This Obligation No. 5 is issued for the purpose of evidencing and securing the indebtedness of the Obligated Group resulting from the issuance and sale of tax-exempt bonds of the Dormitory Authority of the State of New York, aggregating \$292,900,000 in principal amount, designated “The New York and Presbyterian Hospital Obligated Group Revenue Bonds, Series 2023” (the “Series 2023 Bonds”). The Series 2023 Bonds are being issued under and pursuant to the Bond Resolution (as defined in the Supplemental Indenture), which is a Related Bond Indenture under the Master Trust Indenture.

The Obligated Group shall receive credit for payment on Obligation No. 5, in addition to any credits resulting from payment or prepayment from other sources, as follows: (i) on installments of interest of Obligation No. 5 in an amount equal to moneys deposited in the Debt Service Fund created under the Bond Resolution which amounts are available to pay interest on the Series 2023 Bonds, to the extent such amounts have not previously been credited against payments on Obligation No. 5; (ii) on installments of principal of Obligation No. 5 in an amount equal to moneys deposited in the Debt Service Fund created under the Bond Resolution which amounts are available to pay principal of the Series 2023 Bonds, to the extent such amounts have not previously been credited against payments on Obligation No. 5; (iii) on installments of principal of and interest on Obligation No. 5 in an amount equal to the principal amount of Series 2023 Bonds which have been called by the Bond Trustee for redemption prior to maturity and for the redemption of which sufficient amounts (as determined by Section 13.1 of the General Resolution) in cash or Defeasance Securities are on deposit as provided in Section 13.1 of the General Resolution, to the extent such amounts have not been previously credited against payments on Obligation No. 5, and the interest on such Series 2023 Bonds from and after the date of such notice to the date fixed for redemption thereof; and (iv) on installments of principal and interest, respectively, on Obligation No. 5 in an amount equal to the principal amount of Series 2023 Bonds acquired by the Obligated Group and delivered to the Bond Trustee for cancellation or purchased by, or on behalf of, the Bond Trustee and cancelled, and the interest on such Series 2023 Bonds from and after the date interest thereon has been paid prior to cancellation.

Upon payment by the Obligated Group of a sum, in cash or Defeasance Securities, or both, sufficient, together with any other cash and Defeasance Securities held by the Bond Trustee and available for such purpose, to cause all Outstanding Series 2023 Bonds to be deemed to have been paid within the meaning of Article XIII of the General Resolution and to pay all other amounts referred to in Article XIII of the General Resolution (as modified by the Series Resolution and the Certificate of Determination), accrued and to be accrued to the date of discharge of the Bond Resolution, Obligation No. 5 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture.

In the manner and with the effect provided in the Supplemental Indenture, Obligation No. 5 will be subject to redemption in whole or in part prior to maturity, in an amount equal to the principal amount of any Series 2023 Bond called for redemption pursuant to the Bond Resolution. Obligation No. 5 shall be subject to redemption on the date any Series 2023 Bond shall be so redeemed or purchased, and in the manner provided herein. Upon payment of a sum, in cash or Defeasance Securities, or both, sufficient, together with any other cash and obligations held by or on behalf of the Holder of Obligation No. 5 and available for such purpose, to cause all Outstanding Series 2023 Bonds to be deemed to have been paid within the meaning of the Bond Resolution and to pay all other amounts referred to in the Bond Resolution, accrued and to be accrued to the date of discharge of the Bond Resolution, Obligation No. 5 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture.

Copies of the Master Indenture are on file at the Corporate Trust Office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among, others, with respect to the nature and extent of the rights of the owners of Obligations issued under the Master Indenture,

the terms and conditions on which, and the purpose for which, Obligations are to be issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the registered owner hereof, by acceptance of this Obligation No. 5, assents.

The Master Indenture permits the issuance of additional Obligations under the Master Indenture to be secured by the covenants made therein, all of which, regardless of the times of issue or maturity, are to be of equal rank without preference, priority or distinction of any Obligation issued under the Master Indenture over any other such Obligation except as expressly provided or permitted in the Master Indenture and any applicable Supplemental Indenture.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the Members and of the owners of Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Certain modifications or changes which would affect the rights of the Holders of this Obligation No. 5 may be made only with the consent of the Holders of not less than 51% in aggregate principal amount of the Obligations then Outstanding under the Master Indenture. No such modification or change shall be made which will (i) effect a change in the times, amounts or currency of payment of the principal of, and premium, if any, or interest on any Obligation without the consent of the Holders of such Obligation; (ii) permit the preference or priority of any Obligation over any other Obligation without the consent of the Holders of all Obligations then Outstanding, except as otherwise permitted in the Master Indenture or an existing Supplement; or (iii) reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such supplement without the consent of the Holders of all Obligations then Outstanding. Any such consent by the Holders of this Obligation No. 5 shall be conclusive and binding upon such Holders and all future Holders hereof irrespective of whether or not any notation of such consent is made upon this Obligation No. 5. By its acceptance of this Obligation No. 5, in accordance with Section 14 of the Supplemental Indenture, the Holder consents to the Proposed Springing Amendments and grants the waivers set forth therein.

Any redemption, either in whole or in part, shall be made upon notice thereof in the manner and upon the terms and conditions provided in the Bond Resolution. If this Obligation No. 5 shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Supplemental Indenture and the Bond Resolution, interest on this Obligation No. 5 shall cease to accrue from the date fixed for redemption, and from and after such date this Obligation No. 5 shall be deemed not to be Outstanding, as defined in the Master Indenture, and shall no longer be entitled to the benefits of the Master Indenture, and the registered owner hereof shall have no rights in respect of this Obligation No. 5 other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain “Events of Default” (as defined in the Master Indenture), the principal of all Obligations then Outstanding may be declared, and the same shall become, due and payable as provided in the Master Indenture.

The registered owner of this Obligation No. 5 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

Obligation No. 5 is issuable only as a fully registered Obligation. This Obligation No. 5 shall be registered on the registration books to be maintained by the Obligated Group Representative for that purpose at the Corporate Trust Office of the Master Trustee and the transfer of this Obligation No. 5 shall be registerable only upon presentation of this Obligation No. 5 at said office by the registered owner or by his duly authorized attorney and subject to the limitations, if any, set forth in the Supplemental Indenture. Such registration of transfer shall be without charge to the registered owner hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the registered owner requesting such registration of transfer as a condition precedent to the exercise of such privilege. Upon any such registration of transfer, the Obligated Group shall cause to be executed and the Master Trustee shall authenticate and deliver in exchange for this Obligation No. 5 a new Obligation, registered in the name of the transferee.

Prior to due presentment hereof for registration of transfer, the Obligated Group and the Master Trustee may deem and treat the person in whose name this Obligation No. 5 is registered as the absolute owner hereof for all purposes; and neither the Obligated Group nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Obligation No. 5.

No covenant or agreement contained in this Obligation No. 5 or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the Obligated Group Members, or of the Master Trustee in his individual capacity, and no incorporator, member, officer or member of the Governing Boards of the Members shall be liable personally on this Obligation No. 5 or be subject to any personal liability or accountability by reason of the issuance of this Obligation No. 5.

This Obligation No. 5 shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Obligation No. 5 shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Hospital, as the sole Member of the Obligated Group, has caused this Obligation No. 5 to be executed in its name and on its behalf by its duly authorized officer, as of the 29th day of August 2023.

THE NEW YORK AND PRESBYTERIAN HOSPITAL

By: _____

Name:

Title:

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this Obligation No. 5 is one of the Obligations described in the within-mentioned Master Indenture.

Date of Authentication: August 29, 2023

TD BANK, N.A.,
as Master Trustee

By: _____
Name:
Title:

APPENDIX B

Proposed Springing Amendments

Proposed Springing Amendments

The Proposed Springing Amendments to the NYPH Master Trust Indenture will become effective when and if the required consent of (i) the holders of not less than 51% in aggregate principal amount of Obligations issued and then-outstanding under the Master Trust Indenture, and (ii) parties, if any, with separate contractual consent rights is obtained.

The Proposed Springing Amendment are as follows (with deletions being indicated by a strikethrough and additions being indicated by underlining):

1. New Definitions. The following definitions would be added to Section 1.01 of the Master Trust Indenture:

“Cash and Unrestricted Investments” means at any time the sum of (without duplication), on a combined basis, (a) unencumbered cash, (b) the current portion of assets limited as to use so long as not restricted for purposes inconsistent with payment of Indebtedness evidenced or secured by an Obligation or operating expenses, (c) investments included in current assets, and (d) board designated assets. For purposes of this definition of “Cash and Unrestricted Investments,” if marketable investment securities are loaned pursuant to a security lending program, at the option of the Obligated Group Representative, either the market value of such securities that are loaned or any cash held as collateral under such lending program shall be included as Cash and Unrestricted Investments, but not both such amounts.

“Days Cash on Hand” means the amount, expressed as a number of days, calculated by dividing (i) Cash and Unrestricted Investments at the end of the applicable fiscal period by (ii) Days of Operating Expenses.

“Days of Operating Expenses” means (x) total operating expenses before restructuring and impairment for the applicable period (provided however, that total operating expenses shall not include the following: (a) depreciation, (b) amortization, (c) extraordinary losses, including but not limited to Extraordinary Items, (d) non-recurring losses and (e) non-cash losses) divided by (y) the number of days in the applicable period.

“Extraordinary Item” means the expenses attributable to significant events, transactions, or activities that are both unusual in nature and infrequent in occurrence, including, but not limited to, any Force Majeure Event. Such extraordinary events, transactions or activities include, but are not limited to, the following: (i) natural disasters (tornado, flood, fire, pandemic), (ii) affiliation or asset acquisitions activities, including direct expenses incurred related to pre-affiliation or acquisition activities, such as, without limitation, legal fees, consultant fees and due diligence costs, as well as post affiliation or acquisition adjustments, and breakup fees, and (iii) insurance settlements.

“Force Majeure Event” means any of the following which materially restricts the ability of a Member to operate its facilities as intended: any acts of God; industrial disturbances; strikes, lockouts or other employee disturbances; acts of public enemies; acts or orders of any kind of the government of the United States of America, or of any state or locality thereof or any of their departments, agencies, or officials, or any civil or military authority; terrorist acts; insurrections; riots; epidemics; pandemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; restraining of government and people; civil disturbances; explosions; nuclear accidents; wars; breakage or accidents to facilities, machinery, transmission pipes or canals; full or partial failure of utilities; or similar significant acts or events that are both unusual in nature and infrequent in occurrence, other than an act or event that is due to the financial inability of the Members of the Obligated Group, and not reasonably within the control of any Member.

2. Amended Definitions. The following definitions in Section 1.01 of the Master Trust Indenture would be amended as follows:

“Income Available for Debt Service” means, with respect to amounts derived from the Combined Group Financial Statements as to any period of time, the change in unrestricted net assets before depreciation, amortization, and interest expense (including receipts and payments relating to any Derivative Agreement identified to the Master Trustee in a Certificate of the Obligated Group Representative in accordance with the provisions of clause (vi) of the defined term “Long-Term Debt Service Requirement” below), as determined in accordance ~~with GAAP~~ Section 1.02(c) hereof and as shown on or derived from the Combined Group Financial Statements and the Combined Group Members’ financial records; provided, that no determination thereof shall take into account:

- (a) gifts, grants, bequests, donations or contributions, to the extent (i) temporarily restricted by the donor specifically for capital purposes, including the purchase of Property, Plant and Equipment funded through the release of such restrictions, or (ii) permanently restricted by the donor specifically to a particular purpose other than (1) payment of principal of, redemption premium and interest on Indebtedness, (2) release into unrestricted funds, or (3) payment of operating expenses;
- (b) the net proceeds of casualty insurance and condemnation awards;
- (c) any gain or loss resulting from the extinguishment of Indebtedness;
- (d) any gain, loss or other change in unrestricted net assets resulting from the sale, exchange or other disposition (or receipt) of assets not in the ordinary course of business;
- (e) any gain or loss resulting from any discontinued operations, and any restructuring charges;
- (f) any gain or loss resulting from pension terminations, settlements or curtailments;
- (g) noncash adjustments to the value of assets or liabilities resulting from changes in GAAP ~~in the year of such change~~;
- (h) unrealized gains or losses on investments, including “other than temporary” declines in Book Value, change in the equity in income on alternative investments, and investment returns of captive insurance companies;
- (i) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract (including Derivative Agreements);
- (j) any termination payment or other similar payment made by a Combined Group Member under a Derivative Agreement that is not a regularly scheduled payment thereunder;
- (k) unrealized gains or losses from the write-down, reappraisal, impairment or revaluation of assets;
- (l) changes in the pension liability to be recognized in future periods (as determined under GAAP); ~~or~~
- (m) other nonrecurring items which do not involve the receipt, expenditure or transfer of assets;
- (n) any charges for employee severance; or
- (o) any gains or losses related to Extraordinary Items;

provided, however, that at the option of the Obligated Group Representative, net realized gains or losses from the sale of investments may be included in the computation of Income Available for Debt Service on the basis of the average annual amount of those gains or losses for the three (3) Fiscal Years immediately preceding the computation date (rather than the actual amount of net realized gains or losses from the sale of investments for the period for which the computation is being performed).

“Long-Term Debt Service Requirement” means, for any Fiscal Year, the aggregate amount paid in respect of principal and interest (whether or not separately stated) on Outstanding Long-Term Indebtedness during such period, (by scheduled maturity, acceleration, mandatory redemption or otherwise, but not including purchase price becoming due as a result of mandatory or optional tender or put), subject to the following:

(i) any principal installment of Long-Term Indebtedness due in such year, whether at maturity or pursuant to mandatory or optional redemption or prepayment, shall be excluded from such calculation if and to the extent the debtor paid such principal installment with (A) available and unrestricted funds designated prior to the payment or redemption date for such payment or redemption or ~~with~~ (B) the proceeds of Indebtedness incurred to refinance such principal;

(ii) principal of and/or interest on Long-Term Indebtedness shall be excluded from such calculation to the extent such principal and/or interest is provided from the proceeds of ~~such~~ Long-Term Indebtedness; and

(iii) the interest on Derivative Indebtedness during any Derivative Period thereunder shall be calculated by adding (x) the amount of interest paid by a Member of the Combined Group on such Derivative Indebtedness pursuant to its terms and (y) the amount of interest paid by such Member of the Combined Group under the Derivative Agreement and subtracting (z) the amount of interest paid by the Derivative Agreement Counterparty at the rate specified in the Derivative Agreement.

(iv) with respect to Long-Term Indebtedness incurred to finance capital improvements, debt service payable from the proceeds of such Long-Term Indebtedness (other than proceeds deposited in debt service reserve funds) held by a trustee or escrow agent for the payment of debt service shall not be included in the Long-Term Debt Service Requirement.

“Short-Term Indebtedness” means all Indebtedness having a maturity of one (1) year or less, other than the current portion of Long-Term Indebtedness, incurred or assumed by any Member of the Obligated Group, including:

(A)(i) money borrowed for an original term, (i) or renewable at the option of the borrower for a period from the date originally incurred, of one (1) year or less;

(ii) leases which are capitalized in accordance with GAAP having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one (1) year or less; and

(iii) installment purchase or conditional sale contracts having an original term of one (1) year or less; or

(B) Indebtedness having an original maturity greater than one year or renewable at the option of the debtor for a term greater than one year beyond the date of original issuance, if by the terms of such Indebtedness, for a period of at least 15 consecutive days during each calendar year, the amount of such Indebtedness Outstanding must be zero. A waiver in any year by the lender for such Indebtedness of the requirement that such Indebtedness be zero shall not change the characterization of such Indebtedness as Short-Term Indebtedness.

3. Amendment of Section 1.02(c). Section 1.02(c) of the Master Trust Indenture would be amended as follows:

(c) (i) Unless stated otherwise, where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with GAAP in effect on, at the sole option of the Obligated Group Representative: (i) the date such determination or computation is made for any purpose of this Master Indenture or (ii) the date of execution and delivery of this Master Indenture if the Obligated Group Representative delivers an Officer's Certificate to the Master Trustee describing why ~~then current GAAP~~ GAAP as of the date of determination or computation is inconsistent with the intent of the parties on the date of execution and delivery of this Master Indenture; provided that the requirements set forth herein shall prevail if inconsistent with GAAP. In all cases, intercompany balances and liabilities among the Combined Group Members shall be disregarded. For avoidance of doubt, it is the intent of the parties on the date of execution and delivery of this Master Indenture that, notwithstanding GAAP, any operating lease, as defined by the Financial Accounting Standards Board ~~on the~~, shall be governed in all respects in accordance with GAAP as it was in effect as of January 1, 2015, the date of execution and delivery of this Master Indenture, and any renewal of such operating lease, shall be governed in accordance with GAAP in effect on the date of execution and delivery of this Master Indenture and shall not be treated as the incurrence of Indebtedness or the disposition of Property, or as a capitalized lease or finance lease herein.

(ii) For all purposes of the Master Indenture, including but not limited to computations or calculations of financial levels and ratios (such as the Long-Term Debt Service Coverage Ratio), and the application of other quantitative financial tests or provisions, the Obligated Group Representative, at its sole option, may elect to use (A) financial and other information of the Combined Group derived from Combined Group Financial Statements or (B) financial and other information of the Hospital and its affiliates derived from consolidated financial statements of the Hospital and its affiliates, provided that the financial results of all Members of the Obligated Group and all Designated Affiliates are reflected in the consolidated financial statements of the Hospital and its affiliates. If computations or calculations are made on the basis of the consolidated results of the Hospital and its affiliates, any reference in this Master Indenture to the Combined Group Financial Statements shall be deemed a reference to the consolidated financial statements of the Hospital and its affiliates.

4. Amendment of Section 3.06. Section 3.06 of the Master Trust Indenture would be amended as follows:

Section 3.06. Long-Term Debt Service Coverage Ratio. (a) Each Member of the Obligated Group covenants to set rates and charges, and to cause each of its Designated Affiliates to set rates and charges, for its facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated at the end of each Fiscal Year, will not be less than 1.10 for such prior Fiscal Year; *provided, however,* that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first Fiscal Year commencing after the occupation or utilization of such capital improvements unless the Long-Term Debt Service Requirement with respect thereto is required to be paid from sources other than the proceeds of such Long-Term Indebtedness prior to such Fiscal Year.

(b) If at any time the Long-Term Debt Service Coverage Ratio required by subsection (a) hereof, as derived from the most recent Combined Group Financial Statements for the most recent two consecutive Fiscal Years, is not met, the Obligated Group covenants to retain an Independent Consultant within thirty (30) days of the delivery of the aforementioned Combined Group

Financial Statements to make recommendations to increase such Long-Term Debt Service Coverage Ratio in the following Fiscal Year to the level required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable. Any Independent Consultant so retained shall be required to submit such recommendations within forty-five (45) days after being so retained. Each Member of the Obligated Group agrees that it will, to the extent permitted by Governmental Restrictions, follow the recommendations of the Independent Consultant. So long as an Independent Consultant shall be retained and each Member of the Obligated Group shall follow such Independent Consultant's recommendations to the extent permitted by such Governmental Restrictions, this Section shall be deemed to have been complied with even if the Long-Term Debt Service Coverage Ratio for the ~~following~~ Fiscal Year following the two consecutive Fiscal Year period is below the required level; *provided, however*, that the Obligated Group shall not be required to retain an Independent Consultant to make recommendations pursuant to this subsection (b) more frequently than biennially; *provided further* that if the Obligated Group delivers an Officer's Certificate (A) stating that a Force Majeure Event occurred that prevented the Members of the Combined Group from generating Income Available for Debt Service during such Fiscal Year in an amount sufficient to cause the Long-Term Debt Service Coverage Ratio to satisfy the requirements of Section 3.06(a) hereof, (B) describing the nature of the Force Majeure Event, and (C) describing the steps the Members of the Obligated Group are taking with respect to their rates, fees, charges, methods of operation, and other factors affecting their financial condition to improve the Long-Term Debt Service Coverage Ratio of the Combined Group in the following Fiscal Year, the Members of the Obligated Group shall not be required to retain an Independent Consultant to make such recommendations. Notwithstanding the foregoing, an Independent Consultant shall not be required pursuant to this Section 3.06(b) if the Combined Group had at least 125 Days Cash on Hand as of the end of such second Fiscal Year.

5. Amendment of Section 6.04. Section 6.04 of the Master Trust Indenture would be amended as follows:

Section 6.04. Replacement Master Indenture. Each Holder of an Obligation shall surrender such Obligation to the Master Trustee upon presentation to the Holder of all of the following:

(a) An original replacement note or similar obligation (the "Substitute Obligation") duly authenticated and issued under and pursuant to an existing or new indenture, bond resolution, bond order or other instrument pursuant to which indebtedness is incurred or issued (the "Replacement Master Indenture") by which the party or parties purported to be obligated thereby (collectively, the "New Obligor") have agreed to be bound; provided, however, that the trustee serving as master trustee under such Replacement Master Indenture (the "New Trustee") shall be an independent corporate trustee (which may be the Master Trustee or a Related Bond Trustee) meeting the eligibility requirements for the Master Trustee set forth in this Indenture;

(b) An original executed counterpart or certified copy of the Replacement Master Indenture pursuant to which each party purported to be bound thereby has agreed (1) to become subject to compliance with all provisions of the Replacement Master Indenture and (2) unconditionally and irrevocably (subject to the right of such party to cease its status as a New Obligor pursuant to the terms and conditions of the Replacement Master Indenture) to jointly and severally make payments upon each note and obligation, including the Substitute Obligation, issued under the Replacement Master Indenture at the times and in the amounts provided in each such note or obligation;

(c) An Opinion of Counsel addressed to the Holder and the Obligated Group Members to the effect that: (1) the Replacement Master Indenture has been duly authorized, executed and delivered or has been duly adopted by each party (other than the Master Trustee) purported to be bound thereby, the Substitute Obligation has been duly authorized, executed and delivered by the New Obligor, and the Replacement Master Indenture and the Substitute Obligation are each a legal, valid and binding obligation of the New Obligor, enforceable in accordance with their terms, subject in each case to customary exceptions for bankruptcy, insolvency, fraudulent conveyance and other laws affecting enforcement of creditors' rights generally and application of general principles of equity; (2) all requirements and conditions to the issuance of the Substitute Obligation set forth in the Replacement Master Indenture have been complied with and satisfied; and (3) neither registration of the Substitute Obligation under the Securities Act nor qualification of the Replacement Master Indenture under the Trust

Indenture Act is required, or, in either case, if such registration or qualification is required, all applicable registration and qualification provisions of said Acts have been complied with; and

(d) An Opinion of Bond Counsel to the effect that the surrender of the Obligation and the acceptance by the Holder of the Substitute Obligation will not adversely affect the validity of any Related Bonds or any exemption for the purposes of federal or state income taxation to which interest on such Related Bonds would otherwise be entitled; and

~~(e) — Evidence (1) that written notice of such substitution, together with a copy of the Replacement Master Indenture, has been given by the New Obligor to each Rating Service then rating the Obligations, if any, or Related Bonds, (2) that the then current rating on such Obligations or Related Bonds will not be withdrawn or reduced below the then current rating category (without regard to any gradations by numerical qualifier or otherwise within such rating category) by any such Rating Service solely as a result of such substitution and (3) that the then current rating on such Obligation or Related Bonds is at least, and upon such substitution will not be reduced below, Investment Grade.~~

Notwithstanding any other provisions of this Section 6.04, (i) no Substitute Obligation may effect any change with respect to any Obligation surrendered to the Master Trustee that would require the consent of the Holder of such Obligation if such change were to be made pursuant to Section 6.02 (a)(i) through (iii) hereof, without the consent of such Holder; and (ii) the Hospital shall be and remain part of the New Obligor, as a member of the new obligated group or otherwise, as applicable.

Schedule I

THE NEW YORK AND PRESBYTERIAN HOSPITAL OBLIGATED GROUP
MASTER TRUST INDENTURE AND OUSTANDING SUPPLEMENTAL INDENTURES

- A. Master Trust Indenture, dated as of January 1, 2015 (the “Master Indenture”), by and among the Members of the Obligated Group and TD Bank, N.A., as Master Trustee.
- B. Supplemental Master Indenture for Obligation No. 1, dated as of January 1, 2015.
- C. Supplemental Master Indenture for Obligation No. 2, dated as of June 1, 2016.
- D. Supplemental Master Indenture for Obligation No. 3, dated as of October 1, 2019.
- E. Supplemental Master Indenture for Obligation No. 4, dated as of August 1, 2020.
- F. Supplemental Master Indenture for Obligation No. 5, dated as of August 1, 2023

APPENDIX H

PROPOSED FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

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PROPOSED FORM OF APPROVING OPINIONS OF
CO-BOND COUNSEL TO DASNY FOR THE SERIES 2023 BONDS

Upon delivery of the Series 2023A Bonds, Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel to DASNY, propose to issue their respective legal opinions in substantially the following form:

Dormitory Authority of the State of New York
Albany, New York

Ladies and Gentlemen:

As co-bond counsel to the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic of the State of New York (the “State”), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the “Dormitory Authority Act”), we submit this opinion with respect to the issuance by the Authority of its Dormitory Authority of the State of New York The New York and Presbyterian Hospital Obligated Group Revenue Bonds, Series 2023A in the aggregate principal amount of \$292,900,000 (the “Series 2023A Bonds”).

The Series 2023A Bonds are issued under and pursuant to the Dormitory Authority Act, the New York State Medical Care Facilities Finance Agency Act, being Chapter 392 of the Laws of New York of 1973, as amended, and the Health Care Financing Consolidation Act, being a part of Chapter 83 of the Laws of New York of 1995 (collectively, the “Act”) and The New York and Presbyterian Hospital Obligated Group Revenue Bond Resolution (the “Bond Resolution”), as supplemented by Series Resolution 2023-1 Authorizing Up To \$400,000,000 The New York and Presbyterian Hospital Obligated Group Revenue Bonds (“Series Resolution 2023-1”), each adopted by the Authority on July 26, 2023. The Bond Resolution and Series Resolution 2023-1 are herein collectively referred to as the “Resolutions.” The Series 2023A Bonds are dated, mature, are payable, bear interest and are subject to redemption, purchase in lieu of redemption and tender for purchase as provided in the Resolutions and the Certificate of Determination of the Authority fixing the terms and the details of such Series 2023A Bonds (the “Series 2023A Determination”).

We have examined a record of proceedings relating to the issuance of the Series 2023A Bonds, including the documents referenced in the immediately preceding paragraph and a Tax Certificate and Agreement of the Authority and The New York and Presbyterian Hospital (the “Hospital”), dated the date hereof (together with all attachments and exhibits, the “Tax Agreement”). We have also reviewed such other information, records and documents as, in our judgment, are necessary or advisable to deliver the opinions expressed herein. As to questions of fact material to our opinion, we have, with your consent, relied upon the certified proceedings and other certifications of public officials and officers of the Hospital furnished to us, without undertaking to verify the same by independent investigation.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

In rendering our opinion, we have relied upon and assumed the accuracy of the opinion of Dennett Law Offices, P.C., special counsel to the Hospital, regarding, among other matters, the current qualification of the Hospital as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). We note that the opinion of special counsel to the Hospital is subject to a number

of qualifications and limitations. The Hospital has covenanted that it will do nothing to impair its status as a tax-exempt organization, and that it will comply with the requirements of the Code and any applicable regulations throughout the term of the Series 2023A Bonds. Failure of the Hospital to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as organizations described in Section 501(c)(3) of the Code or use of the Series 2023A Bond-financed assets in activities that constitute unrelated trades or businesses of the Hospital within the meaning of Section 513 of the Code may result in interest on the Series 2023A Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2023A Bonds.

Based upon our examination, we are of the opinion that under existing law:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolutions, and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms.

2. The Bond Resolution creates the valid pledge which it purports to create of the proceeds of the sale of the Series 2023A Bonds, the Revenues and all funds and accounts authorized by the Bond Resolution and established by Series Resolution 2023-1 (other than the Arbitrage Rebate Fund, as defined in the Bond Resolution), including the investments thereof and the proceeds of such investments, if any, subject only to the provisions of the Bond Resolution permitting the application thereof to the purposes and on the terms and conditions set forth in the Bond Resolution.

3. The Series 2023A Bonds have been duly and validly authorized by the Authority, and upon authentication by TD Bank, N.A., as Trustee under the Bond Resolution, the Series 2023A Bonds will be duly and validly issued and will constitute valid and binding special limited obligations of the Authority, entitled to the benefits of the Resolutions. We have examined an executed Series 2023A Bond or a specimen thereof and, in our opinion, the form of said Series 2023A Bond and its execution are regular and proper.

4. The Series 2023A Bonds are not a debt of the State of New York, and the State of New York is not liable thereon, nor shall the Series 2023A Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2023A Bonds.

5. The Loan Agreement, dated as of the date hereof (the "Loan Agreement"), between the Authority and the Hospital, has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the Hospital, constitutes a valid and binding agreement of the Authority.

6. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Series 2023A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2023A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Series 2023A Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering the opinion in this paragraph 6, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the Hospital and others in connection with the Series 2023A Bonds, and we have assumed compliance by the Authority and the Hospital with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2023A Bonds from gross income under Section 103 of the Code. The Code establishes certain ongoing requirements that must be met

subsequent to the issuance and delivery of the Series 2023A Bonds in order that interest thereon be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2023A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2023A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority and the Hospital have covenanted in the Tax Agreement that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the Series 2023A Bonds will, for federal income tax purposes, be excluded from gross income. In rendering the opinion in this paragraph 6, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Agreement with respect to matters affecting the status of interest paid on the Series 2023A Bonds, and (ii) compliance by the Authority and the Hospital with the procedures and covenants set forth in the Tax Agreement with respect to such tax matters.

7. Under existing statutes, interest on the Series 2023A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion regarding any federal, state or local tax consequences with respect to the Series 2023A Bonds, except as stated in paragraphs 6 and 7. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any facts or circumstances that may hereafter come to our attention, any changes in law or in interpretations thereof that may hereafter occur, or for any other reason. In addition, we express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion from gross income for federal income tax purposes of interest on the Series 2023A Bonds.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2023A Bonds, the Resolutions, the Loan Agreement and the Tax Agreement may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity, including those related to equitable subordination (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Respectfully submitted,

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APPENDIX I

PROPOSED FORM OF AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

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AGREEMENT TO PROVIDE CONTINUING DISCLOSURE
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
THE NEW YORK AND PRESBYTERIAN HOSPITAL
OBLIGATED GROUP REVENUE BONDS,
SERIES 2023A

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “*Disclosure Agreement*”), dated as of August 29, 2023, is executed and delivered by The New York and Presbyterian Hospital (“*NYPH*”), in its capacity as representative (the “*NYPH*”) of that certain obligated group consisting of the Obligated Person and any future members of the Obligated Group pursuant to the hereinafter defined Master Indenture (collectively, the “*Obligated Group*”), TD Bank, N.A., as Trustee (the “*Trustee*”) and Digital Assurance Certification, L.L.C. (“*DAC*”), as exclusive Disclosure Dissemination Agent (the “*Disclosure Dissemination Agent*”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) issued by the Dormitory Authority of the State of New York (the “*Issuer*” or “*DASNY*”) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “*Rule*”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute “advice” within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the “*Act*”). DAC will not provide any advice or recommendation to the Issuer, the Obligated Person or anyone on the Issuer’s or the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Resolution (hereinafter defined). The capitalized terms shall have the following meanings:

“*Annual Filing Date*” means the date, set in Sections 2(a)(i) and 2(d) of this Disclosure Agreement, by which the Annual Report is to be filed with the MSRB.

“*Annual Financial Information*” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a)(i) of this Disclosure Agreement.

“*Annual Report*” means an Annual Report described in and consistent with Section 3(a) of this Disclosure Agreement.

“*Audited Consolidated Financial Statements*” means the financial statements of the Obligated Person for a twelve-month period, or for such other period for which an audit has been performed, which have been audited and reported upon by a firm of nationally recognized independent certified public accountants, prepared in conformity with

generally accepted accounting principles, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a)(ii) of this Disclosure Agreement.

“*Bonds*” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“*Certification*” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Quarterly Report, Audited Consolidated Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Quarterly Report, Audited Consolidated Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“*Disclosure Dissemination Agent*” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

“*Disclosure Representative*” means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“*Failure to File Event*” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Fiscal Year*” means the 12-month period beginning on January 1 and ending on December 31 or any other 12-month period selected by the Obligated Person as the Fiscal Year of the Obligated Person for financial reporting purposes.

“*Force Majeure Event*” means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar

occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“*Holder*” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“*Information*” means collectively, the Quarterly Reports, the Annual Reports, the Audited Consolidated Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“*Issuer*” means the Dormitory Authority of the State of New York, as conduit issuer of the Bonds.

“*Master Indenture*” means the Master Trust Indenture dated as of January 1, 2015 by and between the Obligated Person and TD Bank, N.A., as master trustee, as amended, supplemented and restated from time to time.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

“*Notice Event*” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“*Obligated Person*” means, initially, NYPH, and shall in the future include any other person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“*Official Statement*” means that Official Statement prepared by the Issuer and NYPH in connection with the Bonds, as listed on Exhibit A.

“*Quarterly Filing Date*” means the date, set in Section 2(b)(i), by which the Quarterly Report is to be filed with the MSRB.

“*Quarterly Report*” means a Quarterly Report described in and consistent with Section 3(b) of this Disclosure Agreement.

“*Resolution*” means DASNY’s bond resolution(s) pursuant to which the Bonds were issued.

“*Trustee*” means TD Bank, N.A. and its successors and assigns.

“*Voluntary Event Disclosure*” means information of the category specified in any of subsections (c)(vi)(1) through (c)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“*Voluntary Financial Disclosure*” means information of the category specified in any of subsections (c)(vii)(1) through (c)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports and Quarterly Reports.

(a) Annual Reports.

(i) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 150 days after the end of the Obligated Person’s Fiscal Year (or any time thereafter following a Failure to File Event as described in this Section), commencing with the Fiscal Year ending December 31, 2023, such date and each anniversary thereof, the “*Annual Filing Date.*” Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its Electronic Municipal Market Access (“*EMMA*”) System for municipal securities disclosures. The Annual Financial Information and Audited Consolidated Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(ii) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a)(i). Upon such reminder, the Obligated Person shall, not later than the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information, Audited Consolidated Financial Statements, if available, and unaudited consolidated financial statements if audited consolidated financial statements are not available in accordance with subsection (iv) below and the Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Consolidated Financial Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(iii) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual

Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(iv) If Audited Consolidated Financial Statements are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited consolidated financial statements for filing prior to the Annual Filing Date in accordance with Section 3(a)(ii) hereof and, when the Audited Consolidated Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(b) Quarterly Reports.

(i) The Obligated Person shall provide an electronic copy of the Quarterly Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 60 days subsequent to the last day of each of the first three quarters in each Fiscal Year. Promptly upon receipt of an electronic copy of the Quarterly Report and the Certification, the Disclosure Dissemination Agent shall provide the Quarterly Report to the MSRB through the EMMA System for municipal securities disclosures. The Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(ii) If on the fifteenth (15th) day prior to the Quarterly Filing Date, the Disclosure Dissemination Agent has not received a copy of the Quarterly Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Quarterly Report pursuant to Section 2(b)(i). Upon such reminder, the Obligated Person shall, not later than the Quarterly Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Quarterly Report and Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Quarterly Report and Certification for such fiscal quarter are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Quarterly Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(iii) If the Disclosure Dissemination Agent has not received a Quarterly Report and Certification by 6:00 p.m. Eastern time on the Quarterly Filing Date (or, if such Quarterly Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Quarterly Report, a Failure to File Event shall have occurred and the

Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Quarterly Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

- (c) The Disclosure Dissemination Agent shall:
- (i) verify the filing specifications of the MSRB each year prior to each Annual Filing Date and Quarterly Filing Date;
 - (ii) upon receipt, promptly file each Annual Report and Quarterly Report received under Section 2(a) and 2(b) with the MSRB;
 - (iii) upon receipt, promptly file each Audited Consolidated Financial Statement received under Section 2(a)(iv) with the MSRB;
 - (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. Principal and interest payment delinquencies;
 - 2. Non-payment related defaults, if material;
 - 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - 5. Substitution of credit or liquidity providers, or their failure to perform;
 - 6. Adverse tax opinions, IRS notices or events affecting the tax status of the securities;
 - 7. Modifications to rights of securities holders, if material;
 - 8. Bond calls, if material, and tender offers;
 - 9. Defeasances;
 - 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 - 11. Ratings changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person or any other member of the Obligated Group;
 13. Merger, consolidation, or acquisition of the Obligated Person or any other member of the Obligated Group, if material;
 14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
 15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(a)(iii) or Section 2(b)(iii) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual/quarterly financial information as required” when filing pursuant to Section 2(a) or Section 2(b) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in obligated person or obligated group;”
 3. “notice to investors pursuant to bond documents;”
 4. “certain communications from the Internal Revenue Service;”
 5. “secondary market purchases;”
 6. “bid for auction rate or other securities;”
 7. “capital or other financing plan;”
 8. “litigation/enforcement action;”

9. “change of tender agent, remarketing agent, or other on-going party;”
 10. “derivative or other similar transaction;” and
 11. “other event-based disclosures;”
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. “quarterly/monthly financial information;”
 2. “change in fiscal year/timing of annual disclosure;”
 3. “change in accounting standard;”
 4. “interim/additional financial information/operating data;”
 5. “budget;”
 6. “investment/debt/financial policy;”
 7. “information provided to rating agency, credit/liquidity provider or other third party;”
 8. “consultant reports;” and
 9. “other financial/operating data;”
- (viii) provide the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(d) The Obligated Person may adjust the Quarterly Filing Date and Annual Filing Date upon change of the Obligated Person’s fiscal year by providing written notice of such change and the new Quarterly Filing Date and Annual Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(e) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business

day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Reports.

(a) Annual Report.

(i) Each Annual Report shall contain Annual Financial Information with respect to the Obligated Person which shall include operating data and financial information of the type included in the Official Statement for the Bonds as follows:

1. an update of the following information contained in Appendix A to the Official Statement relating to the Obligated Person under the following headings:
 - a “Utilization”,
 - b “Sources of Patient Service Revenue”,
 - c “Summary Statements of Operations and Financial Position”,
 - d “Liquidity”,
 - e “Long-Term Debt Service Coverage”,
 - f “Capitalization” and
 - g “Investments”;
2. an update of the following information contained in Appendix B-1 to the Official Statement relating to Hudson Valley Hospital Center under the following headings:
 - a “Utilization” and
 - b “Summary Statements of Operations”,
3. an update of the following information contained in Appendix B-2 to the Official Statement relating to NewYork-Presbyterian/Queens under the following headings:
 - a “Utilization” and
 - b “Summary Statements of Operations”;
4. an update of the following tables contained in Appendix B-3 to the Official Statement relating to certain consolidated financial metrics of the Obligated Person and the Consolidated Entities under the following headings:
 - a “Consolidated Operating Margin”,
 - b “Liquidity”,

- c “Cash to Debt” and
- d “Capitalization”.

(ii) Each Annual Report shall also contain Audited Consolidated Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) or alternate accounting principles as described in the Official Statement will be included in the Annual Report. If Audited Consolidated Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited consolidated financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Official Statement, are included in the Annual Report. Audited Consolidated Financial Statements (if any) will be provided pursuant to Section 2(a)(iv).

(b) Quarterly Reports. Each Quarterly Report shall contain the following information:

- (i) the unaudited consolidated financial statements of the Obligated Person, including the consolidated statements of financial position as of the end of such quarter, the consolidated statements of operations, the consolidated statements of changes in net assets, and the consolidated statements of cash flows, as well as the consolidating statement of financial position and the consolidating statement of operations from which the financial information relating solely to the Obligated Group may be derived;
- (ii) utilization statistics of the type set forth under the heading “Utilization” in Appendix A; and
- (iii) sources of patient service revenue of the type set forth under the heading “Sources of Patient Service Revenue” in Appendix A to the Official Statement.

(c) Any or all of the items listed in this Section 3 may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or are available from the MSRB Internet Website. If the document incorporated by reference is a Final Official Statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

(d) Any Annual Financial Information or Quarterly Report containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;
7. Modifications to rights of the security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person or any other member of the Obligated Group;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive

agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Obligated Person shall, in a timely manner not in excess of ten business days after its occurrence, notify the Trustee and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon actual knowledge of the occurrence of a Notice Event described in subparagraphs 1, 8 and 9 of paragraph (a) of Section 4 of this Disclosure Agreement, the Trustee shall promptly notify the Obligated Person and also may notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(c)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(c)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, in accordance with Section 2(c)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Consolidated Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations.

The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(c)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(c)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(c)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the

desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(c)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that neither the Issuer nor the Obligated Person is obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required in this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent.

The Obligated Person hereby appoints DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default.

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as provided in this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE ISSUER AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its

respective duties hereunder, and it shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer or Trustee Responsibility.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement other than those notices required under Section 4 hereof, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures other than those notices required under Section 4 hereof. DASNY (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Resolution for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Trustee and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Obligated Person, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

(i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time;

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Obligated Person or the Trustee and the assumption by any such successor of the covenants of the Obligated Person or the Trustee hereunder;

(iv) to add to the covenants of the Obligated Person or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person or the Disclosure Dissemination Agent;

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission.

SECTION 14. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to its conflicts of laws provisions).

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page left intentionally blank]

The Disclosure Dissemination Agent, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

**DIGITAL ASSURANCE CERTIFICATION,
L.L.C.,**
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

**THE NEW YORK AND PRESBYTERIAN
HOSPITAL**

By: _____
Name: _____
Title: _____

TD BANK, N.A.
as Trustee

By: _____
Name: _____
Title: _____

[Signature page to the Agreement to Provide Continuing Disclosure]

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): The New York and Presbyterian Hospital
Name of Bond Issue: The New York and Presbyterian Hospital Obligated Group
Revenue Bonds, Series 2023A
Date of Issuance: August 29, 2023
Date of Official Statement: August 17, 2023

Series 2023A

<u>Maturity</u>	<u>CUSIP No.</u>
2029	65000BK23
2030	65000BK31
2031	65000BK49
2032	65000BK56
2033	65000BK64
2034	65000BK72
2035	65000BK80
2036	65000BK98
2037	65000BL22
2038	65000BL30

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE [QUARTERLY/ANNUAL] REPORT

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): The New York and Presbyterian Hospital
Name of Bond Issue: The New York and Presbyterian Hospital Obligated Group
Revenue Bonds, Series 2023A
Date of Issuance: August 29, 2023

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an [Annual/Quarterly] Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of August 29, 2023, by and among the Obligated Person, TD Bank, N.A., as Trustee and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the [Quarterly/Annual Report] will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Obligated Person

cc: Obligated Person

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying “event notice” will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer’s and Obligated Person’s Names:

Issuer’s Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

Description of Notice Events (Check One):

1. _____ “Principal and interest payment delinquencies;”
2. _____ “Non-Payment related defaults, if material;”
3. _____ “Unscheduled draws on debt service reserves reflecting financial difficulties;”
4. _____ “Unscheduled draws on credit enhancements reflecting financial difficulties;”
5. _____ “Substitution of credit or liquidity providers, or their failure to perform;”
6. _____ “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
7. _____ “Modifications to rights of securities holders, if material;”
8. _____ “Bond calls, if material, and tender offers;”
9. _____ “Defeasances;”
10. _____ “Release, substitution, or sale of property securing repayment of the securities, if material;”
11. _____ “Rating changes;”
12. _____ “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
13. _____ “Merger, consolidation, or acquisition of the obligated person, if material;”
14. _____ “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
15. _____ “Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;” and
16. _____ “Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.”

_____ Failure to provide annual/quarterly financial information as required.

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary event disclosure” will be sent to the MSRB, pursuant to the Agreement to Provide Continuing Disclosure dated as of August 29, 2023 by and among the Obligated Person, the Trustee and DAC.

Issuer’s and Obligated Person’s Names:

Issuer’s Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Event Disclosure (Check One):

1. _____ “amendment to continuing disclosure undertaking;”
2. _____ “change in obligated person or obligated group;”
3. _____ “notice to investors pursuant to bond documents;”
4. _____ “certain communications from the Internal Revenue Service;”
5. _____ “secondary market purchases;”
6. _____ “bid for auction rate or other securities;”
7. _____ “capital or other financing plan;”
8. _____ “litigation/enforcement action;”
9. _____ “change of tender agent, remarketing agent, or other on-going party;”
10. _____ “derivative or other similar transaction;” and
11. _____ “other event-based disclosures.”

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary financial disclosure” will be sent to the MSRB, pursuant to the Agreement to Provide Continuing Disclosure dated as of August 29, 2023 by and among the Obligated Person, the Trustee and DAC.

Issuer’s and Obligated Person’s Names:

Issuer’s Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Financial Disclosure (Check One):

1. _____ “quarterly/monthly financial information;”
2. _____ “change in fiscal year/timing of annual disclosure;”
3. _____ “change in accounting standard;”
4. _____ “interim/additional financial information/operating data;”
5. _____ “budget;”
6. _____ “investment/debt/financial policy;”
7. _____ “information provided to rating agency, credit/liquidity provider or other third party;”
8. _____ “consultant reports;” and
9. _____ “other financial/operating data.”

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

