



**\$820,000,000**  
**DORMITORY AUTHORITY**  
**OF THE STATE OF NEW YORK**  
**NORTHWELL HEALTH OBLIGATED GROUP**  
**REVENUE BONDS, SERIES 2022A**

**Dated:** Date of Delivery                      **Due:** May 1, as shown on inside cover



**Payment and Security:** The Northwell Health Obligated Group Revenue Bonds, Series 2022A (the "Series 2022 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 May 18, 2022 (the "Loan Agreement"), between DASNY and Northwell Healthcare, Inc. (the "Corporation"); (ii) the funds and accounts (except the Arbitrage Rebate Fund) as applicable to the Series 2022 Bonds created under DASNY's Northwell Health Obligated Group Revenue Bond Resolution, adopted by DASNY on July 17, 2019 (the "General Resolution") and under the Series 2022A Resolution Authorizing Up To \$820,000,000 Northwell Health Obligated Group Revenue Bonds adopted by DASNY on April 6, 2022 (the "Series 2022 Resolution" and, collectively with the General Resolution, the "Resolution"); and (iii) Obligation No. 63 (the "Series 2022 Obligation"), issued to secure the Corporation's obligations under the Loan Agreement by the Corporation and the other Members of the Obligated Group (as defined herein) pursuant to the Master Trust Indenture (as defined herein). The Series 2022 Obligation is secured by a pledge of Gross Receipts (as described herein).

The Series 2022 Bonds are special limited obligations of DASNY payable solely from the Revenues. The Revenues include certain payments to be made by the Corporation under the Loan Agreement or to be made by the Obligated Group on the Series 2022 Obligation, all of which payments are pledged and assigned to The Bank of New York Mellon, as bond trustee (the "Bond Trustee"). The Corporation's payment obligations under the Loan Agreement with respect to the Series 2022 Bonds are general obligations of the Corporation secured by the Series 2022 Obligation issued under the Master Trust Indenture. The Series 2022 Obligation constitutes the joint and several general obligation of each Member of the Obligated Group.

**The Series 2022 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 2022 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. Interest on the Series 2022 Bonds will be payable semiannually on each May 1 and November 1, commencing November 1, 2022. See "PART 3 – THE SERIES 2022 BONDS" herein.

The Series 2022 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 2022 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2022 Bonds, payments of the principal and redemption price of and interest on such Series 2022 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 2022 BONDS – Book-Entry Only System" herein.

**Proposed Amendments and Deemed Consent:** By purchasing the Series 2022 Bonds, the purchasers, Beneficial Owners and all subsequent holders thereof will be deemed to have consented to certain amendments being proposed by the Obligated Group, including (i) certain Immediately Effective Amendments (as defined herein), resulting in a second amendment and restatement of the Original Master Trust Indenture (as defined herein), which shall be immediately effective upon issuance of the Series 2022 Bonds and (ii) certain 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. "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – Proposed Immediately Effective Amendments to the Original Master Trust Indenture" and "– Proposed Springing Amendments to the Master Trust Indenture" herein.

**Redemption:** The Series 2022 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 Orrick, Herrington & Sutcliffe LLP ("Orrick"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2022 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Orrick is of the further opinion that interest on the Series 2022 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Orrick is also of the opinion that interest on the Series 2022 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Neither Orrick nor Brown Hutchinson LLP expresses an opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2022 Bonds. See "PART 10 – TAX MATTERS" herein regarding certain other considerations.

**MATURITY SCHEDULE – See Inside Cover Page**

*The Series 2022 Bonds are offered when, as, and if received by the Underwriters. The offer of the Series 2022 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 Orrick, Herrington & Sutcliffe LLP, New York, New York, and Brown Hutchinson LLP, Rochester, New York, as Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Corporation and the Obligated Group by their special counsel, Hawkins Delafield & Wood LLP, New York, New York. In addition, certain legal matters will be passed upon for the Corporation and the Obligated Group by their disclosure counsel, Ropes & Gray LLP, Boston, Massachusetts. 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 2022 Bonds to be delivered in definitive form in New York, New York on or about May 18, 2022.*

<b>Citigroup</b>	<b>Morgan Stanley</b>
<b>AmeriVet Securities</b>	<b>BofA Securities</b>
<b>BNY Mellon Capital Markets, LLC</b>	<b>J.P. Morgan</b>
<b>Rice Financial Products Company</b>	<b>Wells Fargo Securities</b>
<b>American Veterans Group, PBC</b>	
<b>Cain Brothers</b> a division of Key Banc Capital Markets	
<b>TD Securities</b>	

**\$820,000,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**NORTHWELL HEALTH OBLIGATED GROUP REVENUE BONDS, SERIES 2022A**

<b>Maturity (May 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Yield</b>	<b>CUSIP<sup>†</sup></b>
2037	\$20,915,000	5.00%	107.292% <sup>c</sup>	4.10%	65000BNA2
2038	29,855,000	5.00	106.702 <sup>c</sup>	4.17	65000BNB0
2039	23,520,000	4.00	94.453	4.47	65000BNC8
2040	19,915,000	4.00	93.884	4.50	65000BND6
2041	20,830,000	4.00	93.546	4.51	65000BNE4

\$120,000,000 4.00% Term Bond Due May 1, 2045, Price 89.713%, Yield 4.74%; CUSIP 65000BNF1<sup>†</sup>

\$355,000,000 4.25% Term Bond Due May 1, 2052, Price 91.159%, Yield 4.81%; CUSIP 65000BNG9<sup>†</sup>

\$229,965,000 5.00% Term Bond Due May 1, 2052, Price 103.892%<sup>c</sup>, Yield 4.51%; CUSIP 65000BNH7<sup>†</sup>

<sup>†</sup> 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, the Corporation, 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 2022 Bonds will remain the same after the date of the issuance and delivery of the Series 2022 Bonds.

<sup>c</sup> Priced to the first optional call date of May 1, 2032.

## REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by DASNY, the Corporation, the other Members of the Obligated Group or the Underwriters to give any information or to make any representations with respect to the Series 2022 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, the Corporation, the other Members of the Obligated Group 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 2022 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 the Corporation, on behalf of itself and the other Members of the Obligated Group, 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 the Corporation or the Obligated Group nor does it directly or indirectly guarantee, endorse or warrant (i) the creditworthiness or credit standing of the Corporation or the Obligated Group, (ii) the sufficiency of the security for the Series 2022 Bonds or (iii) the value or investment quality of the Series 2022 Bonds.

Certain information in this Official Statement has been supplied by the Corporation, on behalf of itself and the other Members of the Obligated Group. The Corporation has reviewed the sections of this Official Statement describing the Obligated Group and Northwell under the headings “**PART 1 – INTRODUCTION,**” “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS,**” “**PART 3 – THE SERIES 2022 BONDS,**” “**PART 4 – PLAN OF FINANCE,**” “**PART 5 – ESTIMATED SOURCES AND USES OF FUNDS,**” “**PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP,**” “**PART 10 – TAX MATTERS**” (with respect to underlying factual matters set forth therein), “**PART 16 – CONTINUING DISCLOSURE,**” “**Northwell and the Obligated Group**” in APPENDIX A hereto and “**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NORTHWELL HEALTH, INC. FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020, WITH REPORT OF INDEPENDENT AUDITORS**” in APPENDIX B hereto. The Corporation shall certify as of the dates of offering and delivery of the Series 2022 Bonds that such parts of this Official Statement relating to the Corporation and the Obligated Group 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. The Corporation 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 the Series 2022 Obligation do not purport to be complete. Refer to the Act, the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and the Series 2022 Obligation 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 the Series 2022 Obligation are 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 the Corporation 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 2022 Bonds. No assurance can be given that the CUSIP numbers for the Series 2022 Bonds will remain the same after the date of issuance and delivery of the Series 2022 Bonds.

The Series 2022 Bonds and the Series 2022 Obligation 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 2022 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 2022 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 2022 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 2022 BONDS. SUCH TRANSACTIONS MAY CONSIST OF BIDS OR PURCHASES FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE SERIES 2022 BONDS. IN ADDITION, IF THE UNDERWRITERS OVERALLOT (THAT IS, SELLS MORE THAN THE AGGREGATE PRINCIPAL AMOUNT OF THE SERIES 2022 BONDS SET FORTH ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT) AND THEREBY CREATE A SHORT POSITION IN THE SERIES 2022 BONDS IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY REDUCE THAT SHORT POSITION BY PURCHASING SERIES 2022 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 2022 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 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 the Members of the Obligated Group and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the control of the Members of the Obligated Group, that could significantly affect current plans and expectations and the Obligated Group’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 the Obligated Group, (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 the Obligated Group 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) the Obligated Group’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 the Obligated Group’s cost reports, (xx) the Obligated Group’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 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP**” 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 the Obligated Group. Investors are cautioned not to unduly rely on such forward looking statements when evaluating the information presented in this Official Statement. In addition to those factors described specifically in connection with the forward-looking statements, see “**PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP**” herein and “**Northwell and the Obligated Group – Utilization Statistics and Payer Mix**” and “**– Management’s Discussion and Analysis of Recent Financial Performance**” in **APPENDIX A** hereto.

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. The Obligated Group 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 ALFONSO L. CARNEY, JR. – CHAIR

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## OFFICIAL STATEMENT RELATING TO

### **\$820,000,000 DORMITORY AUTHORITY OF THE STATE OF NEW YORK NORTHWELL HEALTH OBLIGATED GROUP REVENUE BONDS, SERIES 2022A**

#### **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*”), Northwell Healthcare, Inc. (the “*Corporation*”) and the other Members of the Obligated Group (as each term is defined herein), in connection with the offering by DASNY of \$820,000,000 aggregate principal amount of its Northwell Health Obligated Group Revenue Bonds, Series 2022A (the “*Series 2022 Bonds*”).

The following is a brief description of certain information concerning the Series 2022 Bonds, DASNY, the Corporation and the other Members of the Obligated Group. A more complete description of such information and additional information that may affect decisions to invest in the Series 2022 Bonds is contained in this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in “**CERTAIN DEFINITIONS**” in **APPENDIX C** hereto, and in Section 1.01 in **APPENDIX F** 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.

##### **Northwell**

Northwell Health, Inc. (“*NHF*”), together with its member corporations and affiliated entities, constitutes an integrated health care delivery system comprised of 19 hospitals, three long-term care facilities, certified home health care agencies, trauma centers, a hospice network, over 800 ambulatory and physician practice locations, The Feinstein Institute for Medical Research and other controlled entities

(collectively referred to as “Northwell”). The Corporation provides administrative and management services for Northwell-affiliated hospitals and other entities. The ultimate parent of Northwell is NHI. NHI is not a Member of the Obligated Group (as defined below).

The Corporation is the sole member (parent) of each of the following, which together with the Corporation comprise the Obligated Group (the “Obligated Group” and collectively, the “Members” and each a “Member” of the Obligated Group): North Shore University Hospital (“NSUH”), Long Island Jewish Medical Center (“LIJMC”), Glen Cove Hospital (“GCH”), Plainview Hospital (“PVH”), Northwell Health Stern Family Center for Rehabilitation (“Stern”), Lenox Hill Hospital (“Lenox”), South Shore University Hospital (“SSUH”), Huntington Hospital Association d/b/a Huntington Hospital (“HH”) and Staten Island University Hospital (“SIUH”). Each Member of the Obligated Group is a New York not-for-profit corporation that is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), as an organization described in Section 501(c)(3) of the Code.

See “Northwell and the Obligated Group” in APPENDIX A hereto for a more complete description of Northwell and the Members of the Obligated Group. Important information on the financial condition of Northwell is set forth in “Northwell and the Obligated Group” in APPENDIX A hereto, in “AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NORTHWELL HEALTH, INC. FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020, WITH REPORT OF INDEPENDENT AUDITORS” in APPENDIX B hereto, which should be read in their entirety.

### **Purpose of the Series 2022 Bonds**

The proceeds of the sale of the Series 2022 Bonds will provide funds which, together with other available funds, will be used to (i) finance and reimburse the Corporation for the costs of the acquisition, construction, renovation, equipping, furnishing, and installation of various facilities of the Corporation and certain other Members of the Obligated Group (the “Project”); (ii) current refund DASNY’s (a) North Shore-Long Island Jewish Obligated Group Revenue Bonds, Series 2009B, bearing interest at 5.000% per annum (the “Series 2009B Refunded Bonds”), (b) North Shore-Long Island Jewish Obligated Group Revenue Bonds, Series 2009C, bearing interest at 5.000% per annum (the “Series 2009C Refunded Bonds”) and (c) North Shore-Long Island Jewish Obligated Group Revenue Bonds, Series 2009D, bearing interest at 5.000% per annum (the “Series 2009D Refunded Bonds” and collectively with the Series 2009B Refunded Bonds and the Series 2009C Refunded Bonds, the “Refunded Bonds”); and (iii) pay costs of issuance on the Series 2022 Bonds and the costs related to the refunding of the Refunded Bonds. See “PART 4 – PLAN OF FINANCE” and “PART 5 – ESTIMATED SOURCES AND USES OF FUNDS” herein.

### **Authorization of Issuance**

The Series 2022 Bonds will be issued pursuant to DASNY’s Northwell Health Obligated Group Revenue Bond Resolution adopted by DASNY on July 17, 2019 (the “General Resolution”), the Series 2022A Resolution Authorizing Up To \$820,000,000 Northwell Health Obligated Group Revenue Bonds adopted by DASNY on April 6, 2022 (the “Series 2022 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”).



Additional Bonds may in the future be issued pursuant to the Resolution and each such series of Additional Bonds shall be separately secured by (i) the funds and accounts established pursuant to the applicable series resolutions, and (ii) the applicable Obligation to be issued by the Obligated Group pursuant to the Master Trust Indenture (as defined herein). The Series 2022 Bonds and all additional series of Additional Bonds hereafter issued pursuant to the Resolution are referred to herein as the “*Bonds*.” See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS**” herein. For a description of the long-term debt of the Corporation, see “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – The Master Trust Indenture – General**” herein, “**Northwell and the Obligated Group**” in APPENDIX A hereto and “**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NORTHWELL HEALTH, INC. FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020, WITH REPORT OF INDEPENDENT AUDITORS**” in APPENDIX B hereto.

The proceeds of the Series 2022 Bonds will be loaned by DASNY to the Corporation pursuant to the Loan Agreement dated as of May 18, 2022, between DASNY and the Corporation (the “*Loan Agreement*”). The Loan Agreement obligates the Corporation to make payments on and in the amounts sufficient to pay principal of and interest on the Series 2022 Bonds. The repayment obligations of the Corporation with regard to the Series 2022 Bonds are secured pursuant to Obligation No. 63 (the “*Series 2022 Obligation*”), issued under the Master Trust Indenture dated as of July 1, 1998, as amended and restated as of August 1, 2003, and as further previously supplemented, amended and restated (the “*Original Master Trust Indenture*”) by and among the Members of the Obligated Group and The Bank of New York Mellon, as master trustee (the “*Master Trustee*”), including as supplemented by the Supplemental Indenture for Obligation No. 63 dated as of May 1, 2022 (the “*Supplemental Indenture*”) by and among the Members of the Obligated Group and the Master Trustee. As described herein the Original Master Trust Indenture is being amended and restated effective as of the date of issuance of the Series 2022 Bonds pursuant to the Second Amended and Restated Master Trust Indenture dated as of May 1, 2022 (the “*Second A&R Master Trust Indenture*”) by and among the Members of the Obligated Group and the Master Trustee. The Original Master Trust Indenture, as supplemented and amended by the Supplemental Indenture and as further amended and restated by the Second A&R Master Trust Indenture is referred to as the “*Master Trust Indenture*” herein. See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS**” herein.

### **The Series 2022 Bonds**

The Series 2022 Bonds will be issued as fixed rate bonds, 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 2022 Bonds will be payable semiannually on each May 1 and November 1, commencing November 1, 2022. See “**PART 3 – THE SERIES 2022 BONDS – Description of the Series 2022 Bonds**” herein.

### **Payment of the Series 2022 Bonds**

The Series 2022 Bonds are special limited obligations of DASNY payable solely from the Revenues. The Revenues include certain payments to be made by the Corporation under the Loan Agreement or to be made by the Obligated Group on the Series 2022 Obligation, all of which payments are pledged and assigned to The Bank of New York Mellon, as bond trustee (the “*Bond Trustee*”). The Corporation’s payment obligations under the Loan Agreement with respect to the Series 2022 Bonds are general obligations of the Corporation secured by the Series 2022 Obligation issued under the Master Trust Indenture. The Series 2022 Obligation constitutes the joint and several general obligation of each Member of the Obligated Group. See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE**

**SERIES 2022 BONDS – Payment of and Security for the Series 2022 Bonds,” and “– The Master Trust Indenture”** herein.

### **Source of Payment and Security for the Series 2022 Bonds**

The Series 2022 Bonds will be secured by the payments described above to be made under the Loan Agreement, all funds and accounts authorized under and established by the General Resolution and established by the Series 2022 Resolution (with the exception of the Arbitrage Rebate Fund), payments to be made by the Obligated Group under the Series 2022 Obligation, the Obligated Group’s pledge of Gross Receipts (as described herein) granted to the Master Trustee, all as described herein. Pursuant to the terms of the General Resolution, the funds and accounts established and pledged by the Series 2022 Resolution secure only the Series 2022 Bonds and do not secure any other Series of Bonds issued under the General Resolution, regardless of their dates of issue. See **“PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – Payment of and Security for the Series 2022 Bonds”** herein.

**The Series 2022 Bonds are not a debt of the State nor will the State be liable thereon. DASNY has no taxing power.**

### **Additional Indebtedness**

Each Member of the Obligated Group, upon compliance with the terms and conditions of the Master Trust Indenture, may incur Additional Indebtedness. Such Additional Indebtedness, if evidenced by an Obligation issued under the Master Trust Indenture, will constitute a joint and several general obligation of each Member of the Obligated Group secured on a parity basis by the security interest in Gross Receipts with the Series 2022 Obligation and all other Obligations heretofore or hereafter issued under the Master Trust Indenture. See **“PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 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 **“FORM OF MASTER TRUST INDENTURE”** in **APPENDIX F** hereto.

### **Proposed Immediately Effective Amendments to the Original Master Trust Indenture**

Upon issuance of the Series 2022 Bonds and the application of the proceeds thereof, the Members of the Obligated Group shall have implemented the Immediately Effective Amendments (as defined herein) to the Master Trust Indenture, which are described below under **“PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – Proposed Immediately Effective Amendments to the Original Master Trust Indenture”** herein and in **“THE IMMEDIATELY EFFECTIVE AMENDMENTS TO THE ORIGINAL MASTER TRUST INDENTURE”** in **APPENDIX G** hereto.

By their purchase of the Series 2022 Bonds, the original purchasers thereof (i) shall consent, and shall be deemed to have consented, to the Immediately Effective Amendments and (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 Original Master Trust Indenture in order to implement the Immediately Effective Amendments. See **“PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – Proposed Immediately Effective Amendments to the Original Master Trust Indenture”** herein.

Upon issuance of the Series 2022 Bonds and application of the proceeds thereof, the Immediately Effective Amendments shall be in effect. The Master Trust Indenture as presented in **APPENDIX F** hereto is the Second A&R Master Trust Indenture, which is the Original Master Trust Indenture (i) as amended and restated pursuant to the Immediately Effective Amendments (described herein) and (ii) as further amended to provide for an Event of Default if the Long-Term Debt Service Coverage Ratio is less than 1.00 as of the end of each of any two consecutive Fiscal Years, which such amendment does not require consent of existing holders (See “**SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – The Master Trust Indenture –Particular Covenants – Debt Service Coverage Ratio**” herein and Sections 3.07(c) and 4.01(c) in “**FORM OF MASTER TRUST INDENTURE**” in **APPENDIX F** hereto).

### **Proposed Springing Amendments to the Master Trust Indenture**

The Members of the Obligated Group are in the process of implementing the 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 2022 BONDS – Proposed Springing Amendments to the Master Trust Indenture**” herein.

By their purchase of the Series 2022 Bonds, the original purchasers thereof (i) shall consent, and shall be deemed to have consented, to the Springing Amendments to the Master Trust Indenture and (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 Springing Amendments. See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – Proposed Springing Amendments to the Master Trust Indenture**” herein.

Upon issuance of the Series 2022 Bonds and application of the proceeds thereof, the Springing Amendments will not be in effect. See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – Proposed Springing Amendments to the Master Trust Indenture**” herein.

### **Risk Factors and Regulatory Provisions that May Affect Northwell and the Obligated Group**

There are risks and other investment considerations associated with the purchase of the Series 2022 Bonds. See “**PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP**” 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*”), the Corporation 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 “**Proposed Form of Agreement to Provide Continuing Disclosure**” in “**APPENDIX I**” hereto. See “**PART 16 – CONTINUING DISCLOSURE**” herein.

## **PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS**

*Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2022 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 Master Trust Indenture, the Supplemental Indenture and the Series 2022 Obligation. Copies of the Act, the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and the Series 2022 Obligation are on file with DASNY and the Bond Trustee. See also “**SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT**” in **APPENDIX D** hereto, “**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**” in **APPENDIX E** hereto, “**FORM OF MASTER TRUST INDENTURE**” in **APPENDIX F** hereto and “**THE IMMEDIATELY EFFECTIVE AMENDMENTS TO THE ORIGINAL MASTER TRUST INDENTURE**” in **APPENDIX G** hereto for a more complete statement of the rights, duties and obligations of the parties thereto.*

### **Payment of and Security for the Series 2022 Bonds**

#### ***General***

The Series 2022 Bonds issued under the Resolution are special limited obligations of DASNY. The principal of, redemption price, if any, and interest on the Series 2022 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 the Corporation under the Loan Agreement or to be made by the Obligated Group under the Series 2022 Obligation to be issued with respect to the Series 2022 Bonds on account of the principal of, redemption price, if any, and interest on the Series 2022 Bonds. The Revenues have been assigned by DASNY to the Bond Trustee for the benefit of the holders of the Series 2022 Bonds.

The Corporation’s payment obligations under the Loan Agreement with respect to the Series 2022 Bonds are general obligations of the Corporation secured by the Series 2022 Obligation issued under the Master Trust Indenture. The Series 2022 Obligation constitutes the joint and several general obligation of each Member of the Obligated Group. The Series 2022 Obligation will be issued to DASNY, which will assign all payments under the Series 2022 Obligation to the Bond Trustee for the benefit of the Bondholders.

DASNY has directed the Corporation, and the Corporation has agreed, to make the payments under the Loan Agreement directly to the Bond Trustee. Any payments made on the Series 2022 Obligation shall also be made directly to the Bond Trustee. The Loan Agreement obligates the Corporation 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 2022 Bonds on the third Business Day preceding the date on which they become due, and to make any payments due under the Series 2022 Obligation. See “**PART 3 – THE SERIES 2022 BONDS – Redemption Provisions**” herein.

The Series 2022 Bonds will be secured by the payments described above to be made under the Loan Agreement, all funds and accounts authorized under the Resolution (with the exception of the Arbitrage Rebate Fund), payments to be made by the Obligated Group under the Series 2022 Obligation, the Obligated Group’s pledge of Gross Receipts, all as described herein. Pursuant to the terms of the Resolution, the funds and accounts established and pledged by the Series 2022 Resolution secure only the Series 2022 Bonds and do not secure any other Series of Bonds issued under the Resolution, regardless of their dates of issue. No debt service reserve fund will be funded for the Series 2022 Bonds. See “**Summary of Certain Provisions of the Resolution**” in **APPENDIX E** hereto.

The actual realization of amounts to be derived upon the enforcement of any security interest securing the Series 2022 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 2022 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 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP"** and **"FORM OF MASTER TRUST INDENTURE"** in **APPENDIX F** hereto.

## **The Master Trust Indenture**

### *General*

Pursuant to the Master Trust Indenture, each Obligation issued thereunder, including the Series 2022 Obligation, is a joint and several general obligation of each Member of the Obligated Group. The Master Trust Indenture includes a pledge of a security interest in the Gross Receipts of each Member of the Obligated Group made to the Master Trustee to secure on a parity basis all Obligations theretofore and thereafter issued under the Master Trust Indenture. As described in Sections 3.05 and 3.06 in **"FORM OF MASTER TRUST INDENTURE"** in **APPENDIX F** hereto, under certain circumstances the Members of the Obligated Group may create Liens on Property or incur Indebtedness. The Members may not create or suffer to be created any Lien on Property other than Permitted Liens.

Upon the issuance of the Series 2022 Bonds and the application of the proceeds thereof, there will be parity Obligations securing debt in the aggregate principal amount of \$3,999,074,000 Outstanding under the Master Trust Indenture, as well as \$410 million in Obligations related to commitments to issue letters of credit related to reimbursement agreements for workers compensation coverage. Members of the Obligated Group have previously arranged (and may again in the future arrange) for Obligations to secure swaps and letters of credit (which will, for example, support insurance policies such as noted in **"Northwell and the Obligated Group – Risk Management and Commercial Insurance Program"** in **APPENDIX A** hereto). The Members of the Obligated Group may issue additional Obligations that are intended by the Obligated Group to be secured by the security interest in Gross Receipts on a parity with the Series 2022 Obligation and all previously issued Obligations. See Section 3.06 **"FORM OF MASTER TRUST INDENTURE"** in **APPENDIX F** hereto for a description of the conditions whereby the Members of the Obligated Group may issue additional Obligations.

**THE MASTER TRUST INDENTURE PERMITS EACH MEMBER OF THE OBLIGATED GROUP TO ISSUE OR INCUR ADDITIONAL INDEBTEDNESS EVIDENCED BY OBLIGATIONS THAT WILL SHARE THE SECURITY FOR THE SERIES 2022 OBLIGATION EVIDENCED BY THE PLEDGE OF GROSS RECEIPTS. SUCH ADDITIONAL OBLIGATIONS WILL NOT BE SECURED BY ANY OTHER MONEY OR INVESTMENTS IN ANY FUND OR ACCOUNT HELD BY THE BOND TRUSTEE FOR THE SECURITY OF THE SERIES 2022 BONDS.**

The Master Trust Indenture presented in **APPENDIX F** hereto is the Second A&R Master Trust Indenture, which is the Original Master Trust Indenture (i) as amended and restated pursuant to the Immediately Effective Amendments (described herein) and (ii) as amended to provide for an Event of Default if the Long-Term Debt Service Coverage Ratio is less than 1.00 as of the end of each of any two

consecutive Fiscal Years, which such amendment does not require consent of existing holders (See “**Particular Covenants – Debt Service Coverage Ratio**” below and Sections 3.07(c) and 4.01(c) in “**FORM OF MASTER TRUST INDENTURE**” in **APPENDIX F** hereto).

### ***Security Interest in Gross Receipts***

As security for the Obligations of the Members of the Obligated Group under the Master Trust Indenture, each Member of the Obligated Group has pledged to the Master Trustee a security interest in its Gross Receipts, consisting of all receipts, revenues, income and other moneys (other than proceeds of borrowing) received or receivable by or on behalf of a Member of the Obligated Group and all other amounts available to a Member of the Obligated Group from any other source; provided, however, that Gross Receipts do not include (x) gifts, grants, bequests, donations, and contributions and any income derived therefrom, to the extent specifically restricted by the donor or grantor to a special object or purpose inconsistent with (i) paying debt service on an Obligation or (ii) meeting any commitment of a Member under a Related Loan Agreement, (y) funds which are established and maintained with fees collected in private practice by physicians who are employed by a Member of the Obligated Group, or (z) all receipts, revenues, income and other moneys received or receivable by or on behalf of a Member of the Obligated Group and the proceeds thereof and any insurance or condemnation proceeds thereon, whether now owned or hereafter acquired, derived from Excluded Property which constitutes real property. See “**PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP – Enforceability of Lien on Gross Receipts**” herein. See also Section 3.01 in “**FORM OF MASTER TRUST INDENTURE**” in **APPENDIX F** hereto.

The Master Trustee’s security interest in the Gross Receipts described above will be perfected, to the extent that such security interest may be so perfected, by the filing of financing statements which comply with the requirements of the UCC. Each Member of the Obligated Group shall cause to be filed, in accordance with the requirements of the UCC, financing statements; and, from time to time thereafter, shall deliver such other documents (including, but not limited to, continuation statements as required by the UCC) as may be necessary or reasonably requested by the Master Trustee in order to perfect or maintain the perfection of such security interests or give public notice thereof. See “**PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP – Enforceability of Lien on Gross Receipts**” herein.

### ***Particular Covenants***

***General.*** Subject to the terms of the Master Trust Indenture, any Persons that are not Members of the Obligated Group and corporations that are successor corporations to any Member of the Obligated Group through merger or consolidation as permitted by the Master Trust Indenture may become a Member of the Obligated Group. The Members of the Obligated Group are subject to covenants under the Master Trust Indenture relating to restricting, among other things, incurrence of Indebtedness, existence of Liens on Property, consolidation and merger, disposition of assets, addition of Members to the Obligated Group and withdrawal of Members from the Obligated Group. See “**FORM OF MASTER TRUST INDENTURE**” in **APPENDIX F** hereto.

***Debt Service Coverage Ratio.*** Pursuant to the Master Trust Indenture, the Members of the Obligated Group covenant to set rates and charges for their 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. As a result of an amendment that shall take effect upon issuance of the Series 2022 Bonds and does not require the consent of holders, the Master Trust Indenture will provide that it shall be an Event of Default if the Long-Term Debt Service Coverage Ratio is less than 1.00 as of the end

of each of any two consecutive Fiscal Years. See Sections 3.07(c) and 4.01(c) in “**FORM OF MASTER TRUST INDENTURE**” in **APPENDIX F** hereto.

In addition, in connection with previously issued indebtedness, the Members of the Obligated Group have covenanted with the Holders of Obligation No. 54, Obligation No. 57 and Obligation No. 58, that in no event will the Long-Term Debt Service Coverage Ratio be less than 1.00 as of the end of any Fiscal Year. *Such covenant is made solely for the benefit of the Holders of Obligation No. 54, Obligation No. 57 and Obligation No. 58 and may be waived, modified or amended by such Holders without the consent of or notice to the Holder of the Series 2022 Obligation.*

#### *No Mortgage*

In connection with the issuance of prior Obligations under the Master Trust Indenture, each Member of the Obligated Group (other than the Corporation) previously executed and delivered certain mortgages directly or indirectly (by assignment) to the Master Trustee, as mortgagee (collectively, and as amended or modified to date, the “*Prior Mortgages*”), to secure all Obligations issued under the Master Trust Indenture on a parity basis. Pursuant to the Immediately Effective Amendments, which will be effective upon issuance of the Series 2022 Bonds, the Obligated Group Representative may direct the Master Trustee to release and discharge the Prior Mortgages. On the date of issuance of the Series 2022 Bonds, the Obligated Group Representative will direct the Master Trustee to release and discharge the Prior Mortgages, and such release and discharge shall be effective on the date of issuance of the Series 2022 Bonds. *Accordingly, upon issuance of the Series 2022 Bonds, none of the facilities of the Obligated Group will be mortgaged as security under the Master Trust Indenture or for the Series 2022 Bonds.* See **PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – Proposed Immediately Effective Amendments to the Original Master Trust Indenture**” herein.

#### *Covenants Related to Other Indebtedness*

The Obligated Group Members are parties to certain agreements with Obligation holders that contain certain covenants for the sole benefit of such holders, which are in addition to, and in some cases, more restrictive than the provisions of the Master Trust Indenture. Such Obligation holders may modify, amend or waive the covenants in their respective agreement in their sole discretion at any time without the consent of or any notice to the owners of the Series 2022 Bonds or the holders of the Series 2022 Obligation. Failure of the Obligated Group Members to comply with covenants in those various agreements could result in an event of default under such agreement and, in certain circumstances, an acceleration under such agreement, and may create an event of default under the Master Trust Indenture permitting an acceleration of all Obligations, including the Series 2022 Obligation and, in certain circumstances, may permit the holders of 25% or more of the aggregate principal amount of all Obligations outstanding under the Master Trust Indenture to direct the Master Trustee to accelerate all Obligations outstanding under the Master Trust Indenture, including the Series 2022 Obligation issued for the benefit of the Series 2022 Bonds.

#### **Proposed Immediately Effective Amendments to the Original Master Trust Indenture**

Upon issuance of the Series 2022 Bonds and the application of the proceeds thereof, the Members of the Obligated Group shall have implemented the Immediately Effective Amendments to the Master Trust Indenture. Such Immediately Effective Amendments are contained in “**THE IMMEDIATELY EFFECTIVE AMENDMENTS TO THE ORIGINAL MASTER TRUST INDENTURE**” in **APPENDIX G** hereto. See **APPENDIX G** hereto.

Section 6.02 of the Original Master Trust Indenture provides that the Original Master Trust Indenture may be amended with the consent of the Holders of not less than 51% in aggregate principal amount of the Obligations then Outstanding under the Original Master Trust Indenture and entitled to grant consents to amendments thereto. **By their purchase of the Series 2022 Bonds, the original purchasers thereof (i) shall consent, and shall be deemed to have consented, to the Immediately Effective Amendments and (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 Original Master Trust Indenture in order to implement the Immediately Effective Amendments.**

Upon issuance of the Series 2022 Bonds and application of the proceeds thereof, the consents of the Holders of approximately \$2,403,044,000, or 60.1%, in aggregate principal amount of then Outstanding Obligations (representing the consents of the Holders of Obligation No. 54, Obligation No. 57, Obligation No. 58 and the Series 2022 Obligation that secure the Northwell Health Taxable Bonds, Series 2017A, the Northwell Health Taxable Bonds, Series 2019A, DASNY's Northwell Health Obligated Group Revenue Bonds, Series 2019A and Series 2019B and the Series 2022 Bonds, respectively), shall have been obtained, and, accordingly, the Immediately Effective Amendments will be in immediate effect upon issuance of the Series 2022 Bonds.

### **Proposed Springing Amendments to the Master Trust Indenture**

The Members of the Obligated Group are in the process of implementing the Springing Amendments to the Master Trust Indenture. The Springing Amendments consist of the following:

**New Definition.** The following definition would be added to Section 1.01 of the Master Trust Indenture:

*“Force Majeure Event”* means any of the following: acts of God; strikes, lockouts or other employee or industrial disturbances; acts of public enemies; acts or orders of any kind of the government of the United States of America, the state or states in which a Member of the Obligated Group is doing business, or any of their departments, agencies, political subdivisions or officials, or any civil or military authority, imposed due to factors not within the control of such Member of the Obligated Group and having a material effect on its ability to operate its facilities as intended or to carry out its agreements under this Master Indenture; insurrections; riots; terrorist acts; epidemics; pandemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; wars; nuclear accidents; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or similar acts or events, other than financial inability, not within the control of such Member of the Obligated Group.

**Force Majeure Event.** A new paragraph (d) would be added to Section 3.07 of the Master Trust Indenture as follows:

Notwithstanding the foregoing, if any failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.10 is a direct or indirect result of a Force Majeure Event, as determined in the sole discretion of the Obligated Group Representative, then the Obligated Group Representative shall not be required to retain a Consultant for the purposes described in this Section 3.07. The Obligated Group Representative shall deliver an Officer's Certificate to the Master Trustee, within six months after the Force Majeure Event, stating the nature of the Force



Majeure Event and describing the steps being taken with respect to the rates, fees and charges or expenses and methods of operation and other factors affecting the financial condition of the Obligated Group in order to improve the Long-Term Debt Service Coverage Ratio for the then current Fiscal Year.

**Assumed Level Debt Service.** A new paragraph would be added to the end of the definition of Long-Term Debt Service Requirement in Section 1.01 of the Master Trust Indenture as follows:

Notwithstanding anything in this Master Indenture to the contrary, for purposes of the computation of the Long-Term Debt Service Requirement and if applied to all of the Outstanding Long-Term Indebtedness of any Person or Persons as if all such Long-Term Indebtedness was a single series of Long-Term Indebtedness, it may be assumed by the Obligated Group Representative, at the option of the Obligated Group Representative, that the principal balance of such Long-Term Indebtedness (after adjustment as provided in the definition of “Guaranty” in Section 1.01 of this Master Indenture) will be refinanced on the date of such calculation, and that such principal balance will be payable over the thirty (30) years following such calculation, amortizing on a substantially level debt service basis (substantially equal annual installments sufficient to pay both principal and interest), or other specified amortization designated by the Obligated Group Representative, bearing a fixed rate of interest based upon the Bond Index; provided, however, for any Long-Term Indebtedness that has a maturity greater than thirty (30) years from the date of the relevant calculation, the amortization period for such Long-Term Indebtedness shall be a period selected by the Obligated Group Representative up to the maturity of such Long-Term Indebtedness.

**Amended Definition.** The definition of Audited Consolidated Financial Statements would be replaced with the following:

“Audited Consolidated Financial Statements” means the Health System Financial Statements 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 selected by the Obligated Group Representative, prepared in conformity with generally accepted accounting principles. Such Audited Consolidated Financial Statements shall include consolidated statements of financial position, consolidated statements of operations, consolidated statements of changes in net assets and consolidated statements of cash flows, and shall also include, unless the Obligated Group constitutes or is responsible for at least seventy percent (70%) of the assets or revenues of the Health System for the most recent Fiscal Year of the Health System, the consolidating statement of financial position and the consolidating statement of operations from which the financial information relating solely to the Obligated Group Members may be derived for the same twelve-month period.

**Financial Calculations.** Paragraph (b) of Section 1.03 of the Master Indenture would be replaced with the following:

(b) Notwithstanding anything else in this Master Indenture to the contrary, in addition to those provisions of this Master Indenture which expressly permit the

use of financial or other information on the basis of the Health System, in computing or calculating Balloon Long-Term Indebtedness, Book Value, Income Available for Debt Service, Indebtedness, Long-Term Debt Service Coverage Ratio, Long-Term Debt Service Requirement, Maximum Annual Debt Service, Operating Assets, Property, Plant and Equipment, Total Operating Revenues, Transaction Test or any other quantitative financial test or provision, the Obligated Group, at the option of the Obligated Group Representative, may, unless the context specifically requires otherwise, utilize financial and other information either (i) with respect to the Members of the Obligated Group in the aggregate or (ii), so long as the Obligated Group constitutes or is responsible for at least seventy percent (70%) of the assets or revenues of the Health System for the most recent Fiscal Year of the Health System, with respect to the Health System in the aggregate, with such percentage being calculated in a manner that excludes intercompany eliminations from the numerator of such calculation.

As previously stated, 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 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 2022 Bonds, the original purchasers thereof (i) shall consent, and shall be deemed to have consented, to the Springing Amendments and (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 Springing Amendments.**

Upon issuance of the Series 2022 Bonds and application of the proceeds thereof, the consents of the Holders of approximately \$820,000,000, or 20.5%, in aggregate principal amount of then Outstanding Obligations (representing the consents of the Holders of Series 2022 Obligation that secures the Series 2022 Bonds), shall have been obtained, and, accordingly, the Springing Amendments will not become effective upon issuance of the Series 2022 Bonds.

As such, at the time of the issuance of the Series 2022 Bonds, the Holders of not less than 51% in aggregate principal amount of all Obligations shall not have been obtained with respect to the Springing Amendments. The 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. In addition, the terms and provisions of certain outstanding Indebtedness of the Obligated Group also currently require the consent of certain other entities before certain of the Springing Amendments can fully take effect under the documents related to such other outstanding Indebtedness. Upon receipt of such requests, some or all of such Springing Amendments, at the election of the Obligated Group Representative, will then be effective. No assurance can be given as to whether, or when, or which of, the Springing Amendments will become effective.

#### **Amendments of Resolution, Master Trust Indenture, Supplemental Indenture and Series 2022 Obligation**

Each of the Resolution and the Master Trust Indenture provides for the modification or amendment of the Resolution and the Master Trust Indenture, respectively, from time to time, in certain circumstances without the consent of the Holders of the Bonds or the Holders of Obligations (including the Series 2022 Obligation or any other Obligation issued under the Master Trust Indenture to secure Indebtedness), respectively, and in other circumstances with the consent of the Holders of a majority of the principal amount of the Bonds issued and Outstanding under the Resolution, or with the consent of the Holders of a

majority in aggregate principal amount of the outstanding Series 2022 Obligation and any other Obligation issued under the Master Trust Indenture to secure Indebtedness, respectively. Such amendments could be substantial and result in the modification, waiver or removal of certain existing covenants or restrictions contained in the Resolution of the Master Trust Indenture. Such amendments could adversely affect the security of the Bondholders. See “**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**” in **APPENDIX E** hereto and Section 6.01 in “**FORM OF MASTER TRUST INDENTURE**” in **APPENDIX F** hereto. No consent is required from the Holders or Beneficial Owners of the Series 2022 Bonds to any amendment to authorize the issuance of Additional Bonds under the Resolution.

By their purchase of the Series 2022 Bonds, the original purchasers thereof shall consent, and shall be deemed to have consented, to the Immediately Effective Amendments and the Springing Amendments to the Master Trust Indenture. As described herein, the Immediately Effective Amendments shall be effective upon issuance of the Series 2022 Bonds and the 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. See “– **Proposed Immediately Effective Amendments to the Original Master Trust Indenture**” and “– **Proposed Springing Amendments to the Master Trust Indenture**” above.

#### **Events of Default and Acceleration under the Resolution**

The following constitute events of default under the Resolution with respect to the Series 2022 Bonds: (i) a default by DASNY in the payment when due of the principal, including Sinking Fund Installments, purchase price or redemption price of, or interest on, any Series 2022 Bond; (ii) a default by DASNY in the due and punctual performance of any applicable tax covenant which results in the loss of the exclusion of interest on the Series 2022 Bonds from gross income under the Code; (iii) a default by DASNY in the due and punctual performance of any other covenants, conditions, agreements or provisions contained in the Series 2022 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 2022 Bonds; or (iv) an “Event of Default,” as defined in the Loan Agreement, arising out of or resulting from the failure of the Corporation to comply with the requirements of the Loan Agreement shall have occurred and is continuing and all sums payable by the Corporation under the Loan Agreement shall have been declared immediately due and payable (unless such declaration shall have been annulled). Failure of the Corporation to make payment under the Loan Agreement shall not constitute an Event of Default under the Loan Agreement if timely payment of the Series 2022 Obligation 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 the Corporation 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 2022 Bonds, by written notice to DASNY, declare the principal of and interest on the Series 2022 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 2022 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 2022 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 2022 Bonds.

### **PART 3 – THE SERIES 2022 BONDS**

*Set forth below is a narrative description of certain provisions relating to the Series 2022 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 on file with DASNY and the Bond Trustee. See also “**SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT**” in **APPENDIX D** hereto and “**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**” in **APPENDIX E** hereto for a more complete description of certain provisions of the Series 2022 Bonds.*

#### **Description of the Series 2022 Bonds**

The Series 2022 Bonds will be issued pursuant to the General Resolution and the Series 2022 Resolution and will be dated and bear interest from their date of delivery, payable November 1, 2022 and on each May 1 and November 1 thereafter, at the rates, and will mature on the dates set forth on the inside cover page of this Official Statement.

The Series 2022 Bonds are being issued as fixed rate bonds, maturing on the dates and bearing interest at the rates set forth on the inside cover page hereof through the final maturity date of the Series 2022 Bonds.

The Series 2022 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 2022 Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2022 Bonds, the Series 2022 Bonds will be exchangeable for other fully registered Series 2022 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 “**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**” in **APPENDIX E** hereto.

Interest on the Series 2022 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 2022 Bonds are Book Entry Bonds shall be paid by wire transfer to the Depository for the Series 2022 Bonds or its nominee, at the wire transfer address therefor. See “**Book-Entry Only System**” herein.

#### **Redemption Provisions**

The Series 2022 Bonds are subject to optional and special redemption as described below.

**Optional Redemption.** The Series 2022 Bonds are subject to redemption prior to maturity, at the election or direction of DASNY at the direction of the Corporation, on or after May 1, 2032, 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 2022 Bonds being redeemed plus accrued interest to the redemption date.

**Purchase in Lieu of Optional Redemption.** The Series 2022 Bonds are also subject to purchase in lieu of optional redemption prior to maturity at the election of the Corporation, on or after May 1, 2032, in any order, as a whole or in part, at any time, at a price of 100% of the principal amount of Series 2022 Bonds to be purchased, plus accrued interest to the purchase date.

**Special Redemption.** The Series 2022 Bonds are subject to redemption prior to maturity, in whole or in part, at the Redemption Price equal to 100% of the principal amount of Series 2022 Bonds to be redeemed plus accrued interest to the redemption date at the option of DASNY, at any time, from (i) the proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project, or (ii) from unexpended proceeds of the Series 2022 Bonds upon the abandonment of all or a portion of the Project due to a legal or regulatory impediment.

**Mandatory Redemption.** The Series 2022 Bonds maturing May 1, 2045 are subject to redemption, in part, on each May 1 of the years and in the principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on May 1 of each year the principal amount of Series 2022 Bonds specified for each of the years shown below:

**Term Bond Maturing May 1, 2045**

<u>Year</u>	<u>Amount</u>
2044	\$59,000,000
2045 <sup>†</sup>	61,000,000

<sup>†</sup>Final Maturity

The Series 2022 Bonds maturing May 1, 2052 and bearing interest at a rate of 4.25% per annum are subject to redemption, in part, on each May 1 of the years and in the principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on May 1 of each year the principal amount of Series 2022 Bonds specified for each of the years shown below:

**Term Bond Maturing May 1, 2052**  
**(bearing interest at 4.25% per annum)**

<u>Year</u>	<u>Amount</u>
2048	\$ 42,350,000
2050	99,480,000
2051	104,055,000
2052 <sup>†</sup>	109,115,000

<sup>†</sup>Final Maturity

The Series 2022 Bonds maturing May 1, 2052 and bearing interest at a rate of 5.00% per annum are subject to redemption, in part, on each May 1 of the years and in the principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on May 1 of each year the principal amount of Series 2022 Bonds specified for each of the years shown below:

**Term Bond Maturing May 1, 2052  
(bearing interest at 5.00% per annum)**

<u>Year</u>	<u>Amount</u>
2048	\$22,585,000
2050	65,450,000
2051	68,995,000
2052 <sup>†</sup>	72,935,000

<sup>†</sup>Final Maturity

DASNY may from time to time direct the Trustee to purchase Series 2022 Bonds with moneys in the Debt Service Fund, at or below par plus accrued interest to the date of such purchase, and apply any Series 2022 Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the applicable Series 2022 Bonds of the same maturity and bearing interest at the same rate. A Member of the Obligated Group also may purchase Series 2022 Bonds and apply any Series 2022 Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the applicable 2022 Bonds of the same maturity and bearing interest at the same rate.

***Selection of Series 2022 Bonds to be Redeemed.*** In the case of redemption of Series 2022 Bonds, DASNY, at the direction of the Corporation, will select the maturity of the Series 2022 Bonds to be redeemed. If less than all of the Series 2022 Bonds of a maturity are to be redeemed, the Series 2022 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 2022 Bonds in the name of DASNY, by first class mail, postage prepaid, at least 30 days but not more than 45 days prior to the redemption date to the registered owners of any Series 2022 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 2022 Bonds to be redeemed. Failure of any owner to receive such notice will not affect the validity of the proceedings for the redemption of the Series 2022 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 2022 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 2022 Bonds or portion thereof to be redeemed will cease to accrue and such Series 2022 Bonds will no longer be considered to be Outstanding under the Resolution.

For a description of certain other provisions relating to the Series 2022 Bonds, see “**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**” in **APPENDIX E** hereto.

***Notice of Purchase in Lieu of Redemption and its Effect.*** Notice of purchase of the Series 2022 Bonds will be given by the Bond Trustee in the same manner as for notice of redemption described above under “*Notice of Redemption.*” No purchased Series 2022 Bond shall be considered to be no longer outstanding by virtue of its purchase.

All such purchases may be subject to conditions to the Corporation’s obligation to purchase the Series 2022 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 2022 Bonds is held by the Bond Trustee, the purchase price of the Series 2022 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 2022 Bonds of a maturity are to be purchased, the Series 2022 Bonds to be purchased will be selected by the Bond Trustee by lot in the same manner as Series 2022 Bonds of a maturity to be redeemed in part are to be selected as described above under “*Selection of Series 2022 Bonds to be Redeemed.*”

For a description of certain other provisions relating to the Series 2022 Bonds, see “**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**” in **APPENDIX E** 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 2022 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 2022 Bonds. The Series 2022 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 2022 Bond certificate will be issued for each maturity and, if applicable, interest rate, of the Series 2022 Bonds, totaling in the aggregate the principal amount of the Series 2022 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 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC’s records. The ownership interest of each actual purchaser of a Series 2022 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 2022 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 2022 Bonds, except in the event that use of the book-entry system for such Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 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 2022 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 2022 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2022 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 2022 Bonds within a particular maturity of the Series 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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, THE CORPORATION 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 2022 BONDS.

So long as Cede & Co. is the registered owner of the Series 2022 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2022 Bonds (other than under "PART 10 – TAX MATTERS" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2022 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 2022 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 2022 Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2022 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 2022 Bond certificates will be delivered as described in the Resolution.

NONE OF DASNY, THE CORPORATION, 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 2022 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 2022 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 2022 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2022 BONDS; OR (VI) ANY OTHER MATTER.

## **PART 4 – PLAN OF FINANCE**

### **General**

The proceeds of the sale of the Series 2022 Bonds will provide funds which, together with other available funds, will be used to (i) finance and reimburse the Corporation for the Project as described below (the “*Project*”); (ii) current refund all of the Refunded Bonds; and (iii) pay costs of issuance of the Series 2022 Bonds and the costs related to the refunding of the Refunded Bonds.

### **The Project**

It is anticipated that the following projects will be financed with a portion of the proceeds of the Series 2022 Bonds:

***SIUH Projects:*** Approximately \$141 million (inclusive of Series 2022 Bond proceeds and Corporation equity) is expected to be used to finance all or a portion of the cost of (i) construction of a new structure for labor and delivery; (ii) construction of a 19-bed medical surgical unit; and (iii) renovation of the south campus emergency room.

***LJMC Projects:*** Approximately \$98 million (inclusive of Series 2022 Bond proceeds and Corporation equity) is expected to be used to finance all or a portion of the cost of (i) repairs and maintenance of a parking garage; (ii) building eight operating rooms in the first floor of Cohen Children’s Medical Center (“*CCMC*”); and (iii) creation of a pediatric neuroscience unit at CCMC.

***NSUH Projects:*** Approximately \$453 million (inclusive of Series 2022 Bond proceeds and Corporation equity) is expected to be used to finance all or a portion of the cost of (i) construction of an eight-story addition to include new surgical suites and intensive care units; (ii) construction of a new emergency power plant; (iii) construction of a new dual fuel boiler to tie into the existing plan to support the construction of the new advanced surgical pavilion; (iv) relocation of two Magnetic Resonance Imaging (“*MRP*”) magnets; (v) renovation of the existing MRI department located on the first floor of the hospital, replacing two existing MRI’s and adding a new 3T MRI; and (vi) renovations to expand the main pharmacy compounding facilities to meet compliance with USP 800 standards.

***SSUH Projects:*** Approximately \$108 million (inclusive of Series 2022 Bond proceeds and Corporation equity) is expected to be used to finance all or a portion of the cost of (i) modernization and expansion of the labor/delivery/recovery, neonatal intensive care and post-anesthesia care units on the first floor of the East Building; (ii) modernization and expansion of the maternity unit on the second floor of the East Building; (iii) creation of an eight-patient intensive care unit dedicated to the neurological program;

(iv) an addition to the Brackett Building to create additional twelve private medical surgical rooms and core and shell space to the Brackett Building; (v) the renovation and equipping of the shell space on the third floor of the Brackett Building to accommodate two hybrid operating rooms; and (vi) expansion of the current first floor Northwest Building pharmacy and creation of an upgraded pharmacy.

Depending on project timing, cash flow needs and other factors, the Corporation may elect to expend a portion of the proceeds on certain other projects of one or more Members of the Obligated Group.

### **The Refunding**

A portion of the proceeds of the Refunded Bonds will be applied to redeem the Refunded Bonds on May 18, 2022. The Refunded Bonds to be refunded are as follows:

#### **Series 2009B Refunded Bonds**

<b>Due May 1</b>	<b>Outstanding Amount</b>	<b>Interest Rate</b>	<b>CUSIP</b>
2039	\$24,000,000	5.00%	649906K37

#### **Series 2009C Refunded Bonds**

<b>Due May 1</b>	<b>Outstanding Amount</b>	<b>Interest Rate</b>	<b>CUSIP</b>
2039	\$18,000,000	5.00%	649906K52

#### **Series 2009D Refunded Bonds**

<b>Due May 1</b>	<b>Outstanding Amount</b>	<b>Interest Rate</b>	<b>CUSIP</b>
2039	\$18,000,000	5.00%	649906K60

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## 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 2022 Bonds:

	<b>Series 2022 Bonds</b>
<b>Sources of Funds</b>	
Par Amount of Bonds	\$ 820,000,000
Net Original Issue Discount	(35,120,732)
Corporation Equity	79,835,170
Funds Held for Refunded Bonds	141,667
<b>Total Sources of Funds</b>	<b>\$ 864,856,105</b>
 <b>Uses of Funds</b>	
Deposit to Project Fund (Including for Reimbursement)	\$ 798,351,703
Redemption of Refunded Bonds	60,141,667
Costs of Issuance <sup>(1)</sup>	6,362,735
<b>Total Uses of Funds</b>	<b>\$ 864,856,105</b>

<sup>(1)</sup> 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 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP

The following discussion of risks to holders of the Series 2022 Bonds is not intended to be exhaustive, but rather to summarize certain matters that could affect payment of the Series 2022 Bonds, in addition to other risks described throughout this Official Statement. The Members of the Obligated Group (as defined in the forepart of this Official Statement) and the Other Northwell Entities (as defined in “**Northwell and the Obligated Group**” in APPENDIX A hereto) are each referred to herein as a “*Northwell affiliate*” and, collectively, as the “*Northwell affiliates*.”

### General

Health care providers are paid by governmental and other sources under complex and continually changing regulations, contractual requirements, and other guidance. Health care providers must therefore attempt to respond to and anticipate regulatory and other changes, and the success of any specific strategy and the financial results of operation are often unsettled until after multiple years during which the regulations, contractual requirements, and other guidance are clarified and implemented. In addition, and as a result of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (the “*Affordable Care Act*” or the “*ACA*”), substantial changes have occurred and are occurring in the United States health care system. Such legislation has been intended by its supporters to be transformative and includes numerous provisions affecting the delivery of health care services, the financing of health care costs, payments to health care providers and the legal obligations of health insurers, providers, employers and consumers. The effect on Northwell of future changes in federal, state and private policies and interpretations of policies cannot be determined at this time.

Northwell may be affected by future events and economic conditions, including competition from health systems that are expanding through acquisition, affiliation, and internal growth; competition from

vertically aligned payers and other providers; changes in demand for health care services; an inability to control expenses in periods of inflation; the capability of Northwell management; the receipt of grants and contributions; referring physicians' and self-referred patients' confidence in Northwell; and increased use of discounted, value-based, performance-based, or risk-based contracts with managed care organizations ("MCOs") and other payers. Other factors that may affect revenues and expenses include the ability of Northwell to provide services required by patients; the relationship of Northwell with physicians; the availability of sufficient staff possessing the requisite training and skill to provide complex medical services; the success of Northwell's strategic plans; the degree of cooperation among and competition with other providers in Northwell's service area; changes in levels of private philanthropy; malpractice claims, investigations, audits and other litigation; and economic and demographic developments in the United States and in the service areas in which Northwell operates. See "**Northwell and the Obligated Group**" in **APPENDIX A** hereto and "**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NORTHWELL HEALTH, INC. FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020, WITH REPORT OF INDEPENDENT AUDITORS**" included as **APPENDIX B** hereto.

### **COVID-19 Pandemic**

*General.* The Obligated Group's business and financial results may be harmed by an international, national or localized outbreak of a highly contagious or epidemic disease. In particular, the current pandemic of the novel coronavirus ("COVID-19") has had and continues to have numerous and varied medical, economic, and social impacts, any and all of which have had and may continue to have adverse effects the Obligated Group's business and financial results. At times during the COVID-19 pandemic, health care providers have cancelled or delayed non-urgent appointments and procedures and although restrictions on elective procedures have been periodically lifted in some areas, the cancellations or delays have adversely affected revenues of health care providers. Business disruptions could also include temporary closures of the Obligated Group's facilities or the facilities of suppliers and their contract manufacturers, and a reduction in the business hours of non-emergent health care facilities. A substantial portion of the population has been at times or may become subject to voluntary or involuntary quarantine, leading to general and substantial reductions in economic activity. Health care personnel are disproportionately likely to be exposed to COVID-19 and become ill from COVID-19, which may limit the ability of the health care providers to have staff on duty at all times sufficient to provide care. Throughout the United States, health care providers have been periodically experiencing shortages of pharmaceuticals, protective gear, testing materials, medical equipment, and blood. Even if health care providers were able to find alternative sources for such products, such products may cost more, which could adversely impact profitability and the financial condition of such health care providers, including Members of the Obligated Group. Health care providers and facilities may become overburdened if the number of COVID-19 cases grows and various variants of the virus emerge, limiting their ability to provide comprehensive care to patients, and lead to diversion of medical resources and priorities toward the treatment of COVID-19 patients. In addition, health care providers may be required to provide significant amounts of uncompensated care. Changes in operations at the Obligated Group's facilities may result in additional costs being incurred related to adjustments to the use of various facilities and to staffing during this pandemic, including overtime wages, wages paid to employees who are unable to work due to quarantine, challenges related to maintaining staffing levels and utilization of more expensive contract staff to provide care. The ongoing effects of COVID-19 have affected and could severely affect the Obligated Group's ability to conduct normal business operations and, as a result, the operating results and financial condition of the Obligated Group could be materially adversely affected.

National, state, and local governments have taken, and may continue to take, various actions, including the passage of laws and regulations, on a wide array of topics, in an attempt to slow the spread of COVID-19, to mitigate the overwhelming of the health care system and to address the health and economic consequences of the pandemic. Many of these governmental actions have caused substantial changes to

the way health care is provided, and how society, in general, functions. It is not clear how long such measures will remain in place. As these actions are far-reaching and rapidly changing, management of the Obligated Group cannot fully predict the ongoing impacts of the COVID-19 pandemic, financial or otherwise.

**COVID-19 Vaccinations.** In December 2020, COVID-19 vaccines began to be administered in the United States. While states are working to ensure all residents have access to the COVID-19 vaccine, no state, including the State of New York, has achieved 100% inoculation of its residents. At the same time, new variants of COVID-19 have been discovered, several of which are more transmissible than the original strain, and some of which may reduce the effectiveness of vaccines or natural immunity in persons who have recovered from COVID-19. Moreover, it is not clear how long public health safety measures will remain in place or whether any new additional measures will be required by national, state and local governments. Due to the above, the continued impact of the COVID-19 pandemic and containment and mitigation efforts could have a material adverse effect on the operations of the Obligated Group and on state, national, and global economies. Accordingly, the Obligated Group cannot presently quantify or predict the cumulative impact of the COVID-19 pandemic taken as a whole, but such impact could be material and adverse.

Intermittent surges in COVID-19 cases and hospitalizations have been occurring throughout the United States, including in the State of New York. In response, President Biden announced a COVID-19 Action Plan in fall of 2021 that, among other things, would require employers with one hundred or more employees to require their employees to get the COVID-19 vaccine or undergo weekly testing pursuant to a new Emergency Temporary Standard (“ETS”) of the Occupational Safety and Health Administration (“OSHA”) and also requires vaccination for federal workers and contractors, as well as health care workers in hospitals, nursing facilities, and other institutions that receive Medicare and Medicaid reimbursement. Both vaccine rules faced litigation and challenges from certain states. Compliance with national, state or local vaccine requirements may increase operating costs or affect the Obligated Group’s ability to recruit and retain employees. See “**Management’s Discussion and Analysis of Recent Performance – COVID-19 Impact**” in APPENDIX A hereto.

**Economic and Market Disruption.** In addition, the COVID-19 pandemic has periodically affected travel, commerce and financial markets in the United States and globally and has affected economic growth worldwide. The COVID-19 pandemic has resulted in volatility in the United States and global financial markets. Financial results, generally, and liquidity, in particular, may be materially diminished. Access to capital markets may be hindered and increased costs of borrowing may occur as a result. Except as described in “**Management’s Discussion and Analysis of Recent Performance – COVID-19 Impact**” in APPENDIX A hereto, the full impact of the pandemic on the Obligated Group’s operations, business and financial results cannot be predicted at this time due to the dynamic nature of the pandemic, including uncertainties relating to its duration and severity, as well as what actions may be taken by governmental authorities and other institutions to contain or mitigate its impact. The future spread of COVID-19 and any variants of COVID-19 and containment and mitigation efforts could have a material adverse effect on the operations of the Obligated Group and on the state, national, and global economies. See “**FINANCIAL AND OPERATING INFORMATION – Impact of COVID-19 Pandemic**” in APPENDIX A hereto.

**Governmental Support.** A variety of federal, state and local government efforts have been initiated in response to the COVID-19 pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “*CARES Act*”) was signed into law, providing temporary and limited relief to hospitals during the COVID-19 pandemic, including the appropriation of \$100 billion under the Public Health and Social Services Emergency Fund (“*Provider Relief Fund*”) to reimburse providers for expenses and lost revenue associated with the treatment of COVID-19 patients. The CARES Act expanded the Medicare Advanced and Accelerated Payments Program, provided employee retention tax credits to employers

affected by COVID-19, eliminated the 2% reduction in Medicare payments from sequestration during the period of May 1, 2020 through December 31, 2020, created an add-on payment for inpatient hospitals treating COVID-19 patients, and delayed the \$4 billion reduction in Medicaid funding for Medicare disproportionate share hospitals until November 30, 2020. These provisions and the increased funding to hospitals provided in the CARES Act covered a portion of the significant costs borne by hospitals treating patients with COVID-19 and the shortfall in revenues from reductions in elective and other procedures during the COVID-19 pandemic.

For a further discussion of COVID-19 and its impact on the Obligated Group, as well as the impact of various governmental programs in response to COVID-19, see “**Management’s Discussion and Analysis of Recent Financial Performance – COVID-19 Impact**” in APPENDIX A hereto.

### **Economic Conditions and Financial Markets.**

**General.** Economic downturns and other unfavorable economic conditions have previously impacted the health care industry and health care providers’ operations and financial condition, and as described above, the COVID-19 pandemic has and continues to adversely impact the U.S. economy. If general economic conditions worsen as a result of the COVID-19 pandemic and/or other causes, the Obligated Group’s financial performance and its liquidity and ability to repay outstanding debt, including debt service on the Series 2022 Bonds, may be adversely affected. Broad economic factors, such as unemployment rates or instabilities in consumer demand and consumer spending, could affect the Obligated Group’s patient service volumes and its ability to collect outstanding receivables. Other economic conditions that from time to time may adversely affect the Obligated Group’s revenues and expenses, and consequently, its ability to pay debt service on the Series 2022 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, (9) a shortage of medical supplies and critical care unit beds caused by the COVID-19 pandemic or another pandemic or public health emergency, (10) increased operating costs, (11) a reduction in the receipt of grants and charitable contributions, (12) unfavorable demographic developments in the Obligated Group’s service areas, (13) unavailability of liquidity during periods of economic stress caused by delayed reimbursement or payment, or increased costs of liquidity facilities, or (14) increased competition from other health care institutions. All or any of the foregoing conditions could be exacerbated by the COVID-19 pandemic

**International Conflict and Financial Markets.** An outbreak of international conflict, including but not limited to the current conflict in Ukraine, could result in negative consequences on global and national economies. Such conflicts could cause a restriction on the availability of credit, volatility in interest rates and in the credit and securities markets generally, failures and bankruptcies of businesses and financial institutions, reduced business activity, inflationary pressure, import/export restrictions and shortages of goods, and erosion of investor confidence in the financial sector. These actions could result in reduced personal, corporate and governmental spending and in turn have a negative impact on the Obligated Group’s sources of revenue.

## Affordable Care Act and Health Care Reform Initiatives

The Affordable Care Act was enacted in 2010, with a primary goal of making health care insurance available to otherwise uninsured or underinsured consumers, including by providing premium subsidies for consumers who fall below certain income levels.

The ACA, as amended by the Health Care and Education Reconciliation Act, made far-reaching changes to various aspects of the health care system, including substantial adjustments to Medicare and Medicaid reimbursement, establishment of individual and employer mandates for health insurance coverage, the establishment of health insurance exchanges to facilitate the purchase of qualified health insurance, extension of Medicaid coverage to certain populations, provision of incentives for employer-provided health care insurance, restrictions on physician-owned hospitals, and increased efficiency and oversight provisions. The provisions of the ACA were structured to take effect over time, ranging from immediately upon passage to ten years from passage. Most of the significant health insurance coverage reforms began in 2014. The ACA also requires the promulgation of substantial regulations with significant effects on the health care industry.

The ACA provides for: state organized insurance markets in which individuals and small employers can purchase health care insurance; income-based subsidies for premium costs to individuals and families; various insurance reforms, such as prohibiting denials of coverage for pre-existing conditions; and expansion of existing public programs, such as Medicaid. The ACA also imposed new requirements on employers who provide health insurance to their employees and dependents.

Some of the specific provisions of the ACA that may affect hospital operations, financial performance or financial conditions are described below. This listing is not exhaustive. The ACA is complex and includes many new programs and initiatives and changes to previously existing programs, policies, practices and laws.

- Annual inflation adjustments to Medicare payments have been reduced.
- Many state Medicaid programs have 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 ACA 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.
- Medicaid Disproportionate Share Hospital (“*DSH*”) allotments to each state have also been reduced, based on state-wide reduction in uninsured and uncompensated care (under the



Consolidated Appropriations Act, 2021, further reductions in DSH allotments have been delayed until 2024).

While the provisions of the ACA that encourage health care coverage for individuals, to the extent not modified by subsequent legislation, were intended to increase demand for health care and reduce the amount of uncompensated care that hospitals, including certain Members of the Obligated Group, the ACA did not ensure that reimbursement paid by the payors covering the newly insured would be adequate to cover costs. Other provisions have significantly modified coverage of, or payment for, hospital services, and some of these changes have reduced payments.

Federal and state actions affecting the health care delivery system, and the practical consequences of such actions, cannot be foreseen. In particular, any legal, legislative or executive action that delays or reduces federal health care program spending, increases the number of individuals without health insurance, reduces the number of people seeking health care, limits coverage for health care services or otherwise significantly alters the health care delivery system or insurance markets, could have a material adverse effect on Northwell.

Apart from the ACA, recent legislation has sought to further the transition from volume-based payment to value-based payment under the Medicare program. For example, the Medicare Access and CHIP Reauthorization Act of 2015 (“*MACRA*”) removed the outdated Sustainable Growth Rate formula that annually threatened large reductions in physician reimbursement and replaced it with a multi-tiered system to pay physicians and other practitioners – including, but not limited to, physician assistants, advanced practice nurses, and physical therapists – based on the value of the care they provide. The Centers for Medicare & Medicaid Services (“*CMS*”) continues to implement *MACRA* and other programs to encourage value-based care. The effect these continued reforms will have on Northwell is not possible to predict and depends on *CMS*’ and the United States Department of Health and Human Services’ (“*DHHS*”) regulatory strategies, Northwell’s success at engaging in value-based care delivery programs, and future legislative changes. To the extent these programs affect either Northwell’s reimbursements or its cost of providing services, they may have a material effect on Northwell’s finances.

Additionally, in late 2020, Congress enacted the No Surprises Act, which, along with its implementing regulations set forth at 42 C.F.R. Part 149, went into effect on January 1, 2022. The No Surprises Act is designed to protect patients against “surprise” medical bills, and, among other things, limits the circumstances under which hospitals may bill patients at out-of-network rates for services and requires the hospitals provide an advanced estimate of charges to uninsured and self-pay patients who seek care at the hospital. Providers that violate the No Surprises Act may be subject to state or federal enforcement and federal civil monetary penalties. Under the No Surprises Act, unless an agreement is reached between the provider and payor regarding reimbursement for out-of-network services, out-of-network reimbursement rates will be determined through an independent dispute resolution (“*IDR*”) process. Uninsured and self-pay patients may also dispute bills that exceed estimated charges by \$400 or more. The effect of *IDR* on Northwell’s finances cannot be predicted. To the extent the No Surprises Act affects either Northwell’s reimbursements or its cost of providing services, it may have a material effect on Northwell’s finances.

### **Challenges to the Affordable Care Act**

The ACA has been subject to significant opposition in the political and judicial arenas. Multiple lawsuits challenging the constitutionality of the ACA have been filed by private and state parties in federal courts. In 2012, the U.S. Supreme Court largely upheld the ACA as constitutional. However, in the same decision it limited the scope of the ACA by restricting the federal government’s ability to condition Medicaid funding on states’ participation in the ACA’s anticipated Medicaid expansion. As a result, states effectively have the option but not the obligation to extend Medicaid coverage to the low-income adult

population specified in the ACA. In 2015, the Supreme Court rejected an effort to limit federal subsidies only to exchanges that were established directly by the states and not through the federal government.

Many issues remain to be determined about the ACA's impact, and it seems likely that continuing litigation and political strategies will seek to undermine portions of, or entirely repeal, the ACA. In December 2017, Congress enacted the Tax Cuts and Jobs Act of 2017 (the "*Tax Cuts and Jobs Act*"), which repealed the penalty for failing to obtain health insurance under the ACA. See "**Tax Reform**" herein. Northwell cannot predict whether additional health care reform legislation will be enacted or the interim or ultimate effects of any such legislation.

In December 2018, a Texas Federal District Court judge, in the case of *Texas v. Azar* declared the ACA unconstitutional, reasoning that the individual mandate tax penalty was essential to and not severable from the remainder of the ACA. The case was ultimately appealed to the United Supreme Court, which decided in June 2021 that the plaintiffs in the matter lacked standing to bring their constitutionality claims. As a result, the ACA continues to remain law. Nevertheless, future challenges may occur relating to whether any or all of the ACA could be struck down, which creates operational risk for the health care industry.

### **Legislative, Regulatory and Contractual Matters Affecting Revenue**

Northwell is participating in a range of approaches to population health management and value-based payment, including ACOs, patient-centered medical homes and other value-focused and risk-based agreements. Among these are: the Northwell Health ACO, which coordinates care for approximately 60,000 Medicare lives in the Medicare Shared Savings Program; Montefiore Medical Center NextGen ACO through which Northwell coordinates care for over 5,000 Medicare lives; Healthfirst, a New York not-for-profit MCO of which Northwell is a partial owner to manage global and shared risk for approximately 100,000 Medicaid, Medicare and commercial lives; the CMS Bundled Payments for Care Improvement Advanced initiative (which, absent extension, will terminate on December 31, 2023); the CMS Independence at Home Demonstration program (which provides chronically ill patients with a complete range of primary care services in the home setting and which, absent extension, will terminate on December 31, 2023); and several other value-based payment arrangements with MCOs affecting approximately 170,000 Medicare and commercial lives.

Northwell has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payers for adjustments to current and prior years' payment rates, based on industry-wide and Northwell-specific data. The current Medicaid, Medicare and other third-party payer programs are based upon complex laws and regulations that are subject to interpretation. Medicare cost reports, which serve as the basis for final settlement with government payers, are still open for multiple years. More recent cost reports have not been finally settled, pending the outcome of litigation challenging the calculation of various hospitals' DSH payments. In June 2019, the Supreme Court ruled in favor of hospitals that brought suit arguing CMS made inadequate DSH payments in fiscal year 2012, affirming the lower court ruling. Final settlement of these cost reports may materially change recorded estimates as new CMS policy decisions impact payments; however, the outcome of this matter, including Northwell's ability to receive further payments, remains uncertain. In addition, noncompliance with such laws and regulations and new interpretations of such authority could result in fines, penalties and exclusion from such programs.

Legislation is periodically introduced in Congress and in the New York State Legislature that could result in limitations on Northwell's revenue, third-party payments, and costs or charges, or that could result in increased competition or an increase in the level of charity care required to be provided by Northwell. From time to time, legislative 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, and to impose additional requirements and restrictions on health care insurers, providers and other health care entities. Additionally, members of Congress and candidates for President of the United States have introduced proposals to adopt a national, single-payer health system. Similarly, Medicare and Medicaid reimbursement models may be reformed via regulatory and executive/agency action that implement, amend, delay or reverse changes to existing payment models or new payment models. The effects of future reform efforts on Northwell cannot be predicted, though they may have a material effect on Northwell's finances and operations.

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 ACA. The effect this rule may have on Northwell's revenue is not possible to determine at this time.

### **Tax Reform**

The Tax Cuts and Jobs Act was signed into law on December 22, 2017. 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 with the ACA's individual mandate. The elimination of the individual mandate may result in a higher uninsured rate, which may adversely affect the financial condition of the Members of the Obligated Group.

The Tax Cuts and Jobs Act also eliminates the issuance of tax-exempt bonds to advance refund outstanding tax-exempt bonds; imposes an excise tax on exempt entities' executive compensation in excess of \$1,000,000 per year; requires that the tax on an exempt organization's unrelated business income be computed separately for each line of business; requires 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 or operations of Northwell.

### **New York State Budget**

New York's annual Budget Law is typically replete with programmatic and financial changes with potential effects on Medicaid-participating providers and health care providers generally. Prior-year Budget Laws can have effects on providers such as Northwell and its affiliates for many years after their passage. Most recently, on April 9, 2022, the Budget Law for State Fiscal Year 2022-2023 was passed, imposing a number of changes and requirements, including requirements applicable to Medicaid eligibility, payments to Medicaid providers and the Medicaid Global Cap, among others. It is not possible for Northwell to predict, at the present time, precisely how such changes will affect its operations or finances, nor how New York may alter its Medicaid program in future years; therefore, Northwell cannot predict how such changes may or may not have a material impact on Northwell's finances.

### **Medicare and Medicaid Payment**

The ACA has continued the historic trend of regulatory effort to force greater cost containment and performance-based payments. See "**Affordable Care Act and Health Care Reform Initiatives**" herein. Diverse and complex statutory and regulatory mechanisms, the effect of which is to limit the amount of money paid to health care providers under both the Medicare and Medicaid programs, have been enacted

and approved in recent years. It is impossible to predict what effect, if any, current and future legislative initiatives related to Medicare and Medicaid may have on the operations of Northwell. For further information concerning Medicare and Medicaid payment methodologies, including with respect to physician services and hospital capital costs, see “**Northwell and the Obligated Group – Payment Methodologies**” in APPENDIX A hereto.

*Annual Cost Reports.* All hospitals participating in the Medicare and Medicaid programs must meet specific financial reporting requirements, which involve submission of annual cost reports to identify expenses associated with the services provided to Medicare and Medicaid beneficiaries. These cost reports are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due. The audit process may be prolonged, and it may take several years to reach the final determination of allowable amounts.

*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 Medicare 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 Northwell. There can be no assurance that the Northwell hospitals will continue to receive The Joint Commission accreditation or meet the Conditions of Participation in the future. For further information concerning Northwell’s response to a Statement of Deficiencies and Notice of Termination regarding LIJMC, see “**Northwell and the Obligated Group – Regulatory Reviews, Audits, Litigation and Investigations**” in APPENDIX A hereto.

Future actions by the federal and state governments are expected to continue the trend toward more restrictive limits on payments for hospital services. Northwell management cannot assess or predict the ultimate effect of any such legislation or regulation, if enacted or adopted, on its operations.

*Regulatory Reviews and Audits.* Hospitals that participate in the Medicare and Medicaid programs are subject from time to time to audits and other investigations relating to various aspects of their operations and billing practices, as well as to retroactive audit adjustments with respect to payments claimed under these programs. Medicare and Medicaid regulations also provide for withholding payments in certain circumstances. New billing rules and reporting requirements for which there is no clear guidance from CMS or state Medicaid agencies could result in claims submissions being considered inaccurate. The penalties for violations may include an obligation to refund money to the Medicare or Medicaid program, payment of criminal or civil fines and, for serious or repeated violations, exclusion from participation in federal health programs. Medicare and Medicaid Managed Care plans and commercial payers also conduct routine and targeted pre- and post-payment audits of claims that may result in recoupment or overpayment demands.

Audits may result in reduced payments or repayment obligations related to past alleged overpayments and may also delay Medicare or Medicaid payments to health care providers pending resolution of the appeals process. The ACA explicitly gives DHHS the authority to suspend Medicare and Medicaid payments to a health care provider or supplier during a pending investigation of fraud. The ACA also amended certain provisions of the False Claims Act to include retention of overpayments as a violation. It also added provisions respecting the timing of the obligation to identify, report and reimburse overpayments. See “**Federal and State False Claims Acts**” herein. See “**Northwell and the Obligated Group – Regulatory Reviews, Audits, Litigation and Investigations**” and “**– Payment Methodologies – Medicare**” in APPENDIX A hereto for more information.

For information on trends in commercial managed care and the potential impact on Northwell's financial condition, see "**Northwell and the Obligated Group – Payment Methodologies –Non-Medicare Payment**" in APPENDIX A hereto.

*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 and is financed primarily by payroll taxes paid by workers and employers. The Medicare Board of Trustees annual report to Congress in August 2021 (the "*Medicare Annual Report*") indicated that the HI Trust Fund is not adequately financed and is projected to be exhausted in 2026, the same year as 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 and the projected growth in hospital and other expenditures. 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 payers of healthcare costs have increasingly sought to 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 reimbursement for total knee replacements to the inpatient setting. In January 2017, CMS began paying outpatient departments that were not located on the same campus as their affiliated inpatient hospital at a lower Physician Fee Schedule rate, rather than a higher Outpatient Prospective Payment System rate. While this so-called "site-neutrality" policy was subject to litigation, it was ultimately upheld by the U.S. Court of Appeals for the D.C. Circuit in July of 2020. CMS continues to pursue site-neutrality policies that are designated to reduce the Medicare payment differential across outpatient settings. These and other similar efforts, changes, and regulations now and in the future may have a material adverse effect on Northwell's revenues.

*Budget Control Act.* The Federal Budget Control Act of 2011 mandates significant reductions in federal spending caps for fiscal years 2012-2021, including annual reductions of two percent on all Medicare payments during this period. Subsequent legislative amendments extended these annual reductions through 2031. It is possible that Congress could act to extend or increase these across-the-board reductions, which would have a material adverse financial impact on Northwell's finances by reducing Medicare revenue.

## **Medicare and Medicaid Managed Care**

The Medicare program has encouraged the development of managed care products for Medicare beneficiaries. Enrollment in a Medicare managed care product is voluntary and enrollees may disenroll and re-enroll in the traditional fee-for-service Medicare system. Managed Medicare plans may be structured as HMOs, PPOs, private fee-for-service-plans or Provider Sponsored Organizations.

The federal Medicare program pays each managed Medicare plan a pre-established monthly premium for each Medicare beneficiary who voluntarily enrolls in the plan. In return for the premium, the plan pays for all the covered and medically necessary services delivered to the enrollee in the month. The plan is at full financial risk for costs incurred for caring for its enrollees in the given month, as described above. The ACA provides for reductions to managed Medicare plan payments, with the intention of aligning managed Medicare per capita premium payments with expenditures in the traditional Medicare fee-for-service program.

Northwell affiliates may also participate in the New York State Medicaid program. In order to control Medicaid expenditures, the State has sought to enroll large numbers of Medicaid patients in managed care program. Some of the rules for the enrollment of Medicaid patients in managed care

programs, premium payments to MCOs, and the resulting potential financial risks to Northwell are similar in some respects to those already discussed for Medicare managed care programs.

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, NYSDOH published its proposal for a new 1115 Waiver amendment entitled “Strategic Health Equity Reform Payment Arrangements” (“*SHERPA*”). Through the *SHERPA* proposal, NYSDOH 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.” Most provisions of the proposed waiver would be effective January 1, 2023. 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.

For more information on risks related to Northwell or its affiliates, see “**Northwell and the Obligated Group – Payment Methodologies – Managed Care**” in **APPENDIX A** hereto.

## **Litigation and Claims**

See “**Northwell and the Obligated Group – Regulatory Reviews, Audits, Litigation and Investigations**” in **APPENDIX A** hereto for a discussion of various regulatory investigations and litigation matters. It is not possible to predict claims and litigation matters that may arise in future years, any of which may have a material effect on Northwell’s finances; possible areas for future litigation include, but are not limited to, reimbursement issues, labor disputes, state and federal False Claims Act liability, medical malpractice, real estate matters, and disputes with payers.

## **Competition**

Competition from other hospitals may adversely affect revenues. In New York, hospital systems continue to consolidate, increasing competitive pressures on acute care hospitals, including the Northwell hospitals. Development of health maintenance and other alternative delivery programs and future medical and scientific advances could result in decreased usage of the Northwell hospitals’ facilities. Northwell 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. Northwell faces and will continue to face competition from other hospitals, integrated delivery systems and ambulatory care providers that offer similar health care services.

There are many limitations on the ability of a hospital to increase volume and control costs, and there can be no assurance that volume increases or expense reductions needed to maintain the financial stability of Northwell will occur.

Management believes that governmental payers, insurers, and MCOs will encourage competition among hospitals and providers on the basis of price, payment terms and quality. Payers have used the threat of patient steerage, restrictive physician contracting, carve outs, tiered pricing, and network exclusion to drive provider prices lower. This may lead to increased competition among hospitals based on price where payers attempt to steer patients to the hospitals that have the most favorable contracts. In addition, loss of established managed care contracts by Northwell affiliates could also adversely affect the future Northwell revenues. See “**Payment Methodologies – Managed Care**” in APPENDIX A hereto.

### **Workforce Shortages**

Workforce shortages are affecting health care organizations at the local, regional and national level. In some years salaries have been increased at greater than the rate of inflation in order to recruit and retain adequate staff. There can be no assurance that such workforce shortages will not continue or increase over time and adversely affect Northwell’s ability to control costs and its financial performance.

### **Labor Relations**

*Collective Bargaining.* Certain Northwell affiliates have collective bargaining agreements with multiple 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 Northwell. See “**Northwell and the Obligated Group – Labor Relations**” in APPENDIX A hereto.

*Employment Matters.* As with all large employers, the Northwell affiliates bear a wide variety of risks in connection with their employees. In addition to strikes or other labor actions, these risks include contract disputes, difficulties in recruitment, discrimination 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.

### **Multiemployer Pension Plans**

Certain of the employees of the Northwell affiliates are covered by defined benefit multiemployer pension plans (each, a “*Plan*”) to which the Northwell affiliates make contributions pursuant to collective bargaining agreements. Each Plan covers employees of multiple unrelated employers, and employers do not typically have access to complete and current information concerning the funding status of a Plan. Plans carry with them the risk that benefit liabilities associated with one participating employer may, over time, be shouldered by other participating employers through increased contributions payable by them, for example where a participating employer is unable to make its required contributions (*e.g.*, due to bankruptcy). Further, under pension regulations, all members of a “controlled group,” including such a participating employer, determined under Internal Revenue Service rules, generally are jointly and severally liable together with such participating employer to make contributions to the Plan.

If a Northwell affiliate withdraws from a Plan in a complete or partial withdrawal, the Northwell affiliate and all members of such Northwell affiliate’s “controlled group” may be jointly and severally liable

for withdrawal liability to the Plan. Such withdrawal liability typically is in addition to the collectively bargained obligation to contribute and represents the Northwell affiliate's share, computed under rules established by the Plan pursuant to applicable law, of the aggregate unfunded vested benefit liabilities of the Plan.

Northwell affiliates that participate in a Plan, and members of such Northwell affiliates' "controlled groups," are subject to various risks, including but not limited to lack of transparency concerning the full extent of the funding status of the Plan; lack of transparency concerning creditworthiness of other employers participating in the Plan (and attendant liability for shortfalls in funding by such other employers); unpredictable spikes in pension cost upon renewal of collective bargaining agreements due to underfunding of the Plan resulting from failure by other employers to contribute to the Plan as required or other causes such as adverse investment results with respect to Plan assets or increases in Plan liabilities due to benefit increases or changes in actuarial assumptions; withdrawal liabilities as described above; and other factors which may be outside the knowledge or control of the respective Northwell affiliate.

Under current generally accepted accounting principles, the extent of any funding shortfall in a Plan is not recorded as a liability of a participating employer on its financial statements, although the amount of such funding shortfall that may be allocated to such participating employer may be material.

Changes in generally accepted accounting principles which took effect for Northwell's fiscal year ended December 31, 2011 required that an employer's financial statements reflect certain additional information concerning the extent of its participation in a Plan, the most recent certified funding "zone" status of the Plan, and certain other information, not including the dollar amount of any current underfunding of such Plan (which, as noted above, is not generally known by the employers on a current basis). For further information on the Northwell affiliates' Plans, see Note 10 to "**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NORTHWELL HEALTH INC. FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 WITH REPORT OF INDEPENDENT AUDITORS**" included as **APPENDIX B** hereto.

### **Federal "Fraud and Abuse" Laws and Regulations**

The federal Anti-Kickback Law is a criminal statute that prohibits anyone from knowingly or willfully offering, paying, soliciting or receiving any remuneration, directly or indirectly, in return for or to induce business that may be paid for, in whole or in part, under a federal health care program including, but not limited to, the Medicare or Medicaid programs. The ACA 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. This 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 DHHS (the "*OIG*"), the enforcement arm of DHHS, 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 act in 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 scope of prohibited payments in the Anti-Kickback Law is broad and includes many economic arrangements involving hospitals, physicians and other health care providers, including (but not limited to) joint ventures, space and equipment rentals, purchases of physician practices and management and personal services contracts.



The outcome of any government efforts to enforce the Anti-Kickback Law against health care providers is difficult to predict due, in part, to government discretion in pursuing enforcement and the lack of significant case law.

### **Federal and State False Claims Acts**

The federal 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 federal civil False Claims Act (“*civil FCA*”), is 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 for penalties assessed effective December 13, 2021, these penalties increased to \$11,803 (minimum) to \$23,607 (maximum) per claim. As of August 1, 2016, civil FCA penalties are indexed for inflation based on the Bureau of Labor Statistics’ Consumer Price Index. The increased penalty range significantly increases the potential financial exposure resulting from an FCA violation.

The ACA 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. The State of New York also has a False Claims Act that closely tracks the federal civil FCA (the “*New York State FCA*”). It imposes penalties and fines on individuals and entities that file false or fraudulent claims for payment from any state or local government, including health care programs such as Medicaid. The civil federal and New York State FCA also permit 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.

Under the civil FCA and New York State FCA, health care providers may be liable if they take steps to obtain improper payments from the government by submitting false claims or failing to refund known overpayments. Civil FCA and New York State FCA violations have been alleged solely on the existence of alleged kickback or self-referral arrangements. Even where items or services are rendered as billed, prosecutors and *qui tam* relators may allege that violation of a law that applies to the provision of government-reimbursed healthcare items or services, such as the Stark Law (as defined below) or Anti-Kickback Law tainted claims, thereby rendering the claims false under the civil federal and New York State FCA. Other civil FCA and New York State FCA cases have proceeded on a theory that providers are liable for the submission of false claims when they are 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 or self-referral violations are subject to prosecutions as false claims. If a provider is faced with a civil FCA or New York State 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 and, potentially, its affiliates.

Violations of the civil FCA and New York State FCA can result in penalties up to triple the actual damages incurred by the government, significant monetary penalties and exclusion.

### **Limitations on Certain Arrangements Imposed by Federal Ethics in Patient Referrals Act**

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 “designated health services” from billing the Medicare or Medicaid program for “designated health services” furnished pursuant to a prohibited referral.

The New York Health Care Practitioner Referral Law (the “*State Provisions*”) is similar to the Stark Law; however, it covers all patients (irrespective of payer) and covers a different set of prohibited referrals.

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.

Stark is a strict liability statute, which means intent to violate the law is not required. 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 federal False Claims Act. Enforcement actions for any such violations could have a material adverse impact on the financial condition of a health care provider, including the Northwell affiliates.

### **Regulation of Patient Transfer**

Federal and New York laws require hospitals to provide emergency treatment to all persons presenting themselves with emergency medical conditions. The Emergency Medical Treatment and Active Labor Act (“*EMTALA*”) requires hospitals with emergency rooms, including the Northwell hospitals, to treat or conduct an appropriate and uniform medical screening for emergency conditions (including active labor) on all patients and to stabilize a patient’s emergency medical condition before releasing, discharging or transferring the patient to another hospital.

Failure to comply with EMTALA can result in exclusion from the Medicare and/or Medicaid programs as well as civil penalties of up to \$50,000 per violation. In addition, the hospital is liable for any claim by an individual who has suffered harm as a result of such violation.

### **Civil Monetary Penalty Act**

The federal Civil Monetary Penalty Act (“*CMPA*”) provides for administrative sanctions against health care providers for a broad range of billing and other abuses. 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 “gain sharing” 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 a health care provider could have a materially adverse impact on the provider's financial condition. The ACA 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.

### **Exclusions From Medicare or Medicaid Participation**

The Secretary of DHHS 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 for 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. DHHS 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 Office of the Medicaid Inspector General (the "*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. The ACA authorizes the Secretary of DHHS to exclude a provider from participation in Medicare and Medicaid, as well as to suspend payments to a provider pending an investigation or prosecution of a credible allegation of fraud against the provider. Exclusion from any governmental program would have a material adverse effect on an excluded Northwell affiliate.

### **Enforcement Activity**

Enforcement activity against health care providers has increased, and enforcement authorities are adopting more aggressive approaches. Enforcement authorities are sometimes in a position to compel settlements by providers charged with, or being investigated for, false claims violations by withholding or threatening to withhold Medicare, Medicaid or similar payments or by threatening the possibility of a criminal action. In addition, the cost of defending such an action, 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, Northwell could experience materially adverse settlement costs, as well as materially adverse costs associated with the implementation of any settlement agreement. Prolonged and publicized investigations could be damaging to the reputation, business and credit of Northwell, regardless of the outcome, and could have material adverse consequences on the financial condition of Northwell.

### **Enforcement Affecting Academic Research**

In addition to laws governing payments to hospitals, the federal government also enforces laws and regulations governing the conduct of clinical trials at hospitals. DHHS has 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 ("*NIH*") 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. The Northwell affiliates are 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 the Northwell affiliates to sanctions as well as repayment obligations. Additionally, Northwell affiliates 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 Northwell's or a Northwell affiliate's finances.

Outside of enforcement actions at the federal, state, and local levels, Northwell may be bound to particular research protocols, deliverables, timetables, and other restrictions in contracts with entities with whom Northwell or a Northwell affiliate is partnering to conduct 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 research partners, litigation to resolve contractual and other disputes, or reputational harm to Northwell or its affiliates, among other potential consequences, any of which could have a material adverse financial impact on Northwell.

### **Research Funding**

Future funding of Northwell's research depends upon the continued availability of funding from the federal government and other public, private and commercial sources as well as the ability of Northwell's researchers to successfully compete for such funds. Federal legislation and policies to control the federal deficit, as well as other factors, could result in future reduction in the amount of research funding available from the federal government.

### **Department of Health Regulations**

Many Northwell affiliates are subject to regulations of NYSDOH. Compliance with such regulations may require substantial expenditures for administrative or other costs. A Northwell affiliate's ability to add services or beds and to modify existing services materially may also be subject to NYSDOH review and approval under the certificate of need and licensure laws. Such approvals can potentially involve substantial delay and may require substantial changes upon receipt of feedback from NYSDOH. Accordingly, Northwell's ability to make changes to its service offerings and to respond to changes in the regulatory environment may be limited.

### **New York State Executive Order No. 38**

In accordance with regulations implementing Governor Cuomo's Executive Order #38, which was issued in 2012, covered providers that receive above a defined threshold of state funds or state-authorized payments (including Medicaid), which may include Northwell affiliates, are subject to limits on administrative expense and executive compensation (absent a waiver). The order has been subject to legal challenges; the New York State Court of Appeals held in 2018 that, while the "soft cap" on executive compensation from any funding source was promulgated in excess of NYSDOH authority, NYSDOH's restrictions on the use of state funds or state-authorized payments for executive compensation and for administrative expenses were permissible. These limitations could potentially make it more difficult for

Northwell to fund its administrative operations or to adequately compensate and retain management, and, accordingly, may have a material adverse impact on Northwell's finances.

### **Other Governmental Regulation**

The Northwell affiliates are subject to regulatory actions and policy changes by those governmental and private agencies that administer the Medicare and Medicaid programs and actions by, among others, the National Labor Relations Board, professional and industrial associations of staff and employees, applicable professional review organizations, The Joint Commission, the Environmental Protection Agency, the Internal Revenue Service and other federal, state and local governmental agencies, and by the various federal, state and local agencies created by the National Health Planning and Resources Development Act and the Occupational Safety Health Act.

Renewal and continuation 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 activity or response by the Northwell affiliates. These activities generally are conducted in the normal course of business of health facilities. Nevertheless, an adverse result could cause a loss or reduction for a Northwell affiliate in the scope of licensure, certification or accreditation, could reduce the payment received or could require repayment of amounts previously remitted to the provider.

### **OIG and OMIG Compliance Guidelines**

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 in 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. Northwell maintains a corporate compliance program that is designed to assist staff to meet or exceed applicable standards established by federal and state laws and regulations. However, the presence of a compliance program is not an assurance that health care providers, such as the Northwell affiliates, 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).

New York 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.

### **Not-for-Profit Status**

In order to maintain their tax-exempt status, hospitals are required to provide emergency care without regard to a patient's ability to pay. Poor economic conditions and increased unemployment can enlarge the population that does not have health care coverage and thus cannot pay for care out-of-pocket, which in turn can increase the uncompensated care that the Northwell hospitals provide. Tax-exempt hospitals, in particular, often treat large numbers of low-income or un- or under-insured patients who are unable to pay in full, or perhaps at all, for their medical care. Poor economic conditions and increased unemployment can lead patients to postpone or forego elective procedures, thereby reducing volume and revenue.

As nonprofit tax-exempt organizations, certain Northwell affiliates are also subject to detailed federal, state and local laws, regulations, rulings and court decisions relating to their respective organizations and operations, including their operation for charitable purposes. At the same time, such Northwell affiliates conduct large-scale complex business transactions and are significant employers in their geographic areas. There can often be a tension between the rules designed to regulate a wide range of charitable organizations and the day-to-day operations of a complex health care organization.

An increasing number of the operations or practices of health care providers have been challenged or questioned to determine if they are consistent with the regulatory requirements for nonprofit 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 many cases are examinations of core business practices of the health care organizations. Areas that 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 IRS, labor unions, Congress, state legislatures and patients, and in a variety of forums, including hearings, audits and litigation.

*Tax-Exempt Status.* Hospitals are permitted to have tax-exempt status under the Code, because the provision of health care for the benefit of the community historically has been treated as a “charitable” enterprise. This treatment arose before most Americans had health insurance, and when charitable donations were required to fund the health care provided to the sick and disabled. Some have posited that, with the onset of employer health insurance and government payment programs, there is no longer any justification for special tax treatment for the not-for-profit health care sector, and the availability of tax-exempt status for hospitals should be eliminated. Northwell management cannot predict the likelihood of such a dramatic change in the law. Any suspension, limitation, or revocation of the tax-exempt status of Northwell affiliates or assessment of significant tax liability could have a material adverse effect on Northwell. Federal and state tax authorities have increasingly demanded that tax-exempt hospitals justify their tax-exempt status by documenting their charitable care and other community benefits. In certain states, the real estate tax-exemption has been threatened to be revoked due to failure to provide adequate community benefit.

*Litigation Relating to Billing and Collection Practices.* Lawsuits have been filed against various nonprofit 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 nonprofit 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.

### **IRS Form 990 for Not-for-Profit Corporations**

The IRS Form 990 is used by 501(c)(3) not-for-profit organizations (including certain of the Northwell affiliates) to submit information required by the federal government for tax exemption. Form 990 requires detailed public disclosure of compensation practices, corporate governance, loans to 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.

## **Internal Revenue Service Examination of Compensation Practices and Community Benefit**

The IRS has developed a new schedule, Schedule R, that will build upon further information concerning a hospital's community benefit and billing practices that became required as part of the ACA.

The United States Treasury Department is required to review information about each tax-exempt hospital's community benefit activities at least once every three years, as well as to submit an annual report to Congress with information regarding the levels of charity care, bad debt expenses, costs of non-payment from government programs, and costs incurred by tax-exempt hospitals for community benefit activities. The periodic reviews and reports to Congress regarding the community benefits provided by 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 tax-exempt status and may increase IRS scrutiny of particular 501(c)(3) hospital organizations.

## **Internal Revenue Code Limitations**

*Private Inurement and Excess Benefit Transactions.* 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. Consequently, the Code could adversely affect Northwell's ability to finance its future capital needs and could have other adverse effects on Northwell that cannot be predicted at this time. The Code continues to subject unrelated business income of nonprofit organizations to taxation.

As tax-exempt organizations, certain of the Northwell affiliates are limited with respect to the use of practice income guarantees, reduced rent on medical office space, below market rate 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 the tax-exempt Northwell affiliates, 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 the Northwell affiliates or assessment of significant tax liability would have a material adverse effect on Northwell.

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. Any violation of the prohibition against private inurement may cause the organization to lose its tax-exempt status under Section 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 assurance concerning the outcome of an audit or other investigation given the lack of clear authority interpreting the range of activities undertaken by the tax-exempt Northwell affiliates.

Pursuant to the so-called intermediate sanctions legislation, penalty excise taxes may be imposed if 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 calls 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 penalty excise tax in lieu of revocation, based upon a finding that any of the tax-exempt Northwell affiliates engaged in an excess benefit transaction, is likely to result in negative publicity and other consequences that could have a materially adverse impact on the operations, property or assets of Northwell.

### **Tax Audits**

Taxing authorities historically have conducted tax audits of nonprofit 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.

### **Antitrust**

Enforcement of the antitrust laws against health care providers is increasingly common. Antitrust liability may arise in a wide variety of circumstances including joint ventures, mergers, affiliation and acquisition activities, medical staff privilege disputes, payer contracting, physician relations, and certain pricing and salary setting activities. Actions can be brought by federal and state enforcement agencies seeking criminal and civil penalties and, in some instances, by private litigants seeking damages for harm arising out of allegedly anti-competitive behavior. Common areas of potential liability include joint action among providers with respect to payer contracting, medical staff credentialing, and issues relating to market share. Liability in any of these or other trade regulation areas may be substantial, depending on the facts and circumstances of each case. With respect to payer contracting, Northwell, from time to time, may be involved in joint contracting activity with hospitals or other providers. If any provider with whom Northwell is or becomes affiliated is determined to have violated the antitrust laws, Northwell may be subject to liability as a joint actor.

Some judicial decisions have permitted physicians who are subject to disciplinary or other adverse actions by a hospital at which they practice, including denial or revocation of medical staff privileges, to seek treble damages from the hospital under the federal antitrust laws. The Federal Health Care Quality Improvement Act of 1986 provides immunity from liability for discipline of physicians by hospitals under certain circumstances, but courts have differed over the nature and scope of this immunity. In addition, hospitals occasionally indemnify medical staff members who incur costs as defendants in lawsuits involving medical staff privilege decisions. Some court decisions have also permitted recovery by competitors claiming harm from a hospital’s use of its market power to obtain unfair competitive advantage in expanding into ancillary health care businesses. Antitrust liability in any of these contexts can be substantial, depending upon the facts and circumstances involved. There can be no assurance that a third party reviewing the activities of Northwell would find such activities to be in full compliance with the antitrust laws.



## **Health Insurance Portability and Accountability Act**

The Health Insurance Portability and Accountability Act of 1996 (“*HIPAA*”) established civil and criminal sanctions for health care fraud, which expanded upon prior health care fraud laws and applies to 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 DHHS to adopt national standards for electronic health care transactions, including federal privacy standards for the protection of health information kept by health care providers, among others, 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 the Northwell affiliates 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 applicable privacy procedures and practices 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 HITECH Act was adopted in 2009 and expanded the scope and application of the administrative simplification provisions of HIPAA, and its implementing regulation, (i) extending the reach of the Privacy Rule and Security Rule to business associates, (ii) imposing a written notice obligation upon covered entities for security breaches involving “unsecured” protected health information, (iii) limiting certain uses and disclosures of protected health information, (iv) increasing individuals’ rights with respect to protected health information, (v) increasing penalties for violations, and (vi) providing for enforcement of violations by state attorneys general.

In 2013, DHHS issued comprehensive modifications to the HIPAA regulations to implement the requirements of the HITECH Act, commonly known as the “HIPAA Omnibus Rule.” The DHHS Office for Civil Rights, the agency tasked with enforcement of HIPAA, the HITECH Act and the HIPAA Omnibus Rule (collectively the “*HIPAA Laws*”), has increasingly pursued enforcement actions and penalties for violations of these regulations. The obligations imposed by the HIPAA Laws could have a material adverse effect on the financial condition of Northwell. For information about the HIPAA Laws activity regarding Northwell, see “**Northwell and the Obligated Group – Regulatory Reviews, Audits, Litigation and Investigations**” in APPENDIX A hereto.

## **Information Blocking and Interoperability Requirements**

In 2020, the Office of the National Coordinator for Health Information Technology (“ONC”) issued regulations implementing the information blocking prohibition of the 21st Century Cures Act, which prohibits health care providers, developers of certified health information technology (“health IT”), health information networks (“HINs”), and health information exchanges (“HIEs”) from engaging in “information blocking.” The regulations define “information blocking” as practices undertaken with the requisite intent that are likely to interfere with legally permissible access, exchange, or use of electronic health information (“EHI”) in the absence of an information blocking exception codified in the regulations. The requisite intent for health care providers is actual knowledge that the practice is unreasonable and is likely to interfere with access, exchange, or use of EHI. By contrast, developers of certified health IT, HINs, and HIEs engage

in information blocking when they know or should know that such a practice is likely to interfere with access, exchange, or use of EHI. Health care providers participating in the federal Merit-Based Incentive Payment System (“MIPS”) must submit attestations that they do not engage in information blocking, and failure to submit or comply with these attestations could jeopardize their eligibility for MIPS funds. Additional disincentives for health care providers that engage in information blocking may be specified in future DHHS rulemaking. Developers of certified health IT, HIEs, and HINs may be subject to civil monetary penalties of up to \$1 million per information blocking violation, and developers may be subject to a ban from the ONC Health IT Certification Program.

Northwell is subject to this information blocking prohibition as a health care provider. In addition, engaging in certain business activities—such as sublicensing certified health IT to community providers or facilitating EHI access, exchange, or use among more than two providers unaffiliated with Northwell—may lead to Northwell being classified as a developer of certified health IT, HIN, or HIE within the meaning of the information blocking regulations.

In 2020, CMS issued an Interoperability and Patient Access Final Rule (“CMS Interoperability Rule”). This rule requires hospitals participating in Medicare that utilize an electronic medical records system to make a reasonable effort to ensure that the system sends patient event notifications to another health care facility or community provider or practitioner upon each patient’s admission, discharge, or transfer, consistent with the patient’s expressed privacy preferences.

The CMS Interoperability Rule additionally provides that CMS will publicly list all health care providers that do not list digital contact information (such as a direct address or an application programming interface endpoint) in the National Plan and Provider Enumeration System (“NPPES”). There is currently no other penalty for failure to list digital contact information in the NPPES. Failure of Northwell or any of its affiliated providers to specify digital contact information in the NPPES could lead to their inclusion on this list.

### **Security Breaches and Unauthorized Releases of Personal Information**

State and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals’ personal information, including patient health information. Many states, including New York State, have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed. State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, the public nature of security breaches exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. 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 a health care provider’s reputation and materially adversely affect business operations. For information about privacy regulatory activity regarding Northwell, see “**Northwell and the Obligated Group – Regulatory Reviews, Audits, Litigation and Investigations**” in APPENDIX A hereto.

### **Cybersecurity Risks**

Like many other large organizations, the Obligated Group relies on digital technologies to conduct its customary operations. In the past several years, a number of 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. The Obligated Group 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. In the event that a breach does occur, in conjunction with its insurance carrier, a specialized team of experts would be provided to assist in areas such as forensics, crisis communications and monitoring for those effected by the data breach.

State and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals’ personal information, including patient health information. Many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed.

State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, as discussed with respect to the HITECH Act above, the public nature of security breaches exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. 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 a health care provider’s reputation and materially adversely affect business operations.

### **General Data Protection Regulation (GDPR) and Other Privacy Laws**

The General Data Protection Regulation (“*GDPR*”), which became fully enforceable throughout the European Union in May 2018, imposes significant new obligations and financial consequences on organizations that control or process relevant personal information. Under GDPR Article 6, a data controller requires a legal basis for each activity involving the processing of personal data. Moreover, if the personal data involve “special categories” of personal data, such as data concerning health, genetic data, and data concerning race/ethnicity, the processing must also satisfy an exception under GDPR Article 9. To the extent Northwell offers services to individuals who reside in the European Union, markets services to individuals who reside in the European Union, or receives data from or sends data to the European Union, Northwell may incur costs to implement the GDPR and may be liable for fines and other sanctions under the GDPR. Since regulations and guidance documents implementing the GDPR are still developing, Northwell and its affiliates cannot predict the extent of or the financial impact of the GDPR at the present time.

Others countries currently have and may further refine, wholly revise, or newly enact privacy laws with similar, lesser, or greater protections, scope, and reach than the GDPR. To the extent Northwell markets towards, provides care to, or exchanges data with individuals and entities in those countries, Northwell and its affiliates may become liable under those privacy laws. Northwell cannot predict the extent of or the financial impact of such liability at the present time.

### **Environmental Matters**

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. These requirements govern medical and toxic or hazardous waste management, air and water quality control, notices to employees and the public and training requirements for employees. As owners and operators of properties and facilities, the Northwell

affiliates may be subject to potentially material liability for costs of investigating and remedying the release of any such substances either on, or that have migrated off, the property. Typical health care provider operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and/or discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. As such, health care provider operations are particularly susceptible to the practical, financial and legal risks associated with the obligations imposed by applicable environmental laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance. There can be no assurance that Northwell will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of Northwell.

### **Construction and Project Risk**

Uncontrollable delays are common in the construction industry. Such delays caused by, for example, strikes, weather, fire, unavailability of labor or materials, or effects of the COVID-19 pandemic, may delay completion of certain components of the Project, result in cost overruns, or even prevent completion of certain components of the Project.

### **Affiliation, Merger, Acquisition and Divestiture**

As part of its ongoing planning and property management functions, Northwell reviews the use, compatibility and financial viability of many of its operations, and from time to time, may pursue changes in the use, or disposition, of its facilities. Likewise, Northwell may receive offers from, or conduct discussions with, third parties about the potential acquisition of operations or properties that may become part of Northwell in the future, or about the potential sale of some of the operations and properties of Northwell. Discussions with respect to affiliation, merger, acquisition, disposition, or change of use, including those that may affect Northwell, are held on an intermittent, and usually confidential, basis. As a result, it is possible that the assets currently owned by the Members of the Obligated Group may change from time to time, subject to the provisions in the Master Trust Indenture that apply to merger, sale, disposition or purchase of assets. Northwell evaluates affiliation opportunities as they arise. Any affiliation or other similar transaction would be completed in compliance with the covenants in the Master Trust Indenture.

### **Insurance**

The Northwell affiliates currently carry malpractice, directors' and officers' liability and general liability insurance (some of which is self-insured or insured through a controlled captive), which Northwell management considers adequate, but no assurance can be given that the Northwell affiliates will maintain coverage amounts currently in place in the future, that the coverage will be sufficient to cover all malpractice judgments rendered against the Northwell affiliates or settlements of any such claims or that such coverage will be available at a reasonable cost in the future. The dollar amounts of patient damage recoveries for malpractice cases remain potentially significant. For a discussion of the insurance coverage of the Northwell affiliates, see "**Northwell and the Obligated Group – Risk Management and Commercial Insurance Program**" in APPENDIX A hereto.

### **Certain Accreditations**

Certain of the Northwell affiliates are subject to periodic review by The Joint Commission. Those Northwell affiliates have each received accreditation from The Joint Commission. No assurance can be

given as to the effect on future operations of existing, or subsequently amended, laws, regulations and standards for certification or accreditation.

In addition, certain of the Northwell affiliates sponsor programs of graduate medical education (“*GME Programs*”), training residents and fellows, which programs are accredited by the Accreditation Council for Graduate Medical Education (“*ACGME*”) (for medical programs) and by the American Dental Association (“*ADA*”) (for dental programs). All GME Programs are subject to periodic review by the applicable specialty Residency Review Committee of the ACGME, or by the ADA, as appropriate. 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. See “**Northwell and the Obligated Group – Licensure and Accreditation**” in APPENDIX A hereto.

### **Increased Costs and State-Regulated Payments**

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 payers. Rising health care costs resulted from, among other factors, health care costs exceeding inflation, staff shortages, pharmaceutical costs and the highly technical nature of the industry. Northwell has been affected by the impact of such rising costs, and there can be no assurance that Northwell would not be similarly affected by the impact of additional unreimbursed costs in the future.

### **Secondary Market**

There can be no assurance that there will be a secondary market for the purchase or sale of the Series 2022 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 Northwell’s capabilities and the financial conditions and results of operations of Northwell.

### **Enforceability of Lien on Gross Receipts**

The Series 2022 Bonds are secured in part by a security interest granted to the Master Trustee in the Gross Receipts of the Members of the Obligated Group. See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS.**” The lien on Gross Receipts may become subordinate to certain Permitted Liens under the Master Trust Indenture. Gross Receipts paid by the Members of the Obligated Group to other parties in the ordinary course might no longer be subject to the lien on the Master Trust Indenture and might therefore be unavailable to the Master Trustee.

To the extent that Gross Receipts are derived from payments by the federal or state government under the Medicare or Medicaid program, any right to receive such payments directly may be unenforceable. The Social Security Act and state regulations prohibit anyone other than the individual receiving care or the institution providing service from collecting Medicare and Medicaid payments directly from the federal or state government. In addition, Medicare and Medicaid receivables may be subject to provisions of the Assignment of Claims Act of 1940, which restricts the ability of a secured party to collect accounts directly from government agencies. With respect to receivables and Gross Receipts not subject to the Lien, the Master Trustee would occupy the position of an unsecured creditor. Counsel to the Members of the Obligated Group have not provided an opinion with regard to the enforceability of the Lien on Gross

Receipts of the Members of the Obligated Group, where such Gross Receipts are derived from the Medicare and Medicaid programs.

In the event of bankruptcy of a Member of the Obligated Group, transfers of property by the bankrupt entity, including the payment of debt or the transfer of any collateral, including receivables and Gross Receipts 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 Gross Receipts to meet expenses of the Members of the Obligated Group before paying debt service on the Series 2022 Bonds.

Pursuant to the New York Uniform Commercial Code, a security interest in the proceeds of Gross Receipts may not continue to be perfected if such proceeds are not paid over to the Master Trustee by a Member of the Obligated Group under certain circumstances. If any required payment is not made when due, the Members of the Obligated Group must transfer or pay over immediately to the Master Trustee any Gross Receipts with respect to which the security interest remains perfected pursuant to law. Any Gross Receipts thereafter received shall upon receipt by a Member of the Obligated Group be transferred to the Master Trustee without such Gross Receipts being commingled with other funds, in the form received (with necessary endorsements) up to an amount equal to the amount of the missed payment. The value of the security interest in the Gross Receipts could be diluted by the incurrence of additional Indebtedness secured equally and ratably with the Series 2022 Bonds as to the security interest in the Gross Receipts or by the issuance of debt secured on a basis senior to the Series 2022 Bonds. See “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – Payment of and Security for the Series 2022 Bonds**” herein.

### **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 security interest granted by a Member and the joint and several obligation of a Member to make payments due under an Obligation, including the Series 2022 Obligation, relating to bonds 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 are 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 or granting of security 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 the Member of the Obligated Group 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 Members of the Obligated Group to make payments on any Obligation Outstanding under the Master Trust Indenture (such as the Series 2022 Obligation) and may include nonpayment related defaults under documents such as the Resolution. The Master Trust Indenture provides that upon an “Event of Default” thereunder, the Master Trustee may in its discretion, by notice in writing to the Members of the Obligated Group, 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 unless requested to do so by the holders of not less than 25% in aggregate principal amount of all Obligations then Outstanding under the Master Trust Indenture. Consequently, upon the occurrence of an “Event of Default” under the Resolution with respect to the Series 2022 Bonds and an acceleration of the maturity of the Series 2022 Bonds, the Master Trustee is not required to accelerate the maturity of all Obligations Outstanding under the Master Trust Indenture upon direction from the Trustee unless (i) the principal amount of the Series 2022 Bonds Outstanding is at least equal to 25% of the principal amount of all Obligations Outstanding under the Master Trust Indenture, or (ii) the Trustee and all other holders of Obligations requesting such acceleration hold at least 25% of all Obligations Outstanding under the Master Trust Indenture. See also “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS – The Master Trust Indenture” herein.

### **Bankruptcy**

The Series 2022 Bonds are payable from the sources and are secured as described in this Official Statement. The practical realization of value from the collateral for the Series 2022 Bonds described herein upon any default will depend upon the exercise of various remedies specified by the Resolution and 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 Resolution and 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 opinions to be delivered concurrently with the delivery of the Series 2022 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.

The rights and remedies of the holders of the Series 2022 Bonds are subject to various provisions of Title 11 of the United States Code (the "*Bankruptcy Code*"). If the Members of the Obligated Group 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 the Members of the Obligated Group and their property. The Members of the Obligated Group would not be permitted or required to make payments of principal or interest under the Resolution and the Series 2022 Obligation, 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 Trustee from applying amounts on deposit in certain funds and accounts held under the Resolution including the transfer of amounts on deposit in the funds held thereunder, from being applied in accordance with the provisions of the Resolution, and the application of such amounts to the payment of principal and Sinking Fund Installments of, and interest on, the Series 2022 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 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 the Members of the Obligated Group, which could affect the likelihood or timing of obtaining such relief. The commencement of a bankruptcy case by or against a Member of the Obligated Group may also extinguish the Master Trustee's security interest in the Obligated Group's Gross Receipts arising subsequent to the filing of the bankruptcy petition, adversely affect the ability of the Master Trustee to exercise remedies upon default, including the acceleration of all amounts payable by the Members of the Obligated Group under the Obligation, the Master Trust Indenture and the Resolution, and may adversely affect the Master Trustee's or the Trustee's ability to take all steps necessary to file a claim under the applicable documents on a timely basis.

The Members of the Obligated Group 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 would discharge all claims against the Members of the Obligated Group 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 accepted by at least one class of claims impaired there under. A 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.

### **Considerations Relating to Additional Debt**

Subject to the coverage and other tests set forth therein, the Master Trust Indenture permits the Members of the Obligated Group to incur additional indebtedness. Such indebtedness would increase the Obligated Group's debt service and repayment requirements and may adversely affect debt service coverage on the Series 2022 Bonds. In certain circumstances, indebtedness may be issued on a basis senior to the Obligations Outstanding under the Master Trust Indenture.



## **Risks Related to Interest Rate Swap Agreements**

Certain of the Northwell affiliates have entered into interest rate swap agreements related to indebtedness of such Northwell affiliates (the “*Swaps*”). The Swaps are and will be subject to periodic “mark-to-market” valuations and at any time may have a negative value to such Northwell affiliates. The Swaps counterparties may terminate the Swaps upon the occurrence of certain “termination events” or “events of default.” The Northwell affiliates may terminate the Swaps at any time. If either the counterparty to one of the Swaps or the Northwell affiliate terminates any of the Swaps during a negative value situation, the Northwell affiliates may be required to make a termination payment to such Swaps counterparty, and such payment could be material. See also “**Northwell and the Obligated Group – Management’s Discussion and Analysis of Recent Financial Performance – Statement of Financial Position Overview – Interest Rate Swap Agreements**” in APPENDIX A hereto.

## **Other Risk Factors**

In the future, the following factors, among others, may adversely affect the operations of health care providers, including the Northwell affiliates, or the market value of the Series 2022 Bonds, to an extent that cannot be determined at this time:

- Adoption of legislation that would establish a national or statewide single-payer health program or that would establish national, statewide or otherwise regulated rates.
- Increased unemployment or other economic conditions in the Northwell service area, which could increase the proportion of patients who are unable to pay fully for the cost of their 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 comparable regulations or attempts by third-party payers to control or restrict the operations of certain health care facilities.
- Termination, non-renewal or renegotiation of provider participation agreements with third-party payers could reduce demand for Northwell’s services, resulting in reduced market share, reduced net patient services revenues and reduced net income.
- Reduced demand for Northwell’s services that might result from decreases in population or innovations in technology.
- Technical issues and delays associated with development and implementation of information technology systems to support critical clinical and financial operations.
- Competition in Northwell’s service area could increase from alternative modes of care, including life care, assisted living facilities, telehealth, and home care.
- Bankruptcy of an indemnity/commercial insurer, managed care plan or other payer.
- The occurrence of a natural or human-made disaster, including but not limited to weather, acts of God or acts of terrorists, the ongoing impact of climate change, or a pandemic or an epidemic that could damage hospital facilities, that could damage Northwell’s facilities, 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 Northwell’s facilities.
- A change in federal income tax law or replacement of the federal income tax with another form of taxation, which, among other consequences, might adversely affect the market value of the Series 2022 Bonds and the level of charitable donations to the Northwell affiliates.

## 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 March 31, 2022, DASNY had approximately \$59.6 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 of DASNY's outstanding bonds and notes, both fixed and variable rate, are special 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 obligations were issued. DASNY has no obligation to pay its special 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 obligations are solely dependent upon payments made by DASNY client for which the particular special 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:

ALFONSO L. CARNEY, JR., *Chair*, 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 where, working with the President of the Foundation, he managed the staff of the Foundation, provided strategic oversight of the administration, communications, and legal affairs teams, and developed select Foundation program initiatives. 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.

JOHN B. JOHNSON, JR., *Vice-Chair*, Watertown.

John B. Johnson, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Johnson is Chairman of the Board of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers, and three shopping newspapers. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

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.

JONATHAN H. GARDNER, ESQ., Buffalo.

Jonathan H. Gardner was appointed as a Member of DASNY by the Governor on June 17, 2014. Mr. Gardner is a partner of the law firm Kavinoky Cook, LLP in Buffalo, New York. His practice areas include corporate and securities law, commercial transactions, private placements, venture capital financing and business combinations representing private and public companies. Mr. Gardner is also an adjunct professor at the University of Buffalo Law School. He holds a Bachelor of Arts degree from Brown University and a Juris Doctor degree from the University of Chicago Law School. Mr. Gardner's term expired on March 31, 2015 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.

GERARD ROMSKI, ESQ., Mount Kisco.

Gerard Romski 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. Romski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

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.

ROBERT F. MUJICA, JR., *Budget Director of the State of New York, Albany; ex-officio.*

Robert F. Mujica Jr. was appointed Director of the Budget by the Governor and began serving on January 14, 2016. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio. Prior to his appointment, Mr. Mujica was Chief of Staff to the Temporary President and Majority Leader of the Senate and concurrently served as the Secretary to the Senate Finance Committee. For two decades, he advised various elected and other government officials in New York on State budget, fiscal and policy issues. Mr. Mujica received his Bachelor of Arts degree in Sociology from Brooklyn College at the City University of New York. He received his Master's degree in Government Administration from the University of Pennsylvania and holds a Juris Doctor degree from Albany Law School.

MARY T. BASSETT, MD, MPH., *Commissioner of Health of the State of New York, Albany; ex-officio.*

Mary T. Bassett, MD, MPH., was appointed Commissioner of Health on December 1, 2021. She previously served as Director of the François-Xavier Bagnoud (FXB) Center for Health and Human Rights at Harvard University and FXB Professor of the Practice of Health and Human Rights in the department of Social and Behavioral Sciences at the Harvard T.H. Chan School of Public Health. Prior to that, she served as Commissioner of the New York City Department of Health and Mental Hygiene, Director for the Doris Duke Charitable Foundation's African Health Initiative and Child Well-Being Prevention Program; and as Deputy Commissioner of Health Promotion and Disease Prevention at the New York City Department of

Health and Mental Hygiene. Early in her career, Dr. Bassett served on the medical faculty at the University of Zimbabwe and went on to serve as Associate Director of Health Equity at the Rockefeller Foundation's Southern Africa Office. After returning to the United States, she served on the faculty of Columbia University, including as Associate Professor of Clinical Epidemiology in the Mailman School of Public Health. Dr. Bassett received a B.A. in History and Science from Harvard University, an M.D. from Columbia University's College of Physicians and Surgeons, and an M.P.H. from the University of Washington.

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.

PAUL G. KOOPMAN is the Vice President of DASNY and assists the President in the administration and operation of DASNY. Mr. Koopman joined DASNY in 1995 managing the Accounts Payable and Banking and Investment Units followed by management positions in the Construction Division including Managing Senior Director of Construction where he was the primary relationship manager for some of DASNY's largest clients and provided oversight of DASNY's construction administration functions. Most recently, Mr. Koopman served as Managing Director of Executive Initiatives of DASNY where he worked closely with executive staff on policy development, enterprise risk management, and strategic planning. His career in public service began in 1985 with the NYS Division of the Budget, and then continued as Chief Budget Analyst for the New York State Facilities Development Corporation. A graduate of the Rockefeller College of Public Affairs, he holds a Master of Arts degree in Public Administration with a Public Finance concentration, and a Bachelor of Arts degree in Political Science from the State University of New York, 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's 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. From 1995 to 2005, 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.

CAROLINE V. GRIFFIN is the Chief of Staff of DASNY. She coordinates policy and operations across all of DASNY's business lines and serves as chief advisor on all DASNY operations. In addition, Ms. Griffin directly manages DASNY's work in communications, marketing, and intergovernmental affairs. She previously served in leadership roles for three New York State governors, managing and overseeing government operations and intergovernmental affairs, as well as serving as chief liaison for the governor's office with federal, state and local elected officials. Ms. Griffin holds a Bachelor of Arts degree in Communications from Boston College.

### **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 2022 Bonds nor (ii) challenging the validity of the Series 2022 Bonds or the proceedings and authority under which DASNY will issue the Series 2022 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, 2021. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

### **PART 8 – LEGALITY OF THE SERIES 2022 BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2022 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 2022 Bonds.

### **PART 9 – NEGOTIABLE INSTRUMENTS**

The Series 2022 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 2022 Bonds.

### **PART 10 – TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP (“*Orrick*”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2022 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “*Code*”). Orrick is of the further opinion that interest on the Series 2022 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Orrick is also of the opinion that interest on the Series 2022 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Neither Orrick nor Brown Hutchinson LLP expresses an opinion regarding any other tax consequences related to the ownership or disposition of,



or the amount, accrual or receipt of interest on, the Series 2022 Bonds. A complete copy of the proposed form of opinion of Orrick is set forth in **APPENDIX H** hereto.

To the extent the issue price of any maturity of the Series 2022 Bonds is less than the amount to be paid at maturity of such Series 2022 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2022 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2022 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2022 Bonds is the first price at which a substantial amount of such maturity of the Series 2022 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriter, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2022 Bonds accrues daily over the term to maturity of such Series 2022 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2022 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2022 Bonds. Beneficial Owners of the Series 2022 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2022 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2022 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2022 Bonds is sold to the public.

Series 2022 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2022 Bonds. DASNY and the Corporation and the Members of the Obligated Group that will own or operate the facilities financed or refinanced with proceeds of the Series 2022 Bonds (the “*Borrower Members*”) have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2022 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2022 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2022 Bonds. The opinion of Orrick assumes the accuracy of these representations and compliance with these covenants. Orrick has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Orrick’s attention after the date of issuance of the Series 2022 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2022 Bonds. Accordingly, the opinion of Orrick is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

In addition, Orrick has relied, among other things, on the opinion of Ropes & Gray LLP, counsel to the Obligated Group, regarding the current qualification of each of the Borrower Members as an organization described in Section 501(c)(3) of the Code and on the opinion of Hawkins Delafield & Wood LLP regarding the intended operation of the facilities to be financed and refinanced by the Series 2022 Bonds as substantially related to each Borrower Member’s charitable purpose under Section 513(a) of the Code. Such opinions are subject to a number of qualifications and limitations. Furthermore, Ropes & Gray

LLP and Hawkins Delafield & Wood LLP cannot give and have not given any opinion or assurance about the future activities of the Borrower Members, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or changes in enforcement thereof by the Internal Revenue Service (the “IRS”). Failure of any of the Borrower Members to be organized and operated in accordance with the IRS’s requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code, or to operate the facilities financed and refinanced by the Series 2022 Bonds in a manner that is substantially related to such respective Borrower Member’s charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Series 2022 Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2022 Bonds.

Although Orrick is of the opinion that interest on the Series 2022 Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2022 Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Orrick expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2022 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2022 Bonds. Prospective purchasers of the Series 2022 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Orrick expresses no opinion.

The opinion of Orrick is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Orrick’s judgment as to the proper treatment of the Series 2022 Bonds for federal income tax purposes. Such opinion is not binding on the IRS or the courts. Furthermore, Orrick cannot give and has not given any opinion or assurance about the future activities of DASNY or the Obligated Group, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. DASNY and the Obligated Group have covenanted, however, to comply with the requirements of the Code.

Orrick’s engagement with respect to the Series 2022 Bonds ends with the issuance of the Series 2022 Bonds, and, unless separately engaged, Orrick is not obligated to defend DASNY, the Obligated Group or the Beneficial Owners regarding the tax-exempt status of the Series 2022 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which DASNY or the Obligated Group legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2022 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2022 Bonds, and may cause DASNY, the Obligated Group or the Beneficial Owners to incur significant expense.

Payments on the Series 2022 Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury

Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2022 Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Series 2022 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2022 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“*TIN*”) to the payor in the manner required, (ii) the IRS notifies the payor that the *TIN* furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

#### **PART 11 – STATE NOT LIABLE ON THE SERIES 2022 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 2022 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 “A3” (stable outlook) to the Series 2022 Bonds, S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“*S&P*”) has assigned a rating of “A-” (stable outlook) to the Series 2022 Bonds and Fitch Ratings, Inc. (“*Fitch*”) has assigned a rating of “A-” (stable outlook) to the Series 2022 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; S&P, 55 Water Street, New York, New York 10041; and Fitch, One State Street Plaza, New York, New York 10004. There is no assurance that such ratings will prevail 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 2022 Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Series 2022 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 2022 Bonds by DASNY are subject to the approval of Orrick, Herrington & Sutcliffe LLP, New York, New York, and Brown Hutchinson LLP, Rochester, New York, as Co-Bond Counsel, whose approving opinions will be delivered with the Series 2022 Bonds. The forms of Co-Bond Counsel’s opinions are set forth in “**PROPOSED FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL**” in **APPENDIX H** hereto.

Certain legal matters will be passed upon for the Obligated Group by their counsel, Hawkins Delafield & Wood LLP, New York, New York and by their disclosure counsel, Ropes & Gray LLP, Boston, Massachusetts. 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 2022 Bonds (the “*Purchase Contract*”) by and among DASNY, the Corporation and Citigroup Global Markets Inc. on behalf of itself, Morgan Stanley & Co. LLC and the other underwriters named on the front cover page of this Official Statement (collectively, the “*Underwriters*”), the Underwriters, have agreed, subject to certain conditions, to purchase the Series 2022 Bonds from DASNY at a purchase price of \$780,020,661.71 (reflecting an underwriters’ discount of \$4,858,605.99 and net original issue discount of \$35,120,732.30) and to make a public offering of the Series 2022 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 2022 Bonds if any of the Series 2022 Bonds are so purchased. The Corporation 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 2022 Bonds may be changed by the Underwriters.

Citigroup Global Markets Inc., one of the Underwriters of the Series 2022 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “*Fidelity*”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2022 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 2022 Bonds.

BofA Securities, Inc., one of the Underwriters of the Series 2022 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“*MLPF&S*”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2022 Bonds.

J.P. Morgan Securities LLC (“*JPMS*”), one of the Underwriters of the Series 2022 Bonds, has entered into negotiated dealer agreements (each, a “*Dealer Agreement*”) with each of Charles Schwab & Co., Inc. (“*CS&Co.*”) and LPL Financial LLC (“*LPL*”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2022 Bonds from J.P. Morgan Securities LLC at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022 Bonds that such firm sells.

TD Securities (USA) LLC (“*TD Securities*”), one of the Underwriters of the Series 2022 Bonds, has entered into a negotiated dealer agreement (the “*TD Dealer Agreement*”) with TD Ameritrade for the retail distribution of certain securities offerings, including the Series 2022 Bonds at the original issue price. Pursuant to the TD Dealer Agreement, TD Ameritrade may purchase Series 2022 Bonds from the Underwriters at the original issue prices less a negotiated portion of the selling concession applicable to any of the Series 2022 Bonds TD Ameritrade sells.

Wells Fargo Corporate & Investment Banking (which may be referred to elsewhere as “*CIB*,” “*Wells Fargo Securities*” or “*WFS*”) is the trade name used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association (“*WFBNA*”), a member of the National Futures Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the U.S. Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the Underwriters of the Series 2022 Bonds, has entered into an agreement (the “*WFA Distribution Agreement*”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “*Wells Fargo Advisors*”) (“*WFA*”), for the distribution of certain municipal securities offerings, including the Series 2022 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2022 Bonds with WFA. WFBNA has also entered into an agreement (the “*WFSLLC Distribution Agreement*”) with its affiliate Wells Fargo Securities, LLC (“*WFSLLC*”), for the distribution of municipal securities offerings, including the Series 2022 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

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 the Corporation and Northwell 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 the Corporation (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Corporation. 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 the Corporation and Northwell.

The Series 2022 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, the Corporation will enter into the Continuing Disclosure Agreement with DAC and the Bond Trustee. The form of the Continuing Disclosure Agreement is attached as “**PROPOSED FORM OF AGREEMENT TO PROVIDE CONTINUING DISCLOSURE**” in **APPENDIX I** hereto.

In the past five years, the Corporation 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 – MISCELLANEOUS**

Reference in this Official Statement to the Act, the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and the Series 2022 Obligation do not purport to be complete. Refer to the Act, the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and the Series 2022 Obligation for full and complete details of their provisions. Copies of the Resolution, the Loan Agreement, the Master Trust Indenture, the Supplemental Indenture and the Series 2022 Obligation are on file with DASNY and the Bond Trustee.

The agreements of DASNY with the holders of the Series 2022 Bonds are fully set forth in the Resolution. Neither any advertisement of the Series 2022 Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2022 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 the Corporation, the Obligated Group, Northwell and the Master Trust Indenture was supplied by the Corporation.

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 the Corporation, on behalf of itself and the other Members of the Obligated Group, 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 the Corporation or the Obligated Group nor does it directly or indirectly guarantee, endorse or warrant (i) the creditworthiness or credit standing of the Corporation or the Obligated Group, (ii) the sufficiency of the security for the Series 2022 Bonds or (iii) the value or investment quality of the Series 2022 Bonds.

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

**APPENDICES C, D, E and H** have been prepared by Orrick, Herrington & Sutcliffe LLP, New York, New York, and Brown Hutchinson LLP, Rochester, New York, Co-Bond Counsel to DASNY.

**APPENDICES F and G** have been prepared by Hawkins Delafield & Wood LLP, counsel to the Obligated Group.

The audited consolidated financial statements of Northwell Health, Inc. for the years ended December 31, 2021 and 2020 included in **APPENDIX B** of this Official Statement, have been audited by Ernst & Young LLP, independent auditors, as stated in their reports appearing therein.

The Corporation has reviewed the sections of this Official Statement describing the Obligated Group and Northwell under the headings “**PART 1 – INTRODUCTION,**” “**PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS,**” “**PART 3 – THE SERIES 2022 BONDS,**” “**PART 4 – PLAN OF FINANCE,**” “**PART 5 – ESTIMATED SOURCES AND USES OF FUNDS,**” “**PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP,**” “**PART 10 – TAX MATTERS**” (with respect to underlying factual matters set forth therein), “**PART 16 – CONTINUING DISCLOSURE,**” “**Northwell and the Obligated Group**” in **APPENDIX A**” hereto and “**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NORTHWELL HEALTH, INC. FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020, WITH REPORT OF INDEPENDENT AUDITORS**” in **APPENDIX B** hereto. The Corporation, on behalf of itself as and Obligated Group Representative on behalf of the Obligated Group, shall certify as of the date hereof and as of the date of delivery of the Series 2022 Bonds that such parts 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.

The Corporation 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



**APPENDIX A**

**NORTHWELL AND THE OBLIGATED GROUP**

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## NORTHWELL AND THE OBLIGATED GROUP

### Introduction

Northwell Health, Inc. (“NHI”), together with its member corporations and affiliated entities, constitutes an integrated health care delivery system serving the greater metropolitan New York area, and is comprised of 19 hospitals, three long-term care facilities, certified home health care agencies, trauma centers, a hospice network, over 800 ambulatory and physician practice locations, The Feinstein Institutes for Medical Research (the “Feinstein Institutes”) and other controlled entities (collectively referred to as “Northwell”).

The members of the Obligated Group, each of which is a component of Northwell, are: Long Island Jewish Medical Center (“LIJMC”), North Shore University Hospital (“NSUH”), Glen Cove Hospital (“GCH”), Plainview Hospital (“PVH”), Northwell Health Stern Family Center for Rehabilitation (“Stern”), South Shore University Hospital (“SSUH”), Huntington Hospital Association d/b/a Huntington Hospital (“HH”), Staten Island University Hospital (“SIUH”), Lenox Hill Hospital (“Lenox”) and Northwell Healthcare, Inc. (“HCI”). The above-referenced entities are each referred to individually as a “Member of the Obligated Group” and, collectively, as the “Obligated Group”. HCI is the sole member (parent) of each other Member of the Obligated Group and is both a Member of and the representative for the Obligated Group. NHI is the ultimate parent holding company of each Member of the Obligated Group and of Northwell, but NHI is not a Member of the Obligated Group.

Northwell had \$14.5 billion in total operating revenue for the fiscal year ended December 31, 2021. For the year ended and as of December 31, 2021, the Members of the Obligated Group represented 80.7% of the total consolidated operating revenue and 83.6% of the total consolidated assets of Northwell.

Unless otherwise indicated, all references to financial and statistical data are based on Northwell internal records.

### Northwell

According to *Modern Healthcare’s* “By the Numbers,” a report published in December 2021 that ranked all health systems in the United States by 2020 revenue, Northwell is the:

- 9<sup>th</sup> largest not-for-profit health care system in the nation; and
- 11<sup>th</sup> largest health care system overall in the nation.

Based on data provided by the New York Statewide Planning and Research Cooperative System, Northwell had a 2020 inpatient market share of 29.9% in its service area, which has a population of more than eight million people residing in Nassau, Suffolk, Queens, New York (Manhattan), Richmond (Staten Island) and Westchester Counties. Northwell attracts patients from other surrounding areas as well.

Northwell delivers clinical care throughout the New York metropolitan area, conducts research at the Feinstein Institutes, has developed innovative approaches to undergraduate medical education at the Donald and Barbara Zucker School of Medicine at Hofstra/Northwell (the “School of Medicine”), and through its population health initiatives addresses the full spectrum of health care needs of the communities it serves. In 2021, based on data provided by the New York State Department of Health (“NYSDOH”), Northwell delivered more cancer care to residents of New York State (“NYS”) than any other health care provider. Northwell cares for people at every stage of life. Northwell’s hospitals and long-term care facilities house over 6,300 beds, employ more than 18,500 nurses and have affiliations with approximately 12,300 physicians. With a workforce of over 78,000, Northwell is one of the largest private-sector

employers in the New York City metropolitan area. Northwell sponsors the third largest graduate medical education program in the United States, with 1,975 residents and fellows.

Nine of Northwell's hospitals have achieved Magnet recognition from the American Nurses Credentialing Center, a prestigious distinction recognizing healthcare organizations for nursing excellence and high-quality patient care. According to the American Nurses Credentialing Center, a subsidiary of the American Nurses Association, as of May 2021, only 8.9% of hospitals in the United States have earned this designation.

Over 5,100 employed physicians and over 7,000 community physicians are on the medical staffs of the Northwell facilities. According to "The Top 25 Physician Groups by Number of Physicians," as published by *Definitive Healthcare* in June 2021, Northwell Health Physician Partners (a division of Northwell) ("Physician Partners") is the ninth largest medical group in the United States and, according to a 2021 ranking published by *Crain's New York Business*, Physician Partners is the largest in the greater New York metropolitan area.

## **Strategy**

Over the past decade, Northwell management has pursued and refined a multifaceted plan to expand and strengthen Northwell in order to improve the quality and efficiency of services delivered to residents of its service area while meeting the changing demands of the health care industry. The principal elements of this strategic plan include the following:

1. Provide a full continuum of care, with particular emphasis on expanding ambulatory network;
2. Educate and train health care providers;
3. Develop pioneering discoveries;
4. Improve the health of populations served;
5. Position Northwell for value-based care payment;
6. Support local communities and address social determinants of health; and
7. Ensure a financially stable organization that is able to fund mission needs.

For additional discussions of strategy matters, see "Joint Ventures, Strategic Alliances and Clinical Collaborations," "Strategic Realignment of Services and Affiliations," and "Future Capital Expenditures and Strategic Investments" in this Appendix A.

## **Environmental, Social and Governance Initiatives**

Northwell defines its responsibilities beyond the individual patients that it serves to include improvement of the health and well-being of the communities in which Northwell operates, as well as the environment. Northwell contributes to the health and well-being of its communities by providing high-quality healthcare, and also by employing sound environmental business practices and programs.

In November 2010, Northwell announced a partnership with the United States Environmental Protection Agency (the "EPA") to establish far-reaching, environmentally responsible programs and business practices at its facilities. Since Northwell signed the EPA partnership agreement, it has embarked on a journey to weave sustainability and social responsibility further into the fabric of the health system.

Northwell's sustainability and social responsibility mission is focused on improving the health and well-being of Northwell's local communities and society at large. Through responsible decision-making and support of its communities, Northwell aims to protect and enhance the environment and improve quality of life in its communities.

These efforts by Northwell have led to initiatives such as:

- The establishment of a social vulnerability index to help identify social determinants of health to ensure Northwell is meeting the needs of the most vulnerable in Northwell's service area;
- A concentrated effort in reducing Northwell's carbon footprint, which was reduced by over 15% in the first two years of the initiative's founding;
- Disaster preparedness, medical supply and equipment donations and advocacy for those in need;
- The establishment of the Center for Gun Violence Prevention, through which Northwell invests in gun violence research, develops best practices for hospitals, and mobilizes a national coalition of health care leaders to promote gun safety and increase awareness of this public health crisis. The goal is to dramatically reduce gun violence so that it is no longer a driver of hospital admissions, injuries or deaths;
- Northwell seeks to be at the forefront of much-needed change in women's health care with its focus to *Raise Health*, an initiative of the Katz Institute for Women's Health, which promotes a variety of initiatives, including meaningful women's health programs and research focused on women to improve women's health; and
- Through its Military Liaison Service, Northwell is proud to show gratitude to service members, veterans and their families, and is committed to making a difference in the quality of care and service they receive.

In 2020 alone, Northwell provided community benefits of over \$2.7 billion, demonstrating its commitment to service and stewardship to its constituents.

Northwell's mission and understanding of what transforms health has inspired the system to broaden its role, activities, and investments over the years. In 2020, to further build upon its sustainability and social responsibility mission, Northwell initiated an effort to develop a fully integrated and optimized Corporate Social Responsibility ("CSR") strategy. The CSR strategy involved an assessment of current status, including gathering input from key internal and external stakeholders, and the development of strategy and goals. The CSR strategy is positioning Northwell to focus, integrate and amplify its efforts. In 2022, to further its efforts in these areas, Northwell named its first Chief Sustainability Officer.

The CSR framework on the following page reflects the four pillars of the strategy and their corresponding priority topics:



\* Priority topic has a set of long-term goals that were established by the pillar leads within the CSR Steering Committee.

Each priority topic has established long-term goals, listed below, that were identified by the pillar lead Members of the Northwell CSR Steering Committee.

### *Environmental Responsibility*

Northwell’s sustainability and social responsibility initiatives have a strong focus on “green” facilities and reducing in the use of natural resources. Northwell participates in the EPA Energy Star Partnership Program, an agreement with the EPA that was established in 2010. Recently, as part of the development of Northwell’s CSR strategy, the health system organized an expanded, multi-year survey of its energy usage and overall carbon impact to more readily measure progress toward the goal of reducing Northwell’s carbon footprint, specifically by reducing Northwell’s greenhouse gas emissions by 40% by 2030, obtaining 15% of electricity from renewable sources and decreasing electricity use overall by 10% by 2027. Furthermore, Northwell has set a goal of increasing system-wide recycling volume to 25% of total waste volume by 2027.

### *Excellence and Equity in Care*

As its communities have become increasingly diverse, Northwell has formalized its diversity, inclusion and health literacy strategy. Advancing cultural and linguistic competence and promoting effective health care communication are key components of Northwell’s mission to provide excellent patient-centered care, eliminate health disparities and enhance health outcomes for patients, families and members of its communities.

Diversity, Inclusion and Health Literacy is a division of Northwell’s Office of Community and Public Health that spearheads Northwell’s mission to promote, sustain and advance an environment that supports equity, diversity, health literacy and community.

Northwell has identified several goals to improve access to equitable care including expanding access to care by serving 100,000 people in underserved communities by 2030, enhancing the accurate

collection of race, ethnicity and language preference data across inpatient sites by 2030 by ensuring the number of “unknown” and “decline” selections are 1% or less of Northwell’s total data collected and increasing social determinants of health screening rate by 10% by 2030.

### *Community Partnership*

Northwell believes in the principle that health outcomes improve when patients and families are effectively engaged and activated through meaningful relationships with healthcare workers from their own communities. Northwell’s efforts to improve community well-being include: identifying and addressing the social needs of 500,000 lives through community partnerships that address key social determinants of health with the goal of enhancing overall well-being by 2030 and promoting and increasing well-being in underserved communities through culturally appropriate media that reaches one million lives by 2030.

### *Northwell Team Members*

Ultimately, Northwell recognizes that its employee team members are its most important resources in achieving Northwell’s environmental stewardship, health equity and community goals. To ensure that all goals are met, Northwell places a strong emphasis on team member well-being as well as equity, diversity and inclusion. Examples of programs established by Northwell to meet these goals include:

#### Team member well-being

- Increase physical, emotional and mental well-being by expanding participation and engagement on the myWellness platform (employee wellness programs) by 40% by 2025.
- Reduce prevalence of hypertension in the team member population by 25% by 2025 as part of overall strategy to reduce chronic health conditions.

#### Equity, diversity, and inclusion

- Ensure 100% of new leaders and new hires are required to receive education on Northwell commitments addressing equity, diversity and inclusion during their first six months of employment by 2024.
- Expand the number of team members engaged in formal mentorship and development programs by 50% by 2025, with a focus on engaging historically underrepresented groups across Northwell.

#### Sustainable supply chain

- Increase spending with minority, women and veteran owned businesses to reach 10% of Northwell’s total spend with suppliers by 2026.

### **Joint Ventures, Strategic Alliances and Clinical Collaborations**

Management believes it is strategically important to form partnerships and other affiliations across a broad array of health care industry participants, in order to bring new ideas and approaches and diverse sources of capital to Northwell activities. As such, Northwell has continued to develop joint ventures, strategic alliances and affiliations with hospitals, other health systems, private physician practices and other partners with which it can pursue its mission and strategic goals.

One key element of Northwell’s joint venture strategy is the acquisition and development of ambulatory surgical centers (“ASCs”) in various specialties in partnership with physicians. To date,

Northwell affiliates have acquired controlling interests in ten ASCs and non-controlling interests in three other ASCs located in the Northwell market area. In December 2021, Northwell acquired a controlling interest in Long Island Center for Digestive Health, an ASC in Uniondale, New York. Northwell management expects to make additional investments in existing and *de novo* ASCs over the next several years.

### **Strategic Realignment of Service Offerings and Affiliations**

In connection with Northwell’s overall strategy to respond to shifting trends in utilization of and payment for health care services and other changes associated with health care reform, Northwell’s strategic initiatives may call for changes to, and realignment of, service offerings and other activities of Northwell. From time to time, Northwell may identify and pursue various realignment strategies with the goal of better positioning Northwell to respond to changes in the health care market. In addition, the hospital market in New York City and the surrounding area is in the process of consolidation, and Northwell, from time to time, engages in affiliation discussions with hospitals and health systems, and other health care providers. For a discussion of risks relating to affiliations and similar transactions, see “PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP – Affiliation, Merger, Acquisition and Divestiture” in the forepart of this Official Statement.

### **Other Information Concerning Northwell**

The Chief Executive Officer (“CEO”) of NHI is also the CEO of each of the Members of the Obligated Group (other than HH). HCI is the sole corporate member of each other Member of the Obligated Group, and NHI is the sole corporate member of HCI.

With NHI as their common direct or indirect parent, all of the Northwell entities are considered to be under common control for antitrust and other legal purposes and, thus, conduct joint managed care contracting and other joint activities, including strategic planning.

### **Other Northwell Entities**

In addition to the Members of the Obligated Group, there are other entities, including but not limited to, Northwell Health Laboratories, the Feinstein Institutes, Mather, Peconic, Phelps, and Northern Westchester that are part of Northwell and have NHI as their ultimate parent but are not Members of the Obligated Group (as previously defined, the “Other Northwell Entities”).

One of the largest of these entities in terms of total operating revenue in 2021 was Northwell Health Laboratories, which had total operating revenues of approximately \$928 million, including approximately \$362 million for laboratory services provided to the members of Northwell, and also provides reference laboratory services for a broad number of providers throughout the service area. Northwell Health Laboratories is not a Member of the Obligated Group. In 2021, Mather had revenues of approximately \$427 million, Peconic had revenues of approximately \$309 million, Phelps had revenues of approximately \$407 million, and Northern Westchester had revenues of approximately \$402 million. Neither Mather, Peconic, Phelps, nor Northern Westchester is a Member of the Obligated Group.

In addition, the Feinstein Institutes (see “Research” herein), which had operating revenue of approximately \$88 million in 2021, is not a Member of the Obligated Group.

**THE OTHER NORTHWELL ENTITIES ARE NOT MEMBERS OF THE OBLIGATED GROUP AND, THEREFORE, ARE NEITHER OBLIGATED UNDER THE MASTER TRUST INDENTURE NOR RESPONSIBLE FOR PAYMENT OF THE DEBT SERVICE ON THE**

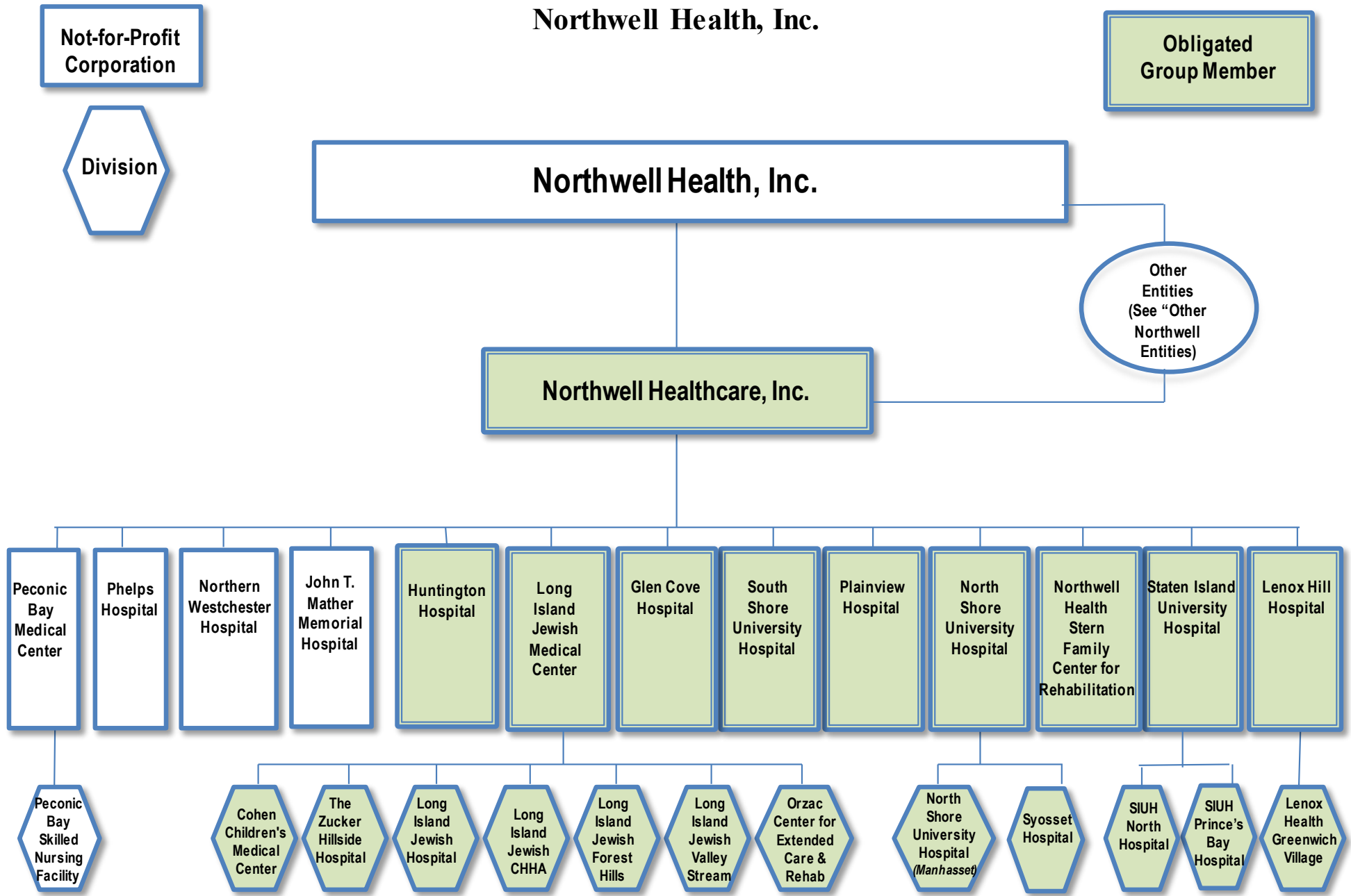


**NORTHWELL HEALTH OBLIGATED GROUP REVENUE BONDS, SERIES 2022A (THE “BONDS”).**

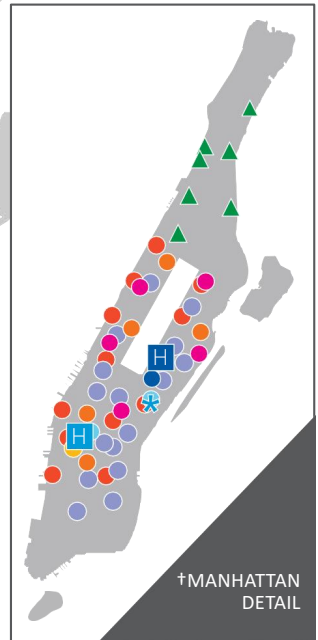
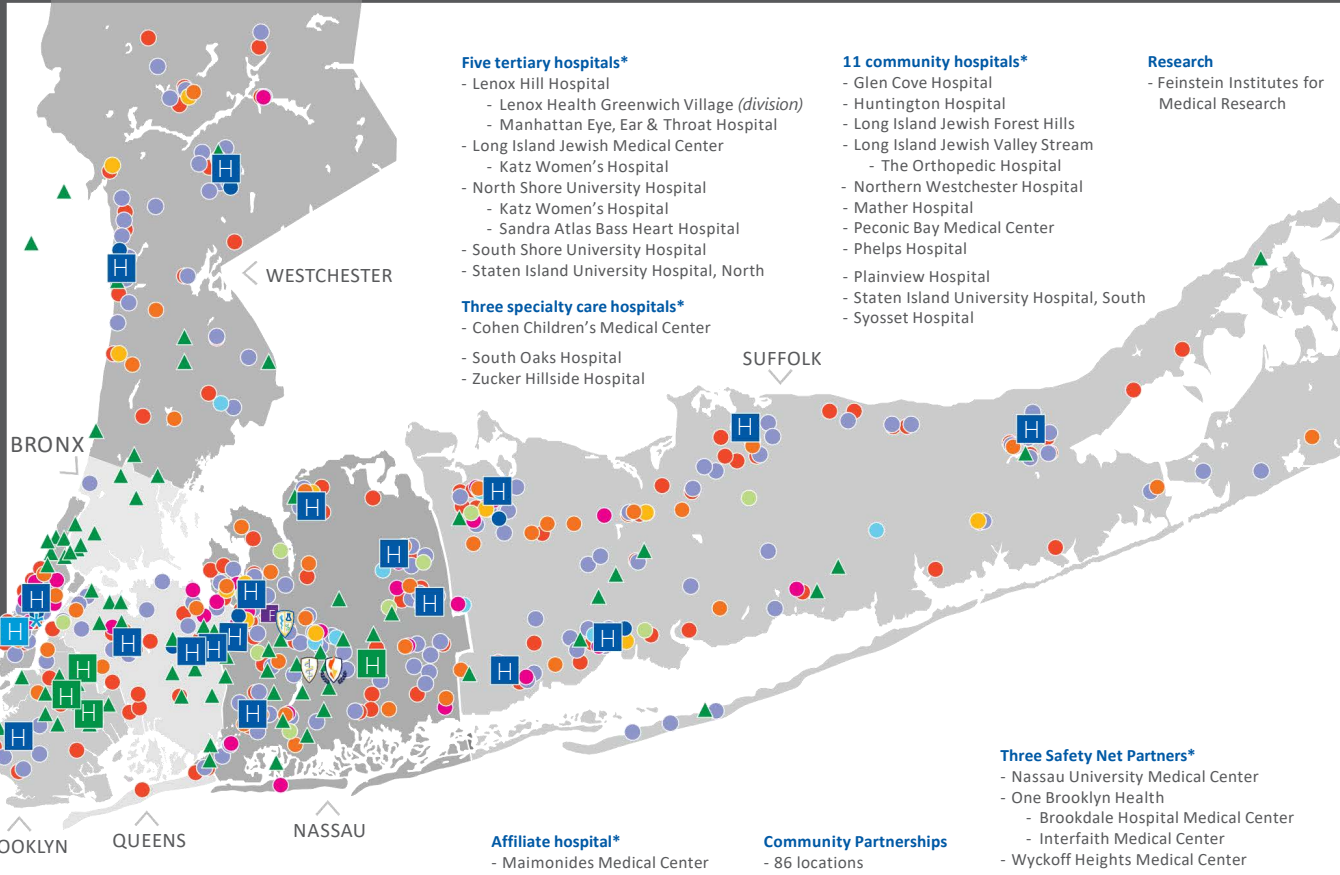
In order for any Northwell affiliate, or any other entity, to join the Obligated Group, a certificate of need application to the NYSDOH would be required under NYS law. In addition, the conditions set forth in the Master Trust Indenture (as defined in the forepart of this Official Statement) for entry into the Obligated Group must be satisfied for any entity to become a Member of the Obligated Group. See “Appendix F – FORM OF THE MASTER TRUST INDENTURE” to this Official Statement for information regarding the requirements to become a Member of the Obligated Group. Each Member of the Obligated Group is jointly and severally liable for obligations issued under the Master Trust Indenture. No decision has been reached by Northwell as to whether any additional Northwell affiliates will join the Obligated Group.

The following organizational chart sets forth certain principal operating entities that comprise Northwell, including all Northwell hospitals, and denotes the entities that are Members of the Obligated Group. The chart omits certain other Northwell affiliates, none of which are Members of the Obligated Group. The map on the following page shows the location of each of the Northwell hospitals.

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-  Hospitals
-  Feinstein Institutes
-  Lenox Health Greenwich Village
-  Manhattan Eye, Ear & Throat Hospital
-  Safety Net Partners
-  Ambulatory Surgery Centers
-  Cancer Centers
-  Community Partnerships
-  Dialysis Centers
-  Imaging Centers
-  Lab Patient Service Centers
-  Primary Care Locations
-  Specialty Care Locations
-  Urgent Care Centers
-  Donald and Barbara Zucker School of Medicine at Hofstra/Northwell
-  Hofstra Northwell School of Graduate Nursing and Physician Assistant Studies
-  Elmezzzi Graduate School of Molecular Medicine at Northwell Health



\*19 owned hospitals and affiliate/partner hospitals

## Hospitals and Long-Term Care Facilities

Each Northwell facility listed in the table below is a New York not-for-profit corporation that is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), as an organization described in Section 501(c)(3) of the Code, and has been established as an operator of a hospital or a residential health care (skilled nursing) facility pursuant to Article 28 of the Public Health Law of the State of New York (the “Public Health Law”). Several of these entities are also concurrently licensed under Article 31 and/or Article 32 of the Public Health Law.

<b>Tertiary Facilities</b>	<b>Licensed Beds</b>
<b>LIJMC</b>	
Long Island Jewish Hospital (“LIJH”)	583
Zucker Hillside Hospital <sup>(1)</sup>	226
Steven and Alexandra Cohen Children’s Medical Center of New York (“CCMC”) <sup>(1)</sup>	206
Long Island Jewish Forest Hills (“LIJFH”) <sup>(2)</sup>	312
Long Island Jewish Valley Stream (“LIJVS”) <sup>(2)</sup>	284
Orzac Center for Rehabilitation (“Orzac”) <sup>(3)</sup>	120
<b>NSUH</b>	
NSUH (Manhasset)	756
NSUH (Syosset) <sup>(4)</sup>	103
<b>Lenox</b>	632
Lenox Health Greenwich Village (satellite campus)	2
<b>SSUH</b> <sup>(5)</sup>	313
<b>SIUH</b>	
SIUH – Prince’s Bay <sup>(4)</sup>	194
SIUH – North	472
<b>Community Hospitals and Skilled Nursing Facilities</b>	
HH	348
GCH	235
Northern Westchester Hospital	244
Peconic Bay Medical Center	144
Peconic Bay Skilled Nursing Facility <sup>(6)</sup>	60
Phelps Hospital	218
PVH	204
Stern	256
South Oaks Hospital	202
John T. Mather Memorial Hospital	248

<sup>(1)</sup> Zucker Hillside Hospital and CCMC are specialty care hospitals under common license with LIJMC.

<sup>(2)</sup> LIJFH (formerly Forest Hills Hospital) and LIJVS (formerly Franklin Hospital) provide community care under common license with LIJMC and were merged into LIJMC effective January 2016.

<sup>(3)</sup> Orzac provides skilled nursing care under common license with LIJMC.

<sup>(4)</sup> NSUH (Syosset) and SIUH – Prince’s Bay each primarily provide community hospital care, but under common license with NSUH and SIUH, respectively.

<sup>(5)</sup> As of July 2020, SSUH changed its name from Southside Hospital to South Shore University Hospital.

<sup>(6)</sup> 60 skilled nursing beds are co-located at Peconic Bay Medical Center.

Northwell operates a satellite hospital campus of Lenox at Lenox Health Greenwich Village, which operates an emergency medical facility. The facility opened an imaging center in 2016 and added a multispecialty ambulatory surgery center to its operating license in 2021. There are plans for the addition of physician offices in the future.

On February 17, 2022, a fire occurred on the ground floor of the advanced surgical pavilion being constructed at NSUH, a portion of which is being financed with proceeds of the Bonds as part of the Project, see “PART 4 – PLAN OF FINANCE – The Project” in the forepart of this Official Statement. The fire may result in some delays to the completion of the advanced surgical pavilion project, however Northwell is working to mitigate any such delays.

### **Competition and Other Area Health Systems**

The Members of the Obligated Group and the Other Northwell Entities operate within a highly competitive health care market, which includes Nassau and Suffolk Counties on Long Island, New York (Manhattan), Queens and Richmond (Staten Island) Counties in New York City, and Westchester County, and also draw patients from surrounding areas. The service areas of the hospitals in these areas tend to overlap due in part to their relatively close geographic proximity. While these hospitals typically have a number of core services to meet the health care needs of the local community, their more sophisticated services and specialty programs also draw patients nationally and, in some cases, internationally.

Competitors and other local health systems and hospitals on Long Island include: (i) Catholic Health (“CH”), a health system with three hospitals in Nassau County (St. Francis Hospital, Mercy Medical Center and St. Joseph’s Hospital) and three hospitals in Suffolk County (St. Charles Hospital and Rehabilitation Center, St. Catherine of Siena Hospital and Good Samaritan Hospital Medical Center); (ii) Stony Brook Medicine (including Southampton Hospital, and Eastern Long Island Hospital); and (iii) Nassau University Medical Center (“NUMC”), which is a Clinical Affiliate of Northwell (see “Strategy – Joint Ventures, Strategic Alliances and Clinical Collaborations” herein).

Competitor systems and major medical centers headquartered in Manhattan include: (i) New York-Presbyterian Healthcare System (“New York-Presbyterian”), a health system composed of several affiliated hospitals, including one hospital in Queens (New York-Presbyterian/Queens), and four in Manhattan (New York-Presbyterian/Columbia University Irving Medical Center, New York-Presbyterian/Weill Cornell Medical Center, New York-Presbyterian/The Allen Hospital and New York-Presbyterian/Lower Manhattan Hospital), and two in Westchester County (New York-Presbyterian/Hudson Valley Hospital and New York-Presbyterian/Lawrence Hospital); (ii) the New York City Health and Hospitals Corporation (“H+H”), a municipal health system comprising eleven hospitals in the Bronx, Brooklyn, Queens and Manhattan (in the Northwell service area, H+H operates two hospitals in Queens (Elmhurst Hospital Center and Queens Hospital Center), and three hospitals in Manhattan (Bellevue Hospital Center, Harlem Hospital Center, and Metropolitan Hospital Center); (iii) Mount Sinai Health System (“Mount Sinai”), a health system with one hospital in Brooklyn (Mount Sinai Brooklyn), one in Queens (Mount Sinai Queens), five in Manhattan (The Mount Sinai Hospital, New York Eye & Ear Infirmary of Mount Sinai, Mount Sinai Beth Israel, Mount Sinai West and Mount Sinai St. Luke’s) and one in Nassau County (Mount Sinai South Nassau); (iv) NYU Langone Hospitals, with two hospitals in Manhattan (Kimmel Pavilion/Tisch Hospital and NYU Langone Orthopedic Hospital), one in Brooklyn (NYU Langone Hospital - Brooklyn) and one on Long Island (NYU Langone Hospital – Long Island); and (v) MediSys Health Network (“MediSys”), which is composed of two hospitals in Queens (Jamaica Hospital Medical Center and Flushing Hospital Medical Center). In Richmond County, where SIUH is the major provider, the only other acute care hospital provider is Richmond University Medical Center.

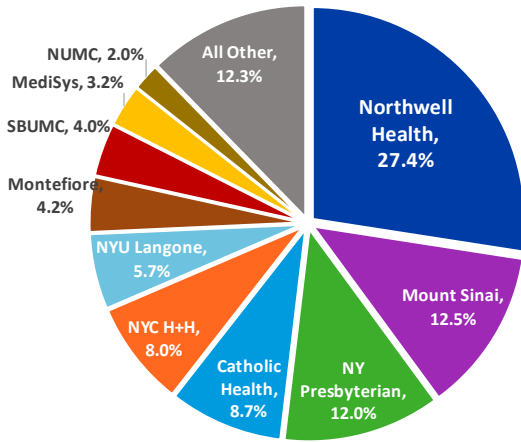
In Westchester County, competitors and other nearby hospitals include Westchester Medical Center in Valhalla, New York, Presbyterian/Hudson Valley Hospital in Peekskill, and White Plains Hospital in White Plains, a member of the Montefiore Health System.

According to the New York Statewide Planning and Research Cooperative System data for hospital discharges for year ended December 31, 2019 and December 31, 2020, Northwell had an inpatient market share of 30.6% and 29.9% respectively, in its market area (as defined above and excluding newborns). For the year ended December 31, 2020, the next largest single competitor, New York-Presbyterian, held a 12.2% market share.

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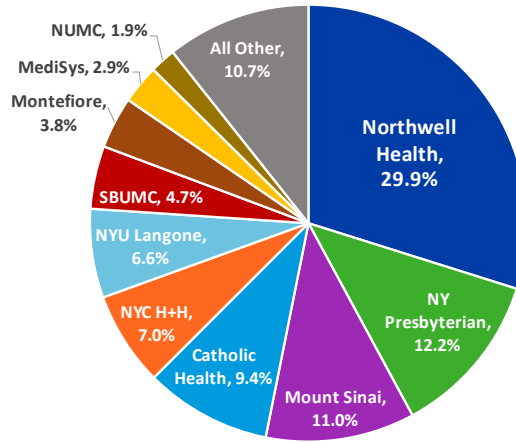
## Northwell Health Service Area Inpatient Share

### 2010 Market Share



**Northwell share was 15.0 points greater than closest competitor**

### 2020 Market Share



**Northwell share is now 17.6 points greater than closest competitor**

### Geographic Origin of Inpatients and Ambulatory Surgery Patients of Northwell

The following chart sets forth the geographic origin of inpatient and ambulatory surgery patients of the Northwell hospitals for the three years ended December 31, 2019, 2020 and 2021.

<u>County</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Suffolk	23.7%	23.8%	23.6%
Queens	23.0	23.9	23.1
Nassau	20.1	19.5	19.6
Staten Island	11.6	11.2	11.3
Westchester	6.2	6.5	6.6
New York	5.3	5.1	5.3
Other	<u>10.1</u>	<u>10.0</u>	<u>10.5</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

## Northwell Health Physician Partners and Ambulatory Services

Physician Partners, consisting of approximately 5,138 physicians and 3,730 allied health professionals, includes all faculty physicians and clinical practitioners employed by the Members of the Obligated Group and the Other Northwell Entities. Physician Partners practitioners recorded over 7.4 million patient visits and consultations in 2021. Physician Partners is responsible for quality and ambulatory nursing and maintains an oversight committee that provides sponsorship and support for the activities of the faculty practice. Northwell maintains an administrative unit (“Ambulatory Services”) that supports Physician Partners and all other ambulatory clinical services through strategic planning and business development, revenue cycle services, physician practice management, finance, information technology, human resources and operational support.

Physician Partners and Ambulatory Services are integrated components of Northwell and are not incorporated as separate business entities. Management of Northwell believes that this structure encourages the integration of administration and clinicians acting as partners in fulfilling objectives consistent with the mission of Northwell.

Ambulatory care services are provided at many locations in the service area, including the Northwell Health Center for Advanced Medicine (“CFAM”), which is located adjacent to LIJMC’s campus and two miles from the NSUH-Manhasset campus. CFAM brings together all ambulatory cancer services offered by NSUH and LIJMC at one facility. CFAM also houses the Northwell Health Cancer Institute, which coordinates cancer care throughout Northwell under centralized leadership, as well as The Smith Institute for Urology, an ASC, a diagnostic imaging center, and the Bioskills Education Center.

The Lenox Hill Hospital Extension Clinic at MEETH (formerly the site of Manhattan Eye, Ear and Throat Hospital, which merged into Lenox in 2007) (“MEETH”) is a Lenox outpatient center located on East 64th Street in Manhattan. MEETH includes an ambulatory surgery center as well as numerous outpatient specialty clinics.

Ambulatory care services within Northwell cover six primary care areas and 43 specialty care services and provide services that allow access to medical care to individuals across their entire life span. The six primary care areas are General Internal Medical, General Pediatrics, Adolescent Medicine, Obstetrics/Gynecology, Nephrology/End-Stage Renal Disease and Infectious Disease/Center for AIDS Research and Treatment. The 43 specialty care services encompass a full spectrum of medical, pediatric, and surgical specialty services, capable of addressing complex as well as simple health needs. These services are provided in locations that include both the hospital campuses and off-site locations.

### Medical Staff

Northwell members employ directly, or through controlled professional corporations, approximately 5,138 physicians. In addition, approximately 7,146 private practice physicians who are not employed by Northwell have medical staff privileges at Northwell facilities.

The following is a summary of the medical staff of Northwell as of February 2022:

<b>Active Medical Staff <sup>(1)</sup></b>	<b>% Board Certified</b>	<b>Average Age of Active Medical Staff</b>
12,284	79%	52

<sup>(1)</sup> Total number of active physicians at all facilities are counted only once and do not include cross-credentialing hospital affiliations.



## **Centers of Excellence**

Northwell provides substantially all inpatient specialties and subspecialties and a broad range of outpatient services. In addition, Northwell is currently expanding centers of excellence in neurosciences, tertiary cardiac care, women's health, cancer, orthopedics, robotic and minimally invasive surgery, and trauma. Examples of this strategy include CFAM, The Institute for Orthopedic Science, the Katz Women's Hospital, the Harvey Cushing Institutes of Neuroscience, the Heart and Lung Institute, the Heart Hospital, the Trauma Institute, and a network of excellence in robotic and minimally invasive surgery.

Northwell's flagship hospital, NSUH, is a 756-bed quaternary facility and a major teaching hospital, serving as the clinical campus for the School of Medicine. NSUH is an experienced organ transplantation center providing organ transplantation services to Northwell's service area and beyond, for adult kidney, liver, heart, and, as of 2022, lung transplantation. As the only hospital to establish transplant programs for adult heart, lung, and liver on Long Island, NSUH and Northwell bring these specialized transplant services closer to home for residents of the Long Island region. Northwell's children's hospital, CCMC, has also established a pediatric kidney transplant program.

## **Research**

The Feinstein Institutes is the research branch of Northwell and is headquartered in Manhasset, New York. The Feinstein Institutes is composed of more than 5,000 clinicians, scientists and staff who work in laboratories and clinical research programs in collaboration with clinicians and patients throughout Northwell facilities. Every year, more than 15,000 patients and volunteers participate in over 3,000 research studies. The Feinstein Institutes received a total of approximately \$72 million in grants and contracts from the National Institutes of Health, the Department of Defense and other federal and private sources in 2021.

The Feinstein Institutes, which is not a Member of the Obligated Group, was established by Northwell in 1999 as an independently chartered, not-for-profit research corporation, beginning with 30 laboratories and clinical research programs. In 2010, the Feinstein Institutes opened a new 55,000 square foot research building to increase its capacity to recruit scientific leaders in molecular medicine, doubling the size of the animal vivarium and increasing scientific staff working in preclinical development. Currently, 50 laboratories and programs are operated at the Feinstein Institutes.

In 2019 the Feinstein Institutes received a grant for \$30 million from New York Empire State Development to renovate 20,000 square feet of space in the building. Completion of the project is anticipated by the end of the second quarter of 2022. The renovation is expected to accommodate 13 new labs and 96 additional researchers.

Researchers at the Feinstein Institutes focus on discoveries that can become the basis for innovative therapies, integrating both basic science and clinical experience into approaches designed to unravel the causes of a wide variety of diseases. The major components of this enterprise include bioelectronic medicine, molecular medicine, clinical research, behavioral health, cancer research, and health and economic outcomes (also known as health services or public health research). Scientific advances stemming from these investigations have led to a patent estate of more than 200 patents in 70 fields of technology.

## **Labor Relations**

As of January 2022, Northwell had over 78,000 employees. Through its Corporate Human Resources Department, Northwell manages its entire workforce, administers benefits and compensation packages to all employees, and handles all labor relations and union contracts organization-wide.

Multiple factors, including an aging national workforce, a high volume of workers approaching retirement, low NYS unemployment rates, the Coronavirus disease 2019 (“COVID-19”) pandemic, and an increase in senior patient populations have created labor shortages that are impacting health care institutions at local, regional and national levels. In response to these challenges, Northwell continues to offer competitive total rewards packages that management believes are competitive. Northwell had an overall vacancy rate of 6.9% which was at the 70th percentile of a national sample of 141 hospitals published by the Advisory Board in March 2022. Similarly, Northwell’s turnover rate was 12.9% which was at the 90th percentile of a sample of 204 hospitals published by the Advisory Board in March 2022.

In addition, Northwell has developed various pipeline programs for shortage occupations, including community health worker and nursing specialty practice areas (i.e., critical care, operating room, emergency department, oncology, and pediatric intensive care). Northwell and the 1199SEIU Training and Employment Fund (the “TEF”) collaborate with learning institutions and the Health Career Advancement Program, a national labor/management organization, on numerous workforce training and development initiatives. Northwell launched its first apprenticeship program in partnership with the TEF in January 2019. This novel work-study program promotes service-level staff into hard-to-fill Certified Sterile Processing Technician (“CST”) positions. CST’s reprocess and sterilize reusable surgical instruments 24 hours a day, seven days per week and play a critical role in supporting system-wide perioperative services and quality surgical outcomes.

Northwell has also established administrative fellowship and high potential development programs to cultivate physician and administrative leaders needed to support system growth and healthcare transformation. Northwell received the 2018 Business Leadership Award from the New York Association of Training and Employment Professionals recognizing its collaboration with local workforce boards and innovative workforce development programs, including the annual SPARK! Challenge which ignites interest in science, technology, engineering and math careers at the high school level.

The Hofstra Northwell School of Nursing and Physician Assistant Studies opened in 2015 to address the increasing need for nurse practitioners and physician assistants to deliver community-based care. According to the United States Bureau of Labor Statistics, employment of physician assistants is projected to grow 31% from 2020 to 2030 and registered nurse employment is expected to grow 9% over the same period. The school recently added a new track for psychiatric-mental health nurse practitioners to address an increasing need for behavioral health services as well as a shortage of licensed behavioral health providers.

There are currently 28 collective bargaining agreements in effect to which a Member of the Obligated Group is a party. The agreements expire on a rolling basis through June 30, 2025. Certain of Northwell’s existing collective bargaining agreements have expired, including agreements with the New York State Nurses Association (“NYSNA”) at NSUH (Syosset), PVH and SSUH. In connection with such agreements, Northwell maintains the current terms and conditions of employment for its union-represented team members while negotiating in good faith a successor labor agreement with the unions, as applicable. In the past fifteen years, there have not been any work stoppages at any Member of the Obligated Group. The largest union presence is 1199 Service Employees International Union United Healthcare Workers East (“1199 SEIU”), which represents over 15,000 employees; the contract is currently scheduled to expire on September 30, 2024.

In order to reduce its reliance on outside staffing agencies and the associated expense that has become increasingly significant recently in light of labor shortages for nurses and other allied health professionals, Northwell established its own staffing agency, FlexStaff, in 2014. FlexStaff was launched as a comprehensive contingent staffing organization to fill the temporary staffing needs at Northwell, providing clinical and non-clinical support. FlexStaff’s goal is to provide high quality contingent staffing

at significantly lower costs. It has built a pool of more than 4,000 employees vetted to Northwell standards who are placed on long term and *per diem* assignments. This robust pool has enabled Northwell to reduce spending with external staffing agencies and reduce premium overtime. Over the last seven years, FlexStaff has saved Northwell more than \$100 million while providing critical staffing resources to care for Northwell's patients.

Due to FlexStaff's success, Northwell decided to bring the same standard of excellence to external organizations, offering candidates and employers a selection of temporary, temporary-to-hire, and permanent/direct hire services.

Management believes that Northwell's relationships with 1199 SEIU, NYSNA and its other labor organizations are good. As of January 31, 2022, 30% of the total Northwell workforce was unionized. The Northwell Labor Relations Management team routinely collaborates with various groups of union organizers and delegates to support sound labor relations, to reduce areas of conflict and to ensure that the interests of all parties are served. In addition, the majority of Northwell's unionized facilities have Departmental Labor Management Committees, Unit-Based Councils, or Collaborative Care Councils that work to resolve challenges and lead quality improvement initiatives at the department/unit level.

### **Retirement Plans**

Northwell sponsors several retirement plans including defined benefit and defined contribution plans. Contributions to the defined benefit and defined contribution plans are funded as required by the Employee Retirement Income Security Act of 1974 ("ERISA"). Defined benefit plan contributions are based on annual actuarial projections. Contributions to the defined contribution plans are based on percentages of annual salaries.

The primary defined benefit plan sponsored by Northwell is the Northwell Health Cash Balance Plan (the "Cash Balance Plan"), comprising 87% and 88% of the total Northwell defined benefit plans (the "Plans") projected benefit obligation at December 31, 2020 and 2021, respectively. The Cash Balance Plan is a non-contributory, defined benefit pension plan. The combined funded status of the Plans on an actuarial basis was 87% on December 31, 2020 and 94% on December 31, 2021. The discount rates used as the basis for calculating the Cash Balance Plan's liability were 2.75% and 3.04%, at December 31, 2020 and 2021, respectively. Refer to Note 10 to the Audited Consolidated Financial Statements of NHI for the years ended December 31, 2020 and December 31, 2021 with Report of Independent Auditors (the "Audited Consolidated Financial Statements") included in Appendix B to this Official Statement and "Management's Discussion and Analysis of Recent Financial Performance" herein for additional information on the funded status of the Cash Balance Plan and "Investment Policy" herein for Northwell's investment target allocations for plan assets.

For further information concerning Northwell's participation in multi-employer defined benefit pension plans and the risks of such plans, which as of December 31, 2021 covered approximately 22,800 unionized Northwell team members, see Note 10 to the Audited Consolidated Financial Statements in Appendix B to this Official Statement and "PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP – Multiemployer Pension Plans" in the forepart of this Official Statement. For information concerning other retirement benefit plans, see Note 10 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

### **Donald and Barbara Zucker School of Medicine at Hofstra/Northwell**

The School of Medicine opened with its first class of 40 students in August 2011. The school was renamed in August 2017 as the Donald and Barbara Zucker School of Medicine at Hofstra/Northwell in

recognition of the Zucker family’s long-time and significant support of the next generation of health care professionals in medicine, research and nursing. The School of Medicine is a division of Hofstra University and is not a member of Northwell or of the Obligated Group. It is fully accredited by the Liaison Committee on Medical Education and by the NYS Department of Education. Northwell and Hofstra University have jointly developed the School of Medicine’s curriculum. Training involves a patient-centric approach, including case studies, team-based learning and hands-on care. In the 2017–2018 academic year, the School of Medicine reached its full enrollment of approximately 100 students in each year of training for a total student body of over 400 students, including a Medical Scientist Training Program that awards a dual M.D./Ph.D. degree. During the application process for the 2021 entering class, the School of Medicine received applications from over 6,093 applicants, of which 893 were selected for interviews and 336 were accepted. The entering class of 2021 comes from 58 undergraduate universities in 16 different states and has a median GPA of 3.82 and MCAT score of 517.

Northwell is obligated to reimburse Hofstra University a minimum of \$5 million each year for a portion of the School of Medicine’s annual academic year operating costs with amounts indexed to the School of Medicine’s tuition. Reimbursement payments are contingent upon annual approval by the boards of NHI and Hofstra University. For further information concerning Northwell’s commitments to the School of Medicine, see Note 14 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

### **Hofstra Northwell School of Nursing and Physician Assistant Studies**

The Hofstra Northwell School of Nursing and Physician Assistant Studies enrolled its inaugural class of 30 students in September 2015. As of March 2022, enrollment stands at 258 undergraduate and graduate nursing students, 385 physician assistant students and 22 students in a Master of Science program in cardiovascular science and perfusion medicine. Northwell hired 46 and 50 graduates of the Hofstra Northwell School of Nursing and Physician Studies Nurse Practitioner Program in 2020 and 2021, respectively.

### **Other Education Programs**

Northwell also provides many community education programs and sponsors 185 accredited medical, dental and podiatry residency and fellowship training programs, educating nearly 2,000 future practicing physicians each year. In addition, Northwell educates over 600 students annually from the School of Medicine as well as through its major medical school affiliations with Albert Einstein College of Medicine, New York University (“NYU”), The State University of New York (“SUNY”) Downstate, and New York Medical College, as well as other students from medical, dental and podiatric schools across the country and overseas. For the each of the past three years, Northwell has hired an average of 50 to 60 physicians who have completed residency or fellowship programs at Northwell hospitals.

### **Licensure and Accreditation**

Northwell’s hospitals and skilled nursing facilities are each licensed by NYSDOH and are currently accredited through The Joint Commission. The accreditations are typically renewed on a three-year basis and the renewal dates vary across the facilities. These facilities are also certified by the United States Department of Health and Human Services (“DHHS”) for participation in the Medicare and Medicaid programs.

### **Benefits to the Community**

Northwell strives to improve the health and quality of life of the people and communities it serves by providing high-quality service and patient-centered care. To fulfill its mission and meet its charitable

purpose, in 2020 Northwell contributed more than \$2.7 billion in community benefit programs and services or approximately 20% of Northwell's operating expenses, and was a significant leader in the region in COVID-19 response efforts. Northwell provides a broad array of community benefit programs, such as: improving access to health care services, including COVID-19 testing and vaccination clinics, and caring for the medically underserved; screenings and health fairs; community education and outreach; and support groups.

### **Financial Assistance Policy**

To further its mission of providing the highest quality of care to all patients, regardless of their ability to pay, Northwell offers care at reduced fees for individuals and families who lack insurance, or are underinsured, and cannot afford to pay out-of-pocket expenses. The centerpiece of this community health advocacy plan is a financial assistance policy (the "FAP") that establishes reduced fees for needy patients seeking medically necessary inpatient, outpatient, emergency, ancillary, ambulatory, primary or specialty care at Northwell facilities. The FAP also includes professional fees if the services are performed at a Northwell facility by employed physicians or other providers. Eligibility is based on income and family size and is available for families earning up to five times the Federal Poverty Level issued by DHHS. Individuals are also screened for Medicaid and other government-subsidized insurance programs such as Child Health Plus. The FAP exceeds the requirements for providing financial assistance to low-income, uninsured patients enacted by the NYS Legislature.

All medically necessary services are covered under the FAP. The FAP is communicated through multilingual signage throughout Northwell's facilities, multilingual educational brochures at key points of patient contact, the website, staff outreach and is noted on patient bills.

### **Risk Management and Commercial Insurance Program**

Oversight of Northwell's commercial insurance program and risk management services is centralized and provided by the Risk Management Department. This department has a staff of legal and insurance professionals who identify, evaluate, and mitigate risks within Northwell. The department has oversight of the commercial property and casualty insurance as well as self-insurance programs. It also reviews contracts for risk issues, administers property and casualty claims, recommends the purchase of insurance as needed, and consults with Northwell's insurance brokers, defense counsel, actuarial firms and third-party claims administrators.

Northwell maintains a portfolio of commercial insurance to transfer certain risks. The portfolio currently includes directors' and officers', employment practices liability insurance, fiduciary liability, umbrella, automobile liability, cyber/privacy insurance, crime, medical malpractice, aviation, pollution legal liability, statutory workers' compensation, and property insurance including boiler and machinery coverage. Northwell's property insurance program has an overall limit of over \$1 billion, including \$200 million for earthquake damage and \$300 million generally for flood damage; sub-limits apply for certain perils.

As the organization has grown, management has elected to self-insure certain types and/or layers of risk as an effective tool utilized by many companies Northwell's size. Management believes that the size of Northwell and the cost of certain types of insurance increase the need for, and efficiency of, self-insuring and self-administering the risk within certain layers and commercially insuring against catastrophic exposure. These currently include the primary medical malpractice self-insured retention of \$15 million per claim, including defense costs, total general liability retained risk of \$2 million per occurrence (\$1 million self-insured retention, \$1 million deductible) plus defense costs, a \$750,000 deductible on automobile liability, a \$500,000 deductible for most perils on automobile physical damage, and a \$1 million deductible on workers' compensation and/or employer's liability claims. The Risk Management Department works

closely with an independent actuary and its insurance broker to review Northwell's self-insured and/or retained risk programs on a regular basis.

The purchase of the various policies and limits and deductibles are adjusted in accordance with the current insurance market and exposures within Northwell. Formal loss control programs are in force to reduce loss throughout Northwell from a variety of risks such as injury to patients, damage to property and injury to employees.

In conjunction with the workers' compensation program, letters of credit have been, and may continue to be, issued by banks under reimbursement agreements with Northwell. All existing letters of credit and bank commitments under such reimbursement agreements are secured by Obligations issued pursuant to the Master Trust Indenture. For additional information, see Note 14 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

See Note 11 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement for further information concerning Northwell's professional liability and workers' compensation insurance programs and actuarial estimates relating to loss reserves.

### **Investment Policy**

The Investment Committee of Northwell monitors, in conjunction with its investment consultants and Northwell's Treasury Department, the investment performance of and provides the investment guidelines and investment policy for substantially all of Northwell's operating funds, retirement plans (including the Cash Balance Plan), self-insurance and other management designated funds, Regional Insurance Company Ltd. (Northwell's offshore captive malpractice insurance provider) and endowment funds. Independent firms manage the investment of all funds under the guidelines established by the Investment Committee. The Investment Committee, comprised of investment professionals, is a subcommittee of the Finance Committee, which reports to the Board of Trustees. The Investment Committee regularly reviews the asset allocation of these funds in relation to the cash flow requirements of the funds and reviews the performance of each professional investment manager compared against an appropriate benchmark index.

The goal of the portfolios' design, which factors in asset-liability analyses, is to generate adequate yield and growth while minimizing risk and volatility for the portfolios' time horizons. The Investment Committee periodically reviews the asset allocations relative to long-term capital market expectations and the liquidity needs of the portfolios relative to their time horizons and may change the target allocations outlined below from time to time.

As of December 31, 2021, the target asset allocation (including operating cash) for the operating fund (the "General Fund") was 5% cash, 45.15% public fixed income, 37.6% public equity, and 12.25% funds of hedge funds. The long-term target asset allocation for the self-insurance funds as of December 31, 2021, was 0.25% cash, 27.75% public fixed income, 41% public equity, and 31% alternative investments (including 14% funds of hedge funds, 12% private equity/private real estate, and 5% private credit). The self-insurance pool is a combination of designated self-insurance assets and Regional Insurance Company Ltd.'s portfolio (which has a target allocation similar to the General Fund).

As of December 31, 2021, the Northwell endowment's long-term target asset allocation was 0.25% cash, 13.75% public fixed income, 41% public equity, 45% alternative investments (including 16% funds of hedge funds, 24% private equity/private real estate, and 5% private credit).

Northwell's retirement plans are monitored for compliance with ERISA. The asset allocation targets for Northwell's Cash Balance Plan are intended to reflect the plan's liability characteristics. As of December 31, 2021, the long-term target asset allocation for the Cash Balance Plan is 1% cash, 29.5% public fixed income, 24.5% public equity, 45.0% alternative investments (including 16% funds of hedge funds, 24% private equity/private real estate, and 5% private credit).

### **Future Capital Expenditures and Strategic Investments**

Northwell currently plans for capital improvements and strategic investments on a two-year basis with periodic updates. Northwell's current plan covers the 2022–2023 period and anticipates aggregate expenditures of \$1.25 billion per year over that time period for new and replacement equipment, information technology, major capital projects and investments in joint ventures and other strategic initiatives. Capital expenditures equate to approximately 188% of Northwell's projected depreciation over the 2022–2023 period. It is currently anticipated that total planned investments will be funded approximately 38% from operations, 5% from donations and grants, and 57% from debt, including the proceeds of the Bonds and unexpended funds from other outstanding debt. Management continually monitors the allocation of capital to projects in light of both operational and strategic priorities.

Northwell may continue its practice of bridging donor-funded projects with committed bank revolving credits and using leases primarily for equipment subject to rapidly changing technology and for securing space in locations outside of its owned facilities. See "Management's Discussion and Analysis of Recent Financial Performance" herein for a discussion of annual capital expenditures.

Management may explore certain tax-exempt and taxable financing opportunities in the future to the extent such financings are permissible under the additional indebtedness restrictions set forth in the Master Trust Indenture. See "Appendix F – FORM OF MASTER TRUST INDENTURE" to this Official Statement for information regarding limitations on the Obligated Group's ability to incur additional indebtedness.

Management routinely monitors the commencement of capital projects, and the aggregate level of expenditures, mix of funding sources and issuance of new debt may change based on market conditions and other relevant factors. Management anticipates making the full range of capital investments described above only if funds available from donations and cash generated from operations are sufficient to support such expenditures or debt is incurred to finance those expenditures.

### **Governance**

The Board of Trustees of each member of Northwell is comprised of substantially identical membership, with the exception of HH, which has a separate governing body. HH has a Board of Directors with a composition separate from the other Members of the Obligated Group, but the directors of HH are elected by and can be removed by HCI.\*

Each Member of the Obligated Group is a separate New York not-for-profit corporation governed by its own Board of Trustees (Board of Directors for HH). The CEO of NHI is a member of the Board of each Member of the Obligated Group.

The following is a list of the members of the Boards of Trustees of NHI, HCI and each Member of the Obligated Group (excluding HH), including their business affiliations/occupations, as of March 2022.

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\* A member of the HH Board of Directors is affiliated with American Veterans Group, PBC, which is serving as one of the underwriters for the Bonds.

<b>Board Member</b>	<b>Affiliation/Occupation</b>
Roger A. Blumencranz	Managing Director, NFP Corp.
Michael Caridi	President, VG Enterprises Management Group
Mark L. Claster	President, Carl Marks & Co, Inc.
Gary A. Cohen	Retired General Manager, IBM - Global Communications Sector
Margaret M. Crotty	President and CEO, John Snow, Inc. (“JSI”) and World Education
Michael J. Dowling	President and CEO, Northwell
Michael A. Epstein, Chairman	Partner, Weil, Gotshal & Manges, LLP
Michael E. Feldman	Retired Partner, Proskauer Rose LLP
Michael Fisch	CEO, American Securities LLC
Catherine C. Foster	Faculty Member at Mailman School of Public Health, Columbia University
L. Keith Friedlander	Managing Director, Acrisure, LLC
Clifford Friedman	Raptor Group Holdings/Cold Spring Harbor Ventures
Lloyd M. Goldman	President, BLDG Management Company
Richard D. Goldstein	Chairman and CEO, AEP Capital LLC
Alan I. Greene	Managing Director, The Greene Group, Neuberger Berman Investment Advisors, LLC
Paul B. Guenther	Retired, Former President, PaineWebber Group, Inc.
Elizabeth "Beth" Hammack	Co-Head of the Global Financing Group , Goldman Sachs Investment Banking Division
Douglas W. Hammond	Chairman & CEO, NFP Corp.
Saul B. Katz	President and Chief Operating Officer, Sterling Equities, Inc.
Cary Kravet	President, Kravet, Inc.
Jeffrey B. Lane	Partner, YorkBridge Wealth Partners
Seth B. Lipsay	CEO, Galaxy Realty Capital, LLC
Richard J. Mack	CEO, Founder, Mack Real Estate Group
William L. Mack	Chairman and Founder, Mack Real Estate Group and President, The Mack Company
F.J. McCarthy	President, Site Selection Advisory Group, Inc.
Ralph A. Nappi	Executive Vice Chairman, Board of Trustees, Northwell
Sharon "Sherry" Patterson	Real Estate Broker, Edwin Fishel Tuccio Real Estate
Lewis S. Ranieri	Chairman and CEO, Ranieri & Co., Inc.; Founder and Chairman, Ranieri Partners Management, LLC
Scott Rechler	Chairman & CEO, RXR Realty LLC
Robert D. Rosenthal	Chairman and CEO, First Long Island Investors, LLC
Barry Rubenstein	Managing Partner, Wheatley Partners
Michael I. Schwartz	Retired, Former Principal and Portfolio Manager, Taconic Capital Advisors LP
Michael S. Smith	Chairman, CEO & Founder, Blue Spruce Capital
Leo Sternlicht	President, Riverhead Motors, dba Riverhead Ford Lincoln Buick GMC



<b>Board Member</b>	<b>Affiliation/Occupation</b>
Kenneth Taber	Partner, Pillsbury Winthrop Shaw Pittman, LLP
Benjamin B. Tucker	Tenured Professor, Pace University; Professor, Fordham University; Retired First Deputy Commissioner, New York City Police Department
Emmett F. Walker, Jr.	President and CEO, Walker SCM, LLC
Donald Zucker	Chairman of the Board, Donald Zucker Company
Roy J. Zuckerberg	Senior Director, Goldman Sachs Group, Inc.

## **Executive Management**

Biographies of the senior executive staff of NHI, HCI and the Members of the Obligated Group (other than HH) follow below. For purposes of these biographies, references to the Members of the Obligated Group do not include HH unless expressly stated otherwise. HH has an executive staff different from that of the other Members of the Obligated Group, although the HH executive staff has a direct reporting relationship to the executive staff of NHI, and the NHI Chief Financial Officer and Chief General Counsel serve in similar positions at HH.

**Michael J. Dowling**, age 72, *President, Chief Executive Officer and Board Member of NHI, HCI, and of each Member of the Obligated Group.* Prior to becoming President and CEO in 2002, Mr. Dowling was the health system’s Executive Vice President and Chief Operating Officer. Before joining Northwell in 1995, he was a Senior Vice President at Empire Blue Cross/Blue Shield.

Mr. Dowling served in NYS government for 12 years, including seven years as State director of Health, Education and Human Services and deputy secretary to the governor. He was also commissioner of the New York State Department of Social Services (“DSS”).

Before his public service career, Mr. Dowling was a professor of social policy and an assistant dean at the Fordham University Graduate School of Social Services, and director of the Fordham campus in Westchester County.

Mr. Dowling has been honored with many awards over the years. They include: his selection as the Grand Marshal of the 2017 St. Patrick’s Day Parade in New York City, induction into the *Irish America* Hall of Fame, the 2012 B’nai B’rith National Healthcare Award, the 2011 Gail L. Warden Leadership Excellence Award from the National Center for Healthcare Leadership, the 2011 CEO Information Technology Award from *Modern Healthcare* magazine and the Healthcare Information and Management Systems Society, the National Human Relations Award from the American Jewish Committee, the Ellis Island Medal of Honor, the Distinguished Public Service Award from the SUNY’s Nelson A. Rockefeller College of Public Affairs and Policy, an Outstanding Public Service Award from the Mental Health Association of NYS, an Outstanding Public Service Award from the Mental Health Association of Nassau County, the Alfred E. Smith Award from the American Society for Public Administration, and the Gold Medal from the American Irish Historical Society. For 10 consecutive years, *Modern Healthcare* has ranked Mr. Dowling on its annual list of the “100 Most Powerful People in Healthcare.” In March 2016, Mr. Dowling was also listed number one on the *Long Island Press* 2015 “Power List” recognizing the 50 most-influential Long Islanders. In 2020, Mr. Dowling received the Deming Cup from the Columbia School of Business and was ranked No. 2 on *Modern Healthcare’s* 100 Most Influential People in Healthcare, his highest ranking in 13 years appearing on the list. Additional awards include the Foreign Policy Association Medal, which is the highest honor bestowed by the organization. He was also ranked No. 44 among large company CEOs in the US and was the nation’s top-ranking health care/hospital CEO on Glassdoor’s Top CEOs in 2019 list.

Mr. Dowling is past chair of the Healthcare Institute and current chair of the Institute for Healthcare Improvement. He is a member of the Institute of Medicine of the National Academies of Sciences and the North American Board of the Smurfit School of Business at University College, Dublin, Ireland. He also serves as a board member of the Long Island Association. He is past chair and a current board member of the National Center for Healthcare Leadership, the Greater New York Hospital Association, the Healthcare Association of New York State (“HANYS”) and the League of Voluntary Hospitals of New York. Mr. Dowling was an instructor at the Center for Continuing Professional Education at the Harvard School of Public Health.

Mr. Dowling grew up in County Limerick, Ireland. He earned his undergraduate degree from University College, Cork, Ireland, and his Master’s Degree from Fordham University. He also has honorary doctorates from University College, Dublin, Hofstra University, Dowling College, Fordham University, and Queens University Belfast.

**Mark J. Solazzo**, age 63, *President, Strategic Initiatives and Chief Operating Officer of NHI, HCI and of each Member of the Obligated Group*. Prior to his appointment as Chief Operating Officer in 2005, Mr. Solazzo served as Chief of Staff and Chief Administrative Officer to Northwell’s President and CEO. In that position, he worked with senior leadership to successfully implement Northwell’s strategic objectives, providing management oversight for the development of cost-effective and integrated programs to ensure the operational and strategic success of the organization. He was also accountable for government relations, and managed Northwell’s emergency preparedness efforts and special projects for the Center for Emergency Medical Services and other core divisions.

Before joining Northwell in 1995, Mr. Solazzo held a number of senior-level positions within DSS, where he oversaw health and social services issues for 15 years. During his tenure there, he was responsible for the state’s Child Assistance Program which earned him Harvard University’s Innovations in Government Award. Mr. Solazzo culminated his work at DSS as director of the Bureau of Management and Administrative Support.

Mr. Solazzo is a member of the American College of Healthcare Executives, HANYS Solutions Board of Directors, Healthcare Institute, Inc., The Health Management Academy, Formative Health Board of Directors, CLNY Alliance Board of Directors, the Healthcare Association of NYS, the Laudio Strategic Advisory Group, the American Hospital Association Health Systems Executive Vice President / Chief Operating Officers Strategic Leadership Group, and is a Knight of the Sacred Military Constantinian Order of St. George.

Mr. Solazzo earned an undergraduate degree from Fordham University, studied at Albany Medical College, and received a Master of Business Administration (“MBA”) with a specialization in health systems management from Union College, Schenectady, NY.

**David L. Battinelli, MD**, age 65, *Executive Vice President & Physician-in-Chief*. Dr. Battinelli is physician-in-chief on all clinical, research and education issues. Dr. Battinelli assumed this role in 2021 following a transition from his position as chief medical officer in which he was responsible for the overall professional management of clinical, education, research and operational issues related to medical and clinical affairs. In the past, he has served as Northwell’s chief academic officer and senior vice president of academic affairs, in charge of all undergraduate and graduate educational programs, all continuing medical education, and academic affairs and institutional relationships.

Dr. Battinelli is Vice Dean for Education and the Betsy Cushing Whitney Professor of Medicine at the School of Medicine.

A board-certified internist, Dr. Battinelli came to Northwell from Boston Medical Center (“BMC”) where he served as vice chairman for education, program director, internal medicine residency program and professor of medicine at Boston University School of Medicine. He was also an active staff physician at BMC and the Boston Veterans Administration.

Dr. Battinelli is a past president of the Association of Program Directors in Internal Medicine. He has worked closely with and served on numerous committees for a variety of national medical organizations including the Alliance for Academic Internal Medicine, American Board of Internal Medicine, American College of Physicians, and the Accreditation Committee on Graduate Medical Education, among others.

Dr. Battinelli earned his medical degree from the University of Medicine and Dentistry, Newark, NJ, and a Bachelor of Science degree from the University of Scranton, Scranton, PA.

**Michele L. Cusack**, age 50, *Senior Vice President and Chief Financial Officer*. Ms. Cusack joined Northwell in 1996 and became Senior Vice President and Chief Financial Officer in 2018. Ms. Cusack has responsibility for and oversight of various corporate financial operations including financial reporting, budgeting, cash management, tax management, risk management and other financial functions that collaborate with revenue cycle, managed care, and operational teams across the organization to achieve the strategic goals of the organization. She serves as management liaison to the Finance and Audit Committees of the Board of Trustees and is a member of the Dean’s Advisory Board of the Hofstra University Frank G. Zarb School of Business and Board Member for the Girl Scouts of Nassau County.

Ms. Cusack is a Certified Public Accountant and earned Master of Business Administration and Bachelor of Business Administration degrees from Hofstra University. Prior to joining Northwell, she worked at Deloitte & Touche LLP.

**Richard T. Miller**, age 62, *Executive Vice President, Chief Business Strategy Officer*. Mr. Miller is responsible for oversight of finance, revenue cycle, and revenue integrity functions.

Mr. Miller serves on external boards and advisory committees and chairs the Healthfirst Finance Committee.

Mr. Miller joined Northwell in 2008 as Vice President, Financial Planning, before assuming the position of senior vice president in 2013. Prior to Northwell, Mr. Miller was Chief Financial Officer for NYU Hospitals Center from 2001 to 2008. He previously was Vice President, Finance, for NYU Hospitals Center and the Hospital for Joint Diseases.

Holding an MBA from the Stern School of Business at NYU and a BBA from Bernard Baruch College, Mr. Miller previously served on the faculty of St. Joseph’s College, New York, where he taught a graduate course on health care finance.

**Joseph Moscola, PA, MBA**, age 44, *Executive Vice President, Enterprise Services*. Mr. Moscola leads several critical functions that drive the organization and the care our team members provide, including human resources, information technology, facilities and construction, real estate, management of \$2.5 billion in capital every two years and shared services administration. In addition, he will be responsible for leading strategic business initiatives that are driving new revenue streams for the health system, including FlexStaff and Northwell Direct.

Previously, Mr. Moscola served as chief people officer and drove the creation and successful launch of our employee promise, refreshed values, and the Northwell Career Experience. He led the team responsible for Northwell being awarded, for the first time, as a *Fortune* 100 Best Company to Work in

2020, placing Northwell at #19 in 2021, as well as numerous distinctions for Equity, Diversity and Inclusion.

Mr. Moscola joined Northwell in 2003 where he began his career as a physician assistant in cardiothoracic surgery. He later transitioned to an administrative career, serving as administrative director for neuroscience at SSUH, and then senior administrative director of neurology and neurosurgery at LIJMC. He also previously served as Senior Vice President and Executive Director of Ambulatory Operations where he oversaw the \$1.1 billion ambulatory operation, working with clinical and administrative service line leadership, Physician Partners and clinical joint ventures.

Holding a Bachelor of Science degree from St. John's University, Mr. Moscola went on to receive a physician assistant certificate from Catholic Medical Centers-Bayley Seton Campus. He later earned an MBA from Adelphi University and is a Fellow of the Health Management Academy.

Mr. Moscola serves on the Board of Directors for Farmingdale State College and Nassau Community College along with the National Center for Healthcare Leadership, and he is a trustee of the 1199 Pension Fund serving employees for the New York Region.

**Maxine Carrington**, age 45, *Senior Vice President and Chief People Officer*. Ms. Carrington is the Chief People Officer for Northwell. In her role, she leads the people strategy for the 78,000-team member organization in support of its mission and strategic direction. She has been with Northwell since 2008, has served in progressively responsible leadership roles, and was appointed to her current role in 2021. Prior to Northwell, Ms. Carrington was a manager and attorney with the New York City Mayor's Office of Labor Relations.

Ms. Carrington an instructor with the Center for Learning & Innovation, Northwell's corporate university, and serves as a co-sponsor of the organization's business employee resource groups. She is also a trustee of the 1199 Pension Fund serving employees for the New York region and serves on the board of the Interfaith Nutrition Network ("The INN"), a not-for-profit organization which provides essential services to assist those challenged by hunger, homelessness, and poverty.

Ms. Carrington holds a bachelor's degree in Political Science and Africana Studies and a master's degree in Educational Administration and Policy Studies from the University at Albany in New York. She obtained her juris doctor degree from New York Law School. She is a graduate of Northwell's High Potential Leadership Development Program, a prestigious succession preparation and leadership development program and is currently enrolled in the Health Management Academy's GE Fellows Program. Her recognitions include the *Human Resource Executive Magazine's* Rising Star in HR award, *Crain's New York Business'* Notables in Healthcare list, and *Modern Healthcare's* 2022 Top 25 Women in Healthcare.

**Konstantine "Gus" Costalas**, age 47, *Senior Vice President Managed Care*. Mr. Costalas was appointed Senior Vice President Managed Care in 2017 and is responsible for developing strategies to initiate and secure value-based care insurance contracts, as well as manage the overall revenue strategy for hospital, physician, and ancillary services of Northwell.

Mr. Costalas returned to managed care after serving as deputy associate executive director of Lenox and regional chief financial officer of Northwell's Northwest Region, which encompasses Manhattan and Westchester. In those roles, he managed the day-to-day clinical and administrative operations of Lenox and financial operations for the five facilities in the region with more than \$1.5 billion in operating expense.

Mr. Costalas joined Lenox after serving as vice president of Managed Care contracting, where he oversaw \$4 billion in hospital, physician and ancillary contracts and assisted in developing a long-term system revenue strategy and growth plan for the health system. He began his career at Northwell's corporate financial office in 1996 as a budget and revenue analyst. He continued his career in corporate finance, serving in various roles, including director of financial reporting and revenue.

Holding a bachelor's degree from St. John's University and an MBA in Health Care Administration from Baruch College, Mr. Costalas completed a six-month administrative internship at Long Island Jewish Valley Stream.

**Laurence Kraemer, JD, LLM**, age 65, *Senior Vice President Chief General Counsel*. Mr. Kraemer became Chief General Counsel in August 2017, providing legal and strategic counsel to all of the Northwell entities. He has been with the Northwell Legal Affairs Department for the past fifteen years, where he has led the corporate, mergers and acquisitions, physician transactions and tax teams. He came to Northwell from Deloitte & Touche LLP, where he led the Deloitte Northeast Healthcare, Colleges and Universities, and Exempt Organizations Tax Practice. He began his legal career as an associate at Hayt, Hayt & Landau, in Great Neck, New York.

Mr. Kraemer earned a law degree from Boston University School of Law, an LLM from NYU School of Law, and a bachelor's degree from Rutgers College.

**Donna Drummond**, age 61, *Senior Vice President Chief Expense Officer & Chief Sustainability Officer*. As Senior Vice President and Chief Expense Officer, Ms. Drummond collaborates with Northwell's clinical and administrative leadership to identify opportunities to become more efficient, leveraging her expertise in expense management and analytics to reduce waste and unwarranted variation, and eliminate excess cost. She also works to improve clinical standardization.

Ms. Drummond leads True North Enterprises, the organization that includes the Vivo Health pharmacies, as well as the health system's central sterile facility in Bethpage, the Northwell Health Alliance group purchasing organization and Centralized Biomedical Services.

As Chief Sustainability Officer, Ms. Drummond works to promote employing responsible environmental business practices and programs to help Northwell to reduce consumption, greenhouse gas emissions and waste generation. She works closely with leaders and teams across the organization to identify opportunities to accelerate Northwell's progress in sustainability. These include becoming more efficient, further reducing our carbon footprint, enhancing the sustainability of our supply chain, adopting additional "green" energy solutions at our facilities, advancing our recycling programs, streamlining vehicle transportation, and minimizing our use of water and other natural resources. She will also partner closely with Human Resources to ensure these efforts are aligned and integrated with the organization's CSR framework.

A certified public accountant, Ms. Drummond joined Northwell in 2002 as vice president, material support services. In that role, she established a financial reporting and analysis team to execute a proactive procurement strategy of continuous improvement and increased support. In addition, in managing accounts payable, she implemented processes to enhance the monitoring and reduction of expenses.

Ms. Drummond was previously associate executive director of nonclinical services at Northwell's tertiary campuses. Before coming to Northwell, she held a number of positions with J.P. Morgan & Co., Inc. where she worked for 15 years. Prior to that, she was employed by Deloitte, Haskins & Sells.

Ms. Drummond holds a bachelor's degree in accounting from St. John's University.

**Jeffrey A. Kraut**, age 66, *Executive Vice President, Strategy of HCI, NHI and of each Member of the Obligated Group*. Mr. Kraut is responsible for coordinating the strategic planning activities of Northwell, as well as the development of its network of providers through merger, acquisition, or affiliated relationships. He also manages Northwell's governance activities and serves as Associate Dean for Strategic Planning in the School of Medicine. He serves on the board of Northwell Ventures and represents Northwell on the boards of Cognixion, an augmented assisted reality company serving users with communication disabilities. Prior to the merger of North Shore Health System and LIJMC, Mr. Kraut served as the LIJMC Vice President for Strategic Planning. Mr. Kraut joined LIJMC in 1994.

Mr. Kraut was formerly the Vice President for Planning and Policy at the SUNY Health Sciences Center at Brooklyn ("Downstate Medical Center") and served as a manager of the Health Care Strategy Development Group at KPMG Peat Marwick and as Vice President at RMR Health Management Consultants, Inc.

Mr. Kraut has focused on developing and shaping statewide health policy as Chair of the Public Health and Health Planning Council which oversees public health, health planning, regulatory and Certificate of Need activities in NYS. He has also led complex multi-stakeholder regional planning efforts on behalf of safety net providers and the communities they serve.

Mr. Kraut is a board member of the New York eHealth Collaborative, the entity responsible to coordinate the development of the NYS Health Information Network and served as vice chair of Healthix, New York's largest regional health information organization. He has also served as a board member of the American Hospital Association's Society for Healthcare Strategy and Market Development where he is the 2017 recipient of its Leadership Excellence Award. He is a Fellow of the New York Academy of Medicine, a board member of the Nassau-Suffolk Hospital Council, and has served on the Standards Council of the Commission on Accreditation on Healthcare Management Education

Mr. Kraut is also involved in regional economic development and community building activities as a board member of the Long Island Regional Planning Council and The Brookville Center for Children Services where he serves as its President. Mr. Kraut also serves as a health policy advisor to ERASE Racism and is a member of the Energeia Partnership which is dedicated to achieving social equity through regional private/public partnerships.

Mr. Kraut received an MBA from the Baruch College - Mount Sinai School of Medicine of the City University of New York. He received his Bachelor of Arts degree from SUNY Stony Brook.

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## Utilization Statistics and Payer Mix

As Northwell's continuing disclosure obligations in connection with its outstanding bonds require disclosure of utilization statistics and payer mix information on an Obligated Group basis, the following information is presented for the Members of the Obligated Group only.

### Utilization Statistics for the Obligated Group

	Year Ended December 31,		
	<u>2019</u>	<u>2020</u> <sup>(3)</sup>	<u>2021</u> <sup>(3)</sup>
<u>Inpatient</u>			
Discharges (excl. Nursery)	261,120	221,614	243,892
Patient Days (excl. Nursery)	1,458,686	1,296,149	1,428,487
Average Length of Stay (in Days)	5.59	5.85	5.86
Average Daily Census	3,996	3,541	3,914
Licensed Beds (excl. Nursery)	5,260	5,250	5,246
Beds Available (excl. Nursery) <sup>(1)</sup>	4,471	4,779	4,522
Occupancy Percentage <sup>(1)</sup>	89.2%	75.3%	84.8%
Normal Newborn Discharges	25,345	24,325	25,343
Total Discharges	286,465	245,939	269,235
<u>Outpatient</u>			
Emergency Room Visits <sup>(2)</sup>	568,242	445,759	548,975
Emergency Room Admissions <sup>(2)</sup>	169,492	146,810	161,660
Total Emergency Room Encounters	737,734	592,569	710,635
Health Center Visits	810,999	592,200	617,990
Ambulatory Surgery Visits	140,625	103,340	129,810
Home Care Admissions	46,620	41,621	35,664
Other Outpatient Visits and Encounters	1,321,520	1,029,212	1,317,101

<sup>(1)</sup> Beds Available, which vary primarily based upon need, are reported as the number of beds at the end of each reporting period. Occupancy Percentage is calculated using the average beds available for the reporting period.

<sup>(2)</sup> Includes observation room.

<sup>(3)</sup> Management attributes decreases in utilization statistics for the years ended December 31, 2020 and 2021 to the disruption and deferral of elective surgeries and non-emergent medical treatments and procedures resulting from the global outbreak of COVID-19. Throughout 2021, patient volume continued to recover; however, certain services remain at levels lower than pre-COVID-19.

## Payer Mix for the Obligated Group

*Based on Percent of Gross Revenue (Inpatient and Outpatient)*

	Year Ended December 31,		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Medicare</b> <sup>(1)</sup>	44%	44%	45%
<b>Medicaid</b> <sup>(2)</sup>	21%	22%	22%
<b>Commercial</b>	30%	30%	29%
<b>Self Pay</b>	2%	1%	1%
<b>Other</b>	3%	3%	3%
<b>Total</b>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(1) Includes Medicare Managed Care.

(2) Includes Medicaid Managed Care.

### Consolidated Statements of Operations

The following consolidated statements of operations for the years ended December 31, 2019, 2020 and 2021 have been derived from the consolidated financial statements of Northwell, which have been audited by Ernst & Young LLP. The December 31, 2020 and 2021 data should be read in conjunction with the Audited Consolidated Financial Statements included in Appendix B to this Official Statement and “Management’s Discussion and Analysis of Recent Financial Performance” herein. **The following consolidated statements of operations include results from the operations of the Other Northwell Entities. The Other Northwell Entities are not Members of the Obligated Group and, therefore, are neither obligated under the Master Trust Indenture nor responsible for payment of the debt service on the Bonds.**

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**Northwell**  
**Consolidated Statements of Operations**

(In Thousands)

	Year ended December 31,		
	2019	2020	2021
Operating revenue:			
Net patient service revenue	\$ 9,500,259	\$ 9,081,218	\$ 10,523,685
Physician practice revenue	2,093,076	2,055,320	2,636,603
Total patient revenue	11,593,335	11,136,538	13,160,288
CARES Act Provider Relief Fund revenue	-	1,209,679	48,575
Other operating revenue	833,653	1,020,400	1,282,058
Net assets released from restrictions used for operations	60,279	63,846	53,820
	<u>12,487,267</u>	<u>13,430,463</u>	<u>14,544,741</u>
Operating expenses:			
Salaries	6,410,803	7,021,865	7,421,436
Employee benefits	1,446,365	1,592,007	1,630,753
Supplies and expenses	3,788,695	4,167,383	4,571,121
Depreciation and amortization	510,653	540,960	588,022
Interest	152,444	160,948	156,053
	<u>12,308,960</u>	<u>13,483,163</u>	<u>14,367,385</u>
Excess (deficiency) of operating revenue over operating expenses, excluding Health Insurance Companies	178,307	(52,700)	177,356
Health Insurance Companies excess of operating revenue over operating expenses	10,067	26,285	295
Total excess (deficiency) of operating revenue over operating expenses	<u>188,374</u>	<u>(26,415)</u>	<u>177,651</u>
Non-operating gains and losses:			
Investment income	171,744	186,311	460,495
Change in net unrealized gains and losses and change in value of equity method investments	401,110	526,009	16,387
Change in fair value of interest rate swap agreements designated as derivative instruments	(464)	(283)	700
Non-operating net periodic benefit (cost) credit	(57,579)	895	33,152
Loss on refunding of long-term debt	(519)	-	-
Other non-operating gains and losses	(30,906)	123,364	162,741
Total non-operating gains and losses	<u>483,386</u>	<u>836,296</u>	<u>673,475</u>
Excess of revenue and gains and losses over expenses	<u>\$ 671,760</u>	<u>\$ 809,881</u>	<u>\$ 851,126</u>

## **Consolidated Statements of Financial Position**

The following consolidated statements of financial position of Northwell as of December 31, 2019, 2020 and 2021 have been derived from the consolidated financial statements of Northwell, which have been audited by Ernst & Young LLP. The December 31, 2020 and 2021 data should be read in conjunction with the Audited Consolidated Financial Statements included in Appendix B to this Official Statement and “Management’s Discussion and Analysis of Recent Financial Performance” herein. **The following consolidated statements of financial position include the financial position of the Other Northwell Entities. The Other Northwell Entities are not Members of the Obligated Group and, therefore, are neither obligated under the Master Trust Indenture nor responsible for payment of the debt service on the Bonds.**

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**Northwell**  
**Consolidated Statements of Financial Position**  
(In Thousands)

	<b>December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 535,619	\$ 830,955	\$ 578,168
Short-term investments	2,931,431	3,619,297	4,376,827
Accounts receivable for services to patients, net	1,285,542	1,276,235	1,568,340
Accounts receivable for physician activities, net	255,893	271,784	309,853
Current portion of pledges receivable	47,316	51,076	54,323
Current portion of insurance claims receivable	44,256	45,232	43,435
Other current assets	349,832	498,422	448,807
Total current assets	5,449,889	6,593,001	7,379,753
Long-term investments	2,532,060	3,970,226	3,833,609
Pledges receivable, net of current portion	99,971	100,339	127,099
Property, plant and equipment, net	5,548,317	5,858,662	6,246,810
Right-of-use assets – operating leases	959,622	942,817	1,000,823
Insurance claims receivable, net of current portion	151,214	136,067	116,149
Other assets	415,610	466,603	743,368
Total assets	<u>\$ 15,156,683</u>	<u>\$ 18,067,715</u>	<u>\$ 19,447,611</u>
<b>Liabilities and net assets</b>			
Current liabilities:			
Short-term borrowings	\$ 95,000	\$ 95,000	\$ 409,310
Accounts payable and accrued expenses	989,611	1,082,632	1,170,463
Accrued salaries and related benefits	984,572	1,327,075	1,403,304
Current portion of operating lease obligations	118,163	132,289	133,350
Current portion of finance lease obligations	7,263	7,995	6,415
Current portion of long-term debt	56,950	58,924	64,413
Current portion of insurance claims liability	44,256	45,232	43,435
Current portion of malpractice and other insurance liabilities	184,506	187,777	192,792
Current portion of Medicare advances	-	374,408	632,168
Current portion of estimated payables to third-party payers	338,251	306,581	330,229
Total current liabilities	2,818,572	3,617,913	4,385,879
Accrued retirement benefits, net of current portion	646,738	755,697	648,799
Operating lease obligations, net of current portion	869,879	845,642	891,756
Finance lease obligations, net of current portion	227,819	250,069	244,551
Long-term debt, net of current portion	3,715,934	3,650,825	3,579,927
Insurance claims liability, net of current portion	151,214	136,067	116,149
Malpractice and other insurance liabilities, net of current portion	1,336,641	1,601,430	1,817,495
Medicare advances, net of current portion	-	655,821	3,622
Other long-term liabilities	634,490	908,630	967,134
Total liabilities	<u>10,401,287</u>	<u>12,422,094</u>	<u>12,655,312</u>
Commitments and contingencies			
Net assets:			
Without donor restrictions	4,063,674	4,861,852	5,871,294
With donor restrictions	691,722	783,769	921,005
Total net assets	<u>4,755,396</u>	<u>5,645,621</u>	<u>6,792,299</u>
Total liabilities and net assets	<u>\$ 15,156,683</u>	<u>\$ 18,067,715</u>	<u>\$ 19,447,611</u>

## **Management’s Discussion and Analysis of Recent Financial Performance**

Management’s Discussion and Analysis of Recent Financial Performance contains “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Northwell expressly disclaims any obligation or undertaking to issue any updates or revisions to those forward-looking statements if or when their expectations change, or events, conditions or circumstances on which such statements are based occur.

Management’s Discussion and Analysis of Recent Financial Performance is based upon the consolidated financial results of Northwell. The Members of the Obligated Group represented 80.7% of the total consolidated operating revenue and 83.6% of the total consolidated assets of Northwell for the year ended and as of December 31, 2021. Accordingly, the discussion below includes the financial results of entities that are not Members of the Obligated Group. Refer to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement for the consolidating and combining schedules of Northwell and the Obligated Group.

As a result of Northwell’s 2017 decision to exit the health insurance business, the net operating results of North Shore-LIJ Health Plan, Inc. and CareConnect Insurance Company, Inc. (collectively, the “Health Insurance Companies”) from the wind down of operations are separately reported within the consolidated statements of operations for the years ended December 31, 2021 and 2020 in the Audited Consolidated Financial Statements included in Appendix B to this Official Statement, below the operating results from Northwell’s continuing operations. Refer to Note 1 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement for additional information regarding the Health Insurance Companies.

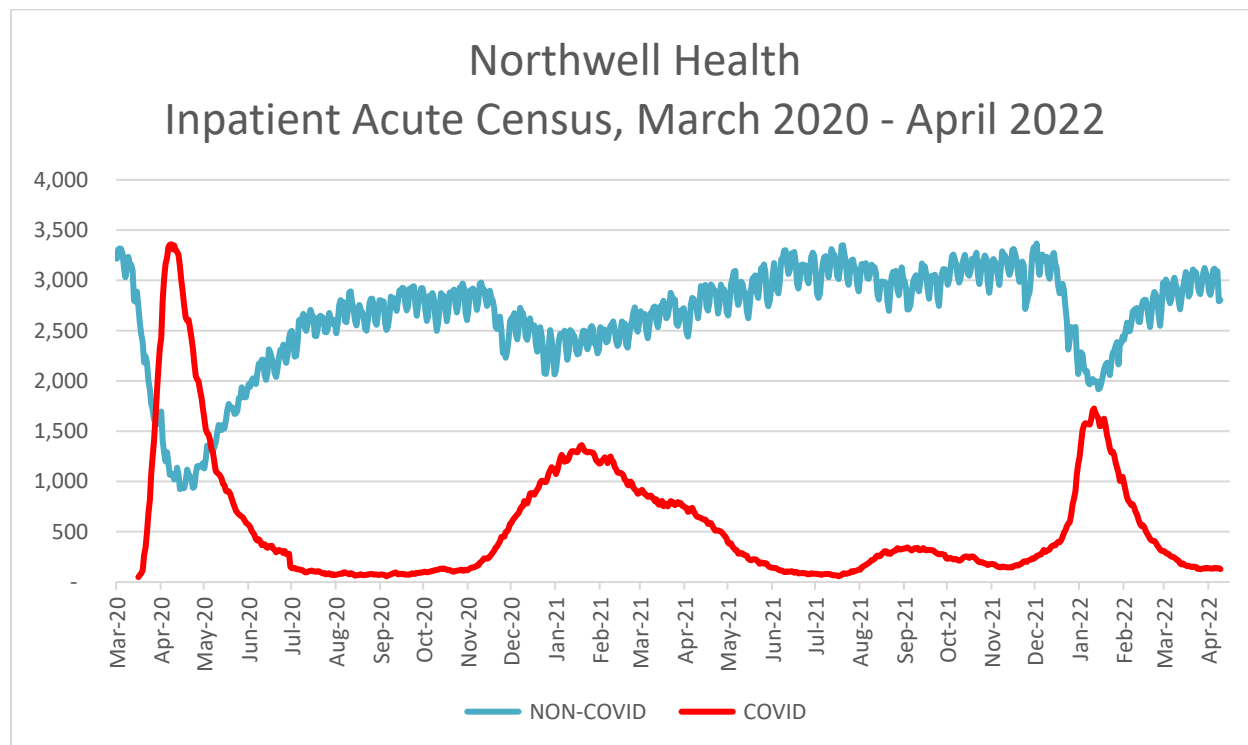
### ***COVID-19 Impact***

The global outbreak of COVID-19 has caused numerous and varied medical, economic and social impacts. These impacts have included widespread business and school closures and event cancellations, high unemployment and other economic and societal effects resulting from the national response to the COVID-19 crisis. There have been adverse effects on Northwell’s operations and financial condition, beginning in March 2020 and continuing into 2021 and 2022 as a result of the pandemic, including increased labor and non-labor expenses related to clinical care, reductions in patient volume and incremental costs in response to the crisis. The recovery of patient volume began in late May 2020 after the first COVID-19 surge in Northwell’s service area. Subsequent COVID-19 surges have impacted the recovery and continue to affect Northwell’s operations. Unlike the first COVID-19 surge that began in March 2020, subsequent surges did not result in NYS executive orders prohibiting elective or non-emergent medical services. Patient volume continues to recover, however, certain services are currently at levels lower than pre-COVID-19. The financial impact of the COVID-19 pandemic on Northwell will ultimately be dependent on the duration of the pandemic, the severity of COVID-19 resurgences, the pace of economic activity and continued recovery in providing non-COVID-19 related services to patients, and the ultimate amount of federal and other relief funding received.

As the largest health system in New York with hospitals, ambulatory centers, physician offices and long-term care facilities located throughout the New York City metropolitan area, Northwell has played an

integral role in partnering with the NYS, community organizations, and other health systems in planning and responding to the crisis and in the recovery from it.

Northwell was one of the first private clinical laboratories approved by NYS and the federal government to conduct COVID-19 diagnostic testing and has been involved in fourteen COVID-19 related clinical studies, including studies related to COVID-19 treatments and vaccines. In partnership with NYS, Northwell has also developed and executed COVID-19 testing and vaccine distribution plans in numerous locations throughout its service area and has provided free testing and vaccinations in many medically underserved communities.



Individual Northwell entities received grants from the federal Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) Provider Relief Fund (the “Provider Relief Fund”) based on various criteria, and under current guidelines issued by DHHS, these funds can be used to cover certain COVID-19 related costs and revenue losses. 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 consolidated statements of operations for the years ended December 31, 2021 and 2020 reflect approximately \$49 million and \$1.21 billion of Provider Relief Fund grant revenue, respectively. In November 2021 and March 2022, management submitted required reporting to DHHS on the use of the Provider Relief Fund for the first and second reporting periods covering funds received through June 2020 and December 2020, respectively. Use of Provider Relief Fund funds are subject to certain terms and conditions and Federal requirements for expending and reporting such funds.

In addition to the amounts from the Provider Relief Fund to offset the financial impact of COVID-19, certain Northwell entities received certain temporary Medicare rate enhancements in 2020 and 2021. Also, in 2020, pursuant to the CARES Act, the Centers for Medicare and Medicaid Services (“CMS”) expanded the Medicare Accelerated and Advance Payments Program to provide advances on Medicare payments to healthcare providers. Northwell received approximately \$1.03 billion in Medicare payment

advances, which became subject to repayment beginning in April 2021 and will continue through February 2023. Amounts expected to be repaid by the Northwell Entities in the next twelve months are reflected within current liabilities in the consolidated statements of financial position at December 31, 2021 and 2020. In addition, Northwell participated in the Federal Insurance Contributions Act (“FICA”) tax deferral program under the CARES Act for the employer portion of social security taxes and, as of December 31, 2021 and 2020, had deferred approximately \$115 million and \$229 million, respectively. The employer FICA amounts deferred under this program are payable without interest with half having been paid in December 2021 and the remaining balance due by December 2022. Amounts expected to be repaid in the next twelve months are recorded in accrued salaries and related benefits in the consolidated statements of financial position at December 31, 2021 and December 31, 2020, while the remaining long-term portion at December 31, 2020 was reflected in other long-term liabilities.

Management has designated funds in assets limited as to use for the Medicare advances and FICA deferral amounts and excluded such amounts from Northwell’s total unrestricted cash, cash equivalents and investments as of December 31, 2021 and 2020.

Management is pursuing opportunities for additional federal funding including funding from the Federal Emergency Management Agency (“FEMA”) and any other funding that is or will become available. Included in other operating revenue in the consolidated statements of operations for the years ended December 31, 2021 and 2020 is \$12.6 million and \$28.5 million of FEMA grant revenue.

### ***Overview***

For the year ended December 31, 2021, Northwell’s operating income<sup>[a]</sup> and operating margin were \$177.7 million and 1.2%, respectively, compared to an operating loss of (\$26.4) million and a negative operating margin of (0.2%) for the year ended December 31, 2020. Operating cash flow margin was 6.3% for the year ended December 31, 2021, compared to 5.0% for the year ended December 31, 2020. Operating revenue excluding the Health Insurance Companies grew by \$1.11 billion or 8.3% for the year ended December 31, 2021 compared to the year ended December 31, 2020, while operating expenses increased \$884.2 million or 6.6%, excluding the Health Insurance Companies.

Operating revenue growth was primarily attributable to increases in volume related mainly to the COVID-19 recovery, laboratory services and growth in the ambulatory and physician network. Increases in payment rates which include the temporary Medicare rates enhancements due to COVID-19, and revenue cycle initiatives, also contributed to the operating revenue growth.

The increase in operating expenses was attributable to volume recovery, as well as continuing incremental labor and supply costs associated with COVID-19 and the care for COVID-19 patients, including costs related to testing and vaccine programs. In addition, routine cost of living wage adjustments and the impact of inflation on supply and expense price trends, as well as investments in the following areas contributed to the growth of total operating expenses: (1) facilities and programs to enhance capacity and infrastructure; (2) safety, quality and patient experience initiatives; (3) ambulatory and physician network expansion; and (4) information technology, including investments in electronic health records, digital health technology and telehealth services. Expense reduction efforts including those related to the implementation of productivity and efficiency efforts, program consolidation, and supply chain initiatives (including the continuous review of programs to improve standardization, distribution, utilization and contracting) facilitated control of the growth rate of expenses.

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<sup>[a]</sup> Excess (deficiency) of operating revenue over operating expenses in the consolidated statements of operations is referred to as “operating income (loss)” for purposes of Management’s Discussion and Analysis of Recent Financial Performance

The Health Insurance Companies reported operating income of \$0.3 million for the year ended December 31, 2021, compared to \$26.3 million for the year ended December 31, 2020. The operating income in 2020 was primarily due to the Supreme Court of the United States’ rulings on class action lawsuits related to the Affordable Care Act (the “ACA”) risk corridor program.

Northwell’s net income<sup>[b]</sup> and net margin for the year ended December 31, 2021 were \$653.3 million and 4.3%, respectively, compared to \$775.5 million and 5.4% for the year ended December 31, 2020. Investment income, including net realized gains and losses and the change in net unrealized gains and losses and change in value of equity method investments, which totaled \$476.9 million and \$712.3 million for the years ended December 31, 2021 and 2020, respectively, affected the net income amounts reported for each of these periods.

In addition to managing operations to meet the continuing challenges posed by the COVID-19 crisis including the recovery, management continues to focus on (i) patient experience, safety and quality improvements, (ii) market share growth, (iii) population health management, (iv) medical research and education, and (v) diversifying revenue streams within the Northwell business model. Maintaining the balance sheet and improving operating results also remain top management priorities so that Northwell can continue to invest in people, programs and facilities to successfully adapt and respond to changes in the health care industry while continuing to meet the needs of patients and families in all the communities it serves.

### ***Operations and Net Income Overview***

#### *Operating Income (Loss), Operating Cash Flow and Net Income*

The following table presents a summary of key operating performance results and measures for Northwell for the years ended December 31, 2020 and 2021.

<i>(Dollars In Millions)</i>	<b>Year Ended December 31, 2020<sup>[2]</sup></b>	<b>Year Ended December 31, 2021<sup>[2]</sup></b>
Operating (loss) income	(\$26)	\$178
Operating margin	(0.2%)	1.2%
Operating cash flow <sup>[1]</sup>	\$675	\$922
Operating cash flow margin	5.0%	6.3%
Net income <i>(see footnote [b])</i>	\$776	\$653
Net margin	5.4%	4.3%

[1] Total operating (loss) income plus interest and depreciation and amortization.

[2] Derived from the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

<sup>[b]</sup> Excess of revenue and gains and losses over expenses in the consolidated statements of operations is referred to as “net income” for purposes of Management’s Discussion and Analysis of Recent Financial Performance with the following exception:

- 2021 net income excludes the \$197.8 million non-recurring gain on sale of a joint venture
- 2020 net income excludes the \$34.3 million non-cash gain resulting from recognition of a deferred tax asset

## Operating Revenue and Volume

For the year ended December 31, 2021, operating revenue excluding the Health Insurance Companies increased by \$1.11 billion or 8.3%, compared to the year ended December 31, 2020.

The following table presents consolidated Northwell operating revenue and certain volume statistics for the years ended December 31, 2020 and 2021.

<i>(Dollars In Millions)</i>	Year Ended December 31, 2020 <sup>[1][3]</sup>	Year Ended December 31, 2021 <sup>[1][3]</sup>
<b>Operating Revenue:</b> <sup>[2]</sup>		
Net patient service revenue	\$9,081	\$10,524
Physician practice revenue	\$2,055	\$2,637
Total patient revenue <sup>[3]</sup>	\$11,137	\$13,160
CARES Act Provider Relief Fund revenue	\$1,210	\$49
Other operating revenue	\$1,020	\$1,282
Net assets released from restrictions used for operations	\$64	\$54
Total operating revenue	\$13,430	\$14,545
<b>Volume:</b> <sup>[4]</sup>		
Discharges (excluding nursery)	259,378	283,119
Ambulatory surgery visits	172,208	220,196
Emergency room visits (treated and released)	524,031	649,450
Health center visits (includes GoHealth urgent care centers)	1,480,571	1,878,296
Home care admissions	50,142	48,706
Other outpatient visits	1,840,034	2,315,354

[1] Dollar amounts are derived from the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

[2] Excludes operating revenue of the Health Insurance Companies.

[3] Dollar amounts may not foot due to rounding.

[4] Volume statistics for both periods exclude physician practice visits, but include statistics from Northwell entities, including clinical joint ventures, that are not Members of the Obligated Group.

Northwell's core business revenue consists of net patient service revenue and physician practice revenue (collectively referred to as "total patient revenue"). For the year ended December 31, 2021, Northwell's total patient revenue increased by \$2.02 billion or 18.2%, compared to the year ended December 31, 2020. The increase was primarily attributable to the continuing recovery of routine volume that was severely impacted by the first COVID-19 surge starting in March 2020. Also contributing to the increase in total patient revenue was continuing COVID-19 volume, increases in payment rates including temporary Medicare rate enhancements due to COVID-19, revenue cycle improvements and the continued growth in the physician and ambulatory network resulting from ongoing physician recruitment efforts and practice acquisitions in a range of specialties.

Uncompensated care represents services rendered to patients without insurance or with balances after insurance who meet the eligibility requirements of Northwell's financial assistance policy or who otherwise are unable to pay for the care rendered. For the year ended December 31, 2021, the estimated cost of uncompensated care was approximately 3% of total patient revenue, which is consistent with the prior year. Financial assistance is one aspect of the differentiated community benefit programs provided by Northwell.



See “Management’s Discussion and Analysis of Recent Financial Performance – COVID-19 Impact” herein for further information on the CARES Act Provider Relief Fund revenue shown in the table above.

The major components of other operating revenue include laboratory services, grants and contracts, and specialty and retail pharmacy sales. Other operating revenue excluding the Health Insurance Companies increased by \$261.7 million or 25.6% for the year ended December 31, 2021, compared to the year ended December 31, 2020. The increase in other operating revenue was primarily the result of increased revenue from laboratory services (mainly attributable to COVID-19 testing activity) and specialty and retail pharmacy sales.

### *Operating Expenses*

Operating expenses excluding the Health Insurance Companies for the year ended December 31, 2021 increased by \$884.2 million or 6.6% from the year ended December 31, 2020.

Summarized below are the consolidated Northwell operating expenses for the years ended December 31, 2020 and 2021.

<i>(Dollars In Millions)</i>	<b>Year Ended December 31, 2020<sup>[2]</sup></b>	<b>Year Ended December 31, 2021<sup>[2]</sup></b>
<b>Operating Expenses: <sup>[1]</sup></b>		
Salaries and employee benefits	\$8,614	\$9,052
Supplies and expenses	\$4,167	\$4,571
Depreciation and amortization	\$541	\$588
Interest expense	\$161	\$156
<b>Total operating expenses</b>	<b>\$13,483</b>	<b>\$14,367</b>

[1] Excludes operating expenses of the Health Insurance Companies.

[2] Derived from the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

For the year ended December 31, 2021, salaries and employee benefits increased by \$438.3 million or 5.1%, compared to the year ended December 31, 2020. The increase was primarily due to staffing investments associated with the COVID-19 crisis and the continued investments to support the expansion of the physician and ambulatory network and to support population health initiatives. Wage increases and staffing investments in information technology and various safety, quality and patient experience initiatives throughout Northwell also contributed to the growth in salaries and employee benefits. The increase was partially offset by non-recurring crisis bonuses paid to front-line healthcare workers for their heroic efforts in responding to the first COVID-19 surge, which were included in salaries and employee benefits for the year ended December 31, 2020. Productivity and efficiency efforts, including savings from the consolidation of certain services and functions, also contributed to control of the increase in salaries and employee benefits.

Supplies and expenses for the year ended December 31, 2021 increased by \$403.7 million or 9.7%, compared to the year ended December 31, 2020. The increase was related to costs associated with the recovery of volume and expenditures for personal protective equipment, medical supplies, laboratory testing supplies, pharmaceuticals and other continuing costs associated with the COVID-19 pandemic. Inflation and investments in safety, quality and patient experience initiatives, IT, and new physician

practices also contributed to the increase. Recovery efforts focused on expense reductions including supply chain improvement efforts (which include standardization, distribution, utilization and contracting initiatives), along with productivity and efficiency efforts, helped control the growth rate of supplies and expenses.

Depreciation and amortization for the year ended December 31, 2021 increased by \$47.1 million or 8.7%, compared to the year ended December 31, 2020. The increase was primarily due to continued investments, including those focused on COVID-19 recovery, preparations for resurgence, IT, facilities and programs.

The decrease in interest expense of \$4.9 million or 3.0% from the year ended December 31, 2020 to the year ended December 31, 2021 was primarily due to the effect of scheduled principal payments on existing debt.

### ***Non-Operating Gains and Losses***

The following table presents a summary of non-operating gains and losses for Northwell for the years ended December 31, 2020 and 2021.

<i>(Dollars In Millions)</i>	<b>Year Ended December 31, 2020<sup>[1]</sup></b>	<b>Year Ended December 31, 2021<sup>[1]</sup></b>
<b>Non-Operating Gains and Losses:</b>		
Investment income	\$186	\$460
Change in net unrealized gains and losses and change in value of equity method investments	\$526	\$16
Change in fair value of interest rate swap agreements designated as derivative instruments	(\$0.3)	\$0.7
Non-operating net periodic benefit credit	\$0.9	\$33
Other non-operating gains and losses	\$123	\$163
Total non-operating gains and losses <sup>[2]</sup>	\$836	\$673

[1] Derived from the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

[2] Dollar amounts may not foot due to rounding.

Due to the volatility in the investment markets during the years ended December 31, 2021 and 2020, Northwell's investment income and net unrealized gains and losses have fluctuated. Refer to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement for additional information on Northwell's investments.

Refer to Note 10 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement for further information on the non-operating net periodic benefit credit related to Northwell's pension and other postretirement benefit plans.

Other non-operating gains and losses for the year ended December 31, 2020 includes a non-cash gain resulting from recognition of a deferred tax asset and certain payments received from the NYS Delivery System Reform Incentive Payment program, which ended in 2020.

In March 2021, Northwell sold its interest in a joint venture, which was previously accounted for using the equity method of accounting, resulting in a net gain of approximately \$198 million which is

included in other non-operating gains and losses in the consolidated statement of operations for the year ended December 31, 2021.

### ***Other Changes in Net Assets Without Donor Restrictions***

For a complete list of other changes in net assets without donor restrictions for the years ended December 31, 2021 and 2020, refer to Note 2 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

### ***Pension and Other Postretirement Liability Adjustments***

Northwell maintains several defined benefit pension and other postretirement plans for its employees. For the year ended December 31, 2021, Northwell recorded an increase in net assets without donor restrictions of \$165.5 million, compared to a decrease of \$52.3 million for the year ended December 31, 2020, associated with pension and other postretirement liability adjustments. These adjustments relate to changes in discount rates and other actuarial assumptions affecting the projected benefit obligations, as well as investment gains on pension plan assets, and were made in accordance with the provisions of the Accounting Standards Codification Topic 715, *Compensation - Retirement Benefits*, which requires Northwell to recognize the funded status (the difference between the projected benefit obligations and the fair value of plan assets) of its defined benefit pension and other postretirement plans in the consolidated statements of financial position with a corresponding adjustment to net assets without donor restrictions.

The combined fair value of plan assets at December 31, 2021 and 2020 as a percentage of the projected benefit obligations of Northwell's non-contributory defined benefit pension plans was 94% and 87%, respectively.

Refer to Note 10 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement for more information on Northwell's pension and other postretirement benefit plans.

### ***Fundraising***

For the years ended December 31, 2021 and 2020, Northwell received \$138.4 million and \$118.1 million, respectively, in new net pledges and cash donations. Of the \$138.4 million received during 2021, \$85.1 million was in pledges and \$53.3 million was in cash. Of the \$118.1 million received during 2020, \$58.7 million was in pledges and \$59.4 million was in cash.

Cash and pledges are generally received by the Northwell Health Foundation (the "Foundation"), which was formed to solicit, receive and administer funds to be used for major modernization projects, capital acquisitions, special programs and other health care services for the benefit of the Members of the Obligated Group and other affiliated tax-exempt organizations of Northwell. The Foundation is not a member of the Obligated Group.

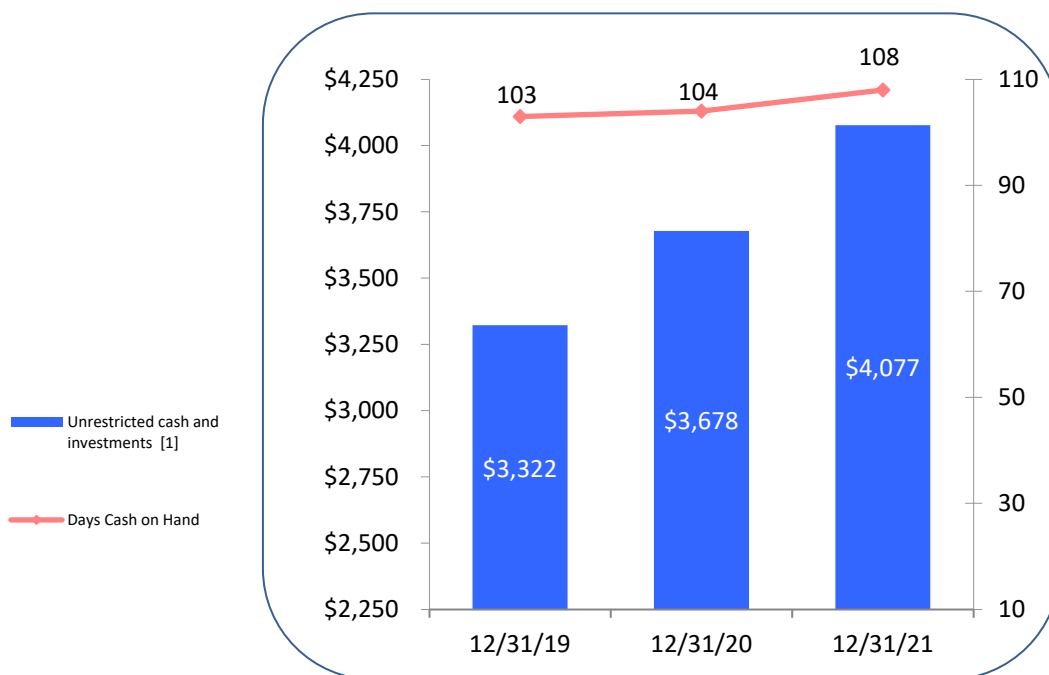
### ***Statement of Financial Position Overview***

#### ***Liquidity and Capital Resources***

Unrestricted cash and investments increased to \$4.08 billion as of December 31, 2021 compared to \$3.68 billion as of December 31, 2020, resulting in 108 days cash on hand as of December 31, 2021. Total unrestricted cash and investments are comprised of cash and cash equivalents, marketable securities and other investments. Refer to Note 4 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement for more information.

The following chart presents the total unrestricted cash and investments, in millions, used in the days cash on hand calculation and the days cash on hand at December 31, 2019, 2020 and 2021.

### Total Unrestricted Cash and Investments and Days Cash on Hand



[1] Refer to Note 4 to the Audited Consolidated Financial Statements included in Appendix B of this Official Statement for more information. Days cash on hand calculation for December 31, 2020 excludes an approximately \$99 million one-time expense related to the Health Insurance Companies.

In order to provide for future repayment of taxable debt with bullet maturities, management has established sinking funds amounting to \$443.8 million, \$336.9 million and \$257.6 million at December 31, 2021, 2020 and 2019, respectively. These sinking fund amounts are excluded from total unrestricted cash and investments and the days cash on hand calculation reflected in the above chart. Also excluded are funds designated by management to pay malpractice and other self-insurance liabilities, fund future capital expenditures and investments, and at December 31, 2021 and December 31, 2020, to repay the Medicare advances and amounts deferred under the CARES Act employer FICA tax deferral program.

Northwell's cash to debt ratio increased to 105.0% at December 31, 2021 from 98.8% at December 31, 2020, primarily due to the increase in unrestricted cash and investments and the sinking funds, partially offset by an increase in short-term borrowings (refer to the *Debt* section herein for further information). The cash to debt ratio has been calculated for both periods including the management designated sinking funds with the unrestricted cash and investments.

#### *Patient Accounts Receivable*

Days of total patient revenue in patient accounts receivable were 52 days as of December 31, 2021 compared to 47 days at December 31, 2020. As a result of the impact the COVID-19 pandemic had on patient volume, particularly during March through June 2020, the calculation for December 31, 2020 is based only on patient revenue for the six-month period covering July 1, 2020 through December 31, 2020.

### *Property, Plant and Equipment*

Management monitors and manages capital spending in relation to operations, capital market conditions affecting investments, fundraising and debt capacity. Capital additions (including any assets acquired under finance lease obligations) totaled \$1.01 billion and \$871.9 million for the years ended December 31, 2021 and 2020, respectively.

Net assets released from restrictions for capital asset acquisitions totaled \$25.8 million and \$44.9 million for the years ended December 31, 2021 and 2020, respectively.

Capital expenditures as a percentage of depreciation and amortization were 171% and 156% for the years ended December 31, 2021 and 2020, respectively.

### *Accounts Payable*

Days of supplies and expenses in accounts payable were 92 days and 93 days as of December 31, 2021 and 2020, respectively.

### *Debt*

The following table presents a summary of Northwell's total outstanding debt, debt to capitalization, long-term debt to cash flow and long-term debt service coverage ratio as of and for the years ended December 31, 2021 and 2020.

<i>(Dollars In Millions)</i>	12/31/20 <sup>[4]</sup>	12/31/21 <sup>[4]</sup>
Total outstanding debt <sup>[1]</sup>	\$4,063	\$4,305
Debt to capitalization <sup>[2]</sup>	42.9%	39.8%
Long-term debt / cash flow <sup>[3]</sup>	4.9x	3.1x
Long-term debt service coverage	3.4x	4.9x

[1] Total outstanding debt includes long-term debt, finance lease obligations and short-term borrowings.

[2] Capitalization is defined as the sum of total outstanding debt and total net assets, excluding those related to permanent endowments.

[3] Long-term debt includes long-term debt and finance lease obligations, net of current portions. Cash flow is defined as net income before all items defined in footnote [c] on the next page, except for interest expense.

[4] Derived from the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

Northwell's total debt profile as of December 31, 2021 was comprised of 11.1% variable rate debt and 88.9% fixed rate debt. However, as some of the long-term variable rate debt is hedged under interest rate swap agreements for certain Other Northwell Entities, the effective variable and fixed rate debt is 10.1% and 89.9%, respectively, of the total outstanding debt. Total outstanding debt increased by \$241.8 million from December 31, 2020 to December 31, 2021, primarily due to the incurrence of short-term borrowings as discussed below, partially offset by scheduled principal payments on debt.

Debt to capitalization improved to 39.8% at December 31, 2021, compared to 42.9% at December 31, 2020. Long-term debt to cash flow also improved to 3.1x at December 31, 2021, compared to 4.9x at December 31, 2020.

The long-term debt service coverage ratio improved to 4.9x for the year ended December 31, 2021, compared to 3.4x for the year ended December 31, 2020. For the December 31, 2021 and 2020 calculations, maximum annual debt service (calculated in accordance with the Master Trust Indenture, including utilizing certain permitted smoothing assumptions) was \$284.4 million and \$282.3 million, respectively, and occurs in 2022 for both periods. Income available for debt service<sup>[c]</sup> for the years ended December 31, 2021 and 2020 was \$1.38 billion and \$951.7 million, respectively.

Northwell typically uses its short-term borrowings under revolving credit facilities to bridge capital expenditures to be paid with donations and/or bond issues. Short-term borrowings were \$409.3 million and \$95.0 million as of December 31, 2021 and 2020, respectively. The total credit available under such arrangements at December 31, 2021 and December 31, 2020 was \$634.2 million and \$606.5 million (including amounts outstanding), respectively. In November 2021, approximately \$246 million was borrowed under its short-term revolving credit facilities to fund the purchase of a mortgage note receivable on certain property for which Northwell has an option to purchase. Refer to Note 14 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement for additional information on the option agreement.

For a further summary of Northwell's outstanding indebtedness, refer to Note 8 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

#### *Interest Rate Swap Agreements*

Certain Other Northwell Entities have entered into various interest rate swap agreements with financial institutions, matched or related to the term and rate of various bond issues or debt agreements. As of December 31, 2021 and 2020, the aggregate fair value of the interest rate swap agreements was a liability of \$4.8 million and \$7.2 million, respectively.

Swap agreements expose Northwell to credit risk in the event of nonperformance by the counterparties. Northwell believes that the risk of material impact to its consolidated financial statements arising from nonperformance by the counterparties is low.

#### *Commitments and Contingencies*

For information on commitments and contingencies, refer to Note 14 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

#### **Summary**

The Northwell operating results continue to be negatively impacted by the COVID-19 pandemic. Despite the continuing challenges and factors pressuring operating margins still being caused by the crisis, management is focused on the recovery and evolution of operations and improved operating results. Northwell's executive management team is focused on the restoration of operating results to pre-COVID-19 levels through various initiatives, including those focused on access and additional revenue opportunities through new and enhanced facilities, expanding the diversified revenue streams, physician recruitment efforts, and continued revenue cycle initiatives. In addition, there is continued focus on expense reductions through operational efficiency efforts, program consolidation and supply chain initiatives.

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<sup>[c]</sup> Net income as defined in footnote [b] before depreciation and amortization, interest expense, the change in net unrealized gains and losses and change in value of equity method investments and the change in fair value of interest rate swap agreements designated as derivative instruments.

Northwell, while focused on recovery efforts, continues to evaluate and invest in strategic capital projects and technology to facilitate recovery and maintain what management believes is a competitive advantage regarding patient and physician satisfaction and retention, and to improve clinical outcomes, patient experience, and operational processes. In addition, Northwell is making strategic investments in physicians who support key clinical service lines and staff to support the recovery and growth in the physician and ambulatory network, and in various other safety, quality and service initiatives. Management continues to monitor strategic capital needs in relation to operations, capital market conditions affecting investment returns, fundraising and debt capacity, so that Northwell can continue to invest in people, programs and facilities in order to successfully adapt and respond to changes in the health care industry while continuing to meet the needs of the patients and families in all the communities it serves.

## Financial Ratios

### Northwell Financial Ratios

	December 31,		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Days cash on hand <sup>(1)</sup>	103	104	108
Long-Term Debt/Cash Flow <sup>(2)</sup>	5.0	4.9	3.1
Debt to Capitalization	47.6%	42.9%	39.8%
(Capitalization = Total Debt + Total Net Assets, excluding those related to permanent endowments)			

<sup>(1)</sup> Days Cash on Hand is calculated as described in “*Management’s Discussion and Analysis of Recent Financial Performance—Statement of Financial Position Overview—Liquidity and Capital Resources*” herein. Although the Days Cash on Hand presented above was calculated for Northwell consolidated, the amounts are not materially different from the Days Cash on Hand for the Obligated Group, which was 98, 95 and 102 as of December 31, 2019, 2020 and 2021, respectively.

<sup>(2)</sup> Long-term debt includes long-term debt and finance lease obligations, net of current portions. Cash flow is defined as the excess of revenue and gains and losses over expenses before depreciation and amortization, the change in net unrealized gains and losses and change in value of equity method investments, and the change in fair value of interest rate swap agreements designated as derivative instruments, the accounting loss on refunding of long term debt (2019), the non-cash gain resulting from recognition of a deferred tax asset (2020) and the gain on sale of a joint venture (2021).

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## Capitalization

The following table sets forth Northwell’s historical capitalization ratios as of December 31, 2020 and 2021, and the pro forma capitalization ratio as of December 31, 2021, assuming the issuance of the Bonds and the refunding of a portion of the (a) North Shore-Long Island Jewish Obligated Group Revenue Bonds, Series 2009B, (b) North Shore-Long Island Jewish Obligated Group Revenue Bonds, Series 2009C and (c) North Shore-Long Island Jewish Obligated Group Revenue Bonds, Series 2009D (collectively, the “Refunded Bonds”), see “PART 4 – PLAN OF FINANCE – The Refunding” in the forepart of this Official Statement.

### Northwell Capitalization (Dollars in Thousands)

Debt	December 31,		
	2020	2021	2021 Pro Forma
Pro Forma 2022 Debt <sup>(1)</sup>	\$ -	\$ -	\$ 778,516
Existing Debt <sup>(2)</sup>	4,062,813	4,304,616	4,244,554
Total Debt	\$ 4,062,813	\$ 4,304,616	\$ 5,023,070
Total Net Assets	5,645,621	6,792,299	6,792,299
Less: Net Assets for Permanent Endowments	(247,977)	(268,688)	(268,688)
	\$ 5,397,644	\$ 6,523,611	\$ 6,523,611
Total Capitalization	\$ 9,460,457	\$ 10,828,227	\$ 11,546,681
Percentage of Debt to Capitalization	42.9%	39.8%	43.5%

- (1) Pro Forma 2022 Debt includes \$784.9 million relating to the Bonds, including \$35.1 million in net original issue discount and the impact of refunding the Refunded Bonds, less \$6.4 million of bond issuance costs.
- (2) Pro Forma Existing Debt as of December 31, 2021 reflects the refunding of \$60.1 million of the Refunded Bonds, inclusive of unamortized premium and bond issuance costs.

## Principal and Interest Requirements

The following table sets forth, for each respective year ending December 31, the amounts required to be paid by the Members of the Obligated Group or the Other Northwell Entities in such year for (i) the principal of the Bonds coming due during each such period; (ii) the interest with respect to the Bonds coming due during each such period; (iii) the total debt service coming due during each such period with respect to other long-term indebtedness of the Obligated Group (excluding the Refunded Bonds to be refunded upon the issuance of the Bonds); (iv) the total aggregate debt service of the Obligated Group, which includes the Bonds and all other long-term indebtedness; (v) other debt service of Northwell coming due during each such period; and (vi) the total aggregate debt service of Northwell during each such period. Such amounts exclude the amortization of balloon indebtedness over 30 years as required by the Master Trust Indenture in the determination of the maximum annual debt service for the purpose of calculating the long-term debt service coverage ratio.



**Northwell  
Long-Term Debt Service Requirements\***

Fiscal Year Ending December 31,	Debt Service on the Bonds		Total Debt Service on Other Long- Term Debt of the Obligated Group <sup>(1)(2)</sup>	Total Debt Service on All Long-Term Debt of the Obligated Group	Other Northwell Debt Service <sup>(3)</sup>	Total Northwell Debt Service
	Principal	Interest				
2022	\$ -	\$ 16,524,057	\$ 217,734,478	\$ 234,258,535	\$ 21,609,780	\$ 255,868,315
2023	-	36,494,850	216,665,301	253,160,151	17,085,652	270,245,803
2024	-	36,494,850	211,515,527	248,010,377	13,628,612	261,638,989
2025	-	36,494,850	208,926,157	245,421,007	12,138,461	257,559,468
2026	-	36,494,850	208,249,974	244,744,824	10,429,222	255,174,046
2027	-	36,494,850	318,095,663	354,590,513	10,096,060	364,686,572
2028	-	36,494,850	206,184,263	242,679,113	10,178,986	252,858,099
2029	-	36,494,850	208,101,640	244,596,490	10,179,393	254,775,883
2030	-	36,494,850	207,775,077	244,269,927	10,235,483	254,505,410
2031	-	36,494,850	178,114,088	214,608,938	8,010,427	222,619,366
2032	-	36,494,850	177,460,417	213,955,267	5,374,467	219,329,734
2033	-	36,494,850	177,986,597	214,481,447	4,114,583	218,596,030
2034	-	36,494,850	179,021,006	215,515,856	4,096,248	219,612,104
2035	-	36,494,850	181,416,769	217,911,619	4,075,855	221,987,475
2036	-	36,494,850	182,121,514	218,616,364	4,054,734	222,671,098
2037	20,915,000	35,971,975	170,839,317	227,726,292	4,034,829	231,761,121
2038	29,855,000	34,702,725	164,866,172	229,423,897	4,020,478	233,444,375
2039	23,520,000	33,485,950	165,108,489	222,114,439	2,757,313	224,871,752
2040	19,915,000	32,617,250	145,812,541	198,344,791	1,391,039	199,735,830
2041	20,830,000	31,802,350	145,714,453	198,346,803	1,391,887	199,738,690
2042	-	31,385,750	298,168,253	329,554,003	1,390,851	330,944,854
2043	-	31,385,750	418,570,866	449,956,616	934,916	450,891,532
2044	59,000,000	30,205,750	133,384,050	222,589,800	-	222,589,800
2045	61,000,000	27,805,750	134,492,102	223,297,852	-	223,297,852
2046	-	26,585,750	582,387,924	608,973,674	-	608,973,674
2047	-	26,585,750	910,942,887	937,528,637	-	937,528,637
2048	64,935,000	25,121,188	98,614,959	188,671,147	-	188,671,147
2049	-	23,656,625	470,562,683	494,219,308	-	494,219,308
2050	164,930,000	19,906,425	3,834,456	188,670,881	-	188,670,881
2051	173,050,000	12,220,181	3,400,436	188,670,617	-	188,670,617
2052	182,050,000	4,142,069	2,475,747	188,667,816	-	188,667,816
2053	-	-	793,713	793,713	-	793,713
2054	-	-	401,271	401,271	-	401,271
<b>Total</b>	<b>\$ 820,000,000</b>	<b>\$ 955,033,195</b>	<b>\$ 6,929,738,793</b>	<b>\$ 8,704,771,988</b>	<b>\$ 161,229,276</b>	<b>\$ 8,866,001,264</b>

\* Totals may not foot due to rounding.

(1) Other Long-Term Debt of the Obligated Group encompasses existing outstanding bonds of the Obligated Group (excluding the Refunded Bonds that are to be refunded with the issuance of the Bonds), as well as non-bonded long-term obligations of the Obligated Group.

(2) \$161.2 million of bonds outstanding as of December 31, 2021 are subject to mandatory tender and will come due prior to the final maturity of the underlying bonds.

(3) Other Northwell Debt Service includes debt obligations of Other Northwell Entities outside the Obligated Group, including Northern Westchester, Phelps, Peconic, Mather, Northwell Health Laboratories and various consolidated clinical joint ventures. \$86.0 million of Phelps, Northern Westchester, Peconic and Mather outstanding debt obligations as of December 31, 2021, which are supported by bank direct purchase agreements or letters of credit, may come due prior to the final maturity of the underlying bonds if the bank expiry dates are not extended. Refer to Note 8 to the Audited Consolidated Financial Statements included in Appendix B to this Official Statement.

## Historical and Pro Forma Coverage of Debt Service

The following table sets forth Northwell's historical long-term debt service coverage ratio calculated pursuant to the definition in the Master Trust Indenture for the years ended December 31, 2020 and 2021 and the pro forma long-term debt service coverage ratios for the year ended December 31, 2021. The pro forma long-term debt service coverage ratios for the year ended December 31, 2021 assumed pro forma maximum annual debt service including the issuance of the Bonds and the refunding of the Refunded Bonds.

<b>Northwell</b>			
<b>Long-Term Debt Service Coverage Ratio</b>			
<b>(Dollars in Thousands)</b>			
<b>Year Ended December 31,</b>			
	<u>2020</u>	<u>2021</u>	<u>2021 Pro Forma</u>
<b>Funds Available for Debt Service:</b>			
Excess of Revenue and Gains and Losses over Expenses	\$ 809,881	\$ 851,126	\$ 851,126
Plus: Interest	160,948	156,053	156,053
Plus: Depreciation and Amortization	540,960	588,022	588,022
Less: Change in Net Unrealized Gains and Losses and Change in Value of Equity Method Investments	(526,009)	(16,387)	(16,387)
Less: Change in Fair Value of Interest Rate Swap Agreements Designated as Derivative Instruments	283	(700)	(700)
Less: non-cash gain resulting from recognition of deferred tax asset	(34,338)	-	-
Less: Gain on sale of joint venture	-	(197,792)	(197,792)
<b>Total Funds Available for Debt Service</b>	<u>\$ 951,725</u>	<u>\$ 1,380,322</u>	<u>\$ 1,380,322</u>
<b>Maximum Annual Debt Service Requirements:</b>			
Existing Debt <sup>(1)</sup>	282,301	284,444	-
Existing Debt and Pro Forma 2022 Debt <sup>(1) (2)</sup>	-	-	271,450
<b>Total Maximum Annual Debt Service Requirements</b>	<u>\$ 282,301</u>	<u>\$ 284,444</u>	<u>\$ 271,450</u>
<b>Historical and Pro Forma Long-Term Debt Service Coverage Ratio<sup>(3)</sup></b>	3.4x	4.9x	5.1x

(1) Maximum Annual Debt Service ("MADS") has been calculated in accordance with the Master Trust Indenture. Pro Forma MADS has been calculated in accordance with the Immediately Effective Amendments (as defined in the forepart of this Official Statement) to the Master Trust Indenture. MADS reflects smoothing assumptions as permitted by the Master Trust Indenture.

(2) Pro Forma Maximum Annual Debt Service as of December 31, 2021 includes \$784.9 million relating to the Bonds, including \$35.1 million in net original issue discount and the impact of refunding the Refunded Bonds.

(3) The Long-Term Debt Service Coverage Ratio presented above was calculated for Northwell on a consolidated basis. The Long-Term Debt Service Coverage Ratio for the Obligated Group as calculated in accordance with the Master Trust Indenture for the years ended December 31, 2020 and 2021 was 3.8x and 4.5x, respectively.

## Historical and Pro Forma Debt to EBITDA

The following table sets forth Northwell's historical debt to EBITDA (as defined in the table below) ratio for the year ended December 31, 2021 and the pro forma debt to EBITDA ratios for the year ended December 31, 2021. The pro forma debt to EBITDA ratio for the year ended December 31, includes the issuance of the Bonds.

	<b>Northwell</b>		
	<b>Debt to EBITDA</b>		
	<b>(Dollars in Thousands)</b>		
	<b>Year Ended December 31,</b>		
	<b>2020</b>	<b>2021</b>	<b>2021 Pro Forma</b>
<b>Debt:</b>			
Pro Forma 2022 Debt <sup>(1)</sup>	\$ -	\$ -	\$ 778,516
Existing Debt <sup>(2)</sup>	4,062,813	4,304,616	4,244,554
<b>Total Debt</b>	<b>\$ 4,062,813</b>	<b>\$ 4,304,616</b>	<b>\$ 5,023,070</b>
<b>Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA"):</b>			
Excess of Revenue and Gains and Losses over Expenses	809,881	851,126	851,126
Plus: Interest	160,948	156,053	156,053
Plus: Depreciation and amortization	540,960	588,022	588,022
Less: Change in Net Unrealized Gains and Losses and Change in Value of Equity Method Investments	(526,009)	(16,387)	(16,387)
Less: Change in Fair Value of Interest Rate Swap Agreements Designated as Derivative Instruments	283	(700)	(700)
Less: non-cash gain resulting from recognition of deferred tax asset	(34,338)	-	-
Less: Gain on sale of joint venture	-	(197,792)	(197,792)
<b>Total EBITDA</b>	<b>\$ 951,725</b>	<b>\$ 1,380,322</b>	<b>\$ 1,380,322</b>
<b>Historical and Pro Forma Debt to EBITDA</b>	<b>4.3</b>	<b>3.1</b>	<b>3.6</b>

(1) Pro Forma 2022 Debt includes \$784.9 million relating to the Bonds, including \$35.1 million in net original issue discount and the impact of refunding the Refunded Bonds, less \$6.4 million of bond issuance costs.

(2) Pro Forma Existing Debt as of December 31, 2021 reflects the refunding of \$60.1 million of the Refunded Bonds, inclusive of unamortized premium and bond issuance costs.

## Budgetary Process

The annual operating and capital budgets of Northwell are prepared by the finance office of Northwell in collaboration with the administrative leadership of each Member of the Obligated Group and the Other Northwell Entities. The budgets are reviewed and approved by the Executive Leadership of Northwell and Northwell Board of Trustees. The operating budget sets the targeted gain from operations; however, there can be no assurance that this goal will be achieved in any year.

## **Regulatory Reviews, Audits, Litigation and Investigations**

Northwell, similar to other health care institutions, is subject to regulatory review, audits and investigations relating to various regulatory issues, such as claims for payments submitted to the government and compliance with a wide range of statutes and regulations as well as to general litigation pertaining to various issues. Northwell also conducts regular internal audits of its claims for payments, some of which may result in voluntary disclosures and repayments. In the last several years, the federal and state governments have devoted significant resources to the auditing of claims of health care providers, including hospitals. The recoveries from these audits can be significant and are often based on a small sample size with the results extrapolated to a universe of all paid claims in the audit period.

In November 2019, Northwell and Lenox entered into a civil settlement agreement with the United States Attorney's Office for the Southern District of New York and individual relators, and in December 2019, Lenox and Northwell (solely with respect to its control of Lenox) entered into a corporate integrity agreement ("CIA") with the Office of Inspector General for the DHHS ("OIG"), each to settle matters regarding the surgical practices and employment contract of a physician formerly employed by Lenox. The CIA was fully executed on or about December 20, 2019. During its five-year term, it imposes obligations that must be met, and penalties if certain obligations are not satisfied. The obligations of the CIA do not apply to Northwell with respect to any subsidiary, corporate affiliate or related organization other than Lenox.

In 2021, Northwell received three requests for information from the New York State Office of the Attorney General ("NYAG"). First, the NYAG's Bureau of Consumer Frauds and Protection requested information on Northwell's provision of COVID-19 testing, including its pricing, marketing, and promotion of COVID-19 testing. Second, the NYAG's Health Care Bureau requested information regarding Northwell's financial assistance and debt collection practices and policies. Finally, the NYAG's Health Care Bureau separately requested information regarding compliance by Northwell's member hospitals with federal price transparency regulations for hospitals that went into effect on January 1, 2021 (the "Federal Price Transparency Regulations"). Northwell intends to cooperate with each of the NYAG's requests and to continue to assemble and produce responsive documents.

Three of Northwell's member hospitals—Lenox, LIJMC, and NSUH—received letters from the CMS in 2021 advising each hospital of non-compliance with the Federal Price Transparency Regulations. Lenox, LIJMC, and NSUH have sent response letters to CMS. Lenox subsequently received a letter from CMS in January 2022, advising it of continued non-compliance and requesting that Lenox submit a corrective action plan. Lenox submitted a corrective action plan to CMS in February 2022. Under the Federal Price Transparency Regulations, CMS may in its discretion impose a maximum civil monetary penalty per day that a hospital is out of compliance with the Federal Price Transparency Regulations totaling \$300 for hospitals with 30 or fewer beds, the product of a hospital's number of beds and \$10 for hospitals with at least 31 and up to and including 550 beds, and \$5,500 for hospitals with more than 550 beds.

In March 2022, LIJMC received notification from the OIG that it is conducting an audit of the hospital's compliance with Provider Relief Fund requirements. LIJMC and other Northwell entities received grants from the Provider Relief Fund based on various criteria, and under current guidelines issued by the DHHS, these funds can be used to cover certain COVID-19 related costs and revenue losses. The objective of the audit is to determine whether hospitals that received Provider Relief Fund payments complied with certain terms and conditions and Federal requirements for expending and reporting Provider Relief Fund funds. Northwell will respond to all requests made by the OIG during the audit, which has not yet begun.

NHI and the Northwell Health 403(b) Committee were named as defendants in a complaint – which is styled as a class action – that was filed in the United States District Court for the Eastern District of New York. The complaint alleges, among other things, that the defendants breached their fiduciary duties under ERISA because: the plan offered investment options to the 403(b) plan participants that were too expensive and underperformed compared to alternative investments identified by the plaintiff; and the plan’s recordkeeping fees were excessive. The defendants have filed a motion to dismiss the complaint in its entirety which is pending before the District Court.

The ultimate effect, if any, of the matters described above on Northwell or on the Obligated Group cannot currently be determined. Adverse resolution of any of the above reviews, audits, investigations or litigation could have a material adverse effect on the financial position or results of operations of Northwell and the Obligated Group.

### **Other Litigation**

Various claimants have asserted professional malpractice liability claims against Northwell. The claims are in various stages of processing and some may ultimately be brought to trial. The outcome of these actions cannot be predicted with certainty by management of Northwell or by counsel to the respective insurance companies handling such matters. It is the opinion of management and the actuarial firm retained by Northwell, based on prior experience, that adequate insurance and/or self-insurance reserves are maintained to provide for all routine professional malpractice liability losses which may arise.

Northwell is also a defendant in various commercial and other actions. Although the outcome of any such claim or action or any pending or threatened claim of which Northwell has knowledge cannot be currently determined, management is of the opinion that the eventual liability therefrom, if any, will not have a material adverse effect on the financial position or results of operations of the Members of the Obligated Group or on their ability to make required debt service payments.

### **Payment Methodologies**

#### ***Medicare***

Medicare covers hospital services for eligible individuals who are elderly, disabled or who have been diagnosed with certain chronic conditions. Medicare pays acute care hospitals, such as the Obligated Group hospitals, for covered items and services provided to eligible inpatients under various payment systems and fee schedules, including a prospective payment system for inpatient services known as the “inpatient prospective payment system” (“IPPS”) and outpatient prospective payment system, respectively. Under the IPPS, hospitals receive a predetermined payment amount for each Medicare discharge. The IPPS payment is a standard national amount based on the diagnostic related group (“DRG”) for the discharge subject to a geographic adjustment that takes into account regional wage differentials compared to the nation as a whole. DRGs classify treatments for illnesses according to the estimated costs of hospital resources necessary to furnish care for each patient’s principal diagnosis. Hospitals are thus at financial risk for providing services to a patient at an actual cost greater than the applicable DRG payment. DRG rates are updated annually (the update factor) based on a statistical estimate of the increase in the cost of goods and services used by hospitals in providing care (the market basket). Historically, the increases to the DRG rates have often been lower than the percentage increases in the costs of goods and services purchased by hospitals. Under provisions of the ACA, there are further reductions in the market basket percentage increase, consisting of both a flat percentage reduction and an economic productivity adjustment. DRG weights are also recalibrated annually. Hospitals also receive additional payments for certain costs, such as new technology costs as well as atypical cases in which costs greatly exceed the payment otherwise due for the episode of care under the IPPS (known as outliers) and the costs of organ procurement for those hospitals that have designated organ transplant programs. Hospitals also receive an additional per discharge payment

based on a federal rate (with certain adjustments) to reimburse hospitals for capital costs. There is no assurance that these payments will be sufficient to cover the actual cost of providing hospital services. Medicare payments will be increasingly based on “Value Based Purchasing” (“VBP”) in the future. This methodology withholds 2.0% of the federal fiscal year (“FFY”) 2022 payments and then redistributes these funds back to hospitals based upon quality metrics. Since FFY 2015, hospitals may also be penalized up to three percent of inpatient base operating payments for unnecessary re-admissions. Under the Hospital-Acquired Condition Reduction Program, the worst performing quartile of hospitals may be subject to a 1.0% reduction in payment. The Obligated Group hospitals continue to focus on the performance of each of the above quality-based initiatives.

Certain hospital inpatient facilities or units providing specialized services, such as rehabilitation or psychiatric units, are paid under distinct payment methodologies. In 2002, Medicare implemented a distinct prospective payment system for inpatient rehabilitation services and reduced the number of diagnoses that qualify a patient to be treated in an inpatient rehabilitation unit. Patients receiving rehabilitation services are classified into case mix groups based upon impairment, age, co-morbidities and functional capability. Hospitals receive a predetermined amount per discharge based on the patient’s case mix group as adjusted for geographic area wage levels, low-income patients, hospital teaching status, rural areas and high-cost outliers. Medicare initiated a distinct PPS for inpatient psychiatric services in 2005. Hospitals receive a predetermined per diem payment with adjustments for factors such as patient characteristics, DRG, hospital teaching status and geographic area wage levels. Rehabilitation and psychiatric prospective payment system rates are also subject to updates. There can be no assurance that these payments will be sufficient to cover the actual cost of providing hospital services.

Most hospital outpatient services are also paid under a prospective payment system basis. Payments under the outpatient prospective payment system (“OPPS”) are based upon ambulatory payment classification (“APC”) groups. An APC group includes various services and procedures determined to be similar. APC rates are adjusted annually and are subject to a geographic adjustment that takes into account wage differentials and the average amount of resources required to provide the service (*e.g.*, visit, chest x-ray, surgical procedure). Hospitals are eligible to receive additional payments for certain new or high cost drugs and devices as well as certain outlier payments. There can be no assurance that the hospital OPPS rate, which bases payment on APC groups rather than on individual services, will be sufficient to cover the actual costs of the services. In addition to the APC rate, there is a predetermined beneficiary coinsurance amount for each APC group. There can be no assurance that the beneficiary will pay this amount.

OPPS applies to most hospital outpatient items and services, with some exceptions that include ambulance and rehabilitation services, clinical diagnostic laboratory services, dialysis for end-stage renal disease, screening and diagnostic mammography, non-implantable durable medical equipment, prosthetic devices and orthotics. 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. Partial hospitalization is reimbursed on a per-diem basis. As of calendar year 2017, CMS implemented the “site-neutral” payment policy under section 603 of the Medicare payment rules. The effect of this rule reduced Medicare payments to certain off-campus outpatient facilities from APC payments, to the lower physician fee schedule rates.

Certain hospitals, including some of the Obligated Group hospitals, qualify for additional payments from Medicare to cover some of the costs of providing care to a high level of Medicaid and uninsured patients (disproportionate share hospital (“DSH”) payments) and the costs of training physicians and other medical professionals (graduate medical education (“GME”) payments). DSH payments are determined annually based on certain statistical information submitted to DHHS and are paid as a percentage addition to DRG payments. In FFY 2014, in accordance with the ACA, there were major changes made to the DSH payment formula. Significantly, the ACA modified the DSH payment methodology so that DSH qualifying hospitals receive only 25% of the DSH payment amount the hospitals would have received previously under

the Medicare DSH statutory formula. The remaining 75% of what otherwise would have been paid is reduced in accordance with the reduced level of uninsured persons throughout the country and is available to make additional payments to each DSH qualifying hospital that has uncompensated care. Each fiscal year, the payments to each hospital are based on the hospital's amount of uncompensated care for a time period relative to the total amount of uncompensated care for the same time period for all hospitals that receive DSH payments that year. Beginning in FFY 2018, the calculation of uncompensated care payments has begun to be based on uncompensated care reported on the Medicare cost report. This change was phased in over the period of FFY 2018 – 2020. See “PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP – Affordable Care Act and Health Care Reform Initiatives” in the forepart of this Official Statement for further information on these changes.

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 their extensive “stand-by” capabilities. DGME costs are paid under a prospective methodology based on a hospital-specific approved amount per resident. Additional payments are available to teaching hospitals for the IME costs attributable to their approved graduate medical education programs. The IME payment is an additional payment calculated as a percentage add-on to the inpatient DRG payment. The payment is based on a formula that incorporates the hospital's ratio of residents to beds in use and total inpatient PPS operating cost revenue. DGME and IME payments are subject to certain limitations, such as a cap on a hospital's allowable residents based on the number of residents in a base year, and reductions for training taking place in non-hospital settings unless certain criteria are met. Congress has repeatedly sought to limit GME payments and there can be no assurance that such efforts will not be successful in the future.

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 level of payment and rate of increase in the cost of the program. Significant areas of concern for cuts to the Medicare program include IME and DSH payments. Another area of concern is “Pay for Performance” or VBP (as discussed above), which incorporates either an increase or decrease to the Medicare base payment rate based on the results of quality measures that a hospital must submit to Medicare. The intention of Pay for Performance is to pay for quality delivery of care, not simply quantity. It is likely that revisions will continue, some of which may adversely affect the Medicare payments that Members of the Obligated Group receive.

The OIG of DHHS reviews the appropriateness and accuracy of hospital payments. The OIG compares payments for physician office visits furnished in provider-based and free-standing clinics for similar procedures and assesses the potential impact on the Medicare program of hospitals' claiming provider-based status for such facilities. OIG reviews of hospitals will continue to scrutinize the impact of provider-based status on Medicare billing and rules related to provider-based status may change as a result. Provider-based status allows a subordinate facility to bill as part of the main facility and can result in additional Medicare payments for services furnished at provider-based facilities.

The 340b Drug Pricing Program requires drug manufacturers to provide certain outpatient drugs to eligible health care organizations and other covered entities at prices that are often significantly lower than the wholesale acquisition cost for such drugs. The 340b program enables covered entities to reach more eligible patients and provide more comprehensive services. LIJMC (including LIJFH and LIJVS), SSUH, SIUH, Phelps, and Lenox are eligible and participate in the 340b discount program. Beginning in calendar year 2018, the financial benefit associated with a provider being permitted to purchase discounted drugs

was decreased. The regulatory provision imposed reduced hospital reimbursement for most 340b drugs from Average Sales Price (“ASP”) plus 6% down to ASP less 22.5% so as to approximate acquisition cost.

Medicare pays home health agencies a prospective predetermined episodic base payment adjusted for patients’ health condition and care needs. The payment is also adjusted for geographic wage differences based of the location of service. Medicare pays hospices a daily wage-adjusted payment rate for each day a patient is enrolled in the hospice benefit. These daily rates are made regardless of the amount of services provided on a given day. Payments are made based on four levels of care required to meet patient and family needs.

Medicare pays for certain physician services based on a national fee schedule called the “resource-based-relative-value scale” (“RB-RVS”). The RB-RVS fee schedule establishes payment amounts for all physician services, including services of provider-based physicians, and is subject to annual updates. The RB-RVS is subject to sometimes significant, annual changes, including recent reductions to conversion factors that determine the ultimate amount of payment made services under the RB-RVS fee schedule. On April 16, 2015, Congress signed in to law the Medicare Access and CHIP Restoration Act of 2015. This act permanently replaced the sustainable growth rate formula used by Medicare to determine payments for physician services with a fixed 0.5% annual adjustment for the years 2015 through 2019. From 2020-2025, the base rates are maintained and physician compensation will be subject to adjustment under the Merit-Based Incentive Payment System (“MIPS”). Beginning in 2026, physicians who receive a significant portion of revenue through alternative payment models will receive a 0.75% increase, while those physicians who do not participate in these alternatives will receive an increase of 0.25%. Under MIPS, physicians will be assigned a composite performance score based on measures of quality, resource use, meaningful use of electronic health records, and clinical practice improvement activities. A threshold performance score will be set annually by DHHS at the mean or medium of all composite scores for a prior annual performance period. Performance exceeding the threshold will result in a positive adjustment, performance below the threshold will result in a negative adjustment, and performance at the threshold will result in no adjustment. In 2021, CMS finalized major changes to the MIPS program that both broadened the MIPS program and made it more difficult for providers to earn incentives and avoid penalties under the program.

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.

### ***Non-Medicare Payment***

As periodically updated and renewed, NYS payment methodologies and rates govern Medicaid, workers’ compensation, and no-fault insurance programs payment rates. Northwell’s hospitals and nursing homes periodically are issued Medicaid payment rates by the NYS Commissioner of Health, recognizing economic and budgetary considerations. In addition, Medicaid rate methodologies may be subject to approval at the federal level by CMS, which may 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 Obligated Group is reasonably assured that such amounts are realizable. Adjustments to the current and prior years’ payment rates for Medicaid will continue to be made in future years.

NYS payment methodologies include a system of state-imposed assessments and surcharges on various categories of third-party payers for health care services that fund annual state-operated pools for indigent care. There may be continued changes in the methodology used to determine the amount of the distributions to be made to hospitals and in the methodology used to determine the cap on the amount of



the distributions to hospitals. These issues could negatively impact Northwell. Charity care has become an area of intense focus by both federal and state governments. Effective January 1, 2013, funds have been distributed in accordance with each facility's relative uncompensated care need, based on factors including: uninsured inpatient and outpatient units of service from cost reporting periods two years prior to the distribution year, multiplied by average applicable Medicaid rates in effect as of January 1 of the distribution year adjusted by a statewide cost adjustment factor and reduced by any payment amounts collected from such uninsured patients. Members of the Obligated Group receive significant payments from the indigent care pool, and no assurances can be given that substantial subsequent changes in these programs will not occur, nor that subsequent payments will remain at levels comparable to the present level.

The ACA legislated cuts to the Federal portion of Medicaid DSH allotments, based on the projected reduction in the level of uncompensated care under health insurance coverage expansion. The reduction to the federal funding of Medicaid DSH has been delayed until FY 2024, with \$8 billion in DSH reductions scheduled for each of FY 2024–2027. Northwell management estimates that the annual impact to Northwell of such reductions will be approximately \$9 to \$10 million.

In NYS, Medicaid is a jointly funded federal-state-county program administered by NYS by which hospitals receive payment for services provided to eligible infants, children, adolescents, and indigent adults. Since its application for a federal Medicaid waiver under Section 1115 of the Social Security Act was first approved in 1997, NYS has mandated that a significant portion of its Medicaid population be assigned to and enrolled in private managed care plans. Medicaid recipients are required to enroll in one of several managed care options, unless they fall into an exempt or excluded category. Management of the Obligated Group believes that Medicaid fee-for-service payments will likely constitute a reduced percentage of the Obligated Group's inpatient revenue as Medicaid Managed Care plans contract with hospitals on a negotiated-rate basis. See "Managed Care" herein.

In 2011, the NYS Budget included cuts to payments to providers in a wide variety of areas. In addition, many modifications occurred as a result of the Medicaid Redesign Team. One of the key provisions was an overall state spending cap, which if exceeded, could result in further payment cuts. It remains uncertain whether the State will be able to keep spending below the limit in future years without resorting to additional rate cuts.

Payments made to health care providers under the Medicaid program are subject to change as a result of federal or state legislative and administrative actions, including changes in the methods for calculating payments, the amount of payments that will be made for covered services and the types of services that will be covered under the program. Such changes have occurred in the past and may potentially occur in the future, particularly in response to federal and state budgetary constraints.

There are at any time various proposals at the federal and state levels that could, among other things, significantly reduce rates or modify rate-setting methods. The ultimate outcome of any such proposals and other market changes cannot presently be determined. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on Northwell. Additionally, certain payers' payment rates for various years have been appealed by certain Members of the Obligated Group. If the appeals are successful, additional income applicable to those years might be realized.

Any future reductions could have a material adverse effect on the financial condition of Northwell.

See "PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP – New York State Budget" and "– Medicare and Medicaid Payment" in the forepart of this Official Statement.

## *Managed Care*

Managed care programs, which include various payment methodologies and utilization controls through the use of primary care physicians, case managers, and other care coordinators are increasingly being offered by traditional insurance companies and managed care organizations in NYS. Payment methodologies include per diem rates, per discharge rates, discounts from established charges, fee schedules and capitation payments. Enrollment in managed care programs has increased, and managed care programs are expected to have a greater influence on the manner in which health care services are delivered and paid for in the future. Managed care programs are expected to reduce the utilization of health care services, and inpatient services in particular. In addition, some managed care organizations have been delaying payments to hospitals thereby affecting institution cash flows. The Obligated Group's financial condition may be adversely affected by these trends. See "PART 6 – RISK FACTORS AND REGULATORY PROVISIONS THAT MAY AFFECT NORTHWELL AND THE OBLIGATED GROUP – Medicare and Medicaid Managed Care" in the forepart of this Official Statement.

Northwell has established relationships with most managed care companies in the market, and these contracts cover most products (health maintenance organization ("HMO"), point of service, preferred provider organization ("PPO")) and payer types (Medicare, Medicaid, commercial). The five managed care companies that represent the largest managed care patient volume within Northwell are Empire Health Choice/Anthem, United HealthCare, Emblem Health, CIGNA and Aetna.

The hospitals of Northwell, including the Members of the Obligated Group, employ a multifaceted, centralized strategy for managed care contracting. The goal of the contracting effort is to create mutually beneficial arrangements with managed care payers that will enable Northwell to maintain and enhance the quality of care provided to patients. This strategy was implemented in an effort to allow Northwell to maintain stable compensation/revenue through a combination of price enhancements and increases in volume to its facilities. The contracting initiatives include achieving efficiencies through unified integrated system-wide contracting, payment assurances, open panels for physicians, and diversified contracting for various products offered by each carrier. From time to time, Northwell has disputes with HMOs, PPOs, and other managed care payers concerning payment and contract interpretation issues. Such disputes may result in mediation, arbitration or litigation.

These efforts are taking place despite the increased strength of payers due to a number of factors. Payer consolidation in the marketplace would further disadvantage hospitals and result in a small number of managed care payers controlling the majority of discharges. Shifts between product types within a particular payer's population may adversely affect expected compensation/revenue. In addition, managed care payers have also begun implementing disease management programs and carving out many services (such as Behavioral Health / Substance Abuse, Laboratory and Radiology services) to third parties, as well as creating sub-networks ("centers of excellence") for high-cost services such as cardiac care, bariatric surgery or bone marrow transplants, restricting the number of providers that may offer these services to their members. Northwell has embarked on a strategy to give consideration to equity in pricing as care shifts from inpatient to outpatient settings due to innovations in medical technology and clinical practice, and shared savings/shared risk arrangements that reward efficiencies and quality. Examples of this include: pricing discounts, more favorable payment terms, preferred networks and benefit differentials, and participation in "centers of excellence." In addition, Northwell participates in pay-for-performance arrangements with several payers that provide opportunities for incentive payments tied to performance on specified quality and/or efficiency measures.

The majority of managed care payment to Northwell is paid on either a discounted fee-for-service basis or case rate according to contracted rates. Separate rates are established for each product line (Medicare, Medicaid, Indemnity, HMO, and PPO). Most contracts are either on a DRG-based per case rate

for all acute services or include per diem rates for general inpatient services and an extensive number of DRG-based case rates for tertiary and quaternary care. Psychiatric and Rehabilitation services are generally negotiated on a per diem basis. Outpatient services are paid on a percent of charges or fixed fee schedule basis.

Most Medicaid managed care members served by Members of the Obligated Group are enrolled with managed care plans known as Prepaid Health Services Plans. For several years, Northwell prepared for the implementation of mandatory Medicaid managed care enrollment in New York City and Nassau and Suffolk Counties, New York, through contracting initiatives and operational changes. A major part of this initiative was purchasing a significant ownership interest, currently 11%, in Healthfirst, a health plan owned collectively by a consortium of hospitals in the region and the largest managed Medicaid plan in New York City.

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**APPENDIX B**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NORTHWELL HEALTH, INC.  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
WITH REPORT OF INDEPENDENT AUDITORS**

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CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

Northwell Health, Inc.  
Years Ended December 31, 2021 and 2020  
With Report of Independent Auditors

Ernst & Young LLP



Northwell Health, Inc.

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  
Northwell Health, Inc.

### **Opinion**

We have audited the consolidated financial statements of Northwell Health, Inc. and its member corporations and other affiliated entities (collectively, Northwell), 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 consolidated financial position of Northwell 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 Northwell 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 Northwell’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 Northwell’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 Northwell’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 and combining statements of financial position as of December 31, 2021 and consolidating and combining statements of operations for the year then ended are presented for purposes of additional analysis and is 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

Northwell Health, Inc.

Consolidated Statements of Financial Position  
(In Thousands)

	December 31	
	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 578,168	\$ 830,955
Short-term investments	4,376,827	3,619,297
Accounts receivable for services to patients, net	1,568,340	1,276,235
Accounts receivable for physician activities, net	309,853	271,784
Current portion of pledges receivable	54,323	51,076
Current portion of insurance claims receivable	43,435	45,232
Other current assets	448,807	498,422
Total current assets	7,379,753	6,593,001
Long-term investments	3,833,609	3,970,226
Pledges receivable, net of current portion	127,099	100,339
Property, plant and equipment, net	6,246,810	5,858,662
Right-of-use assets – operating leases	1,000,823	942,817
Insurance claims receivable, net of current portion	116,149	136,067
Other assets	743,368	466,603
Total assets	\$ 19,447,611	\$ 18,067,715
<b>Liabilities and net assets</b>		
Current liabilities:		
Short-term borrowings	\$ 409,310	\$ 95,000
Accounts payable and accrued expenses	1,170,463	1,082,632
Accrued salaries and related benefits	1,403,304	1,327,075
Current portion of operating lease obligations	133,350	132,289
Current portion of finance lease obligations	6,415	7,995
Current portion of long-term debt	64,413	58,924
Current portion of insurance claims liability	43,435	45,232
Current portion of malpractice and other insurance liabilities	192,792	187,777
Current portion of Medicare advances	632,168	374,408
Current portion of estimated payables to third-party payers	330,229	306,581
Total current liabilities	4,385,879	3,617,913
Accrued retirement benefits, net of current portion	648,799	755,697
Operating lease obligations, net of current portion	891,756	845,642
Finance lease obligations, net of current portion	244,551	250,069
Long-term debt, net of current portion	3,579,927	3,650,825
Insurance claims liability, net of current portion	116,149	136,067
Malpractice and other insurance liabilities, net of current portion	1,817,495	1,601,430
Medicare advances, net of current portion	3,622	655,821
Other long-term liabilities	967,134	908,630
Total liabilities	12,655,312	12,422,094
Commitments and contingencies		
Net assets:		
Without donor restrictions	5,871,294	4,861,852
With donor restrictions	921,005	783,769
Total net assets	6,792,299	5,645,621
Total liabilities and net assets	\$ 19,447,611	\$ 18,067,715

See accompanying notes.

# Northwell Health, Inc.

## Consolidated Statements of Operations (In Thousands)

	<b>Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating revenue:</b>		
Net patient service revenue	\$ 10,523,685	\$ 9,081,218
Physician practice revenue	2,636,603	2,055,320
Total patient revenue	13,160,288	11,136,538
CARES Act Provider Relief Fund revenue	48,575	1,209,679
Other operating revenue	1,282,058	1,020,400
Net assets released from restrictions used for operations	53,820	63,846
	<b>14,544,741</b>	<b>13,430,463</b>
<b>Operating expenses:</b>		
Salaries	7,421,436	7,021,865
Employee benefits	1,630,753	1,592,007
Supplies and expenses	4,571,121	4,167,383
Depreciation and amortization	588,022	540,960
Interest	156,053	160,948
	<b>14,367,385</b>	<b>13,483,163</b>
Excess (deficiency) of operating revenue over operating expenses, excluding Health Insurance Companies	177,356	(52,700)
Health Insurance Companies excess of operating revenue over operating expenses	295	26,285
Total excess (deficiency) of operating revenue over operating expenses	<b>177,651</b>	<b>(26,415)</b>
<b>Non-operating gains and losses:</b>		
Investment income	460,495	186,311
Change in net unrealized gains and losses and change in value of equity method investments	16,387	526,009
Change in fair value of interest rate swap agreements designated as derivative instruments	700	(283)
Non-operating net periodic benefit credit	33,152	895
Other non-operating gains and losses	162,741	123,364
Total non-operating gains and losses	<b>673,475</b>	<b>836,296</b>
Excess of revenue and gains and losses over expenses	851,126	809,881
Net assets released from restrictions for capital asset acquisitions	25,757	44,881
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,647	(751)
Pension and other postretirement liability adjustments	165,515	(52,261)
Other changes in net assets	(34,603)	(3,572)
Increase in net assets without donor restrictions	<b>\$ 1,009,442</b>	<b>\$ 798,178</b>

*See accompanying notes.*

Northwell Health, Inc.

Consolidated Statements of Changes in Net Assets  
(In Thousands)

Years Ended December 31, 2021 and 2020

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, January 1, 2020	\$ 4,063,674	\$ 691,722	\$ 4,755,396
Contributions and grants	–	161,440	161,440
Investment income	–	12,519	12,519
Change in net unrealized gains and losses and change in value of equity method investments	–	28,419	28,419
Excess of revenue and gains and losses over expenses	809,881	–	809,881
Net assets released from restrictions for:			
Capital asset acquisitions	44,881	(44,881)	–
Operations	–	(63,846)	(63,846)
Non-operating activities	–	(10,959)	(10,959)
Change in fair value of interest rate swap agreements designated as cash flow hedges	(751)	–	(751)
Pension and other postretirement liability adjustments	(52,261)	–	(52,261)
Other changes in net assets	(3,572)	9,355	5,783
Increase in net assets	798,178	92,047	890,225
Net assets, December 31, 2020	\$ 4,861,852	\$ 783,769	\$ 5,645,621

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, January 1, 2021	\$ 4,861,852	\$ 783,769	\$ 5,645,621
Contributions and grants	–	183,473	183,473
Investment income	–	29,900	29,900
Change in net unrealized gains and losses and change in value of equity method investments	–	10,835	10,835
Excess of revenue and gains and losses over expenses	851,126	–	851,126
Net assets released from restrictions for:			
Capital asset acquisitions	25,757	(25,757)	–
Operations	–	(53,820)	(53,820)
Non-operating activities	–	(10,859)	(10,859)
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,647	–	1,647
Pension and other postretirement liability adjustments	165,515	–	165,515
Other changes in net assets	(34,603)	3,464	(31,139)
Increase in net assets	1,009,442	137,236	1,146,678
Net assets, December 31, 2021	\$ 5,871,294	\$ 921,005	\$ 6,792,299

See accompanying notes.

# Northwell Health, Inc.

## Consolidated Statements of Cash Flows (In Thousands)

	Year Ended December 31	
	2021	2020
<b>Operating activities</b>		
Increase in net assets	\$ 1,146,678	\$ 890,225
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Permanent endowment donor contributions	(22,259)	(13,914)
Depreciation and amortization	588,022	540,960
Amortization of bond premiums, discounts and financing costs	(5,483)	(5,959)
Net realized gains and losses, change in net unrealized gains and losses and change in value of equity method investments	(446,052)	(690,437)
Change in fair value of interest rate swap agreements	(2,347)	1,034
Gain on sale of joint venture	(197,792)	-
Changes in operating assets and liabilities:		
Accounts receivable for services to patients, net	(292,105)	9,307
Accounts receivable for physician activities, net	(38,069)	(15,891)
Pledges receivable	(23,173)	(10,108)
Medicare advances	(394,439)	1,030,229
Current portion of estimated payables to third-party payers	23,648	(31,670)
Accrued retirement benefits, net of current portion	(106,898)	108,959
Malpractice and other insurance liabilities	221,080	268,060
Net change in all other operating assets and liabilities	75,342	579,832
Net cash provided by operating activities	526,153	2,660,627
<b>Investing activities</b>		
Capital expenditures	(1,005,892)	(841,839)
Net cash from sales of (invested in) short-term and long-term investments	29,173	(1,445,219)
Payments for acquisitions and clinical joint venture investments, net	(51,424)	(39,501)
Net cash used in investing activities	(1,028,143)	(2,326,559)
<b>Financing activities</b>		
Principal payments on long-term debt and finance lease obligations	(71,509)	(64,269)
Payments on refunded long-term debt	(53,730)	-
Payments on short-term borrowings	(65,427)	(465,000)
Proceeds from short-term borrowings	379,737	465,000
Proceeds from long-term debt	53,730	-
Payments for financing costs	(283)	-
Proceeds from permanent endowment donor contributions	15,425	19,894
Net cash provided by (used in) financing activities	257,943	(44,375)
Net (decrease) increase in cash and cash equivalents (unrestricted and restricted)	(244,047)	289,693
Cash and cash equivalents (unrestricted and restricted), beginning of year	1,268,946	979,253
Cash and cash equivalents (unrestricted and restricted), end of year	\$ 1,024,899	\$ 1,268,946
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest (exclusive of amounts capitalized)	\$ 160,979	\$ 165,907

See accompanying notes.

# Northwell Health, Inc.

## Notes to Consolidated Financial Statements (In Thousands)

December 31, 2021

### 1. Organization and Principles of Consolidation

Northwell Health, Inc. and its member corporations and other affiliated entities (collectively, Northwell) is an integrated health care delivery system in the New York metropolitan area. Most entities within Northwell are exempt from Federal income taxes on related income under the provisions of Section 501(a) of the Internal Revenue Code (the Code) as organizations described in Section 501(c)(3), while certain entities are not exempt from such income taxes. The exempt organizations also are exempt from New York State and local income taxes.

The accompanying consolidated financial statements include the accounts of the following principal operating organizations. All interorganization accounts and activities have been eliminated in consolidation.

#### Hospitals

- North Shore University Hospital (NSUH), including Syosset Hospital
- Long Island Jewish Medical Center (LIJMC), including Long Island Jewish Hospital, Long Island Jewish Forest Hills, Long Island Jewish Valley Stream, Steven and Alexandra Cohen Children's Medical Center of New York, Zucker Hillside Hospital and Orzac Center for Rehabilitation
- Staten Island University Hospital, including the North and Prince's Bay campuses (Staten Island)
- Lenox Hill Hospital (Lenox)
- South Shore University Hospital (SSUH, formerly Southside Hospital)
- Glen Cove Hospital (Glen Cove)
- Huntington Hospital Association (Huntington)
- Plainview Hospital (Plainview)
- The Long Island Home (South Oaks Hospital)
- Phelps Memorial Hospital Association (Phelps, collectively with its subsidiaries)
- Northern Westchester Hospital Association (Northern Westchester, collectively with its subsidiaries)
- Peconic Bay Medical Center (Peconic, collectively with its subsidiaries)
- John T. Mather Memorial Hospital (Mather, collectively with its subsidiary)



# Northwell Health, Inc.

## Notes to Consolidated Financial Statements (continued)

(In Thousands)

### 1. Organization and Principles of Consolidation (continued)

#### Other Entities

- Northwell Health, Inc. and Northwell Healthcare, Inc. (HCI) – parent holding companies
- Northwell Health Stern Family Center for Rehabilitation (Stern) – skilled nursing facility and rehabilitation center
- Northwell Health Laboratories – laboratory services
- North Shore Health System Enterprises, Inc., North Shore Health Enterprises, Inc. and True North Health Services Company, LLC – holding companies for certain related entities
- RegionCare, Inc. – infusion therapy and licensed home health agency services
- North Shore Community Services, Inc. – real estate holdings and related services
- North Shore University Hospital Housing, Inc., North Shore University Hospital at Glen Cove Housing, Inc. and Hillside Hospital Houses, Inc. – housing and auxiliary facilities for staff members, students and employees
- Visiting Nurse Association of Hudson Valley, Inc. and subsidiaries – home care and hospice services
- True North Health Pharmacy, Inc. – retail pharmacy
- Staten Island Performing Provider System, LLC – population health organization
- North Shore-LIJ and Yale New Haven Medical Air Transport, LLC – medical air transport company 90% owned by Northwell
- Long Island Center for Digestive Health, LLC – outpatient endoscopy center 51% owned by Northwell
- The Feinstein Institutes for Medical Research – medical research
- Northwell Health Foundation – fundraising
- Hospice Care Network – hospice services
- Regional Insurance Company Ltd. (Regional Insurance) – captive insurance company providing excess professional liability insurance
- Montauk Risk Retention Group, Inc. – captive insurance company providing professional liability insurance
- Northwell Family Health Center at Huntington (formerly Dolan Family Health Center) – community health center
- Endoscopy Center of Long Island, LLC – outpatient endoscopy center 70% owned by Northwell
- Endo Group, LLC – outpatient ambulatory surgery center 54% owned by Northwell
- DHCH, LLC (Digestive Health Center of Huntington) – outpatient endoscopy center 51% owned by Northwell
- South Shore Surgery Center, LLC – outpatient ambulatory surgery center 67% owned by Northwell
- Suffolk Surgery Center, LLC – outpatient ambulatory surgery center 68% owned by Northwell
- Melville SC, LLC – outpatient ambulatory surgery center 50.1% owned by Northwell
- Lynbrook SC, LLC – outpatient ambulatory surgery center 100% owned by Northwell
- Affiliated professional corporations

# Northwell Health, Inc.

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### **1. Organization and Principles of Consolidation (continued)**

Certain members of Northwell (the Obligated Group) are jointly and severally liable for obligations under bond indentures (see Note 8). The Obligated Group consists of HCI, NSUH, LIJMC, Staten Island, Lenox, SSUH, Huntington, Glen Cove, Plainview and Stern.

Northwell maintains a controlling ownership in various entities, whose results of operations are included in the accompanying consolidated financial statements. Northwell's non-controlling interest in these entities at December 31, 2021 and 2020 is immaterial, both individually and in the aggregate, to Northwell's net assets and excess of revenue and gains and losses over expenses, as reported in the accompanying consolidated financial statements.

At December 31, 2020, Northwell had an 8% ownership interest in a joint venture which was accounted for using the equity method of accounting. At December 31, 2020, \$154,265 was reported within long-term investments in the accompanying consolidated statement of financial position for this investment. In March 2021, Northwell sold its interest in the joint venture, resulting in a net gain of \$197,792, which is included in other non-operating gains and losses in the accompanying consolidated statement of operations for the year ended December 31, 2021.

### **COVID-19 Impact**

The global outbreak of Coronavirus Disease 2019 (COVID-19) has caused numerous and varied medical, economic and social impacts. These impacts have included widespread business and school closures and event cancellations, high unemployment and other economic and societal effects resulting from the national response to the COVID-19 crisis. There have been adverse effects on Northwell's operations and financial condition, beginning in March 2020 and continuing into 2021 as a result of the pandemic, including increased labor and non-labor expenses related to clinical care, reductions in patient volume and incremental costs in response to the crisis. The recovery of patient volume started in late May 2020 after the first COVID-19 surge in Northwell's service area. Subsequent COVID-19 surges have impacted the recovery and continue to affect Northwell's operations. Different from the first COVID-19 surge, these other surges did not result in New York State executive orders prohibiting elective or non-emergent medical services. Patient volume continues to recover; however, certain services are currently at levels lower than pre-COVID-19. The financial impact will ultimately be dependent on the duration of the pandemic, the severity of COVID-19 resurgences, the pace of economic activity and continued recovery in providing non-COVID-19 related services to patients, and the ultimate amount of federal and other relief funding received.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **1. Organization and Principles of Consolidation (continued)**

Individual Northwell entities received grants from the Coronavirus Aid, Relief and Economic Security (CARES) Act Provider Relief Fund based on various criteria and, under current guidelines issued by the US Department of Health and Human Services (HHS), these funds can be used to cover certain COVID-19 related costs and revenue losses. 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 consolidated statements of operations for the years ended December 31, 2021 and 2020 reflect \$48,575 and \$1,209,679 of Provider Relief Fund grant revenue, respectively. In November 2021 and March 2022, management submitted the required reports to HHS on the use of the Provider Relief Fund for the first and second reporting periods covering funds received through June 2020 and December 2020, respectively.

In addition to the amounts from the Provider Relief Fund to offset the financial impact of COVID-19, there were certain temporary Medicare payment rate enhancements provided in 2020 and 2021. Medicare advances were also made available in 2020 under the CARES Act to provide liquidity to health care providers (separate and apart from the CARES Act Provider Relief Fund grants described in the paragraph above). Northwell received approximately \$1,030,000 in Medicare advances, which have started to be repaid without interest beginning in April 2021, and repayment will continue through February 2023. Amounts expected to be repaid in the next twelve months are reflected within current liabilities in the consolidated statements of financial position at December 31, 2021 and 2020. In addition, Northwell participated in the FICA tax deferral program under the CARES Act for the employer portion of social security taxes and, as of December 31, 2021 and 2020, has deferred approximately \$115,000 and \$229,000, respectively. The employer FICA amounts deferred under this program are payable without interest with half having been paid in December 2021 and the remaining balance due by December 2022. Amounts expected to be repaid in the next twelve months are recorded in accrued salaries and related benefits in the accompanying consolidated statements of financial position at December 31, 2021 and 2020, while the remaining long-term portion at December 31, 2020 was reflected in other long-term liabilities.

Management has designated funds in assets limited as to use for the Medicare advances and FICA deferral amounts and excluded such amounts from Northwell's total unrestricted cash, cash equivalents and investments as of December 31, 2021 and 2020.

# Northwell Health, Inc.

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **1. Organization and Principles of Consolidation (continued)**

Management is pursuing opportunities for additional federal funding, including funding from the Federal Emergency Management Agency (FEMA) and any other funding that is or will become available. Included in other operating revenue in the consolidated statements of operations for the years ended December 31, 2021 and 2020 is approximately \$12,600 and \$28,500 of FEMA grant revenue.

Management continues to closely monitor the operational and financial impact of COVID-19. However, the ultimate net impact of the pandemic on Northwell's financial condition remains uncertain.

#### **Health Insurance Companies**

In July 2017, North Shore-LIJ Health Plan Inc. (Health Plan) filed a termination plan which was approved by the New York State Department of Health (NYSDOH) in September 2017. Health Plan ceased new enrollment in its Medicaid Managed Long-Term Care Plan and, by January 2018, had transitioned its existing members to other plans.

In August 2017, Northwell announced that it would wind down CareConnect Insurance Company, Inc. (CareConnect) and withdraw from New York State's insurance markets. The New York State Department of Financial Services approved CareConnect's plan which allowed CareConnect to stop writing and renewing annual large and small group policies effective December 1, 2017 and individual policies effective January 1, 2018.

As a result of Northwell's decision to exit the health insurance business, the net operating results of CareConnect and Health Plan (collectively, the Health Insurance Companies) from the wind down of operations are separately reported within the accompanying consolidated statements of operations for the years ended December 31, 2021 and 2020. For the year ended December 31, 2020, the Health Insurance Companies' excess of operating revenue over operating expenses includes \$25,303 for CareConnect resulting from the Supreme Court of the United States' rulings on class action lawsuits related to the Affordable Care Act's risk corridor program.

# Northwell Health, Inc.

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### **2. Summary of Significant Accounting Policies**

#### **Consolidated Statements of Operations**

The accompanying consolidated statements of operations include the excess of revenue and gains and losses over expenses as the performance indicator. For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenue and operating expenses; peripheral or incidental transactions and unusual, nonrecurring items are reported as non-operating gains and losses.

Net assets released from restrictions for capital asset acquisitions, the change in fair value of interest rate swap agreements designated as cash flow hedges, pension and other postretirement liability adjustments and other changes in net assets are excluded from Northwell's performance indicator.

#### **Recent Accounting Pronouncements**

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 requires 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. Northwell adopted ASU 2018-15 effective January 1, 2021 on a prospective basis. The adoption of ASU 2018-15 did not have a material impact on the consolidated financial statements.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Summary of Significant Accounting Policies (continued)**

In August 2018, the FASB amended certain guidance related to the disclosure requirements for defined benefit pension plans and other post-retirement plans 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* (ASU 2018-14). 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 requirement for all sponsors of defined benefit plans to disclose the amounts in accumulated other comprehensive income (net assets without donor restrictions) 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 Northwell's consolidated financial statements.

In June 2016, the FASB issued 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 this ASU are effective for Northwell for fiscal years beginning after December 15, 2022. Northwell has not completed the process of evaluating the impact of ASU 2016-13 on its consolidated financial statements.

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, including accounts receivable for services to patients, and liabilities, including accounts payable and accrued expenses, estimated payables to third-party payers, accrued retirement benefits and malpractice and other insurance liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 2. Summary of Significant Accounting Policies (continued)

##### Cash and Cash Equivalents

Northwell classifies all highly liquid financial instruments purchased with a maturity of three months or less as cash equivalents. Northwell maintains cash on deposit with major banks and invests in money market securities with financial institutions which exceed federally-insured limits. Management believes the credit risk related to these deposits is minimal. Northwell does not hold any money market funds with significant liquidity restrictions that would be required to be excluded from cash equivalents.

Cash and cash equivalents (unrestricted and restricted), as reported in the accompanying consolidated statements of cash flows, are reported within the following categories in the accompanying consolidated statements of financial position as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 578,168	\$ 830,955
Short and long-term investments	446,731	437,991
	<u>\$ 1,024,899</u>	<u>\$ 1,268,946</u>

##### Pledges Receivable

Pledges (promises to give), less an allowance for uncollectible amounts, are recorded as receivables in the year made at net present value and are recorded as additions to net assets with donor restrictions. Pledges receivable that are due more than one year from the consolidated statement of financial position date are discounted to reflect the present value of future cash flows.

##### Investments

Short-term and long-term investments include cash and cash equivalents, marketable securities and other investments. Marketable securities are classified as trading securities. Investments in debt securities, equity securities and mutual funds with readily determinable fair values are reported at fair value, based on quoted market prices. Investment transactions are recorded on the trade date.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Summary of Significant Accounting Policies (continued)**

Northwell has also invested in alternative investments, including funds of hedge funds, hedge funds, private equity funds, private real estate funds and private credit funds. These other investments are not readily marketable and are reported under the equity method of accounting. The equity method reflects Northwell's share of the net asset value of the respective funds.

Individual investment holdings of the funds of hedge funds, hedge funds, private equity funds, private real estate funds and private credit funds may include investments in both nonmarketable and market-traded securities. Valuations of these investments, and therefore Northwell's holdings, may be determined by the investment managers or general partners. Values may be based on estimates that require varying degrees of judgment. Recorded estimates may change by a material amount in the near term. The investments may indirectly expose Northwell to securities lending, short sales of securities and trading in futures and forwards contracts, options and other derivative products. However, Northwell's risk is limited to its amounts invested. At December 31, 2021, Northwell has future commitments of \$237,183 and \$81,351 to invest in private equity, private real estate and private credit funds for pension and restricted assets, respectively.

Northwell is also invested in commingled fixed income and equity funds. The underlying investment holdings of the commingled funds are predominantly marketable securities. These investments are reported either at fair value based on quoted market prices, if their fair values are readily determinable, or under the equity method of accounting, which approximates fair value. The equity method reflects Northwell's share of the net asset value of these investments.

The financial statements of the alternative investments and commingled fixed income and equity funds noted above are audited annually by independent auditors, although the timing for reporting the results of such audits for certain investments does not coincide with Northwell's annual financial statement reporting.

Other investments also include non-controlling interests in non-clinical joint ventures held by Northwell for investment purposes. Such investments are accounted for under the equity method or at cost less any impairment, adjusted for observable price changes for an identical or similar investment of the same issuer (Adjusted Cost).



## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Summary of Significant Accounting Policies (continued)**

Included in short-term and long-term investments are assets limited as to use, which include funds held pursuant to debt financing arrangements, management designated funds (including malpractice and other self-insurance assets and funds set aside to repay Medicare advances), deferred employee compensation plan assets and donor restricted assets. Amounts required to meet current liabilities are reported as short-term investments. Northwell has future commitments of approximately \$390,000 at December 31, 2021 to purchase additional investments included in assets limited as to use in addition to the private equity, private real estate and private credit commitment amounts noted above.

Investment income (including realized gains and losses on investments, interest and dividends) and the change in net unrealized gains and losses and change in value of equity method investments are included in the performance indicator, unless the income or loss is restricted by donor or law. Interest and dividend income earned on Northwell's management designated malpractice and other self-insurance assets and management designated taxable debt sinking funds is recorded in other operating revenue.

#### **Inventory of Supplies**

Inventory, included in other current assets, is stated at the lower of cost or net realizable value.

#### **Insurance Claims Receivable and Liability**

For medical malpractice and similar contingent liabilities, Northwell determines such claims liabilities without consideration of insurance recoveries. Accordingly, Northwell recognizes insurance receivables at the same time that it recognizes the liabilities, measured on the same basis as the liabilities, subject to the need for a valuation allowance for uncollectible amounts in the accompanying consolidated statements of financial position. Such amounts represent the actuarially determined value of medical malpractice and other claims that are anticipated to be covered by insurance. These amounts were undiscounted at December 31, 2021 and discounted using a risk-free rate of 0.5% at December 31, 2020.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Property, Plant and Equipment**

Property, plant and equipment is stated at cost or, in the case of gifts, at fair value at the date of the gift, less accumulated depreciation and amortization. Property, plant and equipment from acquired entities that existed at their respective acquisition dates was recorded at fair value based upon an independent valuation. Depreciation and amortization of land improvements, buildings, fixed equipment and major movable equipment is computed by the straight-line method based upon the estimated useful lives of the assets, ranging from three to forty years.

Buildings and 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 financial statements.

During the period of construction of capital assets, interest costs are capitalized as a component of the cost of assets. When assets are disposed of, the carrying amounts of the assets and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss on disposal is included in the performance indicator. When assets become fully depreciated, the carrying amounts of such assets and the related accumulated depreciation are removed from the accounts (see Note 6).

##### **Long-Lived Assets**

Gifts of long-lived assets are reported at fair value established at the date of contribution as changes in net assets without donor restrictions, excluded from the performance indicator, unless explicit donor stipulations specify how the donated asset must be used.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If long-lived assets are deemed to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or the fair value, less costs to sell.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Other Assets**

Other assets included in the accompanying consolidated statements of financial position primarily consist of goodwill and other intangible assets, investments in clinical joint ventures and a note receivable (see Note 14).

In connection with various acquisitions, Northwell has recognized goodwill and certain indefinite-lived intangible assets totaling approximately \$312,000 and \$264,000 at December 31, 2021 and 2020, respectively. These assets are subject to impairment testing on an annual basis. For the year ended December 31, 2021, \$10,347 of goodwill and intangible assets were written off, as a result of impairment testing (none in 2020).

##### **Deferred Financing Costs**

Deferred financing costs, included in long-term debt and finance lease obligations, represent costs incurred to obtain financing for various Northwell projects and initiatives. Amortization of these costs is provided over the term of the applicable indebtedness.

##### **Interest Rate Swap Agreements**

Interest rate swap agreements are reported at fair value. Fair value is estimated using discounted cash flow analyses based on current and projected interest rates with consideration of the risk of non-performance. Changes in fair value of interest rate swap agreements designated as derivative instruments are recognized in Northwell's performance indicator. Changes in fair value of interest rate swap agreements designated as cash flow hedges are excluded from the performance indicator.

##### **Other Long-Term Liabilities**

Other long-term liabilities included in the accompanying consolidated statements of financial position primarily consist of the long-term portion of estimated payables to third-party payers, the long-term portion of expected payment obligations, deferred revenue and the fair value of the interest rate swap agreements.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Classification of Net Assets**

Northwell separately accounts for and reports net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include resources that the governing board may use for any designated purpose and resources whose use is limited by an agreement between Northwell and an outside party other than the donor or grantor. Net assets with donor restrictions are those whose use by Northwell has been limited by donors to a specific time period or purpose. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, these net assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Certain net assets with donor restrictions have been restricted by donors to be maintained in perpetuity. Income from these net assets is available to support certain teaching, research and training programs.

Northwell also recognizes governmental grants where commensurate value is not exchanged as contributions when conditions and restrictions are satisfied and reports such amounts within other operating revenue or as net assets released from restrictions for capital asset acquisitions in the consolidated statements of operations.

##### **Donor Gifts**

Gifts of cash and other assets, including unconditional promises to give cash and other assets (pledges), are reported at fair value when the gift is received (or promise is made). Northwell receives conditional pledges, which are not reflected in the accompanying consolidated financial statements. The conditional pledges primarily relate to the establishment of certain programs. As the conditions of the pledges are met, the pledges are recognized. At December 31, 2021 and 2020, \$71,709 and \$66,910, respectively, of conditional pledges have not been recognized in the consolidated statements of financial position.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**2. Summary of Significant Accounting Policies (continued)**

Contributions and pledges raised through fundraising efforts for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$ 2,492	\$ 3,343
With donor restrictions	135,919	114,783
	<u>\$ 138,411</u>	<u>\$ 118,126</u>

**Functional Expenses**

Northwell provides health care services to residents primarily within its geographic areas and performs medical research. Expenses related to providing these services pertain to the following functional and natural categories for the years ended December 31, 2021 and 2020:

	<u>2021</u>			
	<u>Health Care Services</u>	<u>Medical Research</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 6,437,718	\$ 82,523	\$ 901,195	\$ 7,421,436
Employee benefits	1,405,434	23,137	202,182	1,630,753
Supplies and expenses	4,136,409	50,400	384,312	4,571,121
Depreciation and amortization	341,120	6,219	240,683	588,022
Interest	138,271	–	17,782	156,053
	<u>\$ 12,458,952</u>	<u>\$ 162,279</u>	<u>\$ 1,746,154</u>	<u>\$ 14,367,385</u>

	<u>2020</u>			
	<u>Health Care Services</u>	<u>Medical Research</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 6,123,887	\$ 80,828	\$ 817,150	\$ 7,021,865
Employee benefits	1,381,210	21,512	189,285	1,592,007
Supplies and expenses	3,642,250	50,498	474,635	4,167,383
Depreciation and amortization	327,031	6,316	207,613	540,960
Interest	141,679	–	19,269	160,948
	<u>\$ 11,616,057</u>	<u>\$ 159,154</u>	<u>\$ 1,707,952</u>	<u>\$ 13,483,163</u>

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Summary of 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.

#### **Tax Status**

Certain entities included in Northwell's consolidated financial statements are taxable entities under Federal or state laws. U.S. generally accepted accounting principles require that the asset and liability method of accounting for income taxes be utilized by these organizations and for unrelated business activities of the tax-exempt entities included in Northwell's consolidated financial statements. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities.

At December 31, 2021, Northwell has a deferred tax asset of approximately \$145,000, which has been fully offset by a related valuation allowance. At December 31, 2020, Northwell had a deferred tax asset of approximately \$175,000, which was partially offset by a related valuation allowance of approximately \$141,000. The deferred tax asset and related valuation allowance are recorded within other current assets in the accompanying consolidated statement of financial position. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax asset will not be realized. Significant components of the deferred tax asset relate to net operating loss (NOL) carryforwards. Certain entities have NOL carryforwards aggregating approximately \$490,000 at December 31, 2021. NOL carryforwards generated prior to 2018 will expire in varying amounts through 2037 and are available to offset future taxable income of the respective entity. NOLs generated after 2017 can be carried forward indefinitely, but with limitations.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

#### **3. Accounts Receivable and Patient Revenue**

Net patient service revenue and physician practice revenue (collectively, Patient Revenue) are reported at the amount that reflects the consideration to which Northwell expects to be entitled in exchange for providing patient care. These amounts are due from patients and third-party payers (including health insurers and government programs) and include various elements of variable consideration in determining a transaction price.

Northwell 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 consist of major payer classes for Patient Revenue. Based on historical collection trends and other analyses, Northwell believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach was used.

Northwell's initial estimate of the transaction price for services provided to patients subject to revenue recognition 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 Northwell's standard charges. Northwell determines the transaction price associated with services provided to patients who have third-party payer coverage on the basis of contractual rates, governmental rates or established charges for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements, Northwell's discount policies and historical experience. For uninsured patients who are ineligible for any government assistance program, Northwell provides services without charge or at amounts less than its established rates for patients who meet the criteria of its charity care policy. Because Northwell does not pursue collection of amounts determined to qualify as charity care, such services are not reported as Patient Revenue. For uninsured and under-insured patients who do not qualify for charity care, Northwell 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 Northwell's historical collection experience for applicable patient portfolios.

Generally, Northwell bills patients and third-party payers several days after the services are performed and/or the patient is discharged. Patient Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by Northwell. Patient Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total charges. Northwell 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,

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**3. Accounts Receivable and Patient Revenue (continued)**

performance obligations satisfied over time relate to patients receiving inpatient acute care services or patients receiving services in Northwell’s outpatient and ambulatory care centers. Northwell measures the performance obligation from admission into the hospital or the commencement of an outpatient or physician 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 or physician visit.

Substantially all of Northwell’s performance obligations relate to contracts with a duration of less than one year; the unsatisfied or partially unsatisfied performance obligations referred to below are primarily related to inpatient acute care services at the end of the reporting period for patients who remain admitted at that time (in-house patients). As such, accounts receivable related to in-house patients are considered contract assets as the performance obligation is not completed until the patients are discharged which, for the majority of the in-house patients, occurs within days or weeks after the end of the reporting period and at which point Northwell has the right to bill.

At December 31, 2021 and 2020, accounts receivable for services to patients, net is comprised of the following components:

	<u>2021</u>	<u>2020</u>
Receivables for services to patients	\$ 1,460,588	\$ 1,194,549
Contract assets (for in-house patients)	<u>107,752</u>	<u>81,686</u>
	<u>\$ 1,568,340</u>	<u>\$ 1,276,235</u>

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to Patient Revenue in the period of the change. For the years ended December 31, 2021 and 2020, changes in Northwell’s estimates of implicit price concessions, discounts, contractual adjustments or other reductions to expected payments for performance obligations satisfied in prior years were not significant. Portfolio collection estimates are updated periodically 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 in supplies and expenses in the accompanying consolidated statements of operations. Bad debt expense and the related allowance for uncollectible accounts for the years ended and as of December 31, 2021 and 2020 were not significant.



Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**3. Accounts Receivable and Patient Revenue (continued)**

Northwell has determined that the nature, amount, timing and uncertainty of revenue and cash flows are primarily affected by its mix of payers and services.

Patient Revenue for the years ended December 31, 2021 and 2020, by primary payer, is approximately as follows:

	<u>2021</u>	<u>2020</u>
Medicare and Medicare managed care	\$ 4,204,000	\$ 3,580,000
Medicaid and Medicaid managed care	1,826,000	1,556,000
Self-pay	68,000	68,000
Other third-party payers	7,062,000	5,933,000
	<u>\$ 13,160,000</u>	<u>\$ 11,137,000</u>

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the appropriate primary payer category above.

Patient Revenue for the years ended December 31, 2021 and 2020, disaggregated by lines of service, is as follows:

	<u>2021</u>	<u>2020</u>
Net patient service revenue:		
Hospitals	\$ 10,284,049	\$ 8,837,462
Joint venture ambulatory surgery centers	76,603	65,345
Stern (skilled nursing facility and rehabilitation center)	48,547	47,649
Hospice Care Network	48,681	50,497
RegionCare, Inc.	47,223	52,888
Other	18,582	27,377
Net patient service revenue	<u>10,523,685</u>	<u>9,081,218</u>
Physician practice revenue	2,636,603	2,055,320
Total patient revenue	<u>\$ 13,160,288</u>	<u>\$ 11,136,538</u>

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

#### **3. Accounts Receivable and Patient Revenue (continued)**

##### **Third-Party Payment Programs**

Northwell has agreements with third-party payers that provide for payment for services rendered at amounts different from its established charges. A summary of the payment arrangements with major third-party payers follows:

##### ***Non-Medicare***

In New York State, hospitals and all non-Medicare payers (including Medicare and Medicaid managed care plans), except Medicaid, workers' compensation and no-fault insurance programs, negotiate payment rates. If negotiated rates are not established, payers are billed at hospitals' established charges. Medicaid, workers' compensation and no-fault payers pay hospital rates promulgated by the NYSDOH. 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 for certain rate components paid concurrently with the settlement of the final rate. 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 Northwell is reasonably assured that such amounts are realizable. Adjustments to the current and prior years' payment rates for those payers will continue to be made in future years.

##### ***Medicare***

Hospitals are paid for most Medicare inpatient and outpatient services under national prospective payment systems and other methodologies of the Medicare program for certain other services. Federal regulations provide for certain adjustments to current and prior years' payment rates, based on industry-wide and Northwell-specific data.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **3. Accounts Receivable and Patient Revenue (continued)**

Northwell has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payers for adjustments to current and prior years' payment rates, based on industry-wide and Northwell-specific data. The current Medicaid, Medicare and other third-party payer 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. Northwell 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 with all applicable laws and regulations. Medicare cost reports, which are filed individually by the applicable Northwell entities and serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through years ranging from 2000 to 2019. Other years remain open for audit and settlement, as do certain 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 and additional information is obtained.

Settlements with third-party payers 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 Patient Revenue. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and Northwell'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 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. Changes in estimates relating to prior year settlements were not significant for the years ended December 31, 2021 and 2020.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 3. Accounts Receivable and Patient Revenue (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 revisions to health care regulations that may be enacted by the Federal and State governments, cannot presently be determined. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on Northwell. Additionally, certain payers' payment rates for various years have been appealed by certain members of Northwell. If the appeals are successful, additional income applicable to those years could be realized.

Northwell grants credit without collateral to its patients, most of whom are insured under various third-party agreements. The significant concentrations of accounts receivable for services to patients, net at December 31, 2021 and 2020 were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Medicare and Medicare managed care	<b>32%</b>	31%
Medicaid and Medicaid managed care	<b>19</b>	19
Self-pay (including balances after insurance)	<b>4</b>	4
Other third-party payers	<b>45</b>	46
	<b>100%</b>	100%

#### Charity Care

Together, charity care, implicit price concessions and bad debt expense represent uncompensated care. The estimated cost of total uncompensated care was approximately \$362,000 and \$352,000 for the years ended December 31, 2021 and 2020, respectively. The estimated cost of charity care provided was approximately \$260,000 and \$253,000 for the years ended December 31, 2021 and 2020, respectively. The estimated cost of uncompensated care and charity care is based on the ratio of cost to charges, as determined using Northwell-specific data.

The NYSDOH Hospital Indigent Care Pool (the Pool) was established to provide funds to hospitals for the provision of uncompensated care and is funded, in part, by a 1% assessment on hospital net inpatient service revenue. For the years ended December 31, 2021 and 2020, Northwell received \$83,477 and \$77,282, respectively. Northwell made payments into the Pool of \$64,679 and \$60,846 for the years ended December 31, 2021 and 2020, respectively, for the 1% assessment.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**4. Cash, Investments and Liquidity**

Northwell's cash, cash equivalents and investments are reported in the consolidated statements of financial position as presented below at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 578,168	\$ 830,955
Short-term investments	4,376,827	3,619,297
Long-term investments	<u>3,833,609</u>	<u>3,970,226</u>
Total cash, cash equivalents and investments	<u>8,788,604</u>	<u>8,420,478</u>
Less assets limited as to use:		
Management designated malpractice and other self-insurance assets	1,280,356	1,022,791
Management designated assets to repay Medicare advances	635,790	1,030,229
Other management designated assets*	1,921,169	1,927,682
Donor restricted assets	410,094	359,650
Deferred employee compensation plan assets	380,941	304,188
Assets under bond indentures and other	<u>83,216</u>	<u>98,067</u>
Total assets limited as to use	<u>4,711,566</u>	<u>4,742,607</u>
Total unrestricted cash, cash equivalents and investments	<u>\$ 4,077,038</u>	<u>\$ 3,677,871</u>

\*Other management designated assets include sinking funds established to repay Northwell's taxable debt, amounts designated to fund future capital expenditures and investments, and amounts deferred under the CARES Act FICA employer tax deferral program.

The total unrestricted cash, cash equivalents and investments is used in Northwell's days cash on hand calculation, a required financial ratio for certain debt compliance covenants (see Note 8).

Short-term investments include \$968,983 and \$859,140 of assets limited as to use at December 31, 2021 and 2020, respectively. Long-term investments include \$3,742,583 and \$3,883,467 of assets limited as to use at December 31, 2021 and 2020, respectively.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**4. Cash, Investments and Liquidity (continued)**

Cash and cash equivalents, short-term investments and long term-investments, stated on the applicable measurement basis as described in Note 2, consist of the following at December 31, 2021:

	<b>Total</b>	<b>Unrestricted Cash and Investments</b>	<b>Assets Limited as to Use</b>
Cash and cash equivalents (including amounts in the investment portfolio)	\$ 1,024,899	\$ 822,724	\$ 202,175
U.S. Government obligations	554,834	413,528	141,306
Corporate and other bonds	855,503	638,488	217,015
Fixed income mutual funds	726,628	553,736	172,892
Commingled fixed income funds	914,609	–	914,609
Equity securities	1,642,491	1,050,429	592,062
Equity mutual funds	1,191,878	588,168	603,710
Commingled equity funds	415,480	–	415,480
Target-age mutual funds	131,387	–	131,387
Funds of hedge funds	978,053	–	978,053
Hedge funds	519	–	519
Private equity funds	43,463	–	43,463
Private real estate funds	10,005	–	10,005
Private credit funds	24,906	–	24,906
Non-clinical joint venture investments	47,168	–	47,168
Accrued interest and other	226,781	9,965	216,816
	<u>\$ 8,788,604</u>	<u>\$ 4,077,038</u>	<u>\$ 4,711,566</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**4. Cash, Investments and Liquidity (continued)**

Cash and cash equivalents, short-term investments and long term-investments, stated on the applicable measurement basis as described in Note 2, consist of the following at December 31, 2020:

	<b>Total</b>	<b>Unrestricted Cash and Investments</b>	<b>Assets Limited as to Use</b>
Cash and cash equivalents (including amounts in the investment portfolio)	\$ 1,268,946	\$ 1,015,178	\$ 253,768
U.S. Government obligations	509,496	335,619	173,877
Corporate and other bonds	760,113	506,263	253,850
Fixed income mutual funds	704,141	468,910	235,231
Commingled fixed income funds	901,918	–	901,918
Equity securities	1,481,716	854,724	626,992
Equity mutual funds	1,072,221	489,735	582,486
Commingled equity funds	390,269	–	390,269
Target-age mutual funds	99,042	–	99,042
Funds of hedge funds	839,500	–	839,500
Hedge funds	487	–	487
Private equity funds	20,801	–	20,801
Private real estate funds	5,888	–	5,888
Private credit funds	16,301	–	16,301
Non-clinical joint venture investments	198,972	–	198,972
Accrued interest and other	150,667	7,442	143,225
	<u>\$ 8,420,478</u>	<u>\$ 3,677,871</u>	<u>\$ 4,742,607</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**4. Cash, Investments and Liquidity (continued)**

Investment income and the change in net unrealized gains and losses and change in value of equity method investments are comprised of the following for the years ended December 31, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income:			
Interest and dividend income, net of fees	\$ 89,472	\$ 3,261	\$ 92,733
Net realized gains and losses	392,191	26,639	418,830
Less interest and dividend income included in other operating revenue	(21,168)	–	(21,168)
	<u>\$ 460,495</u>	<u>\$ 29,900</u>	<u>\$ 490,395</u>
Change in net unrealized gains and losses and change in value of equity method investments:			
Change in net unrealized gains and losses	\$ (17,678)	\$ 1,828	\$ (15,850)
Equity method investment gains	34,065	9,007	43,072
	<u>\$ 16,387</u>	<u>\$ 10,835</u>	<u>\$ 27,222</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income:			
Interest and dividend income, net of fees	\$ 74,906	\$ 3,274	\$ 78,180
Net realized gains and losses	126,764	9,245	136,009
Less interest and dividend income included in other operating revenue	(15,359)	–	(15,359)
	<u>\$ 186,311</u>	<u>\$ 12,519</u>	<u>\$ 198,830</u>
Change in net unrealized gains and losses and change in value of equity method investments:			
Change in net unrealized gains and losses	\$ 436,176	\$ 24,823	\$ 460,999
Equity method investment gains	89,833	3,596	93,429
	<u>\$ 526,009</u>	<u>\$ 28,419</u>	<u>\$ 554,428</u>



## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 4. Cash, Investments and Liquidity (continued)

##### Liquidity

Financial assets available for general expenditure within one year of the consolidated statement of financial position date consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 578,168	\$ 830,955
Short-term investments	3,407,844	2,760,157
Accounts receivable for services to patients, net	1,568,340	1,276,235
Accounts receivable for physician activities, net	309,853	271,784
	<u>\$ 5,864,205</u>	<u>\$ 5,139,131</u>

In addition to the assets above, Northwell also has assets limited as to use of \$968,983 and \$859,140 included within short-term investments on the accompanying consolidated statements of financial position at December 31, 2021 and 2020, respectively, which are designated to be used within the next year for specified purposes. Also, included within long-term investments on the accompanying consolidated statements of financial position at December 31, 2021 and 2020 are certain management designated assets limited as to use not currently available for general expenditure within the next year, but which could be made available if necessary. Refer to Note 2 for further discussion of assets limited as to use.

As part of Northwell's liquidity management plan, cash in excess of daily requirements is invested in marketable securities and other investments.

Additionally, Northwell has entered into various unsecured revolving credit facilities with commercial banks, as discussed in more detail in Note 8. As of December 31, 2021 and 2020, \$224,848 and \$511,460, respectively, remain available on such arrangements.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**5. Pledges Receivable**

Pledges receivable at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Amounts expected to be collected in:		
Less than one year	\$ 76,094	\$ 70,264
One to five years	120,711	103,418
More than five years	34,269	25,743
	<u>231,074</u>	<u>199,425</u>
Less:		
Discount to present value future cash flows (discount rates ranging from 0.4% to 4.4%)	13,676	12,296
Allowance for uncollectible amounts	35,976	35,714
Current portion of pledges receivable	54,323	51,076
Pledges receivable, net of current portion	<u>\$ 127,099</u>	<u>\$ 100,339</u>

**6. Property, Plant and Equipment**

Property, plant and equipment and accumulated depreciation and amortization at December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 782,085	\$ 777,245
Land improvements	28,905	27,453
Buildings and fixed equipment	4,921,786	4,744,321
Movable equipment	2,653,937	2,418,564
Leasehold improvements	35,024	35,754
	<u>8,421,737</u>	<u>8,003,337</u>
Less accumulated depreciation and amortization	3,124,024	2,791,601
	<u>5,297,713</u>	<u>5,211,736</u>
Construction and other projects-in-progress	949,097	646,926
	<u>\$ 6,246,810</u>	<u>\$ 5,858,662</u>

Northwell wrote off approximately \$245,000 and \$316,000 of fully depreciated assets in 2021 and 2020, respectively.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **6. Property, Plant and Equipment (continued)**

Net interest capitalized for the years ended December 31, 2021 and 2020 was approximately \$16,000 and \$13,000, respectively.

At December 31, 2021, Northwell is committed to pay approximately \$400,000 for future work on certain construction projects in progress.

#### **7. Leases**

Northwell leases certain medical offices, administrative offices and equipment under finance and operating leases. At the inception of a contract, a determination is made if the arrangement is or contains a lease. 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, among other criteria.

As of December 31, 2021 and 2020, assets acquired under finance leases of \$210,933 and \$217,662, respectively, and accumulated amortization associated with finance leases of \$32,387 and \$28,429, respectively, are recorded in property, plant and equipment, net in the consolidated statements of financial position.

Northwell's right-of-use assets pertaining to operating leases represent the right to use the agreement's underlying assets for the lease term, and the corresponding lease liabilities represent the obligation to make lease payments arising from the lease. Such right-of-use assets and lease liabilities are recognized at the lease's commencement date at the present value of lease payments over the lease term for leases with initial terms greater than one year. The present value of lease payments is calculated by utilizing the discount rate implicit in the lease, when readily determinable. For leases for which this rate is not readily determinable, Northwell uses its incremental borrowing rate for financing over a comparable period as the discount rate. A right-of-use asset and lease liability are not recognized for leases with an initial term of 12 months or less. Northwell recognizes lease expense for operating leases over the lease term within supplies and expenses on the consolidated statements of operations. The deferred rent liability resulting from recording operating lease expense using the straight-line method is reported as a reduction to the right-of-use assets – operating leases line of the accompanying consolidated statements of financial position.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)

(In Thousands)

**7. Leases (continued)**

Northwell's operating and finance leases have remaining lease terms, ranging from less than one year to sixty-three years, some of which may include options to extend. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the right-of-use assets and lease liabilities, unless Northwell is reasonably certain to exercise the option to extend the lease. Northwell's leases may also include variable lease payments. Variable lease payments are excluded from the amounts used to determine the right-of-use leased assets and liabilities, unless the variable lease payments depend on an index or rate or are in substance fixed payments.

Northwell does not separate lease components from non-lease components in contracts in the accounting for its lease payments. As such, Northwell accounts for the applicable non-lease components (e.g., fixed common area maintenance costs) together with the related lease components when determining the right-of-use assets and lease liabilities.

The components of lease cost included in the accompanying consolidated statements of operations for the years ended December 31, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Finance lease cost:		
Amortization of assets acquired under finance leases	<b>\$ 10,687</b>	\$ 7,794
Interest on finance lease obligations	<b>16,413</b>	15,880
Operating lease cost:		
Lease cost – leases with terms greater than one year	<b>183,946</b>	173,727
Short-term lease cost	<b>5,980</b>	5,423
Variable lease cost	<b>35,318</b>	30,210
Total lease cost	<b><u>\$ 252,344</u></b>	<b><u>\$ 233,034</u></b>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**7. Leases (continued)**

Other information related to leases and supplemental cash flows as of and for the years ended December 31, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Operating cash flows for interest on finance leases	\$ <b>16,413</b>	\$ 15,880
Operating cash flows for operating leases*	<b>177,246</b>	166,727
Financing cash flows for finance leases	<b>7,197</b>	7,192
Assets acquired under new finance lease obligations	–	30,075
Right-of-use leased assets obtained in exchange for new or amended operating lease obligations	<b>255,605</b>	112,116
Weighted-average remaining lease term:		
Finance leases	<b>25 years</b>	26 years
Operating leases	<b>10 years</b>	11 years
Weighted-average discount rate:		
Finance leases	<b>7.6%</b>	7.6%
Operating leases	<b>3.5%</b>	4.0%

\* Cash flows relating to operating lease costs for leases with terms greater than one year. Excludes variable lease costs.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**7. Leases (continued)**

The following table reconciles the undiscounted future lease payments to the lease obligations recorded on the accompanying consolidated statement of financial position at December 31, 2021:

	<u>Operating</u>	<u>Finance</u>
2022	\$ 167,135	\$ 22,456
2023	153,298	22,147
2024	141,964	21,705
2025	126,425	21,373
2026	109,228	20,262
Thereafter	562,007	432,320
Total minimum future payments	1,260,057	540,263
Less interest	234,951	287,453
Less net unamortized issuance costs	—	1,844
Total liabilities	1,025,106	250,966
Less current portion	133,350	6,415
Long-term liabilities	<u>\$ 891,756</u>	<u>\$ 244,551</u>

**8. Debt**

**Long-Term Debt**

Long-term debt at December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Bonds payable at varying dates through November 2049, at fixed and variable interest rates ranging from 1.80% to 6.15%	<u>\$ 3,158,717</u>	<u>\$ 3,188,776</u>
Other long-term debt payable at varying dates through September 2045 at variable and fixed interest rates ranging from 1.60% to 4.46%	<u>473,073</u>	<u>501,726</u>
Total long-term debt	<u>3,631,790</u>	<u>3,690,502</u>
Less current portion of bonds payable	<u>31,222</u>	<u>30,149</u>
Less current portion of other long-term debt	<u>33,191</u>	<u>28,775</u>
Less net unamortized debt issuance costs	<u>22,876</u>	<u>24,587</u>
Add net unamortized bond premium	<u>35,426</u>	<u>43,834</u>
	<u>\$ 3,579,927</u>	<u>\$ 3,650,825</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**8. Debt (continued)**

Annual aggregate principal payments applicable to long-term debt for years subsequent to December 31, 2021 are as follows:

	<b>Bonds Payable</b>	<b>Other Long-Term Debt</b>	<b>Total</b>
Year ended December 31:			
2022	\$ 31,222	\$ 33,191	\$ 64,413
2023	30,105	31,596	61,701
2024 <sup>(a)</sup>	26,603	30,348	56,951
2025	26,061	30,448	56,509
2026 <sup>(b)</sup>	27,328	31,156	58,484
Thereafter	3,017,398	316,334	3,333,732
	<u>\$ 3,158,717</u>	<u>\$ 473,073</u>	<u>\$ 3,631,790</u>

<sup>(a)</sup> \$53,725 of Series 2019B-2 bonds subject to mandatory tender for purchase on May 1, 2024 are excluded from the 2024 principal payments noted above. Northwell has an option to refinance these bonds at that date.

<sup>(b)</sup> \$53,725 of Series 2019B-3 bonds subject to mandatory tender for purchase on May 1, 2026 are excluded from the 2026 principal payments noted above. Northwell has an option to refinance these bonds at that date.

Most of Northwell's debt arrangements include security agreements of various types. The agreements include, among other provisions, the pledging as collateral certain assets and revenues, and limitations on the use of assets, including restrictions on the transfer of assets to entities outside Northwell. At December 31, 2021 and 2020, the majority of Northwell's assets were pledged as collateral under the terms of various debt agreements. In addition, certain debt agreements contain covenants related to the maintenance of financial ratios, including debt service coverage ratios and days cash on hand, and the maintenance of certain debt service and other reserve funds included in assets limited as to use. At December 31, 2021 and 2020, Northwell was in compliance with the financial covenants.

# Northwell Health, Inc.

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### 8. Debt (continued)

#### Bonds Payable

Bonds payable by Northwell consist of the following at December 31, 2021:

	Interest Structure	Final Maturity	Outstanding Principal
<b>Obligated Group</b>			
Series 2019A (taxable)	Fixed	2049	\$ 447,675
Series 2019A	Fixed	2033	23,715
Series 2019B <sup>(a)</sup>	Fixed	2048 <sup>(g)</sup>	161,180
Series 2017A (taxable)	Fixed	2047	956,919
Series 2016A (taxable)	Fixed	2046	500,000
Series 2015A	Fixed	2043	450,815
Series 2013A (taxable)	Fixed	2043	250,000
Series 2012A	Fixed	2023	3,245
Series 2012B (taxable)	Fixed	2042	135,000
Series 2009B	Fixed	2039	50,000
Series 2009C	Fixed	2039	37,500
Series 2009D	Fixed	2039	37,500
<b>Other</b>			
Phelps Series 2013 <sup>(b)</sup>	Fixed	2038	9,520
Phelps Series 2005 A and B <sup>(b)</sup>	Fixed	2030	13,500
Northern Westchester Series 2014 A and B <sup>(c)</sup>	Fixed	2039	27,383
Northern Westchester Series 2009 <sup>(c)</sup>	Variable	2032	7,935
Northern Westchester Series 2004 <sup>(c)</sup>	Variable <sup>(f)</sup>	2024	3,465
Peconic Series 2006 A and B <sup>(d)</sup>	Variable <sup>(f)</sup>	2031	13,670
Peconic Series 2007 D <sup>(d)</sup>	Variable <sup>(f)</sup>	2032	7,755
Mather Series 2013 <sup>(e)</sup>	Variable <sup>(f)</sup>	2043	19,705
Mather Series 2012 <sup>(e)</sup>	Variable <sup>(f)</sup>	2022	2,235
			\$ 3,158,717

<sup>(a)</sup> In 2021, Northwell refunded \$53,730 of its Series 2019B-1 bonds. As a result, Northwell is party to a direct purchase agreement with a commercial bank expiring in 2028 for its Series 2019B-1 bonds.

<sup>(b)</sup> Phelps is party to direct purchase agreements with a commercial bank expiring in 2025 and 2030 for its Series 2013 and Series 2005 A and B bonds, respectively.

<sup>(c)</sup> Northern Westchester is party to direct purchase agreements with two commercial banks expiring in 2024 for its Series 2014 Series bonds. Northern Westchester's Series 2009 and 2004 bonds are backed by commercial bank direct pay letters of credit expiring in 2026 and 2024, respectively.

<sup>(d)</sup> At December 31, 2021, Peconic was party to an agented direct purchase agreement with three commercial bank parties expiring in 2022 for its three outstanding bond issues. The debt and terminated swap were refinanced on March 1, 2022, with a bank term loan expiring in 2032.

<sup>(e)</sup> Mather is party to direct purchase agreements with a commercial bank expiring in 2023 and 2022 for its Series 2013 and 2012 bonds, respectively.

<sup>(f)</sup> Variable rate debt is swapped to a fixed rate via interest rate swap agreements.

<sup>(g)</sup> \$53,725, \$53,725 and \$53,730 subject to mandatory tender for purchase on May 1, 2024, May 1, 2026 and November 1, 2028, respectively.



Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**8. Debt (continued)**

The Series 2019A, 2017A, 2016A, 2013A and 2012B taxable bonds were issued by HCI as a joint and several obligation of the Obligated Group. The bonds of Phelps, Northern Westchester, Peconic and Mather are tax-exempt and are not obligations of the Obligated Group. All other bonds are tax-exempt and were issued through the Dormitory Authority of the State of New York (DASNY) on behalf of the Obligated Group.

In 2022, the Obligated Group intends to issue tax-exempt revenue bonds through DASNY. The proceeds of the bonds will be used primarily to fund capital expenditures of the Obligated Group and refund the Series 2009B, Series 2009C and Series 2009D bonds. The plan of financing and refunding has been approved by DASNY.

**Other Long-Term Debt**

Other long-term debt consists of the following at December 31, 2021:

	<b>Interest Structure</b>	<b>Final Maturity</b>	<b>Outstanding Principal</b>
<b>Obligated Group</b>			
2014 Private Placement Notes Payable	Fixed	2030	\$ 225,020
<b>Other</b>			
LIJMC's Center for Advanced Medicine			
Mortgage	Fixed	2045	189,030
Real Estate Financing	Fixed	2045	25,140
Staten Island Term Loan	Fixed	2023	6,000
Lenox Mortgage	Variable	2029	14,708
Phelps Mortgage	Fixed	2031	2,502
Northern Westchester Term Loan	Variable	2022	1,000
Other Loans	Fixed	2026	9,673
			<u>\$ 473,073</u>

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **8. Debt (continued)**

##### **Short-Term Borrowings**

Certain members of Northwell have entered into several unsecured revolving credit facilities with commercial banks with commitment availability through dates currently ranging from September 30, 2022 to November 1, 2024. Borrowings under these credit facilities are short-term and are primarily used to provide interim financing for capital projects, with repayment to be provided from bond proceeds and/or the receipt of fundraising proceeds from capital campaigns. Additionally, amounts can be used to provide backup financing for the support of the certificate of need process as required by the NYSDOH and short-term working capital to support the monthly operating cash conversion cycle. Total credit available under such arrangements was \$634,158 and \$606,460 at December 31, 2021 and 2020, respectively. Balances outstanding from these borrowings were \$409,310 and \$95,000 at December 31, 2021 and 2020, respectively. During 2021, approximately \$246,000 was drawn on short-term borrowings to fund the purchase of a mortgage note receivable on certain property for which Northwell has an option to purchase (see Note 14).

#### **9. Fair Values of Financial Instruments**

For assets and liabilities required to be measured at fair value, Northwell measures fair value based on 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. Fair value measurements are applied based on the unit of account from Northwell'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) for purposes of applying other accounting pronouncements.

Northwell follows a valuation hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.
- 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.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**9. Fair Values of Financial Instruments (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, Northwell uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers nonperformance risk in its assessment of fair value.

A financial instrument's categorization within the three levels of the valuation hierarchy is not indicative of the investment risk associated with the underlying assets.

Financial assets and liabilities carried at fair value as of December 31, 2021 are classified in the following table in one of the three categories described previously:

	2021			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents (including amounts in the investment portfolio)	\$ 1,024,899	\$ —	\$ —	\$ 1,024,899
Fixed income obligations:				
U.S. Government obligations	180,646	374,188	—	554,834
Corporate and other bonds	—	855,503	—	855,503
Fixed income mutual funds	726,628	—	—	726,628
Commingled fixed income funds*	—	285,769	—	285,769
Equity securities:				
Value	782,783	—	—	782,783
Small cap	258,701	—	—	258,701
Global	386,779	—	—	386,779
Growth	214,228	—	—	214,228
Equity mutual funds	1,191,878	—	—	1,191,878
Commingled equity funds*	—	323,014	—	323,014
Target-age mutual funds	131,387	—	—	131,387
Accrued interest and other	18,438	—	—	18,438
<b>Liabilities</b>				
Interest rate swap agreements	—	(4,817)	—	(4,817)
	<u>\$ 4,916,367</u>	<u>\$ 1,833,657</u>	<u>\$ —</u>	<u>\$ 6,750,024</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**9. Fair Values of Financial Instruments (continued)**

Financial assets and liabilities carried at fair value as of December 31, 2020 are classified in the following table in one of the three categories described previously:

	<b>2020</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Assets</b>				
Cash and cash equivalents (including amounts in the investment portfolio)	\$ 1,268,946	\$ —	\$ —	\$ 1,268,946
Fixed income obligations:				
U.S. Government obligations	181,818	327,678	—	509,496
Corporate and other bonds	—	760,113	—	760,113
Fixed income mutual funds	704,141	—	—	704,141
Commingled fixed income funds*	—	406,937	—	406,937
Equity securities:				
Value	674,612	—	—	674,612
Small cap	235,490	—	—	235,490
Global	374,896	—	—	374,896
Growth	196,718	—	—	196,718
Equity mutual funds	1,072,221	—	—	1,072,221
Commingled equity funds*	—	305,049	—	305,049
Target-age mutual funds	99,042	—	—	99,042
Accrued interest and other	22,232	—	—	22,232
<b>Liabilities</b>				
Interest rate swap agreements	—	(7,164)	—	(7,164)
	<u>\$ 4,830,116</u>	<u>\$ 1,792,613</u>	<u>\$ —</u>	<u>\$ 6,622,729</u>

\* Certain of Northwell's commingled fixed income and commingled equity fund investments are valued based on inputs not quoted in active markets, but corroborated by market data, while other commingled fixed income and commingled equity fund investments are recorded on the equity method of accounting and excluded from the fair value tables above.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

#### **9. Fair Values of Financial Instruments (continued)**

Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is 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 investment.

The amounts reported in the previous tables exclude certain amounts reported as investments, including investments under the equity method or at Adjusted Cost in the amounts of \$2,033,763 and \$1,790,585 at December 31, 2021 and 2020, respectively (see Notes 2 and 4), and assets invested in Northwell's pension plans (see Note 10).

#### **10. Pension Plans and Other Postretirement Benefits**

##### **Pension Plans**

Northwell maintains several pension plans for its employees. The following are descriptions of such plans and the respective pension expense for the years ended December 31, 2021 and 2020.

Certain members of Northwell provide pension and similar benefits to its employees through defined contribution plans. Contributions to the defined contribution plans are based on percentages of annual salaries. It is the policy of these members to fund accrued costs under these plans on a current basis. Pension expense for 2021 and 2020 related to the defined contribution plans amounted to \$220,166 and \$226,032, respectively.

Certain members of Northwell contribute to various multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If Northwell stops participating in any of its multiemployer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**10. Pension Plans and Other Postretirement Benefits (continued)**

Northwell’s significant participation in certain multiemployer plans for the annual period ended December 31, 2021 is outlined in the following table. The following information for the 1199SEIU Health Care Employees Pension Fund (the 1199 Plan) and the New York State Nurses Association Pension Plan (the NYSNA Plan) is included within the table:

- a. The “EIN/Pension Plan Number” column provides the plans’ Employee Identification Number (EIN) and the three-digit plan number.
- b. The most recent “Pension Protection Act Zone Status” available in 2021 and 2020 is for a plan’s year-end at December 31, 2020 and 2019, respectively, and is based on information that Northwell received from the plans and is certified by the plans’ actuaries. 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.
- c. The “FIP/RP Status Pending/Implemented” column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.
- d. The last column lists the expiration dates of the collective bargaining agreements to which the plans are subject.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Contributions of Northwell		Surcharge Imposed	Expiration Date of Collective-Bargaining Agreements
		2021	2020		2021	2020		
1199 Plan <sup>(a)</sup>	13-3604862/001	Green as of 1/1/21	Green as of 1/1/20	N/A	\$ 104,574	\$ 101,594	No	1/15/2022 to 11/30/2024
NYSNA Plan <sup>(a)</sup>	13-6604799/001	Green as of 1/1/21	Green as of 1/1/20	N/A	\$ 16,092	\$ 16,037	No	10/12/21 to 3/31/2024

<sup>(a)</sup>Northwell was listed in the 1199 and NYSNA plans’ Forms 5500 as providing more than 5% of the total contributions during each of the plans’ 2020 and 2019 plan years. Forms 5500 are not yet available for the plan year ended in 2021.

In addition to the plans noted in the table above, Northwell also participates in several other multiemployer plans. Contributions for these other plans totaled \$994 and \$1,079 for the years ended December 31, 2021 and 2020, respectively.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) *(In Thousands)*

#### **10. Pension Plans and Other Postretirement Benefits (continued)**

Northwell maintains various deferred compensation plans pursuant to Section 457(b) of the Code (the 457(b) Plans). Eligible employees may defer compensation under a salary reduction agreement, subject to certain dollar limitations. Non-elective employer contributions may also be made for some of the 457(b) Plans. Payments upon retirement or termination of employment are based on amounts credited to the individual accounts. The assets and corresponding liability for the 457(b) Plans and other deferred compensation plans, included in long-term investments and accrued retirement benefits in the accompanying consolidated statements of financial position, totaled \$380,941 and \$304,188 at December 31, 2021 and 2020, respectively.

#### **Defined Benefit Pension Plans**

Certain employees are covered by noncontributory defined benefit pension plans (the Plans), with the Cash Balance Plan being the primary plan. Northwell recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of the Plans in its consolidated statements of financial position.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**10. Pension Plans and Other Postretirement Benefits (continued)**

The following tables provide a reconciliation of the changes in the Plans' aggregated projected benefit obligation and fair value of plan assets for the years ended December 31, 2021 and 2020 and the funded status and accumulated benefit obligation of the Plans as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<b>Reconciliation of the projected benefit obligation</b>		
Obligation at January 1	\$ 3,113,546	\$ 2,937,788
Service cost	115,268	105,108
Interest cost	86,450	102,882
Plan amendments	44,605	870
Actuarial (gain) loss	(51,368)	237,761
Benefit payments	(124,410)	(92,466)
Settlements	(912)	(178,397)
Obligation at December 31	<u>\$ 3,183,179</u>	<u>\$ 3,113,546</u>
<b>Reconciliation of fair value of plan assets</b>		
Fair value of plan assets at January 1	\$ 2,707,553	\$ 2,573,088
Actual return on plan assets	297,803	298,176
Employer contributions	106,359	107,152
Benefit payments	(124,410)	(92,466)
Settlements	(912)	(178,397)
Fair value of plan assets at December 31	<u>\$ 2,986,393</u>	<u>\$ 2,707,553</u>
<b>Funded status</b>		
Funded status at December 31	<u>\$ (196,786)</u>	<u>\$ (405,993)</u>
Accumulated benefit obligation at December 31	<u>\$ 2,983,505</u>	<u>\$ 2,899,323</u>



Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
*(In Thousands)*

**10. Pension Plans and Other Postretirement Benefits (continued)**

The current portion of accrued retirement benefits related to the Plans, included in accrued salaries and related benefits in the accompanying consolidated statements of financial position, is \$852 and \$853 at December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, certain plans were funded with plan assets at a level exceeding their respective projected benefit obligation. As a result, their funded status of \$16,449 and \$5,793 are included in other assets in the accompanying consolidated statements of financial position as of December 31, 2021 and 2020, respectively.

The actuarial gain in 2021 and actuarial loss in 2020 is primarily due to changes in the discount rate used in the measurement of the Plans' benefit obligation. The settlements recorded in 2020 were primarily due to the purchase of annuities for in-payment participants that had a monthly benefit payment of \$0.5 or less.

Included in net assets without donor restrictions at December 31, 2021 and 2020 are the following amounts related to the Plans that have not yet been recognized in net periodic benefit cost:

	<u>2021</u>	<u>2020</u>
Unrecognized actuarial loss	\$ (504,625)	\$ (727,404)
Unrecognized prior service cost	(49,314)	(12,151)
	<u>\$ (553,939)</u>	<u>\$ (739,555)</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**10. Pension Plans and Other Postretirement Benefits (continued)**

The following table provides the components of the net periodic benefit cost for the Plans for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Service cost (included in employee benefits)	<u>\$ 115,268</u>	<u>\$ 105,108</u>
Interest cost on projected benefit obligation	<b>86,450</b>	102,882
Expected return on plan assets	<b>(173,661)</b>	(161,350)
Amortization of actuarial loss	<b>47,179</b>	42,173
Amortization of prior service cost	<b>7,442</b>	9,739
Settlement loss	<b>90</b>	5,701
Total included in non-operating net periodic benefit credit	<u><b>(32,500)</b></u>	<u>(855)</u>
Net periodic benefit cost	<u><b>\$ 82,768</b></u>	<u>\$ 104,253</u>

Prior service costs are amortized over the average remaining service period of active participants. Actuarial gains and losses in excess of 10% of the greater of the projected benefit obligations and the market-related value of assets are amortized over the average remaining service period of active participants.

The assumptions used in the measurement of the Cash Balance Plan's benefit obligations at December 31, 2021 and 2020 are shown in the following table:

	<u>2021</u>	<u>2020</u>
Discount rate	<b>3.04%</b>	2.75%
Rate of compensation increase	<b>4.00%</b>	4.00%
Interest crediting rate	<b>1.98%</b>	1.54%

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**10. Pension Plans and Other Postretirement Benefits (continued)**

The assumptions used in the measurement of the Cash Balance Plan's net periodic benefit cost for the years ended December 31, 2021 and 2020 are shown in the following table:

	<u>2021</u>	<u>2020</u>
Discount rate	2.75%	3.50%
Expected long-term rate of return on plan assets	6.50%	6.50%
Rate of compensation increase	4.00%	4.00%
Interest crediting rate	1.54%	2.21%

The Cash Balance Plan comprises 88.2% and 86.5% of the Plans' total projected benefit obligation as of December 31, 2021 and 2020, respectively, and 78.4% and 83.8% of the net periodic benefit cost for the years ended December 31, 2021 and 2020, respectively.

Benefit payments for the Plans, which reflect expected future service, as appropriate, are expected to be paid as follows:

2022	\$ 143,215
2023	144,557
2024	152,065
2025	160,054
2026	167,089
2027 to 2031	887,457

Northwell expects to make contributions of approximately \$3,000 to the Plans in 2022.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**10. Pension Plans and Other Postretirement Benefits (continued)**

**Defined Benefit Pension Plan Assets**

The fair values of the Plans' assets at December 31, 2021, by asset category, are as follows:

<b>Asset Category</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and short-term investments	\$ 32,423	\$ —	\$ —	\$ 32,423
Fixed income obligations:				
U.S. Government obligations	23,537	90,135	—	113,672
Corporate and other bonds	—	172,773	—	172,773
Fixed income mutual funds	155,863	—	—	155,863
Commingled fixed income funds	—	288,718	—	288,718
Equity securities:				
Value	132,031	—	—	132,031
Small cap	92,637	—	—	92,637
Global	365,440	—	—	365,440
Growth	71,664	—	—	71,664
Equity mutual funds	316,661	—	—	316,661
Commingled equity funds	—	111,485	—	111,485
Accrued interest and other	3,579	—	—	3,579
	<b>\$ 1,193,835</b>	<b>\$ 663,111</b>	<b>\$ —</b>	<b>1,856,946</b>
Assets measured at net asset value:				
Commingled fixed income funds				189,265
Commingled equity funds				72,744
Funds of hedge funds				430,789
Hedge funds				16
Private equity funds				264,711
Private credit funds				101,976
Private real estate funds				69,946
Total assets at fair value				<b>\$ 2,986,393</b>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**10. Pension Plans and Other Postretirement Benefits (continued)**

The fair values of the Plans' assets at December 31, 2020, by asset category, are as follows:

Asset Category	Level 1	Level 2	Level 3	Total
Cash and short-term investments	\$ 81,884	\$ –	\$ –	\$ 81,884
Fixed income obligations:				
U.S. Government obligations	17,894	75,909	–	93,803
Corporate and other bonds	–	131,598	–	131,598
Fixed income mutual funds	142,927	–	–	142,927
Commingled fixed income funds	–	297,708	–	297,708
Equity securities:				
Value	129,720	–	–	129,720
Small cap	78,477	–	–	78,477
Global	317,034	–	–	317,034
Growth	63,644	–	–	63,644
Equity mutual funds	313,746	–	–	313,746
Commingled equity funds	–	106,284	–	106,284
Accrued interest and other	7,011	–	–	7,011
	<u>\$ 1,152,337</u>	<u>\$ 611,499</u>	<u>\$ –</u>	<u>1,763,836</u>
Assets measured at net asset value:				
Commingled fixed income funds				174,690
Commingled equity funds				66,617
Funds of hedge funds				406,697
Hedge funds				16
Private equity funds				162,560
Private credit funds				75,608
Private real estate funds				57,529
Total assets at fair value				<u>\$ 2,707,553</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
*(In Thousands)*

**10. Pension Plans and Other Postretirement Benefits (continued)**

Assets invested in the Plans are carried at fair value. Debt and equity securities and certain commingled funds with readily determinable values are carried at fair value, as determined based on independent published sources. Other commingled funds and alternative investments are stated at fair value, determined by using net asset value as a practical expedient, as permitted by generally accepted accounting principles, rather than using another valuation method to independently estimate fair value (see Note 2).

The following is a summary of assets in the Plans at December 31, 2021 (by asset category) with redemption restrictions:

	<u>Asset Value</u>	<u>Redemption Period (Including Notice Period)</u>
Commingled fixed income funds	\$ 477,983	1 day to 60 days
Commingled equity funds	184,229	2 days to 45 days
Funds of hedge funds	430,789	61 days to 29 months

Private equity, private credit and private real estate funds have long lifecycles with distributions not expected for several years. In the instance of certain redemptions, some investments noted above may require an extended waiting period to receive a remainder portion of the redemption.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **10. Pension Plans and Other Postretirement Benefits (continued)**

##### *Basis Used to Determine the Expected Long-Term Rate of Return on Assets*

The overall expected long-term rate of return on assets assumption is based upon a long-term building-block approach adjusted for current market conditions. First, return expectations for each asset class are developed with economic and fundamental drivers such as inflation, dividends and real earnings growth for stocks and real yields, defaults and recoveries for bonds. These expectations assume that market levels at the beginning of the forecast period are in a state of equilibrium. With the understanding that markets are more often than not in some state of disequilibrium, the “next ten year” return forecasts are adjusted to reflect the starting point for inflation expectations, interest rate levels and market risk premiums relative to historically normal market levels. The fundamental building blocks used to develop the long-term equilibrium return expectations are based on a combination of consensus forecasts and long-term historical averages. The historical data is adjusted to reflect any fundamental changes that have occurred in the relative markets.

Once long-term equilibrium forecasts are developed, returns are adjusted for the next ten years to reflect the current environment as it relates to the key economic variables that influence returns across the capital markets. In doing so, the expected path for breakeven inflation, real interest rates and investment grade corporate bond spreads are modeled for the next ten years. In this framework, the investment grade corporate spreads are used as a proxy for the risk premium priced broadly into a number of asset classes within the capital markets.

While the precise expected return derived using the above approach will fluctuate somewhat from year to year, the Plans’ policy is to hold this long-term assumption constant as long as it remains within a reasonable tolerance from the derived rate.

##### *Description of Investment Policies and Strategies*

The Plans’ overall investment strategy is to achieve wide diversification of asset types, fund strategies and fund managers. Equity securities include investments in domestic, international, global and emerging markets equities. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, emerging markets debt and U.S. Treasuries. Other types of investments include investments in commingled funds and alternative investments that follow several different strategies.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**10. Pension Plans and Other Postretirement Benefits (continued)**

There are specific guidelines and diversification standards for each investment manager. Eligible investments are specifically outlined. Each manager must disclose its strategies and report that it abides by the Employee Retirement Income Security Act of 1974 rules, where applicable.

The Cash Balance Plan's asset allocation at December 31, 2021 and 2020, by asset category, is as follows:

	<b>2021</b>	<b>2020</b>	<b>Target Allocation</b>
Cash and short-term investments	<b>1.3%</b>	3.7%	1.0%
Fixed income obligations, including commingled fixed income funds	<b>29.7</b>	30.0	29.5
Equity securities, including commingled equity funds	<b>38.0</b>	37.5	24.5
Alternative investments	<b>31.0</b>	28.8	45.0
	<b>100.0%</b>	100.0%	100.0%

The target allocation percentages are set as long-term diversification objectives to be met over time, as the portfolio increases the allocation to alternative investments.

The Cash Balance Plan comprises 93.6% and 90.2% of the Plans' total fair value of plan assets as of December 31, 2021 and 2020, respectively.

**Other Postretirement Benefits**

Certain employees are covered by the Northwell Health Retiree Medical and Life Insurance Plan and other postretirement benefit plans other than pensions. As of December 31, 2021 and 2020, the total funded status of the plans was a liability of \$58,178 and \$43,191, respectively. The current portion of accrued retirement benefits related to the plans, included in accrued salaries and related benefits in the accompanying consolidated statements of financial position, is \$2,703 and \$2,615 at December 31, 2021 and 2020, respectively.



## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **10. Pension Plans and Other Postretirement Benefits (continued)**

For the years ended December 31, 2021 and 2020, there was a net periodic benefit cost (credit) related to these plans of \$497 and \$1,210, respectively, of which (\$652) and (\$40), respectively, was recorded within non-operating net periodic benefit credit in the accompanying consolidated statements of operations.

#### **11. Malpractice and Other Insurance Liabilities**

##### **Malpractice**

Northwell provides for potential medical malpractice losses through a combination of a self-insurance program and purchased primary and excess insurance, on both a claims-made and occurrence basis, as follows:

##### *Primary Insurance Program*

From January 2003 through December 2016, Northwell purchased primary malpractice insurance on an occurrence basis, covering most hospitals and providers. The policies provided coverage with limits of \$1,000 per claim and a \$50,000 annual policy aggregate through 2009. Effective January 2010, the program retained \$750 of the primary coverage per indemnity claim, while aggregate limits increased to \$60,000. Effective January 2013, the retention level increased to \$900 per claim. Effective January 2017, Northwell decided to fully self-insure the primary layer covering most hospitals and providers up to \$1,000 per claim.

In December 2002, Northwell purchased a tail insurance policy to cover unreported occurrences from its prior claims-made primary insurance program.

The estimated undiscounted liability for the retained primary coverage and losses in excess of the insured primary aggregate at December 31, 2021 and 2020 was \$983,689 and \$883,576, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value of \$868,540, based on a discount rate of 0.5%. At December 31, 2020, malpractice and other insurance liabilities were discounted based on the expected timing of the actuarially estimated future claim payments under the programs, using a risk-free rate.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued)

(In Thousands)

#### 11. Malpractice and Other Insurance Liabilities (continued)

##### *Excess Insurance Coverage*

Regional Insurance covers certain excess malpractice losses above the primary per claim limit, on a claims-made basis. Additional commercial excess malpractice insurance is purchased on a claims-made basis for excess coverage layers above the Regional Insurance per claim limit.

Regional Insurance's estimated undiscounted reserves for losses and loss expenses outstanding at December 31, 2021 and 2020 were \$76,674 and \$85,813, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value of \$85,193, based on a discount rate of 0.5%.

Effective January 1, 2015, the annual aggregate excess coverage provided by Regional Insurance was significantly reduced to \$6,500, and was subsequently increased to \$7,750 effective January 1, 2018, \$8,375 effective January 1, 2019 and \$9,000 effective January 1, 2020. The undiscounted liability for the estimated losses in excess of Regional Insurance's aggregate excess coverage at December 31, 2021 and 2020 totaled \$458,273 and \$384,204, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value of \$377,122, based on a discount rate of 0.5%.

The estimated undiscounted incurred but not reported liability for claims in excess of primary insurance layers at December 31, 2021 and 2020 was \$134,361 and \$146,856, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value of \$141,792, based on a discount rate of 0.5%.

##### *Other Self-Insurance Coverage*

For certain years, certain Northwell hospitals and physicians were covered for malpractice claims under various other insured and self-insured arrangements. For self-insured claims and incidents, Northwell has reserved \$30,884 and \$37,085 at December 31, 2021 and 2020, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value, based on a discount rate of 0.5%.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

#### **11. Malpractice and Other Insurance Liabilities (continued)**

Malpractice claims have been asserted against Northwell by various claimants. These claims are in various stages of processing, and some may ultimately be brought to trial. There are known incidents that have occurred through December 31, 2021 that may result in the assertion of additional claims, and other claims may be asserted arising from services provided to patients in the past. It is the opinion of Northwell's management that adequate insurance, including self-insurance, and malpractice reserves are being maintained to cover potential malpractice losses.

#### **Workers' Compensation**

In June 2013, Northwell changed its workers' compensation insurance program from a guaranteed cost program to a high deductible program with a \$1,000 per claim retention level. At December 31, 2021 and 2020, the estimated undiscounted liability for retained losses under this program was \$281,095 and \$246,607, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value of \$239,038, based on a discount rate of 0.5%.

Prior to joining Northwell's high deductible program, certain hospitals had various self-insured programs for workers' compensation claims. At December 31, 2021 and 2020, Northwell has reserved \$14,489 and \$16,011, respectively, for these self-insured losses. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value, based on a discount rate of 0.5%.

#### **Other Insurance**

Some of Northwell's other insurance programs, including general liability, have a component of self-insurance or high deductibles. Liabilities for these other insurance programs were not significant at December 31, 2021 and 2020.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
*(In Thousands)*

**12. Other Operating Revenue**

Other operating revenue consists of the following for the years ended December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Laboratory services	\$ 571,551	\$ 371,391
Pharmacy sales	293,142	206,105
Grants and contracts	155,820	177,076
Clinical joint venture income	35,394	22,395
Rental income	33,697	34,670
Group purchasing revenue	30,618	46,432
Investment income <i>(see Note 4)</i>	21,168	15,359
Health plan risk pool distributions	16,613	39,686
Cafeteria and gift shop sales	15,627	14,325
Health plan care coordination revenue	12,654	11,674
Parking income	4,730	4,106
All other	91,044	77,181
	<b><u>\$ 1,282,058</u></b>	<b><u>\$ 1,020,400</u></b>

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 13. Net Assets

Donor restricted net assets at December 31, 2021 and 2020 are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Teaching, research, training and other	\$ 458,814	\$ 387,786
Capital projects and purchases of equipment	193,503	148,006
Permanent endowments	268,688	247,977
	<u>\$ 921,005</u>	<u>\$ 783,769</u>

Northwell's endowments consist of donor restricted funds, the income from which is available for a variety of purposes.

Northwell follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as they relate to its permanent endowments. Northwell 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 funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Northwell classifies as net assets with donor restrictions to be maintained in perpetuity: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining income from the permanent endowments is classified as net assets with donor restrictions to be used for described purposes or over specified periods of time until those amounts are appropriated for expenditure. Northwell considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, and (6) the investment policies of Northwell.

Northwell's investment and spending policies for endowment assets seek to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Northwell must hold in perpetuity or for a donor-specified term. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that expects to generate an average annual return over time in excess of 5.0%. Actual returns in any given year may vary from this amount.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**13. Net Assets (continued)**

To satisfy its long-term rate-of-return objectives, Northwell 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). Northwell targets a diversified asset allocation that consists of equities, fixed income and alternative investments.

Northwell has a policy of appropriating for distribution each year, amounts determined using historical returns on its endowment funds' corpus, not to exceed 7.0%. In establishing this policy, Northwell considered the long-term expected return on its endowments.

For the years ended December 31, 2021 and 2020, Northwell had the following activity related to its endowment assets, including amounts to be held in perpetuity and earnings which may be expended:

	<u>2021</u>	<u>2020</u>
Endowment balance, beginning of year	\$ 349,569	\$ 309,625
Investment return:		
Investment income	29,900	12,519
Net appreciation	10,835	28,419
Total investment return	<u>40,735</u>	40,938
Contributions and other*	20,711	9,793
Amounts appropriated for expenditure	<u>(12,521)</u>	(10,787)
Net change in endowment funds	<u>48,925</u>	39,944
Endowment balance, end of year	<u>\$ 398,494</u>	<u>\$ 349,569</u>

\*Contributions include pledges receivable for permanently restricted purposes.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Northwell to retain as a fund of perpetual duration. There was no such deficiency as of December 31, 2021 and 2020.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

#### **14. Commitments and Contingencies**

##### **Litigation and Claims**

Northwell is involved in litigation and claims which are not considered unusual to its business. While the ultimate outcome of these lawsuits cannot be determined at this time, it is the opinion of management that the ultimate resolution of these claims will not have a material adverse effect on the accompanying consolidated financial statements.

##### **Collective Bargaining Agreements**

At December 31, 2021, approximately 28% of Northwell's employees are union employees who are covered under the terms of various collective bargaining agreements. Certain collective bargaining agreements which represent approximately 10% of union employees (3% of total employees) have expired, or will expire within the next year and are currently being renegotiated.

##### **Letters of Credit and Surety Bonds**

At December 31, 2021, \$11,543 in direct-pay letters of credit were maintained with a commercial bank to secure certain Northern Westchester bond issues.

At December 31, 2021, four commercial banks are providing a total of \$366,842 in commitments, solely to support letters of credit required for Northwell's high deductible workers' compensation and vehicle insurance programs. At December 31, 2021, \$170,473 in secured standby letters of credit were maintained with the banks, and \$196,369 of the commitments remain available for future letters of credit. At December 31, 2021, there was also a \$72,000 surety bond supporting these programs.

In addition, at December 31, 2021, \$16,589 in direct-pay letters of credit or surety bonds was maintained to support other workers' compensation insurance programs at certain Northwell hospitals.

## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **14. Commitments and Contingencies (continued)**

##### **Other Commitments and Contingencies**

In 2008, Hofstra University (the University) and Northwell entered into a joint academic agreement to establish what is now known as the Donald and Barbara Zucker School of Medicine at Hofstra/Northwell (the Medical School), at the University, while remaining as separate corporations with separate governance. Under the agreement, Northwell will reimburse the University each academic year for a portion of the Medical School's annual costs, with amounts indexed to the Medical School tuition. Such reimbursement is contingent upon annual approval by the boards of Northwell and the University. Northwell shall not advance funds to the University that have not yet been spent in connection with the Medical School. Northwell also provides funding annually for Medical School scholarships and student loans, with amounts indexed to the Medical School tuition.

In April 2015, Northwell entered into a strategic affiliation with Cold Spring Harbor Laboratory (CSHL). Under the terms of this affiliation, Northwell and CSHL will continue as independent organizations governed by their respective boards of trustees. The goals of the affiliation include advancing cancer diagnostic and therapeutic research, developing a new clinical cancer research unit at Northwell to support early-phase clinical studies of new cancer therapies, and recruiting and training more clinician-scientists in oncology. Pursuant to the agreement, Northwell is committed to pay CSHL \$15,000 annually throughout the remaining term of the affiliation.

In August 2015, Northwell entered into a clinical affiliation and collaboration agreement with Maimonides Medical Center (Maimonides), a not-for-profit acute care hospital located in Brooklyn, New York. The purpose of the affiliation is to pursue collaborative activities, such as clinical integration initiatives and ambulatory services joint ventures, as well as service agreements that may generate operational efficiencies. Under the terms of the affiliation agreement, Northwell and Maimonides will remain independent organizations governed by their respective boards of trustees. Pursuant to the affiliation agreement, the parties have also entered into an unsecured loan agreement, whereby through August 2017, Northwell loaned a total of \$125,000 to Maimonides. Payments on the loan and accrued interest thereon would not commence until the termination of the affiliation agreement. However, if Northwell becomes the sole member and corporate parent of Maimonides, outstanding amounts borrowed under the loan agreement, including accrued interest, will be forgiven.



## Northwell Health, Inc.

### Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

#### **14. Commitments and Contingencies (continued)**

In August 2018, Northwell entered into an option agreement with a third party that acquired property on the Upper East Side of Manhattan. Under the agreement, Northwell is given the option to purchase the property at a defined price at certain future dates. The initial option agreement was for a three-year period with optional extension periods through August 2023. In November 2021, the option agreement was amended and extended the option period until February 2024. Using short-term borrowings (see Note 8), Northwell acquired the existing mortgage and recorded a note receivable of approximately \$246,000 for amounts due from the property owner. The note receivable is recorded in other assets in the accompanying consolidated statement of financial position.

In the normal course of business, Northwell enters into multi-year contracts with vendors, suppliers and service providers for goods or services to be provided to Northwell. Under the terms of such agreements, Northwell may be contingently liable for termination or other fees in the event of contract termination or default. Northwell does not believe that such contingent liabilities, should they become due, would have a material impact on its consolidated financial statements.

#### **15. Subsequent Events**

Management has evaluated the impact of subsequent events through April 28, 2022, representing the date at which the consolidated financial statements were issued.

Except for those disclosed in Notes 1 and 8, no events have occurred that require disclosure in or adjustment to the accompanying consolidated financial statements.

## Supplementary Information

Northwell Health, Inc.

Consolidating Statement of Financial Position

(In Thousands)

December 31, 2021

Northwell Health, Inc.	Northwell Health Obligated Group	Phelps Memorial Hospital Association and Subsidiaries	Northern Westchester Hospital Association and Subsidiaries	Peconic Bay Medical Center and Subsidiaries	John T. Mather Memorial Hospital and Subsidiary	The Long Island Home	Hospice Care Network	The Feinstein Institutes for Medical Research	Northwell Health Foundation	Northwell Health Laboratories	Captive Insurance Companies	Northwell Family Health Center at Huntington	Health Insurance Companies	Joint Venture Ambulatory Surgery Centers	Other Northwell Health Entities		
Total	Eliminations																
<b>Assets</b>																	
Current assets:																	
Cash and cash equivalents	\$ 578,168	\$ –	\$ 287,792	\$ 2,966	\$ 4,132	\$ 37,401	\$ 109,991	\$ 9,079	\$ 9,935	\$ –	\$ 30,990	\$ –	\$ 1,276	\$ 65	\$ 17,344	\$ 12,821	\$ 54,376
Short-term investments	4,376,827	–	3,633,664	187,744	242,354	18,733	40,931	148	70,249	–	68,945	–	22,204	964	90,439	–	452
Accounts receivable for services to patients, net	1,568,340	–	1,334,030	53,055	56,974	29,348	57,669	10,426	4,363	–	–	–	–	355	–	9,776	12,344
Accounts receivable for physician activities, net	309,853	–	221,896	1,553	–	3,200	2,876	–	–	–	–	–	–	–	–	–	80,328
Current portion of pledges receivable	54,323	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	391
Current portion of insurance claims receivable	43,435	–	35,185	311	607	249	6,345	343	35	90	6	264	–	–	–	–	–
Other current assets	448,807	–	311,750	6,308	8,585	7,795	12,083	2,527	215	14,506	364	37,184	63	198	281	1,674	45,274
Total current assets	7,379,753	–	5,824,317	251,937	312,652	96,726	229,895	22,523	84,797	14,596	154,237	37,448	23,543	1,582	108,064	24,271	193,165
Due from affiliates, net	–	(604,053)	342,919	7,383	–	–	–	–	–	–	60,762	192,139	–	–	850	–	–
Long-term investments	3,833,609	(416,698)	3,538,269	32,928	62,218	11,784	23,391	–	3,187	123,675	132,471	–	224,845	10,356	14,146	–	73,037
Pledges receivable, net of current portion	127,099	–	–	806	9,690	–	–	–	773	–	111,619	–	–	–	–	–	4,211
Property, plant and equipment, net	6,246,810	–	5,084,040	209,017	219,417	152,954	113,161	42,825	1,066	69,918	847	81,628	–	289	–	11,134	260,514
Right-of-use assets – operating leases	1,000,823	(18,033)	697,384	4,912	10,264	18,926	10,878	–	4,733	724	844	7,256	–	–	–	21,628	241,307
Insurance claims receivable, net of current portion	116,149	(112,361)	202,604	1,701	2,695	824	13,481	1,009	103	266	17	484	5,326	–	–	–	–
Other assets	743,368	(171,793)	568,477	5,100	8,978	29,593	11,396	20,167	215	–	1,105	14,000	226	–	–	97,770	158,134
Total assets	\$ 19,447,611	\$ (1,322,938)	\$ 16,258,010	\$ 513,784	\$ 625,914	\$ 310,807	\$ 402,202	\$ 86,524	\$ 94,874	\$ 209,179	\$ 461,902	\$ 332,955	\$ 253,940	\$ 12,227	\$ 123,060	\$ 154,803	\$ 930,368
<b>Liabilities and net assets (deficit)</b>																	
Current liabilities:																	
Short-term borrowings	\$ 409,310	\$ –	\$ 409,310	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Accounts payable and accrued expenses	1,170,463	–	855,595	26,888	30,258	17,106	15,177	4,303	3,120	19,537	1,586	99,899	879	236	2,491	6,005	87,383
Accrued salaries and related benefits	1,403,304	–	1,211,562	16,307	14,303	21,483	31,536	5,886	2,017	8,969	1,874	12,387	–	506	–	1,070	75,404
Current portion of operating lease obligations	133,350	(627)	81,454	1,175	1,696	2,289	3,423	–	1,879	122	65	1,968	–	–	–	1,633	38,273
Current portion of finance lease obligations	6,415	–	3,922	–	–	202	2,241	–	–	–	–	–	–	–	–	46	4
Current portion of long-term debt	64,413	–	50,265	2,055	3,962	1,610	2,832	–	–	–	–	2,800	–	–	–	889	–
Current portion of insurance claims liability	43,435	–	35,185	311	607	249	6,345	343	35	90	6	264	–	–	–	–	–
Current portion of malpractice and other insurance liabilities	192,792	–	159,293	1,788	3,921	2,238	2,874	474	–	–	–	22,204	–	–	–	–	–
Current portion of Medicare advances	632,168	–	537,172	20,299	13,678	21,706	33,246	1,459	2,740	–	–	–	–	–	–	411	1,457
Current portion of estimated payable to third-party payers	330,229	–	261,619	1,629	2,356	3,539	13,973	4,270	–	–	–	41,844	–	39	960	–	–
Total current liabilities	4,385,879	(627)	3,605,377	70,452	70,781	70,422	111,647	16,735	9,791	28,718	3,531	159,162	23,083	781	3,451	10,054	202,521
Due to affiliates, net	–	(616,489)	–	–	14,251	27,936	4,559	112,156	567	13,816	–	–	32,502	15,986	–	18,911	375,805
Accrued retirement benefits, net of current portion	648,799	–	588,723	–	5,865	–	53,342	484	200	–	–	–	–	–	185	–	–
Operating lease obligations, net of current portion	891,756	(17,406)	628,629	3,779	8,717	16,738	7,505	–	3,477	607	852	5,288	–	–	–	20,507	213,063
Finance lease obligations, net of current portion	244,551	–	239,895	–	–	461	4,153	–	–	–	–	–	–	–	–	42	–
Long-term debt, net of current portion	3,579,927	–	3,475,733	23,466	35,821	19,815	19,174	–	–	–	–	2,800	–	–	–	3,118	–
Insurance claims liability, net of current portion	116,149	(112,361)	202,604	1,701	2,695	824	13,481	1,009	103	266	17	484	5,326	–	–	–	–
Malpractice and other insurance liabilities, net of current portion	1,817,495	30,372	1,614,893	25,841	32,157	23,287	22,534	4,771	–	–	–	–	63,640	–	–	–	–
Medicare advances, net of current portion	3,622	–	3,573	–	–	49	–	–	–	–	–	–	–	–	–	–	–
Other long-term liabilities	967,134	–	921,214	8,424	8,502	16,861	1,351	–	24	28	5,541	2,463	–	–	–	248	2,478
Total liabilities	12,655,312	(716,511)	11,280,641	133,663	178,789	176,393	237,746	135,155	14,162	43,435	9,941	170,197	124,551	16,767	3,636	52,880	793,867
<b>Commitments and contingencies</b>																	
Net assets (deficit):																	
Without donor restrictions	5,871,294	(185,805)	4,375,159	366,549	386,045	115,354	158,813	(48,631)	78,148	17,106	(190)	162,758	129,389	(13,624)	119,424	101,923	108,876
With donor restrictions	921,005	(420,622)	602,210	13,572	61,080	19,060	5,643	–	2,564	148,638	452,151	–	–	9,084	–	–	27,625
Total net assets (deficit)	6,792,299	(606,427)	4,977,369	380,121	447,125	134,414	164,456	(48,631)	80,712	165,744	451,961	162,758	129,389	(4,540)	119,424	101,923	136,501
Total liabilities and net assets (deficit)	\$ 19,447,611	\$ (1,322,938)	\$ 16,258,010	\$ 513,784	\$ 625,914	\$ 310,807	\$ 402,202	\$ 86,524	\$ 94,874	\$ 209,179	\$ 461,902	\$ 332,955	\$ 253,940	\$ 12,227	\$ 123,060	\$ 154,803	\$ 930,368

Northwell Health, Inc.

Combining Statement of Financial Position – Northwell Health Obligated Group  
(In Thousands)

December 31, 2021

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	South Shore University Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
<b>Assets</b>												
Current assets:												
Cash and cash equivalents	\$ 287,792	\$ –	\$ 60,335	\$ 3,817	\$ 988	\$ 101,213	\$ 117,334	\$ 163	\$ 3,015	\$ 333	\$ 296	\$ 298
Short-term investments	3,633,664	–	519,120	897,376	1,113,237	593,209	94,733	18,397	339,531	57,827	165	69
Accounts receivable for services to patients, net	1,334,030	–	–	323,653	417,672	189,314	185,599	98,137	58,128	25,690	27,939	7,898
Accounts receivable for physician activities, net	221,896	–	–	221,896	–	–	–	–	–	–	–	–
Current portion of insurance claims receivable	35,185	–	799	–	9,830	5,397	4,620	2,388	1,728	527	1,107	237
Other current assets	311,750	(3,000)	123,656	46,492	58,984	27,754	31,259	13,079	7,597	2,545	3,344	40
Total current assets	5,824,317	(3,000)	703,910	1,501,786	1,600,711	916,887	433,545	132,164	409,999	86,922	32,851	8,542
Due from affiliates, net	342,919	(98,631)	–	135,825	181,756	7,984	50,334	–	61,151	4,420	–	80
Long-term investments	3,538,269	–	2,117,412	424,699	590,310	196,131	104,023	29,578	42,917	13,880	3,119	16,200
Property, plant and equipment, net	5,084,040	–	1,076,202	663,583	1,281,205	368,738	1,011,503	413,746	157,853	45,919	56,037	9,254
Right-of-use assets – operating leases	697,384	–	326,191	146,841	73,714	14,630	93,354	19,526	11,234	1,535	10,359	–
Insurance claims receivable, net of current portion	202,604	–	1,465	49,933	63,854	36,866	17,078	12,316	12,251	3,830	4,576	435
Other assets	568,477	(5,115)	327,027	193,306	22,722	10,307	20,230	–	–	–	–	–
Total assets	\$ 16,258,010	\$ (106,746)	\$ 4,552,207	\$ 3,115,973	\$ 3,814,272	\$ 1,551,543	\$ 1,730,067	\$ 607,330	\$ 695,405	\$ 156,506	\$ 106,942	\$ 34,511
<b>Liabilities and net assets (deficit)</b>												
Current liabilities:												
Short-term borrowings	\$ 409,310	\$ –	\$ –	\$ 203,000	\$ 205,158	\$ 1,152	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Accounts payable and accrued expenses	855,595	–	226,640	185,455	145,459	77,091	97,727	68,634	27,506	12,228	13,562	1,293
Accrued salaries and related benefits	1,211,562	–	625,939	151,120	191,910	55,292	78,540	45,072	35,911	8,436	16,380	2,962
Current portion of operating lease obligations	81,454	–	30,830	20,564	11,197	3,219	8,671	3,105	2,481	206	1,181	–
Current portion of finance lease obligations	3,922	–	2,023	178	1,079	122	265	162	93	–	–	–
Current portion of long-term debt	50,265	–	18,305	5,623	19,042	4,000	1,820	75	75	365	662	298
Current portion of insurance claims liability	35,185	–	799	8,552	9,830	5,397	4,620	2,388	1,728	527	1,107	237
Current portion of malpractice and other insurance liabilities	159,293	–	59,796	24,789	30,543	16,866	11,615	7,274	4,856	1,450	2,104	–
Current portion of Medicare advances	537,172	–	–	162,972	137,281	72,576	59,510	39,236	35,537	11,693	18,356	11
Current portion of estimated payable to third-party payers	261,619	–	–	68,795	161,939	–	18,235	8,888	–	321	1,039	2,402
Total current liabilities	3,605,377	–	964,332	831,048	913,438	235,715	281,003	174,834	108,187	35,226	54,391	7,203
Due to affiliates, net	–	(223,425)	31,107	–	–	–	–	179,272	–	–	13,046	–
Accrued retirement benefits, net of current portion	588,723	–	510,581	22,999	26,840	17	7,341	3,754	6,953	2,936	6,488	814
Operating lease obligations, net of current portion	628,629	–	296,601	131,344	64,407	8,408	91,026	17,228	8,756	1,329	9,530	–
Finance lease obligations, net of current portion	239,895	–	160,415	413	67,388	158	10,747	519	255	–	–	–
Long-term debt, net of current portion	3,475,733	–	2,147,562	122,310	783,716	93,589	107,778	125,898	85,199	5,397	3,610	674
Insurance claims liability, net of current portion	202,604	–	1,465	49,933	63,854	36,866	17,078	12,316	12,251	3,830	4,576	435
Malpractice and other insurance liabilities, net of current portion	1,614,893	–	251,371	335,527	415,290	227,292	169,227	101,865	67,068	19,047	28,206	–
Medicare advances, net of current portion	3,573	–	–	–	2,042	1,531	–	–	–	–	–	–
Other long-term liabilities	921,214	–	37,032	167,752	300,527	72,720	153,077	72,787	64,784	32,862	18,585	1,088
Total liabilities	11,280,641	(223,425)	4,400,466	1,661,326	2,637,502	676,296	837,277	688,473	353,453	100,627	138,432	10,214
Commitments and contingencies												
Net assets (deficit):												
Without donor restrictions	4,375,159	116,679	151,741	1,249,376	994,541	865,694	760,132	(108,604)	318,251	38,511	(34,501)	23,339
With donor restrictions	602,210	–	–	205,271	182,229	9,553	132,658	27,461	23,701	17,368	3,011	958
Total net assets (deficit)	4,977,369	116,679	151,741	1,454,647	1,176,770	875,247	892,790	(81,143)	341,952	55,879	(31,490)	24,297
Total liabilities and net assets (deficit)	\$ 16,258,010	\$ (106,746)	\$ 4,552,207	\$ 3,115,973	\$ 3,814,272	\$ 1,551,543	\$ 1,730,067	\$ 607,330	\$ 695,405	\$ 156,506	\$ 106,942	\$ 34,511

# Northwell Health, Inc.

## Consolidating Statement of Financial Position – Phelps Memorial Hospital (In Thousands)

December 31, 2021

	Phelps Memorial Hospital Association and Subsidiaries	Eliminations	Phelps Memorial Hospital Association	Phelps Professional Building Co.	Phelps Medical Associates
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 2,966	\$ –	\$ 2,145	\$ 821	\$ –
Short-term investments	187,744	–	187,744	–	–
Accounts receivable for services to patients, net	53,055	–	53,055	–	–
Accounts receivable for physician activities, net	1,553	–	–	–	1,553
Current portion of insurance claims receivable	311	–	311	–	–
Other current assets	6,308	–	5,883	138	287
Total current assets	251,937	–	249,138	959	1,840
Due from affiliates, net	7,383	–	4,388	1,958	1,037
Long-term investments	32,928	–	32,928	–	–
Pledges receivable, net of current portion	806	–	806	–	–
Property, plant and equipment, net	209,017	–	197,500	8,207	3,310
Right-of-use assets – operating leases	4,912	–	1,712	–	3,200
Insurance claims receivable, net of current portion	1,701	–	1,701	–	–
Other assets	5,100	(2,761)	7,861	–	–
Total assets	\$ 513,784	\$ (2,761)	\$ 496,034	\$ 11,124	\$ 9,387
<b>Liabilities and net assets (deficit)</b>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 26,888	\$ –	\$ 26,196	\$ –	\$ 692
Accrued salaries and related benefits	16,307	–	12,820	–	3,487
Current portion of operating lease obligations	1,175	–	547	–	628
Current portion of long-term debt	2,055	–	1,825	230	–
Current portion of insurance claims liability	311	–	311	–	–
Current portion of malpractice and other insurance liabilities	1,788	–	1,788	–	–
Current portion of Medicare advances	20,299	–	20,299	–	–
Current portion of estimated payable to third-party payers	1,629	–	1,629	–	–
Total current liabilities	70,452	–	65,415	230	4,807
Operating lease obligations, net of current portion	3,779	–	1,187	–	2,592
Long-term debt, net of current portion	23,466	–	21,195	2,271	–
Insurance claims liability, net of current portion	1,701	–	1,701	–	–
Malpractice and other insurance liabilities, net of current portion	25,841	–	25,841	–	–
Other long-term liabilities	8,424	–	8,273	–	151
Total liabilities	133,663	–	123,612	2,501	7,550
Commitments and contingencies					
Net assets (deficit):					
Without donor restrictions	366,549	(2,761)	358,850	8,623	1,837
With donor restrictions	13,572	–	13,572	–	–
Total net assets (deficit)	380,121	(2,761)	372,422	8,623	1,837
Total liabilities and net assets (deficit)	\$ 513,784	\$ (2,761)	\$ 496,034	\$ 11,124	\$ 9,387

# Northwell Health, Inc.

## Consolidating Statement of Financial Position – Northern Westchester Hospital (In Thousands)

December 31, 2021

	Northern Westchester Hospital Association and Subsidiaries	Northern Westchester Hospital Association	Northern Westchester Hospital Center Foundation	Other Subsidiaries
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 4,132	\$ 3,611	\$ –	\$ 521
Short-term investments	242,354	242,354	–	–
Accounts receivable for services to patients, net	56,974	56,974	–	–
Current portion of insurance claims receivable	607	607	–	–
Other current assets	8,585	8,585	–	–
Total current assets	312,652	312,131	–	521
Long-term investments	62,218	8,859	53,359	–
Pledges receivable, net of current portion	9,690	–	9,690	–
Property, plant and equipment, net	219,417	207,201	109	12,107
Right-of-use assets – operating leases	10,264	10,264	–	–
Insurance claims receivable, net of current portion	2,695	2,695	–	–
Other assets	8,978	6,504	–	2,474
Total assets	\$ 625,914	\$ 547,654	\$ 63,158	\$ 15,102
<b>Liabilities and net assets (deficit)</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 30,258	\$ 30,214	\$ 21	\$ 23
Accrued salaries and related benefits	14,303	14,193	110	–
Current portion of operating lease obligations	1,696	1,696	–	–
Current portion of long-term debt	3,962	3,962	–	–
Current portion of insurance claims liability	607	607	–	–
Current portion of malpractice and other insurance liabilities	3,921	3,921	–	–
Current portion of Medicare advances	13,678	13,678	–	–
Current portion of estimated payable to third-party payers	2,356	2,356	–	–
Total current liabilities	70,781	70,627	131	23
Due to affiliates, net	14,251	6,702	4,075	3,474
Accrued retirement benefits, net of current portion	5,865	5,865	–	–
Operating lease obligations, net of current portion	8,717	8,717	–	–
Long-term debt, net of current portion	35,821	35,821	–	–
Insurance claims liability, net of current portion	2,695	2,695	–	–
Malpractice and other insurance liabilities, net of current portion	32,157	32,157	–	–
Other long-term liabilities	8,502	7,200	–	1,302
Total liabilities	178,789	169,784	4,206	4,799
Commitments and contingencies				
Net assets (deficit):				
Without donor restrictions	386,045	376,899	(1,157)	10,303
With donor restrictions	61,080	971	60,109	–
Total net assets (deficit)	447,125	377,870	58,952	10,303
Total liabilities and net assets (deficit)	\$ 625,914	\$ 547,654	\$ 63,158	\$ 15,102

# Northwell Health, Inc.

## Consolidating Statement of Financial Position – Peconic Bay Medical Center (In Thousands)

December 31, 2021

	Peconic Bay Medical Center and Subsidiaries	Eliminations	Peconic Bay Medical Center	Physician Practices
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 37,401	\$ –	\$ 36,377	\$ 1,024
Short-term investments	18,733	–	18,733	–
Accounts receivable for services to patients, net	29,348	–	29,348	–
Accounts receivable for physician activities, net	3,200	–	1,318	1,882
Current portion of insurance claims receivable	249	–	249	–
Other current assets	7,795	–	6,995	800
Total current assets	<u>96,726</u>	<u>–</u>	<u>93,020</u>	<u>3,706</u>
Long-term investments	11,784	–	11,784	–
Property, plant and equipment, net	152,954	–	149,763	3,191
Right-of-use assets – operating leases	18,926	–	17,621	1,305
Insurance claims receivable, net of current portion	824	–	824	–
Other assets	29,593	–	28,283	1,310
Total assets	<u>\$ 310,807</u>	<u>\$ –</u>	<u>\$ 301,295</u>	<u>\$ 9,512</u>
<b>Liabilities and net assets</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 17,106	\$ (565)	\$ 16,892	\$ 779
Accrued salaries and related benefits	21,483	–	19,432	2,051
Current portion of operating lease obligations	2,289	–	2,193	96
Current portion of finance lease obligations	202	–	202	–
Current portion of long-term debt	1,610	–	1,610	–
Current portion of insurance claims liability	249	–	249	–
Current portion of malpractice and other insurance liabilities	2,238	–	2,238	–
Current portion of Medicare advances	21,706	–	21,706	–
Current portion of estimated payable to third-party payers	3,539	–	3,539	–
Total current liabilities	<u>70,422</u>	<u>(565)</u>	<u>68,061</u>	<u>2,926</u>
Due to affiliates, net	27,936	–	24,347	3,589
Operating lease obligations, net of current portion	16,738	–	15,489	1,249
Finance lease obligations, net of current portion	461	–	461	–
Long-term debt, net of current portion	19,815	–	19,815	–
Insurance claims liability, net of current portion	824	–	824	–
Malpractice and other insurance liabilities, net of current portion	23,287	–	23,287	–
Medicare advances, net of current portion	49	–	49	–
Other long-term liabilities	16,861	–	16,861	–
Total liabilities	<u>176,393</u>	<u>(565)</u>	<u>169,194</u>	<u>7,764</u>
Commitments and contingencies				
Net assets:				
Without donor restrictions	115,354	565	113,041	1,748
With donor restrictions	19,060	–	19,060	–
Total net assets	<u>134,414</u>	<u>565</u>	<u>132,101</u>	<u>1,748</u>
Total liabilities and net assets	<u>\$ 310,807</u>	<u>\$ –</u>	<u>\$ 301,295</u>	<u>\$ 9,512</u>

# Northwell Health, Inc.

## Consolidating Statement of Financial Position – John T. Mather Hospital (In Thousands)

December 31, 2021

	<b>John T. Mather Hospital and Subsidiary</b>	<b>Eliminations</b>	<b>John T. Mather Hospital</b>	<b>Harbor View Medical Services</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 109,991	\$ –	\$ 109,147	\$ 844
Short-term investments	40,931	–	40,931	–
Accounts receivable for services to patients, net	57,669	–	57,669	–
Accounts receivable for physician activities, net	2,876	–	–	2,876
Current portion of insurance claims receivable	6,345	–	6,345	–
Other current assets	12,083	(12,042)	24,071	54
<b>Total current assets</b>	<b>229,895</b>	<b>(12,042)</b>	<b>238,163</b>	<b>3,774</b>
Long-term investments	23,391	–	23,391	–
Property, plant and equipment, net	113,161	–	111,745	1,416
Right-of-use assets – operating leases	10,878	–	5,522	5,356
Insurance claims receivable, net of current portion	13,481	–	13,481	–
Other assets	11,396	–	11,268	128
<b>Total assets</b>	<b>\$ 402,202</b>	<b>\$ (12,042)</b>	<b>\$ 403,570</b>	<b>\$ 10,674</b>
<b>Liabilities and net assets (deficit)</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 15,177	\$ –	\$ 13,706	\$ 1,471
Accrued salaries and related benefits	31,536	–	29,861	1,675
Current portion of operating lease obligations	3,423	–	1,972	1,451
Current portion of finance lease obligations	2,241	–	2,228	13
Current portion of long-term debt	2,832	–	2,832	–
Current portion of insurance claims liability	6,345	–	6,345	–
Current portion of malpractice and other insurance liabilities	2,874	–	2,874	–
Current portion of Medicare advances	33,246	–	32,994	252
Current portion of estimated payable to third-party payers	13,973	–	13,973	–
<b>Total current liabilities</b>	<b>111,647</b>	<b>–</b>	<b>106,785</b>	<b>4,862</b>
Due to affiliates, net	4,559	(67,417)	4,559	67,417
Accrued retirement benefits, net of current portion	53,342	–	53,342	–
Operating lease obligations, net of current portion	7,505	–	3,595	3,910
Finance lease obligations, net of current portion	4,153	–	4,134	19
Long-term debt, net of current portion	19,174	–	19,174	–
Insurance claims liability, net of current portion	13,481	–	13,481	–
Malpractice and other insurance liabilities, net of current portion	22,534	–	21,761	773
Other long-term liabilities	1,351	–	1,351	–
<b>Total liabilities</b>	<b>237,746</b>	<b>(67,417)</b>	<b>228,182</b>	<b>76,981</b>
Commitments and contingencies				
Net assets (deficit):				
Without donor restrictions	158,813	55,375	169,745	(66,307)
With donor restrictions	5,643	–	5,643	–
<b>Total net assets (deficit)</b>	<b>164,456</b>	<b>55,375</b>	<b>175,388</b>	<b>(66,307)</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 402,202</b>	<b>\$ (12,042)</b>	<b>\$ 403,570</b>	<b>\$ 10,674</b>



Northwell Health, Inc.

Combining Statement of Financial Position – Joint Venture Ambulatory Surgery Centers  
(In Thousands)

December 31, 2021

	Joint Venture Ambulatory Surgery Centers	Endoscopy Center of Long Island	Endo Group LLC	South Shore Surgery Center	Suffolk Surgery Center	Digestive Health Center of Huntington	Greenwich Village Surgery Center	Melville Surgery Center	Long Island Center for Digestive Health	Lynbrook Surgery Center
<b>Assets</b>										
Current assets:										
Cash and cash equivalents	\$ 12,821	\$ 3,976	\$ 3,153	\$ 1,177	\$ 613	\$ 384	\$ 670	\$ 1,571	\$ 1,003	\$ 274
Accounts receivable for services to patients, net	9,776	–	971	1,159	1,034	628	–	3,631	1,089	1,264
Other current assets	1,674	75	15	406	433	78	–	593	74	–
Total current assets	24,271	4,051	4,139	2,742	2,080	1,090	670	5,795	2,166	1,538
Property, plant and equipment, net	11,134	305	5,331	2,154	114	18	–	560	2,093	559
Right-of-use leased assets	21,628	–	18,646	2,521	–	461	–	–	–	–
Other assets	97,770	29,939	6,488	4,143	5,358	4,237	–	13,411	17,330	16,864
Total assets	\$ 154,803	\$ 34,295	\$ 34,604	\$ 11,560	\$ 7,552	\$ 5,806	\$ 670	\$ 19,766	\$ 21,589	\$ 18,961
<b>Liabilities and net assets</b>										
Current liabilities:										
Accounts payable and accrued expenses	\$ 6,005	\$ 782	\$ 2,207	\$ 590	\$ 231	\$ 81	\$ –	\$ 794	\$ 909	\$ 411
Accrued salaries and related benefits	1,070	341	255	98	88	67	–	221	–	–
Current portion of operating lease obligations	1,633	–	835	308	–	461	–	29	–	–
Current portion of finance lease obligations	46	–	–	6	–	–	–	40	–	–
Current portion of long-term debt	889	–	843	–	31	15	–	–	–	–
Current portion of Medicare advances	411	35	36	57	34	51	47	151	–	–
Total current liabilities	10,054	1,158	4,176	1,059	384	675	47	1,235	909	411
Due to affiliates, net	18,911	889	630	99	104	89	–	136	–	16,964
Operating lease obligations, net of current portion	20,507	–	18,203	2,304	–	–	–	–	–	–
Finance lease obligations, net of current portion	42	–	–	21	–	–	–	21	–	–
Long-term debt, net of current portion	3,118	–	3,097	–	8	13	–	–	–	–
Other long-term liabilities	248	–	–	–	–	–	–	–	248	–
Total liabilities	52,880	2,047	26,106	3,483	496	777	47	1,392	1,157	17,375
Commitments and contingencies										
Net assets:										
Without donor restrictions	101,923	32,248	8,498	8,077	7,056	5,029	623	18,374	20,432	1,586
Total net assets	101,923	32,248	8,498	8,077	7,056	5,029	623	18,374	20,432	1,586
Total liabilities and net assets	\$ 154,803	\$ 34,295	\$ 34,604	\$ 11,560	\$ 7,552	\$ 5,806	\$ 670	\$ 19,766	\$ 21,589	\$ 18,961

Northwell Health, Inc.

Consolidating Statement of Operations  
(In Thousands)

Year Ended December 31, 2021

	Northwell Health, Inc. Total	Eliminations	Northwell Health Obligated Group	Phelps Memorial Hospital Association and Subsidiaries	Northern Westchester Hospital Association and Subsidiaries	Peconic Bay Medical Center and Subsidiaries	John T. Mather Memorial Hospital and Subsidiary	The Long Island Home	Hospice Care Network	The Feinstein Institutes for Medical Research	Northwell Health Foundation	Northwell Health Laboratories	Captive Insurance Companies	Northwell Family Health Center at Huntington	Health Insurance Companies	Joint Venture Ambulatory Surgery Centers	Other Northwell Health Entities
<b>Operating revenue:</b>																	
Net patient service revenue	\$ 10,523,685	\$ (1,259)	\$ 8,877,752	\$ 349,249	\$ 377,623	\$ 261,718	\$ 380,819	\$ 86,694	\$ 48,681	\$ –	\$ –	\$ –	\$ –	\$ 4,345	\$ –	\$ 76,603	\$ 61,460
Physician practice revenue	2,636,603	(74,979)	1,556,480	31,676	261	29,921	38,948	1,391	357	–	–	–	–	–	–	–	1,052,548
Total patient revenue	13,160,288	(76,238)	10,434,232	380,925	377,884	291,639	419,767	88,085	49,038	–	–	–	–	4,345	–	76,603	1,114,008
CARES Act Provider Relief Fund revenue	48,575	–	9,276	1,925	505	1,322	3,159	608	226	–	–	439	–	374	–	4,368	26,373
Other operating revenue	1,282,058	(1,719,895)	1,260,298	23,893	22,312	15,195	4,483	1,235	111	74,908	–	928,014	6,388	3,200	–	4,037	657,879
Net assets released from restrictions used for operations	53,820	–	36,216	259	1,258	1,294	–	–	964	13,449	–	–	–	380	–	–	–
	14,544,741	(1,796,133)	11,740,022	407,002	401,959	309,450	427,409	89,928	50,339	88,357	–	928,453	6,388	8,299	–	85,008	1,798,260
<b>Operating expenses:</b>																	
Salaries	7,421,436	(269,948)	5,860,878	194,833	165,013	153,498	211,971	59,732	21,577	76,600	–	153,795	–	5,267	–	16,286	771,934
Employee benefits	1,630,753	(212,167)	1,411,722	32,859	43,868	47,119	47,396	26,563	7,848	23,426	–	51,072	–	2,322	–	3,271	145,454
Supplies and expenses	4,571,121	(1,314,018)	3,694,933	137,560	138,218	105,193	140,769	13,438	19,129	28,978	–	623,517	7,429	1,991	–	38,656	935,328
Depreciation and amortization	588,022	–	470,014	17,076	19,575	12,565	14,267	2,776	374	6,219	–	7,339	–	62	–	2,211	35,544
Interest	156,053	–	151,184	878	1,079	1,470	1,205	–	–	–	–	–	–	–	–	237	–
	14,367,385	(1,796,133)	11,588,731	383,206	367,753	319,845	415,608	102,509	48,928	135,223	–	835,723	7,429	9,642	–	60,661	1,888,260
Excess (deficiency) of operating revenue over operating expenses, excluding Health Insurance Companies	177,356	–	151,291	23,796	34,206	(10,395)	11,801	(12,581)	1,411	(46,866)	–	92,730	(1,041)	(1,343)	–	24,347	(90,000)
Health Insurance Companies excess of operating revenue over operating expenses	295	–	–	–	–	–	–	–	–	–	–	–	–	–	295	–	–
Excess (deficiency) of operating revenue over operating expenses	177,651	–	151,291	23,796	34,206	(10,395)	11,801	(12,581)	1,411	(46,866)	–	92,730	(1,041)	(1,343)	295	24,347	(90,000)
<b>Non-operating gains and losses:</b>																	
Investment income	460,495	–	403,573	8,956	16,755	465	1,157	31	4,691	16	4,867	(20)	17,182	–	1,803	(274)	1,293
Change in net unrealized gains and losses and change in value of equity method investments	16,387	–	22,945	43	217	267	1,430	–	204	(18)	190	–	(1,949)	–	(3,310)	–	(3,632)
Change in interest in acquired entities	–	(11,869)	11,869	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Change in fair value of interest rate swap agreements designated as derivative instruments	700	–	–	–	–	–	700	–	–	–	–	–	–	–	–	–	–
Non-operating net periodic benefit credit (cost)	33,152	–	23,943	28	1,385	509	2,887	3,060	52	252	(39)	165	–	182	–	–	728
Other non-operating gains and losses	162,741	–	101,537	139	(1,778)	–	–	–	719	–	(19,938)	–	–	–	–	–	82,062
Total non-operating gains and losses	673,475	(11,869)	563,867	9,166	16,579	1,241	6,174	3,091	5,666	250	(14,920)	145	15,233	182	(1,507)	(274)	80,451
Excess (deficiency) of revenue and gains and losses over expenses	851,126	(11,869)	715,158	32,962	50,785	(9,154)	17,975	(9,490)	7,077	(46,616)	(14,920)	92,875	14,192	(1,161)	(1,212)	24,073	(9,549)
Net assets released from restrictions for capital asset acquisitions	25,757	–	20,556	427	4,578	–	126	–	–	70	–	–	–	–	–	–	–
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,647	–	–	–	142	1,478	27	–	–	–	–	–	–	–	–	–	–
Transfers (to) from affiliates	–	–	75,116	–	–	6,467	18,649	–	–	45,881	14,824	–	–	–	–	(12,191)	(148,746)
Pension and other postretirement liability adjustments	165,515	–	133,978	–	9,678	518	15,925	5,873	–	(94)	(363)	–	–	–	–	–	–
Other changes in net assets	(34,603)	5,760	2,079	(3,331)	81	61	–	–	–	–	–	–	–	–	–	(27,518)	(11,735)
Increase (decrease) in net assets without donor restrictions	\$ 1,009,442	\$ (6,109)	\$ 946,887	\$ 30,058	\$ 65,264	\$ (630)	\$ 52,702	\$ (3,617)	\$ 7,077	\$ (665)	\$ (190)	\$ 92,512	\$ 14,192	\$ (1,161)	\$ (1,212)	\$ (15,636)	\$ (170,030)

Northwell Health, Inc.

Combining Statement of Operations – Northwell Health Obligated Group  
(In Thousands)

Year Ended December 31, 2021

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	South Shore University Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
Operating revenue:												
Net patient service revenue	\$ 8,877,752	\$ (282)	\$ –	\$ 2,104,482	\$ 2,778,785	\$ 1,134,890	\$ 1,305,077	\$ 672,727	\$ 457,617	\$ 156,796	\$ 219,113	\$ 48,547
Physician practice revenue	1,556,480	–	–	600,461	468,294	851	128,851	180,302	114,946	23,390	38,331	1,054
Total patient revenue	10,434,232	(282)	–	2,704,943	3,247,079	1,135,741	1,433,928	853,029	572,563	180,186	257,444	49,601
CARES Act Provider Relief Fund revenue	9,276	–	–	–	3,590	1,588	–	923	889	295	481	1,510
Other operating revenue	1,260,298	(1,838,229)	1,906,170	499,093	242,522	98,762	271,668	44,047	19,492	6,754	9,593	426
Net assets released from restrictions used for operations	36,216	–	3,685	11,618	14,690	157	5,958	37	71	–	–	–
Total operating revenue	11,740,022	(1,838,511)	1,909,855	3,215,654	3,507,881	1,236,248	1,711,554	898,036	593,015	187,235	267,518	51,537
Operating expenses:												
Salaries	5,860,878	(590,022)	693,562	1,666,426	1,705,567	583,498	821,711	435,257	274,323	104,562	132,873	33,121
Employee benefits	1,411,722	(152,628)	196,040	322,824	431,233	171,631	183,458	111,342	65,396	24,795	43,917	13,714
Supplies and expenses	3,694,933	(1,095,861)	739,448	1,109,529	1,175,160	444,274	636,097	322,279	203,984	58,871	90,280	10,872
Depreciation and amortization	470,014	–	190,108	61,700	89,549	21,690	48,416	30,267	16,155	6,248	4,596	1,285
Interest	151,184	–	89,994	4,864	40,709	2,635	4,676	4,407	3,522	192	154	31
Total operating expenses	11,588,731	(1,838,511)	1,909,152	3,165,343	3,442,218	1,223,728	1,694,358	903,552	563,380	194,668	271,820	59,023
Excess (deficiency) of operating revenue over operating expenses	151,291	–	703	50,311	65,663	12,520	17,196	(5,516)	29,635	(7,433)	(4,302)	(7,486)
Non-operating gains and losses:												
Investment income	403,573	–	149,264	75,061	95,035	53,711	3,361	1,299	21,992	3,858	(89)	81
Change in net unrealized gains and losses and change in value of equity method investments	22,945	–	(241)	8,143	10,650	3,627	843	61	(164)	152	–	(126)
Change in interest in acquired entities	11,869	–	2,527	9,342	–	–	–	–	–	–	–	–
Non-operating net periodic benefit credit (cost)	23,943	–	(6,825)	5,036	3,735	165	9,788	3,758	6,510	590	1,220	(34)
Other non-operating gains and losses	101,537	–	100,554	311	89	212	–	316	43	12	–	–
Total non-operating gains and losses	563,867	–	245,279	97,893	109,509	57,715	13,992	5,434	28,381	4,612	1,131	(79)
Excess (deficiency) of revenue and gains and losses over expenses	715,158	–	245,982	148,204	175,172	70,235	31,188	(82)	58,016	(2,821)	(3,171)	(7,565)
Net assets released from restrictions for capital asset acquisitions	20,556	–	–	1,108	5,368	11,121	1,203	1,348	112	296	–	–
Transfers (to) from affiliates	75,116	–	244,402	(70,052)	(72,709)	(29,698)	3,173	–	–	–	–	–
Pension and other postretirement liability adjustments	133,978	–	(27,669)	37,006	17,522	1,464	46,999	18,665	31,145	3,016	6,193	(363)
Other changes in net assets	2,079	–	–	587	516	250	356	183	109	27	51	–
Increase (decrease) in net assets without donor restrictions	\$ 946,887	\$ –	\$ 462,715	\$ 116,853	\$ 125,869	\$ 53,372	\$ 82,919	\$ 20,114	\$ 89,382	\$ 518	\$ 3,073	\$ (7,928)

# Northwell Health, Inc.

## Consolidating Statement of Operations – Phelps Memorial Hospital (In Thousands)

Year Ended December 31, 2021

	Phelps Memorial Hospital Association and Subsidiaries	Eliminations	Phelps Memorial Hospital Association	Phelps Professional Building Co.	Phelps Medical Associates
Operating revenue:					
Net patient service revenue	\$ 349,249	\$ –	\$ 349,249	\$ –	\$ –
Physician practice revenue	31,676	–	2,698	–	28,978
Total patient revenue	<u>380,925</u>	<u>–</u>	<u>351,947</u>	<u>–</u>	<u>28,978</u>
CARES Act Provider Relief Fund revenue	1,925	–	1,925	–	–
Other operating revenue	23,893	(20,825)	22,743	2,561	19,414
Net assets released from restrictions used for operations	259	–	259	–	–
Total operating revenue	<u>407,002</u>	<u>(20,825)</u>	<u>376,874</u>	<u>2,561</u>	<u>48,392</u>
Operating expenses:					
Salaries	194,833	(17,349)	180,249	211	31,722
Employee benefits	32,859	–	25,260	53	7,546
Supplies and expenses	137,560	(3,476)	130,343	813	9,880
Depreciation and amortization	17,076	–	16,297	307	472
Interest	878	–	803	75	–
Total operating expenses	<u>383,206</u>	<u>(20,825)</u>	<u>352,952</u>	<u>1,459</u>	<u>49,620</u>
Excess (deficiency) of operating revenue over operating expenses	23,796	–	23,922	1,102	(1,228)
Non-operating gains and losses:					
Investment income	8,956	–	8,956	–	–
Change in net unrealized gains and losses and change in value of equity method investments	43	–	43	–	–
Non-operating net periodic benefit credit	28	–	20	–	8
Other non-operating gains and losses	139	–	139	–	–
Total non-operating gains and losses	<u>9,166</u>	<u>–</u>	<u>9,158</u>	<u>–</u>	<u>8</u>
Excess (deficiency) of revenue and gains and losses over expenses	32,962	–	33,080	1,102	(1,220)
Net assets released from restrictions for capital asset acquisitions	427	–	427	–	–
Transfers (to) from affiliates	–	–	(1,582)	–	1,582
Other changes in net assets	(3,331)	(2,388)	57	(1,000)	–
Increase (decrease) in net assets without donor restrictions	<u>\$ 30,058</u>	<u>\$ (2,388)</u>	<u>\$ 31,982</u>	<u>\$ 102</u>	<u>\$ 362</u>

Northwell Health, Inc.

Consolidating Statement of Operations – Northern Westchester Hospital  
(In Thousands)

Year Ended December 31, 2021

	Northern Westchester Hospital Association and Subsidiaries	Northern Westchester Hospital Association	Northern Westchester Hospital Center Foundation	Other Subsidiaries
Operating revenue:				
Net patient service revenue	\$ 377,623	\$ 377,623	\$ –	\$ –
Physician practice revenue	261	257	–	4
Total patient revenue	377,884	377,880	–	4
CARES Act Provider Relief Fund revenue	505	505	–	–
Other operating revenue	22,312	20,788	–	1,524
Net assets released from restrictions used for operations	1,258	1,258	–	–
Total operating revenue	401,959	400,431	–	1,528
Operating expenses:				
Salaries	165,013	164,899	–	114
Employee benefits	43,868	43,868	–	–
Supplies and expenses	138,218	136,983	–	1,235
Depreciation and amortization	19,575	19,009	–	566
Interest	1,079	1,079	–	–
Total operating expenses	367,753	365,838	–	1,915
Excess (deficiency) of operating expenses over operating revenue	34,206	34,593	–	(387)
Non-operating gains and losses:				
Investment income	16,755	16,066	–	689
Change in net unrealized gains and losses and change in value of equity method investments	217	217	–	–
Non-operating net periodic benefit credit	1,385	1,377	8	–
Other non-operating gains and losses	(1,778)	90	(1,868)	–
Total non-operating gains and losses	16,579	17,750	(1,860)	689
Excess (deficiency) of revenue and gains and losses over expenses	50,785	52,343	(1,860)	302
Net assets released from restrictions for capital asset acquisitions	4,578	4,578	–	–
Change in fair value of interest rate swap agreements designated as cash flow hedges	142	142	–	–
Pension and other postretirement liability adjustments	9,678	9,678	–	–
Other changes in net assets	81	81	–	–
Increase (decrease) in net assets without donor restrictions	\$ 65,264	\$ 66,822	\$ (1,860)	\$ 302

Northwell Health, Inc.

Consolidating Statement of Operations – Peconic Bay Medical Center  
(In Thousands)

Year Ended December 31, 2021

	<b>Peconic Bay</b>		
	<b>Medical Center and Subsidiaries</b>	<b>Peconic Bay Medical Center</b>	<b>Physician Practices</b>
Operating revenue:			
Net patient service revenue	\$ 261,718	\$ 261,718	\$ –
Physician practice revenue	29,921	5,737	24,184
Total patient revenue	<u>291,639</u>	<u>267,455</u>	<u>24,184</u>
CARES Act Provider Relief Fund revenue	1,322	971	351
Other operating revenue	15,195	12,692	2,503
Net assets released from restrictions used for operations	1,294	1,294	–
Total operating revenue	<u>309,450</u>	<u>282,412</u>	<u>27,038</u>
Operating expenses:			
Salaries	153,498	128,606	24,892
Employee benefits	47,119	43,346	3,773
Supplies and expenses	105,193	97,818	7,375
Depreciation and amortization	12,565	12,084	481
Interest	1,470	1,470	–
Total operating expenses	<u>319,845</u>	<u>283,324</u>	<u>36,521</u>
(Deficiency) of operating revenue over operating expenses	(10,395)	(912)	(9,483)
Non-operating gains and losses:			
Investment income	465	465	–
Change in net unrealized gains and losses and change in value of equity method investments	267	267	–
Non-operating net periodic benefit credit	509	509	–
Total non-operating gains and losses	<u>1,241</u>	<u>1,241</u>	<u>–</u>
(Deficiency) excess of revenue and gains and losses over expenses	(9,154)	329	(9,483)
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,478	1,478	–
Transfers (to) from affiliates	6,467	(1,442)	7,909
Pension and other postretirement liability adjustments	518	518	–
Other changes in net assets	61	61	–
(Decrease) increase in net assets without donor restrictions	<u>\$ (630)</u>	<u>\$ 944</u>	<u>\$ (1,574)</u>

# Northwell Health, Inc.

## Consolidating Statement of Operations – John T. Mather Hospital (In Thousands)

Year Ended December 31, 2021

	<b>John T. Mather Hospital and Subsidiary</b>	<b>Eliminations</b>	<b>John T. Mather Hospital</b>	<b>Harbor View Medical Services</b>
Operating revenue:				
Net patient service revenue	\$ 380,819	\$ –	\$ 380,819	\$ –
Physician practice revenue	38,948	–	19,420	19,528
Total patient revenue	<u>419,767</u>	<u>–</u>	<u>400,239</u>	<u>19,528</u>
CARES Act Provider Relief Fund revenue	3,159	–	753	2,406
Other operating revenue	4,483	(3,737)	4,719	3,501
Total operating revenue	<u>427,409</u>	<u>(3,737)</u>	<u>405,711</u>	<u>25,435</u>
Operating expenses:				
Salaries	211,971	–	189,299	22,672
Employee benefits	47,396	–	42,540	4,856
Supplies and expenses	140,769	(3,737)	137,413	7,093
Depreciation and amortization	14,267	–	13,932	335
Interest	1,205	–	1,202	3
Total operating expenses	<u>415,608</u>	<u>(3,737)</u>	<u>384,386</u>	<u>34,959</u>
Excess (deficiency) of operating revenue over operating expenses	11,801	–	21,325	(9,524)
Non-operating gains and losses:				
Investment income	1,157	–	1,157	–
Change in net unrealized gains and losses and change in value of equity method investments	1,430	–	1,430	–
Change in fair value of interest rate swap agreements designated as derivative instruments	700	–	700	–
Non-operating net periodic benefit credit	2,887	–	2,887	–
Total non-operating gains and losses	<u>6,174</u>	<u>–</u>	<u>6,174</u>	<u>–</u>
Excess (deficiency) of revenue and gains and losses over expenses	17,975	–	27,499	(9,524)
Net assets released from restrictions for capital asset acquisitions	126	–	126	–
Change in fair value of interest rate swap agreements designated as cash flow hedges	27	–	27	–
Transfers from affiliates	18,649	–	18,649	–
Pension and other postretirement liability adjustments	15,925	–	15,925	–
Increase (decrease) in net assets without donor restrictions	<u>\$ 52,702</u>	<u>\$ –</u>	<u>\$ 62,226</u>	<u>\$ (9,524)</u>

Northwell Health, Inc.

Combining Statement of Operations – Joint Venture Ambulatory Surgery Centers  
(In Thousands)

Year Ended December 31, 2021

	Joint Venture Ambulatory Surgery Centers	Endoscopy Center of Long Island	Endo Group LLC	South Shore Surgery Center	Suffolk Surgery Center	Digestive Health Center of Huntington	Greenwich Village Surgery Center	Melville Surgery Center	Long Island Center for Digestive Health	Lynbrook Surgery Center
Operating revenue:										
Net patient service revenue	\$ 76,603	\$ 22,708	\$ 22,534	\$ 7,115	\$ 4,034	\$ 3,838	\$ 2,383	\$ 11,295	\$ 295	\$ 2,401
Total patient revenue	76,603	22,708	22,534	7,115	4,034	3,838	2,383	11,295	295	2,401
CARES Act Provider Relief Fund revenue	4,368	2,353	29	846	621	445	–	74	–	–
Other operating revenue	4,037	427	1,648	888	–	468	–	596	–	10
Total operating revenue	85,008	25,488	24,211	8,849	4,655	4,751	2,383	11,965	295	2,411
Operating expenses:										
Salaries	16,286	2,204	4,949	2,361	1,063	1,362	671	2,615	41	1,020
Employee benefits	3,271	424	902	525	282	256	175	539	7	161
Supplies and expenses	38,656	6,739	14,635	3,929	2,731	1,372	2,542	4,706	115	1,887
Depreciation and amortization	2,211	56	759	323	129	18	598	311	17	–
Interest	237	–	231	1	–	–	–	5	–	–
Total operating expenses	60,661	9,423	21,476	7,139	4,205	3,008	3,986	8,176	180	3,068
Excess (deficiency) of operating revenue over operating expenses	24,347	16,065	2,735	1,710	450	1,743	(1,603)	3,789	115	(657)
Non-operating gains and losses:										
Investment income	(274)	(51)	(109)	(26)	–	(35)	(1)	(48)	(2)	(2)
Total non-operating gains and losses	(274)	(51)	(109)	(26)	–	(35)	(1)	(48)	(2)	(2)
Excess (deficiency) of revenue and gains and losses over expenses	24,073	16,014	2,626	1,684	450	1,708	(1,604)	3,741	113	(659)
Transfers (to) from affiliates	(12,191)	–	–	–	–	–	(13,822)	–	–	1,631
Other changes in net assets	(27,518)	(19,122)	(200)	(1,311)	(500)	(1,835)	–	(4,550)	–	–
(Decrease) increase in net assets without donor restrictions	\$ (15,636)	\$ (3,108)	\$ 2,426	\$ 373	\$ (50)	\$ (127)	\$ (15,426)	\$ (809)	\$ 113	\$ 972



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**APPENDIX C**  
**CERTAIN DEFINITIONS**

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## CERTAIN DEFINITIONS

In addition to the other terms defined in this Official Statement, when used herein and in the summaries of the provisions of the Resolution and the Loan Agreement, the following terms have the meanings ascribed to them below.

*Act* means 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 the same may be amended from time to time, including, but not limited to, 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;

*Annual Administrative Fee* means the annual fee for the general administrative expenses of the Authority in the amount or percentage stated in the Loan Agreement;

*Applicable* means (i) with respect to any Construction Fund, Arbitrage Rebate Fund, Debt Service Fund, Debt Service Reserve Fund or any other fund, the fund so designated and established by a Series Resolution authorizing a Series of Bonds relating to a particular Project(s), (ii) with respect to any Debt Service Reserve Fund Requirement, the said Requirement established in connection with a Series of Bonds by the related Series Resolution or Bond Series Certificate, (iii) with respect to any Series Resolution, the Series Resolution relating to a particular Series of Bonds, (iv) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for particular Projects, (v) with respect to any Loan Agreement, the Loan Agreement by and between the Authority and any one or more Institutions and the contractual obligations contained therein relating to particular Projects for each such Institution, (vi) with respect to any Institution, the Institution identified in the related Series Resolution, (vii) with respect to a Bond Series Certificate, such certificate authorized pursuant to a related Series Resolution (viii) with respect to any Credit Facility, if any, or Credit Facility Issuer, if any, the Credit Facility or Credit Facility Issuer relating to a particular Series of Bonds and (ix) with respect to a Supplemental Indenture and an Obligation authorized to be issued thereunder, the Supplemental Indenture entered into pursuant to an Obligation issued under the Master Indenture for the purpose of securing a Series of Bonds;

*Arbitrage Rebate Fund* means each fund so designated and established by the Applicable Series Resolution pursuant to the Resolution with respect to a Series of Tax-Exempt Bonds;

*Authority* 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 succeeds to the rights, powers, duties and functions of the Authority;

*Authority Fee* means a fee payable to the Authority equal to the payment to be made upon the issuance of a Series of Bonds in an amount set forth in the Applicable Loan Agreement, unless otherwise provided in the Applicable Series Resolution;

*Authorized Newspaper* means The Bond Buyer or any other newspaper of general circulation printed in the English language and customarily published at least once a day for at least five days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York, designated by the Authority;

*Authorized Officer* means (i) in the case of the Authority, the Chair, the Vice-Chair, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance and Portfolio Monitoring, the Managing Director of Construction, the General Counsel and any other person authorized by a resolution or the by-laws of the Authority, from time to time, to perform any specific act or execute any specific document; (ii) in the case of an Institution, the person or persons authorized by a resolution or the by-laws of such Institution to perform any act or execute any document; (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of such Trustee or the by-laws of such Trustee; and (iv) in the case of a Credit

Facility Issuer, a Vice President, a Senior Vice President, an Administrative Vice President, an Executive Vice President and the President of such Credit Facility Issuer, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of such Credit Facility Issuer or the by-laws of such Credit Facility Issuer;

*Bond* or *Bonds* means any of the bonds of the Authority authorized pursuant to the Resolution and issued on behalf of the Institution pursuant to an Applicable Series Resolution;

*Bond Counsel* means an attorney or a law firm, appointed by the Authority with respect to a particular Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds;

*Bond Series Certificate* means a certificate of the Authority fixing terms, conditions and other details of Bonds of an Applicable Series in accordance with the delegation of power to do so under an Applicable Series Resolution as it may be amended from time to time;

*Bond Year* means, unless otherwise stated in the Applicable Series Resolution or Applicable Bond Series Certificate, a period of twelve (12) consecutive months beginning May 1 in any calendar year and ending on April 30 of the succeeding calendar year;

*Bondholder, Holder of Bonds, Holder, owner* or any similar term, when used with reference to a Bond or Bonds of a Series, means the registered owner of any Bonds of such Series, except as provided in the Resolution;

*Business Day* means a day other than (a) a Saturday and Sunday or (b) a day on which any of the following are authorized or required to remain closed: (i) banks or trust companies chartered by the State of New York or the United States of America, (ii) the Trustee, or (iii) the New York Stock Exchange;

*Code* means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder;

*Construction Fund* means each such fund so designated and established by the Applicable Series Resolution pursuant to the Resolution;

*Contract Documents* means any general contract or agreement for the construction of a Project, notice to bidders, information for bidders, form of bid, general conditions, supplemental general conditions, general requirements, supplemental general requirements, bonds, plans and specifications, addenda, change orders, and any other documents entered into or prepared by or on behalf of the Institution or a Member relating to the construction of a Project, and any amendments to the foregoing;

*Cost of Issuance* means the items of expense incurred in connection with the authorization, sale, issuance and delivery of a Series of 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 and any Credit Facility Issuer and Remarketing Agent, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, costs and expenses of refunding such Bonds, commitment fees or similar costs in connection with obtaining any Credit Facility and any Liquidity Facility, Reserve Fund Facility, or a Hedge Agreement, costs and expenses of refunding of other bonds or notes of the Authority with proceeds of such Series including termination fees for any Hedge Agreement in connection with such refunding such Bonds and other costs, charges and fees, including those of the Authority, incurred in connection with the foregoing;

*Cost of the Project(s)* means, with respect to a Project(s), the costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with such Project(s), 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(s), (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(s), 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(s), (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project(s), (vii) any sums required to reimburse the Institution, or the Authority 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(s) (including interest on moneys borrowed from parties other than the Institution), (viii) interest on the Bonds prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Project(s), and (ix) fees, expenses and liabilities of the Authority incurred in connection with such Project(s) or pursuant to the Resolution or to the Loan Agreement, or a Remarketing Agreement in connection with Option Bonds or Variable Interest Rate Bonds, or a Reserve Fund Facility relating to such Project(s);

*Counterparty* means any person with which the Authority or an Institution has entered into a Hedge Agreement, provided that, at the time the Hedge Agreement is executed, the senior or uncollateralized long-term debt obligations of such person, or of any person that has guaranteed for the term of the Hedge Agreement the obligations of such person thereunder, are rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, not lower than in the third highest rating category by each Rating Service;

*Credit Facility* means (i) any municipal bond insurance policy satisfactory to the Authority which insures payment of principal, interest and, if agreed to by the Credit Facility Issuer and the Institution, redemption premium on the Bonds of any Series when due and issued and delivered to the Trustee, (ii) a letter of credit issued by a Credit Facility Issuer with respect to any Series of Bonds or one or more Series of Bonds on the date of issuance of such Series of Bonds or (iii) similar insurance or credit enhancement or guarantee facility if so designated, all in accordance with the Applicable Series Resolution. There is no Credit Facility for the Series 2022 Bonds;

*Credit Facility Default* means with respect to a Credit Facility Issuer any of the following: (a) there shall occur a default in the payment of principal of or any interest on any Bond or Purchase Price thereof by the Credit Facility Issuer when required to be made under the terms of the Credit Facility, (b) a Credit Facility shall have been declared null and void or unenforceable in a final determination by a court of law of competent jurisdiction or (c) such Credit Facility Issuer shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of such Credit Facility Issuer or for any substantial part of its property, or shall make a general assignment for the benefit of creditors;

*Credit Facility Issuer* means, with respect to any Series of Bonds for which a Credit Facility is held by the Trustee, the bank, trust company, national banking association, firm, association or corporation, including public bodies and governmental agencies, acceptable to the Authority, which has issued such Credit Facility in connection with such Series of Bonds, and any successors or assigns of the obligations of such bank, trust company, national banking association, firm, association or corporation under such Credit Facility;

*Credit Facility Repayment Fund* means each fund so designated, created and established by the Applicable Series Resolution pursuant to the Resolution;

*Debt Service Fund* means each such fund so designated and established by the Applicable Series Resolution pursuant to the Resolution;

*Debt Service Reserve Fund* means each fund so designated, created and established pursuant to the Resolution and by the Applicable Series Resolution or by the Applicable Bond Series Certificate. No debt service reserve fund will be funded for the Series 2022 Bonds;

*Defeasance Security* means, unless otherwise provided in an Applicable Series Resolution, any of the following: (a) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligations (other than an obligation subject to variation in principal repayment); (b) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations; and (c) an Exempt

Obligation, provided such Exempt Obligation (i) 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, (ii) 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 interest payment dates and the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the Government Obligations 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 interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated by at least two Rating Services in the highest rating category for such Exempt Obligation (without regard to qualification of such rating by symbols such as “+” or “-” and numerical notations); **provided, however,** that with respect to the 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;

*Department of Health* means the Department of Health of the State of New York;

*Depository* 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 Applicable Series Resolution authorizing a Series of Bonds or a Bond Series Certificate relating to a Series of Bonds to serve as securities depository for the Bonds of such Series;

*Excess Earnings* means, with respect to the Applicable Series of Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code;

*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 wholly comprised of any of the foregoing obligations;

*Facility Provider* means the issuer of a Reserve Fund Facility delivered to the Trustee pursuant to the Resolution;

*Federal Agency Obligation* means any of the following: (i) an obligation issued by any federal agency or instrumentality approved by the Authority; (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency approved by the Authority; (iii) 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 (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;

*Fitch* means Fitch Ratings, Inc., a corporation organized and existing under the State of New York, and its successors and assigns;

*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 of principal and interest 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 a 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 or asserting jurisdiction over a Project or any part thereof, including, but not limited to, Article 28, Article 28A or 28-B, as applicable, of the Public Health Law of the State of New York;

*Hedge Agreement* means (i) an agreement entered into by the Authority or the Institution in connection with the issuance of or which relates to all or a portion of Bonds of a Series which provides that during the term of such agreement the Authority or the Institution is to pay to the Counterparty an amount based on the interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds, or the applicable portion thereof, and that the Counterparty is to pay to the Authority or the Institution an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement or (ii) interest rate cap agreements, interest rate floor agreements, interest rate collar agreements and any other interest rate related agreements or arrangements; provided, however, that no such agreement entered into by the Institution shall constitute a Hedge Agreement unless a copy thereof has been delivered to the Authority;

*Institution* means Northwell Healthcare, Inc. or other entity or person that is a Member of the Obligated Group and for whose benefit the Authority has, as authorized under the Public Health Law or any other law or regulation, issued such Series of Bonds or any portion thereof;

*Investment Agreement* means an agreement for the investment of moneys with a Qualified Financial Institution;

*Liquidity Facility* means an irrevocable letter of credit, surety bond, loan agreement, standby purchase agreement, line of credit or other agreement or arrangement issued or extended by 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 savings bank, 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 and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, 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 Authority, pursuant to which money is to be obtained upon the terms and conditions contained therein for the purchase or redemption of Option Bonds tendered for purchase or redemption in accordance with the terms of the Resolution and of the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds. There is no Liquidity Facility for the Series 2022 Bonds;

*Loan Agreement* means the Loan Agreement, executed by the Authority and any Applicable Institution, or other agreement, by and between the Authority and an Applicable Institution in connection with the issuance of an applicable Series of Bonds, as the same may from time to time be amended, supplemented or otherwise modified as permitted by the Resolution and by such Loan Agreement, and with respect to the Series 2022 Bonds means the Loan Agreement, dated as of May 18, 2022, between the Authority and the Institution;

*Master Indenture* means the Master Trust Indenture by and among the Members of the Obligated Group and the Master Trustee, dated as of July 1, 1998, as amended and restated as of August 1, 2003, and as further amended as of July 1, 2004, as of September 1, 2011 and as of October 8, 2014, and as further amended and restated as of May 1, 2022, and as further amended, supplemented or restated from time to time;

*Master Trustee* means The Bank of New York Mellon, New York, New York, and any successor under the Master Indenture;

*Maximum Interest Rate* means, with respect to any Applicable Series of Variable Interest Rate Bonds, the rate of interest, if any, set forth in the Applicable Series Resolution authorizing such Series of Bonds or Applicable Bond Series Certificate relating thereto as the maximum rate of interest Bonds of such Series may bear at any time;

*Minimum Interest Rate* means, with respect to any Applicable Series of Variable Interest Rate Bonds, the rate of interest, if any, set forth in the Applicable Series Resolution authorizing such Series of Bonds or Applicable Bond Series Certificate relating thereto as the minimum rate of interest Bonds of such Series may bear at any time;

*Moody's* means Moody's Investors Service Inc., a corporation organized and existing under the laws of the State of Delaware, and 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;

*Obligated Group* means Northwell Healthcare, Inc., North Shore University Hospital, Long Island Jewish Medical Center, Glen Cove Hospital, Plainview Hospital, Northwell Health Stern Family Center for Rehabilitation, Lenox Hill Hospital, South Shore University Hospital, Huntington Hospital Association d/b/a Huntington Hospital and Staten Island University Hospital 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 Northwell Healthcare, Inc., its successors and assigns;

*Option Bond* means any Bond which by its terms may be or is required to be tendered by the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase thereof, or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate related to such Bonds;

*Outstanding* when used in reference to Bonds of any Applicable Series means, as of a particular date, all Bonds of such Series, including Bank Bonds, authenticated and delivered under the Resolution and under the Applicable Series Resolution except: (i) any such Bond cancelled by the Trustee at or before such date; (ii) any such Bond deemed to have been paid in accordance with the Resolution; (iii) any such Bond in lieu of or in substitution for which another such Bond shall have been authenticated and delivered pursuant to the Resolution; and (iv) Option Bonds tendered or deemed tendered in accordance with the provisions of the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds 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 Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds. Bank Bonds will be deemed to be Outstanding and pledged to the Applicable Credit Facility Issuer, and the purchase thereof with the proceeds of a drawing on the Credit Facility shall not result in an extinguishment of the debt replenished by such Bonds;

*Paying Agent* means, with respect to any Applicable Series of Bonds, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or of an Applicable Series Resolution, an Applicable Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of such Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed;

*Permitted Collateral* means any of the following: (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligations; (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations; (iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and

(c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category; (iv) 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; (v) bankers' acceptances issued by a bank rated in the highest short term rating category by at least one nationally recognized rating organization and having maturities of not longer than three hundred sixty-five (365) days from the date they are pledged; and (vi) taxable bonds, all or a portion of the interest on which is paid by or subsidized by the United States of America and to which the full faith and credit of the United States of America is pledged, including, but not limited to, Build America Bonds that are Qualified Bonds (as such terms are defined in Section 54AA of the Code);

*Permitted Investments* means any of the following: (i) Government Obligations; (ii) Federal Agency Obligations; (iii) Exempt Obligations; (iv) uncollateralized 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 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 rated by at least one Rating Service in at least the second highest rating category, and (b) are fully collateralized by Permitted Collateral; (vi) commercial paper issued by a domestic corporation rated 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 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 in the highest short term rating category by at least one Rating Service; (x) taxable bonds, all or a portion of the interest on which is paid by or subsidized by the United States of America and to which the full faith and credit of the United States of America is pledged, including, but not limited to, Build America Bonds;

*Project* means any eligible hospital project, nursing home project or other project qualified under the Act or otherwise eligible to be financed by the Authority through the issuance of obligations under the laws of the State of New York, as defined in the Applicable Loan Agreement, and with respect to the Series 2022 Bonds means the Project as specified in the Loan Agreement;

*Provider Payments* means any payments made by a Facility Provider pursuant to its Reserve Fund Facility on deposit in the Applicable Debt Service Reserve Fund;

*Purchase Price* means, except as otherwise set forth in an Applicable Bond Series Certificate, 100% of the principal amount of any Option Bond tendered or deemed tendered for purchase to the tender agent for such Bonds, plus accrued and unpaid interest thereon to the date of purchase; provided, however, that if the date of purchase is an interest payment date, then the Purchase Price will not include accrued and unpaid interest, which will be paid to the Holder of record on the applicable Record Date;

*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, Liquidity Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

(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, Liquidity Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

(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, Liquidity Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

(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 Authority; 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(s)* means S&P, Moody's, Fitch or any other nationally recognized statistical rating organization which shall have assigned a rating on any Bonds Outstanding as requested by or on behalf of the Authority, and which rating is then currently in effect;

*Record Date* means, unless the Applicable Series Resolution authorizing an Applicable Series of Bonds or an Applicable Bond Series Certificate relating thereto provides otherwise with respect to Bonds of such Series, the fifteenth (15th) day (whether or not a business day) of the month preceding each interest payment date;

*Redemption Price* when used with respect to a Bond of an Applicable Series, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution or to the Applicable Series Resolution or Applicable Bond Series Certificate;

*Refunding Bonds* means all Bonds, whether issued in one or more Applicable Series of Bonds, authenticated and delivered pursuant to the Resolution, and originally issued pursuant to the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds;

*Reserve Fund Facility* means a surety bond, insurance policy or letter of credit authorized by or pursuant to a Series Resolution establishing a Debt Service Reserve Fund which constitutes any part of the Debt Service Reserve Fund authorized to be delivered to the Trustee pursuant to the Resolution;

*Resolution* means the Northwell Health Obligated Group Revenue Bond Resolution, adopted July 17, 2019, as the same may be from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions thereof;

*Revenues* means all payments payable by the Applicable Institution to the Authority pursuant to an Applicable Loan Agreement, and payments made under the Master Indenture or payable by the Obligated Group pursuant to an Applicable Obligation and all amounts realized upon liquidation of collateral securing the Applicable Obligation, which payments and amounts are to be paid to the Trustee (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to the Applicable Arbitrage Rebate Fund and Applicable Credit Facility Repayment Fund and except as otherwise provided in an Applicable Series Resolution or Applicable Bond Series Certificate relating to a Series of Bonds);

*S&P* means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors and assigns;

*Securities* means (i) moneys, (ii) Government Obligations, (iii) Exempt Obligations, (iv) any bond, debenture, note, preferred stock or other similar obligation of any corporation incorporated in the United States, which security, at the time an investment therein is made or such security is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better by Moody's or "AA" or better by S&P or is rated with a comparable rating by any other nationally recognized rating service acceptable to an Authorized Officer of the Authority and (v) with the consent of the Credit Facility Issuers, if any, common stock of any corporation incorporated in the United States of America whose senior debt, if any, at the time an investment in its stock is made or its stock is deposited in any fund or account established under the Resolution, is rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better by Moody's or "AA" or better by S&P or is rated with a comparable rating by any other nationally recognized rating service acceptable to an Authorized Officer of the Authority and the Credit Facility Issuers, if any;

*Serial Bonds* means the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate;

*Series* means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and the Applicable Series Resolution, and any Bonds of such Series 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 members of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Resolution;

*Series 2022 Bonds* means the Bonds issued by the Authority pursuant to the Resolution and designated "Northwell Health Obligated Group Revenue Bonds, Series 2022A";

*Series 2022 Resolution* means the resolution adopted with respect to the Series 2022 Bonds adopted by the Authority on April 6, 2022, or any other resolution of the Authority authorizing the issuance of a Series of Bonds pursuant to Article 2 of the Resolution with respect to the Series 2022 Bonds, as the same may be amended, supplemented or otherwise modified pursuant to the terms thereof;

*Sinking Fund Installment* means, (i) with respect to any Series of Bonds other than Option Bonds or Variable Interest Rate Bonds, as of any date of calculation and with respect to any Bonds of such Series, so long as any such Bonds thereof are Outstanding, the amount of money required by the Applicable Series Resolution pursuant to which such Bonds were issued or by the Applicable Bond Series Certificate, to be paid on a single future sinking fund payment date for the retirement of any Outstanding Bonds of said Series which mature after said future sinking fund payment date, but does not include any amount payable by the Authority by reason only of the maturity of such Bond, and said future sinking fund payment date is deemed to be the date when such 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; and (ii) when used with respect to Option Bonds or Variable Interest Rate Bonds of a Series, so long as such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Option Bonds or Variable Interest Rate Bonds of such Series 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 Applicable Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms of the Resolution;

*Tax-Exempt Bonds* means any Bonds authorized to be issued under the Resolution and under an Applicable Series Resolution, the interest on which Bonds is not included in gross income for purposes of federal income taxation pursuant to Section 103 of the Code;

*Term Bonds* means with respect to Bonds of a Series, the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate and payable from Sinking Fund Installments;

*Trustee* means The Bank of New York Mellon or any other bank or trust company appointed as Trustee for an Applicable Series of the Bonds pursuant to the Resolution or any Applicable Series Resolution or any Applicable Bond Series Certificate delivered under the Resolution and having the duties, responsibilities and rights provided for in the Resolution and any Applicable Series Resolution and Bond Series Certificate with respect to such Series, 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. The Trustee for the Series 2022 Bonds is The Bank of New York Mellon;

*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 Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds and which will 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, provided, however, that such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate and that there may be an initial rate specified, in each case, as provided in such Applicable Series Resolution or Applicable Bond Series Certificate, or (ii) a stated interest rate that may be changed from time to time as provided in such Applicable Series Resolution or Applicable Bond Series Certificate provided, further, that such Applicable Series Resolution or Applicable Bond Series Certificate will 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 will remain in effect or (y) the time or times at which any change in such variable interest rate will become effective or the manner of determining such time or times; and

*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, will no longer be a Variable Interest Rate Bond.

**APPENDIX D**

**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 or definitive and reference is made to the Loan Agreement for full and complete statements of such and all provisions. Unless otherwise indicated, references to section numbers in this summary refer to sections in the Loan Agreement. Defined or definitive terms used herein and not otherwise defined have the meanings ascribed to them in Appendix C.

### Representations of the Issuer

Due Organization and Authority. The Issuer is duly established and validly existing under the provisions of the Act and has full legal right, power and authority to execute, deliver and perform each of the Issuer Documents and the other documents contemplated thereby. Each of the Issuer Documents and the other documents contemplated thereby has been duly authorized, executed and delivered by the Issuer.

*(Section 2.1(a))*

### 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 and the other documents contemplated thereby. Each of the Institution Documents and the other documents contemplated thereby has been duly authorized, executed, and delivered by the Institution.

The Institution, as the active corporate parent, sole member, or controlling entity by virtue of certain contractual arrangements of each Member of the Obligated Group, shall enter into the Loan Agreement for the benefit of one or more Members of the Obligated Group. The Institution covenants that the Obligated Group shall issue the Obligation, which shall be a joint and several obligation of all of the Members securing the Institution's obligations under the Loan Agreement.

*(Section 2.2(a))*

### Covenants of the Institution

Operation of 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 as a health care facility or health care facilities throughout the term of the Loan Agreement.

Pledges and Security Interests. All corporate action on the part of the Institution to authorize such pledges and security interests in the Obligation has been duly and validly taken. The Institution shall at all times, to the extent permitted by law, defend, preserve and protect such pledge and security interest and all of the rights of the Issuer and the Bondholders thereunder and under the Resolution against all claims and demands of all persons whomsoever.

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.

*(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 under 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 Contract 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)*

### **Application of Bond Proceeds**

Subject to the conditions of the Loan Agreement, the Issuer will, to the extent of moneys available in the Construction Fund, cause the Institution to be reimbursed for, or pay, any costs and expenses incurred by the Institution that constitute Costs of the Project or any Cost of Issuance reimbursable to the Institution, provided such costs and expenses are approved by an Authorized Officer of the Issuer and the Commissioner of Health for funds that are related to Public Health Law under Article 28-B, as follows:

(i) To the extent that moneys are available therefor, moneys in the Construction Fund shall be disbursed as the construction of the Project progresses in amounts as shall be requested by the Institution pursuant to a request for disbursement as provided in the Loan Agreement to reimburse the Institution for, or to pay, any costs and expenses constituting Costs of the Project previously paid or then due that were incurred by the Institution in connection with the Project.

(ii) Prior to the Issuer making and delivering any certificate required to be delivered to the Trustee in connection with payments to be made pursuant to Section 5.04 of the Resolution for Costs of a Project, other than interest on Outstanding Bonds or any Cost of Issuance reimbursable to the Institution, the Institution shall have submitted to the Issuer and the Department of Health, and have received Issuer and Department of Health approval with respect to, the form and substance of, a Project budget, and the Issuer and the Department of Health shall have received a certificate of the Institution substantially in the form of Exhibit A to the Loan Agreement.

*(Section 3.2(a))*

### **Loan of Bond Proceeds**

The Issuer agrees to loan the proceeds of the Bonds to the Institution in accordance with the provisions of the Loan Agreement. Such Bond proceeds shall be disbursed to the Institution in accordance with the provisions of Section 3.2 of the Loan Agreement and of the Resolution.

*(Section 4.1)*

### **Loan Payments and Other Amounts Payable**

Except to the extent that moneys are available therefor under the Resolution or under the 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:

(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 to the Loan Agreement;

(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;

(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 Section 4.2(h) of the Loan Agreement and any expenses or liabilities incurred by the Issuer pursuant to Sections 4.2(b), 5.6, 7.1 or 9.2 of 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, (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 Section 9.1 of the Loan Agreement.

*(Section 4.2(a))*

### **Obligations of Institution Under the Loan Agreement Unconditional**

The Loan Agreement and the obligations of the Institution to make payments under the Loan Agreement are general obligations of the Institution. The obligations of the Institution to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Institution may otherwise have against the Issuer, the Trustee or any Holder of Bonds for any cause whatsoever including, without limiting the generality of the foregoing, failure of the Institution to complete the Project or the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Bonds are or the Resolution is invalid or unenforceable or any other failure or default by the Issuer or the Trustee; provided, however, that nothing therein shall be construed to release the Issuer from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Issuer shall fail to perform any such agreement, duty or obligation, the Institution may, subject to the provisions of

the Loan Agreement, institute such action as it may deem necessary to compel performance or to recover damages for the Issuer's willful misconduct.

*(Section 4.3)*

### **Maintenance and Modifications of Project by Institution**

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 as permitted by the Master Indenture. The Institution, as 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.

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.

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.

No Contract 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.

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 the 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)*

### **Liens, Utilities and Access.**

The Institution warrants, represents and covenants that the Project (i) is and will be kept free from any encumbrances, Liens or commitments of any kind, other than Permitted Liens, (ii) is and will be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air conditioning and ventilation) and (iii) to the extent applicable, has and will have its own separate and independent means of access, apart from any other property owned by the Institution or others; provided, however, that such access may be through common roads or walks owned by the Institution or the Members of the Obligated Group used also for other parcels owned by the Institution or the Members of the Obligated Group.

*(Section 5.3)*

### **Taxes, Assessments and Utility Charges.**

The Institution shall pay when due at its own expense, and hold the Issuer harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon the Institution or any of its property. The Institution shall file exemption certificates as required by law. The Institution agrees to exhibit to the Issuer within ten (10) days after written demand by the Issuer, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; provided, however, the Institution may, in good faith, contest any such taxes, assessments and other charges. In the event of any such proceedings, the Institution shall pay such taxes, assessments or other charges so contested, or, at its option, allow the same to remain unpaid during the period of such proceedings and any appeal therefrom, provided, however, that (i) neither the Project nor any part thereof or interest therein would be in any immediate danger of being sold, forfeited or lost by reason of such proceedings, and (ii) the Institution shall have set aside on its books adequate reserves with respect thereto and shall have furnished such security, if any, as may be required in such proceedings.

*(Section 5.4)*

### **Insurance Required**

The Institution agrees to maintain or cause to be maintained insurance with insurance companies or by means or self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by 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.

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, 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 Section 5.4 of the Loan Agreement, (ii) to maintain any insurance required to be maintained by Section 5.5 of 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, (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 Section 2.4(h) 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 ten (10) 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) above, 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 this Section (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**

In the event of a taking of the Project or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of the Project, the Institution shall use such insurance, condemnation or eminent domain proceeds in a manner as to not adversely affect the tax-exempt status of the Bonds. Any proceeds of a taking of the Project or any portion thereof by eminent domain or proceeds of insurance related to damage or destruction affecting all or part of the Project which are deposited with the Trustee shall be applied as provided in the Resolution, Series Resolution, Bond Series Certificate and Master Indenture.

*(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 its members, officers, officials, counsel, consultants, agents and employees from and against all, and agrees that the Issuer and its members, officers, officials, counsel, consultants, agents and employees 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 Loan Agreement, the Master Indenture, the Series 2022 Supplemental Indenture, any Applicable Obligation 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 the Issuer and its members, officers, officials, counsel, consultants, agents and employees), 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 party so indemnified by the Institution, 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 in excess of net proceeds received 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 such parties by this paragraph shall be in addition to and not limited by any of the provisions of paragraph (b) of Section 7.1 or of Section 5.6 of the Loan Agreement; provided, however, that, to the extent the Issuer receives indemnification pursuant to such Sections, 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, any member, officer, official, employee, counsel, consultant and agent of the Issuer 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 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 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.

In case any action shall be brought in respect of which indemnity may be sought against the Institution pursuant to this Section, 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 this Section.

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 7.1)*

### **Representations of Institution**

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 a letter from the Internal Revenue Service to that effect; (iii) such letters has not been modified, limited or revoked; (iv) it is in compliance with

all terms, conditions and limitations, if any, contained in such letter; (v) the facts and circumstances which form the basis of such letter 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.

*(Section 8.1)*

### **Covenants of Institution**

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.

*(Section 8.2)*

### **Tax Exemption**

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.

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 (pursuant to an arrangement in place at the time of the issuance of the Bonds) purchase any of the Tax-Exempt Bonds (except as allowed in the case of a purchase in lieu of redemption or a tender of any of the 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.

*(Section 8.3)*



## Events of Default and Remedies

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 Section 4.2 of the Loan Agreement or the payment of any other amounts required to be delivered or paid by or on behalf of the Institution in accordance with the Loan Agreement and the Resolution, and (A) with respect to a payment required by paragraph (iii), (iv) 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), (iv) or (viii) of Section 4.2(a) of the Loan Agreement, 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 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 and in any event, not to exceed ninety (90) days; or

(iii) as a result of any default in payment or performance required of the Institution under the Loan Agreement or any other 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, 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 any Obligation issued thereunder, and in either case such default continues beyond any applicable grace period; or

(v) the Institution shall (A) be generally not paying its debts as they become due, (B) file, or consent by answer or otherwise to the filing against it of a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (C) make a general assignment for the benefit of its general creditors, (D) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (E) be adjudicated insolvent or be liquidated, (F) take corporate action for the purpose of any of the foregoing or (G) shall admit in writing its inability to pay its debts generally as they become due; or

(vi) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Institution, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Institution, or any petition for any such relief shall be filed against the Institution and such petition shall not be dismissed or stayed within ninety (90) days; or

(vii) the certificate of incorporation of the Institution or any license necessary to operate the Project shall be suspended or revoked; or

(viii) a petition to dissolve the Institution shall be filed by 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

(ix) an order of dissolution of the Institution shall be made by the State of New York, the legislature of the State or other governmental authority having jurisdiction over the Institution, which order shall remain undismitted or unstayed for an aggregate of thirty (30) days; or

(x) a petition shall be filed with a court having jurisdiction for an order directing or providing for the sale, disposition or distribution of all or substantially all of the property belonging to the Institution which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days; or

(xi) an order of a court having jurisdiction shall be entered directing or providing for the sale, disposition or distribution of all or substantially all of the property belonging to the Institution, which order shall remain undismissed or unstayed for the earlier of (A) three (3) Business Days prior to the date provided for in such order for such sale, disposition or distribution or (B) an aggregate of thirty (30) days from the date such order shall have been entered.

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 relating to the Bonds 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 or under any Obligation or against any or all Members of the Obligated Group under the Master Indenture or the Obligation to recover any sums payable by the Institution or to require its compliance with the terms of the Loan Agreement or of the Master Indenture or the Obligation, as provided in 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.

All rights and remedies in the Loan Agreement given or granted to the Issuer are cumulative, nonexclusive 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.

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) of this Section 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 Section 9.1(b) of the Loan Agreement as shall be necessary to enforce the Issuer's Unassigned Rights.

The Institution shall give the Issuer and the Department of Health telephone and written notice within three Business Days after receiving information that the Master Trustee has appointed or intends to appoint a receiver in accordance with provisions of the Master Indenture.

*(Section 9.1)*

### **Termination of Loan Agreement**

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 Section 9.2 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 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)*

Payments To The Institution. The Issuer shall, as soon as practicable after receipt of moneys paid to the Issuer by the Trustee pursuant to Section 12.01 of the Resolution, pay such moneys to the Institution after deducting therefrom the amount, if any, then owed to the Issuer by the Institution pursuant to the Loan Agreement.

*(Section 10.2)*

### **Amendments, Changes and Modifications**

The Loan Agreement may be amended only in accordance with Section 7.09 of 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)*

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**APPENDIX E**

**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. Such summary does not purport to be complete or definitive and reference is made to the Resolution for full and complete statements of each provision. Unless otherwise indicated, references to section numbers in this summary refer to sections in the Resolution. Defined terms herein have the meaning ascribed to them in Appendix C.

### **Resolution, the Series Resolutions and the Bonds Constitute Separate Contracts**

The Resolution authorizes the Authority to issue its Bonds in one or more Series, each such Series to be authorized by a separate Applicable Series Resolution and, *inter alia*, to be separately secured from each other Series of Bonds. Each such Series of Bonds will be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series will not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the Applicable Series Resolution authorizing such Series of Bonds. With respect to each Applicable Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of such Applicable Series authorized to be issued under the Resolution and under the Applicable Series Resolution by those who will hold or own the same from time to time, the Resolution and the Applicable Series Resolution will be deemed to be and will constitute a contract among the Authority, the Trustee and the Holders from time to time of the Bonds of such Applicable Series, and the pledge and assignment made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority will be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of such Series, all of which, regardless of the time or times of their issue or maturity, will be of equal rank without preference, priority or distinction of any Bonds of such Series over any other Bonds of such Series except as expressly provided in the Resolution or permitted by the Resolution or by the Applicable Series Resolution.

(Section 1.03)

### **Authority to Assign Certain Rights and Remedies to the Trustee**

1. As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, Outstanding Bonds of a Series and for the performance of each other obligation of the Authority under the Resolution, in the Resolution the Authority grants, pledges and assigns to the Trustee all of the Authority's estate, right, title, interest and claim in, to and under the Applicable Loan Agreement and Applicable Obligation, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Applicable Loan Agreement or Applicable 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, Gross Receipts, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under such Applicable Loan Agreement and Applicable Obligation, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Applicable Bondholders, and to perform all other necessary and appropriate acts under the Applicable Loan Agreement and Applicable Obligation, subject to the following conditions: (a) that such pledge and assignment does not include the Authority's rights to the Authority Fee, the Annual Administrative Fee, any additional fees or expenses due to the Authority under the Loan Agreement and any rights to receive notices and make consents and amendments under the Applicable Loan Agreement or Applicable Obligation, (b) that such pledge and assignment shall not include any amounts on deposit in the Arbitrage Rebate Fund or the Credit Facility Repayment Fund, (c) that the Holders of the Applicable Bonds, if any, will not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority, and (d) that, unless and until the Trustee will, in its discretion when an "Event of Default" (as defined in the Applicable Loan Agreement) under the Applicable Loan Agreement has occurred and is continuing, so elect, by instrument in writing delivered to the Authority and the Members of the Obligated Group (and then only to the extent that the Trustee will so elect), the Trustee will not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in the Applicable Loan Agreement to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision); the Authority, however, is to remain liable to observe and perform all the conditions and covenants in the Applicable Loan Agreement to be observed and performed by it; provided, however, that any grant, pledge and assignment by the Authority of moneys, revenues,

accounts, rights or other property made with respect to the Applicable Loan Agreement and the Applicable Obligation pursuant to this paragraph will secure, in the case of the Applicable Loan Agreement and Applicable Obligation, or any applicable portion thereof, only the payment of the amounts payable under such Applicable Loan Agreement and Applicable Obligation.

2. In the event the Authority grants, pledges and assigns to the Trustee any of its rights as provided in subdivision 1 of this Section, with respect to a Series of Bonds secured by a Credit Facility, such grant, pledge and assignment shall also reflect amounts due a Credit Facility Issuer pursuant to the Credit Facility and any reimbursement or related agreement associated therewith.

*(Section 1.04)*

### **Refunding Bonds**

All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds of one or more Series of Bonds, one or more series of bonds or other obligations, a portion of a Series of Outstanding Bonds or a portion of a series of bonds or other obligations, a portion of a maturity of a Series of Outstanding Bonds or a portion of a maturity of bonds or other obligations. The Authority by resolution of its members may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Section and of the Applicable Series Resolution authorizing such Series of Refunding Bonds or by the provisions of the resolution or resolutions authorizing the bonds or other obligations issued by the Authority, as the case may be.

The proceeds, including accrued interest, of such Refunding Bonds will be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or determined in accordance with the Applicable Series Resolution authorizing such Refunding Bonds.

*(Section 2.04)*

### **Additional Obligations**

The Authority 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 Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, entitled to a charge or lien or right prior to the charge or lien or right created by the Resolution and pursuant to any Applicable Series Resolution, or with respect to the moneys pledged under the Resolution or pursuant to any Applicable Series Resolution.

*(Section 2.05)*

### **Pledge of Revenues**

In the Resolution the proceeds from the sale of an Applicable Series of Bonds, the Revenues and all funds authorized by the Resolution and established pursuant to an Applicable Series Resolution, other than an Applicable Arbitrage Rebate Fund or an Applicable Credit Facility Repayment Fund, are, subject to the adoption of an Applicable Series Resolution, pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Applicable Series of Bonds and as security for the performance of any other obligation of the Authority under the Resolution and under an Applicable Series Resolution with respect to such Series, and together with the Applicable Credit Facility Provider Repayment Fund, to each Applicable Credit Facility Issuer as security for the Applicable Institution's performance of its obligations under the Applicable Credit Facility and any reimbursement or related agreement associated therewith, all in accordance with the provisions of the Resolution and thereof. The pledge made by the Resolution, subject to the adoption of an Applicable Series Resolution, will relate only to the Bonds of an Applicable Series authorized by such Series Resolution and no other Series of Bonds and such pledge will not secure any such other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Applicable Series of Bonds, the Revenues and all funds and accounts established by the Resolution and



pursuant to the Applicable Series Resolution which are pledged by the Resolution and pursuant to the Applicable Series Resolution will immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge will be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority 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 Applicable Series will be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the Revenues and the funds established by the Resolution and pursuant to the Applicable Series Resolution, which pledge will constitute a first lien thereon.

*(Section 5.01)*

### **Establishment of Funds**

Unless otherwise provided by the Applicable Series Resolution, the following funds are authorized to be established, held and maintained for each Applicable Series by the Trustee under the Applicable Series Resolution separate from any other funds established and maintained pursuant to any other Series Resolution:

Construction Fund;  
Debt Service Fund;  
Debt Service Reserve Fund;  
Arbitrage Rebate Fund; and  
Credit Facility Repayment Fund

Accounts and sub-accounts within each of the foregoing funds may from time to time be established in accordance with an Applicable Series Resolution, an Applicable Bond Series Certificate or upon the direction of the Authority. All moneys at any time deposited in any fund created by the Resolution, other than the Applicable Arbitrage Rebate Fund and the Applicable Credit Facility Repayment Fund, will be held in trust for the benefit of the Holders of the Applicable Series of Bonds, but will nevertheless be disbursed, allocated and applied solely in connection with an Applicable Series of Bonds for the uses and purposes provided in the Resolution.

No debt service reserve fund will be funded for the Series 2022 Bonds.

*(Section 5.02)*

### **Application of Bond Proceeds and Allocation Thereof**

Upon the receipt of proceeds from the sale of an Applicable Series of Bonds, the Authority will apply such proceeds as specified in the Resolution and in an Applicable Series Resolution authorizing such Series or in the Applicable Bond Series Certificate.

Accrued interest, if any, received upon the delivery of an Applicable Series of Bonds will be deposited in the appropriate account in the Applicable Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Applicable Series Resolution or the Applicable Bond Series Certificate.

*(Section 5.03)*

### **Application of Moneys in the Construction Fund**

1. For purposes of internal accounting, an account in an Applicable Construction Fund may contain one or more subaccounts, as the Authority or the Trustee may deem necessary or desirable. As soon as practicable after the delivery of an Applicable Series of Bonds, the Trustee will deposit in the appropriate account in the Applicable Construction Fund the amount required to be deposited therein pursuant to the Applicable Series Resolution, the Applicable Loan Agreement or the Applicable Bond Series Certificate. In addition, the Authority will remit to the Trustee and the Trustee shall deposit in the appropriate account in the Applicable Construction Fund any

moneys paid or instruments payable to the Authority derived from insurance proceeds or condemnation awards from the Applicable Project.

2. Except as otherwise provided in the Resolution and in the Applicable Series Resolution or Applicable Bond Series Certificate, moneys deposited in the Applicable Construction Fund will be used only to pay the Costs of Issuance of the Bonds issued in connection with such Series Resolution or Bond Series Certificate and the Costs of the Project(s) in connection with which such Series of Bonds was issued.

3. Payments for Costs of an Applicable Project will be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment. Such certificate or certificates will be substantiated by a certificate filed with the Authority signed by an Authorized Officer of the Applicable Institution, describing in reasonable detail the purpose for which moneys were used and the amount thereof, and further stating that such purpose constitutes a necessary part of the Costs of such Project except that payments to pay interest on the Applicable Series of Bonds will be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Applicable Construction Fund to the Applicable Debt Service Fund.

4. Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or an Applicable Institution with respect to an Applicable Project financed with Tax-Exempt Bonds will be deposited in the appropriate account in the Applicable Construction Fund and, if necessary, such fund may be reestablished for such purpose and if not used to repair, restore or replace such Project, transferred to the Applicable Debt Service Fund for the redemption of the Applicable Series of Bonds in accordance with the Applicable Loan Agreement.

5. An Applicable Project will be deemed to be complete (a) upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the Applicable Institution which certificate will be delivered as soon as practicable after the date of completion of such Project or (b) upon delivery to the Applicable Institution and the Trustee of a certificate of the Authority which certificate may be delivered at any time after completion of such Project upon satisfaction of terms set forth in the Applicable Loan Agreement. Each such certificate will state that such Project has been completed substantially in accordance with the plans and specifications, if any, applicable to such Project and that such Project is ready for occupancy, and, in the case of a certificate of an Authorized Officer of such Applicable Institution, will specify the date of completion, or if any portion of the Project has been abandoned and will not be completed, will so state.

Upon receipt by the Trustee of the certificate required pursuant to this subdivision, the moneys, if any, then remaining in the Applicable Construction Fund, after making provision in accordance with the written direction of the Authority for the payment of any Costs of Issuance of such Applicable Series of Bonds and Costs of the Applicable Project then unpaid, will be paid by the Trustee as follows and in the following order of priority:

First: Upon the written direction of the Authority, to the Applicable Arbitrage Rebate Fund, the amount set forth in such direction;

Second: To the Applicable Debt Service Reserve Fund (if any), such amount as will be necessary to make the amount on deposit in such fund equal to the Applicable Debt Service Reserve Fund Requirement (if applicable); and

Third: To the Applicable Debt Service Fund for the redemption or purchase of the Applicable Series of Bonds in accordance with the Resolution and the Applicable Series Resolution, any balance remaining.

*(Section 5.04)*

## **Enforcement of Obligations, Deposit of Revenues and Allocation Thereof**

1. To the extent an Applicable Institution fails to make any timely payment with respect to a Series of Bonds under the Applicable Loan Agreement, which payment would constitute a credit for payment of the Applicable Obligation in accordance with the terms thereof, the Trustee will promptly make demand for payment under the Applicable Obligation in accordance with the terms thereof.

2. The Revenues, including all payments received under the Applicable Loan Agreement, the Master Indenture, the Applicable Supplemental Indenture and the Applicable Obligations, will be deposited upon receipt by the Trustee to the appropriate account of the Applicable Debt Service Fund in the amounts, at the times and for the purposes specified in the Applicable Series Resolution or Applicable Loan Agreement. Except as provided in the Applicable Series Resolution or Applicable Bond Series Certificate, to the extent not required to pay the interest, principal, Sinking Fund Installments and moneys which are required or have been set aside for the redemption of Bonds of the Applicable Series, moneys in the Applicable Debt Service Fund will be paid by the Trustee on or before the business day preceding each interest payment date as follows and in the following order of priority:

First: To reimburse, pro rata, each Applicable Credit Facility Issuer for any unreimbursed amounts under each Applicable Credit Facility and any reimbursement or related agreement associated therewith, in proportion to the respective amounts then unpaid to each Applicable Credit Facility Issuer;

Second: To reimburse, pro rata, the Applicable Facility Provider, if any, for Provider Payments which have not been repaid and to replenish each Debt Service Reserve Fund to its respective Debt Service Reserve Fund Requirement, pro rata, in proportion to the amount the respective Provider Payments then unpaid to each Facility Provider and the amount of the deficiency in each Debt Service Reserve Fund bears to the aggregate amount of Provider Payments then unpaid and deficiencies in the respective Debt Service Reserve Funds;

Third: Upon the written direction of an Authorized Officer of the Authority, to the Applicable Arbitrage Rebate Fund in the amount set forth in such direction;

Fourth: To the Applicable Debt Service Reserve Fund, such amount, if any, other than as set forth in paragraph "Second" above, necessary to make the amount on deposit in such fund equal to the Applicable Debt Service Reserve Fund Requirement; and

Fifth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required thereby, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Applicable Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Applicable Loan Agreement in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph Fourth.

3. After making the payments required by subdivision 2 of this Section, the balance, if any, of the Revenues then remaining will, upon the written direction of an Authorized Officer of the Authority, be paid by the Trustee to the Applicable Construction Fund or the Applicable Debt Service Fund, or paid to the Applicable Institution, in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution. The Trustee will notify the Authority and the Institution promptly after making the payments required by subdivision 1 of this Section, of any balance of Revenues then remaining.

4. In the event that any payments received by the Trustee under the Resolution are less than the total amount required to be paid to the Trustee and such payments relate to more than one Series of Bonds, the payments will be applied pro rata to each such Series of Bonds based upon the amounts then due and payable.

*(Section 5.05)*

## Debt Service Fund

1. The Trustee will on or before the business day preceding each interest payment date with respect to a Series of Bonds, as required by, and in accordance with, the Applicable Series Resolution or Applicable Bond Series Certificate pay, from the Applicable Debt Service Fund, or the applicable account thereof, to itself and any other Paying Agent:

- (a) the interest due on all Outstanding Bonds of the Applicable Series on such interest payment date;
- (b) the principal amount due on all Outstanding Bonds of the Applicable Series on such interest payment date;
- (c) the Sinking Fund Installments, if any, due on all Outstanding Bonds of the Applicable Series on such interest payment date; and
- (d) moneys required for the redemption of Bonds of the Applicable Series in accordance with the Resolution.

The amounts paid out pursuant to this Section will be irrevocably pledged to and applied to such payments.

2. In the event that on the fourth business day preceding any Interest Payment Date for a Series of Bonds the amount in the Applicable Debt Service Fund will be less than the amounts, respectively, required for payment of interest on the Outstanding Bonds of the Applicable Series, for the payment of principal of such Outstanding Bonds, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for the payment of the Purchase Price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee will withdraw from the Applicable Debt Service Reserve Fund and deposit to the Applicable Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payments. The Trustee will notify the Authority, the Applicable Facility Provider, if any, the Credit Facility Issuer, if any, the Master Trustee, and the Obligated Group Representative of a withdrawal from the Applicable Debt Service Reserve Fund.

3. Notwithstanding the provisions of subdivision 1 of this Section, the Authority may, at any time subsequent to the first principal payment date of any Bond Year 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 moneys on deposit in the Applicable Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Applicable Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond purchased by a Member of the Obligated Group and delivered to the Trustee in accordance with the Applicable Loan Agreement will be canceled upon receipt thereof by such Trustee and evidence of such cancellation will be given to the Authority. The principal amount of each Term Bond so canceled will be credited against the Sinking Fund Installment due on such date, provided that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

4. Moneys in the Applicable Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of an Applicable Series of Bonds payable on or prior to the next succeeding principal payment date, the interest on such Outstanding Bonds payable on the next succeeding interest payment date, assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds bear interest, and the Purchase Price or Redemption Price of Applicable Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be applied by the Trustee in accordance with the written direction of an Authorized Officer of the Authority to the purchase of Applicable Outstanding Bonds of any Series at Purchase Prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an

Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Applicable Debt Service Fund, such moneys may be applied by the Trustee: (i) in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds as provided in Article IV hereof, at the Redemption Prices specified in the Applicable Series Resolution or Applicable Bond Series Certificate or (ii) as may otherwise be directed by the Authority.

The provisions of subdivisions 3 and 4 above will be applied without reference or recourse to moneys derived from a Credit Facility.

*(Section 5.06)*

### **Arbitrage Rebate Fund**

The Trustee for a Series of Tax-Exempt Bonds will deposit to the appropriate account in the Applicable Arbitrage Rebate Fund any moneys delivered to it by the Applicable Institution for deposit therein and, notwithstanding any other provisions of the Resolution, will transfer to the Applicable Arbitrage Rebate Fund, in accordance with the directions of the Authority, moneys on deposit in any other funds held by such Trustee under the Resolution at such times and in such amounts as will be set forth in such directions.

Moneys on deposit in the Applicable Arbitrage Rebate Fund will be applied by the Trustee in accordance with the direction of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority will determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which the Authority determines to be in excess of the amount required to be so rebated will be deposited to any Applicable Fund in accordance with the directions of the Authority.

If and to the extent required by the Code, the Authority will periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings with respect to each Applicable Series of Bonds and direct the Trustee to (i) transfer from any other of the Applicable funds held by the Trustee under the Resolution and deposit to the Applicable Arbitrage Rebate Fund, all or a portion of the Excess Earnings with respect to such Series of Bonds and (ii) pay out of the Applicable 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 5.08)*

### **Application of Moneys in Certain Funds for Retirement of Bonds**

Notwithstanding any other provisions of the Resolution, if at any time (i) the amounts held in the Applicable Debt Service Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of a 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, (ii) the amounts held in the Applicable Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of the Series secured thereby and the interest accrued and unpaid and to accrue on such Bonds to the next date on which such Bonds may be redeemed or (iii) pursuant to the Resolution, if provision is made for the payment of such Outstanding Bonds at the maturity or redemption dates thereof, the Trustee will so notify the Authority and the Applicable Institution(s). Upon receipt of such notice, the Authority may (i) direct the Trustee in writing to redeem all such Outstanding Bonds of the Applicable Series, whereupon the Trustee will proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by the Applicable Series Resolution as provided in the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Resolution and make provision for the payment of such Outstanding Bonds at the maturity or redemption dates thereof in accordance with such instruction.

*(Section 5.09)*

## **Investment of Funds Held by the Trustee**

1. Money held under the Resolution by the Trustee, if permitted by law, will, as nearly as may be practicable, be invested by the Trustee, upon direction of the Authority given in writing (which direction will specify the amount thereof to be so invested), in Government Obligations, Federal Agency Obligations or Exempt Obligations; provided, however, that each such investment will permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution.

2. In lieu of the investments of money in obligations authorized in subdivision 1 above, the Trustee will, to the extent permitted by law, upon direction of the Authority given in writing, signed by an Authorized Officer of the Authority, invest money in the Construction Fund or Debt Service Reserve Fund in any Permitted Investment; provided, however, that each such investment will permit the money so deposited or invested to be available for use at the times at which the Authority 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 will 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 will be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral will be free and clear of claims of any other person.

3. Permitted Investments purchased or other investments made as an investment of moneys in any fund held by the Trustee under the Resolution will be deemed at all times to be a part of such fund and the income or interest earned, profits realized or losses suffered by a fund due to the investment thereof will be retained in, credited or charged, as the case may be, to such fund unless otherwise provided in the Applicable Series Resolution.

4. In computing the amount in any fund held by the Trustee under the Resolution, each Permitted Investment purchased as an investment of moneys therein or held therein will be valued at par or the market value thereof, plus accrued interest, whichever is lower, except that investments held in the Applicable Debt Service Reserve Fund will be valued at the market value thereof, plus accrued interest and except that Investment Agreements will be valued at original cost, plus accrued interest.

5. The Authority, in its discretion, may direct the Trustee to, and the Trustee will, sell, or present for redemption or exchange any investment held by the Trustee under the Resolution and the proceeds thereof may be reinvested as provided under this heading "Investment of Funds Held by the Trustee." Except as otherwise provided in the Resolution, the Trustee will sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it is necessary in order to provide moneys to meet any payment or transfer from the fund in which such investment is held. The Trustee will advise the Authority and the 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 in its custody under the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of subdivisions 1, 2 and 3 above. The details of such investments will 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 will also describe all withdrawals, substitutions and other transactions occurring in each such fund in the previous month.

6. No part of the proceeds of any Applicable Series of Bonds or any other funds of the Authority will be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Bond which is a Tax-Exempt Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

*(Section 6.02)*

## **Enforcement of Duties and Obligations of the Institution**

The Authority will take all legally available action to cause an Applicable Institution to perform fully all of the respective duties and acts and comply fully with the covenants of such Applicable Institution required by the Applicable Loan Agreement in the manner and at the times provided in such Loan Agreement relating to a Series of

Bonds; provided, however, that the Authority may delay, defer or waive enforcement of one or more provisions of said Loan Agreement relating to a Series of Bonds (other than provisions requiring the payment of moneys or the delivery of Securities to the Trustee for deposit to any fund or account established under the Resolution) if the Authority determines such delay, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds of an Applicable Series or the Applicable Credit Facility Issuer.

*(Section 7.06)*

### **Deposit of Certain Moneys in the Construction Fund**

In addition to the proceeds of Bonds of an Applicable Series to be deposited in the Applicable Construction Fund, any moneys paid or letter of credit or other security payable to the Authority for the acquisition, construction, reconstruction, renovation or equipment of an Applicable Project(s) and any moneys received in respect of damage to or condemnation of such Project(s) will be deposited in the Applicable Construction Fund, except as otherwise provided in a Series Resolution.

*(Section 7.07)*

### **Amendment of Loan Agreements**

The Authority may not amend, change, modify, alter or terminate a Loan Agreement so as to materially adversely affect the interest of the Holders of Outstanding Bonds without the prior written consent of the Trustee and the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding or in case less than all of the several Series of Bonds then Outstanding are affected by the modifications or amendments, the Holders of not less than a majority in aggregate principal amount of the Bonds of each Series so affected then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any such specified Series remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by an Applicable Institution under its Applicable Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof or reduce the amount of any payment required to be made under the Obligations held by the Authority. A Loan Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds but with the consent of the Trustee, to provide necessary changes in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping, of any facilities constituting a part of the Applicable Projects or which may be added to or adjacent to the Applicable Projects or the issuance of Bonds, to cure any ambiguity, or to correct or supplement any provisions contained in an Applicable Loan Agreement, which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement. Notwithstanding anything under this heading "Amendment of Loan Agreements" to the contrary, if an Applicable Loan Agreement expressly provides for the consent of any other person or entity to an amendment to such Loan Agreement, such consent shall be required to be obtained as provided in such Loan Agreement. Prior to execution by the Authority of any amendment, a copy thereof certified by an Authorized Officer of the Authority will be filed with the Trustee.

For the purposes of this Section, a Series will be deemed to be adversely affected by an amendment, change, modification or alteration of an Applicable Loan Agreement if the same adversely affects or diminishes the rights of the Holders of the Bonds of the Applicable Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any Applicable Series would be adversely affected in any material respect by any amendment, change, modification or alteration, and any such determination will be binding and conclusive on an Applicable Institution, the Members of the Obligated Group, the Authority and all Holders of Bonds.

For all purposes of this Section, the Trustee will be entitled to rely upon an opinion of counsel satisfactory to the Trustee with respect to whether any amendment, change, modification or alteration adversely affects the interests of any Holders of Bonds then Outstanding in any material respect.

*(Section 7.09)*

#### **Notice as to Event of Default Under Loan Agreement**

The Authority will notify the Trustee and any Applicable Credit Facility Issuer in writing that an “Event of Default” under a Loan Agreement, as such term is defined in such Loan Agreement, has occurred and is continuing, which notice will be given within five (5) days after the Authority has obtained actual knowledge thereof.

*(Section 7.10)*

#### **Tax Exemption: Rebates**

Except as otherwise provided in an Applicable Series Resolution, in order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Tax-Exempt Bonds of each Applicable Series, the Authority will comply with the provisions of the Code applicable to the Bonds of each Applicable Series of Tax-Exempt Bonds, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of each Applicable Series of Bonds, reporting of earnings on the Gross Proceeds of each Applicable Series of Bonds and rebates of Excess Earnings to the Department of the Treasury of the United States of America. Except as otherwise provided in the Resolution the Authority will comply with the letter of instructions as to compliance with the Code with respect to each such Series of Bonds, to be delivered by Bond Counsel at the time the Bonds of an Applicable Series are issued, as such letter may be amended from time to time, as a source of guidance for achieving compliance with the Code.

The Authority will not take any action or fail to take any action, which would cause the Bonds of an Applicable Series to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

Notwithstanding any other provision of the Resolution to the contrary, the Authority’s failure to comply with the provisions of the Code applicable to the Bonds of an Applicable Series will not entitle the Holder of Bonds of any other Applicable Series, or the Trustee acting on their behalf, to exercise any right or remedy provided to Bondholders hereunder based upon the Authority’s failure to comply with the provisions under this heading “Tax Exemption: Rebates” or of the Code.

*(Section 7.11)*

#### **Modification and Amendment Without Consent**

Notwithstanding any other provisions of the Resolution regarding Series Resolutions, Supplemental Resolutions, and amendments of Resolutions, the Authority may adopt at any time or from time to time, Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution will become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by the Authority:

(a) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds of an Applicable Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(b) To prescribe further limitations and restrictions upon the issuance of Bonds of an Applicable Series and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;



(c) To surrender any right, power or privilege reserved to or conferred upon the Authority 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 Authority contained in the Resolution;

(d) To confirm, as further assurance, any pledge under, and the subjection to any lien, claim or pledge created or to be created by the provisions of, the Resolution, the Master Indenture, or any Applicable Series Resolution, the Revenues, or any pledge of any other moneys, Securities or funds;

(e) To modify any of the provisions of the Resolution or of any previously adopted Applicable Series Resolution in any other respects, provided that such modifications will not be effective until after all Bonds of an Applicable Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution will cease to be Outstanding, and all Bonds of an Applicable Series issued under an Applicable Series Resolution will contain a specific reference to the modifications contained in such subsequent resolutions;

(f) 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 Applicable Series Resolution or Applicable Supplemental Resolution in any other respect, provided that such modification will not adversely affect the interests of the Holders of Bonds of an Applicable Series or Applicable Credit Facility Issuer in any material respect; or

(g) Upon any mandatory tender and remarketing of Variable Interest Rate Bonds, to modify or amend any provision of the Resolution or of an Applicable Series Resolution, provided that the substance of such modification or amendment was disclosed to prospective Holders in the offering document prepared in connection with such mandatory tender and remarketing.

*(Section 9.02)*

### **Applicable Supplemental Resolutions Effective With Consent of Bondholders**

The provisions of the Resolution and an Applicable Series Resolution may also be modified or amended at any time or from time to time by an Applicable Supplemental Resolution, subject to the consent of the Applicable Bondholders and Applicable Credit Facility Issuer 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 Authority.

*(Section 9.03)*

### **Powers of Amendment**

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution, in any particular, may be made by an Applicable Supplemental Resolution, with the prior written consent given as hereinafter provided in the Resolution, (i) of the Holders of at least a majority in principal amount of the Bonds 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 Applicable Series, maturity and interest rate entitled to such Sinking Fund Installment Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any Applicable Series and maturity remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment will permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of an Applicable Series 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 will reduce the

percentages or otherwise affect the classes of Bonds of an Applicable Series the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, an Applicable Series will 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 an Applicable Series or maturity would be affected by any modification or amendment of the Resolution and any such determination will be binding and conclusive on the Authority and all Holders of Bonds of an Applicable Series. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of an Applicable Series or maturity would be so affected by any such modification or amendment of the Resolution.

*(Section 10.01)*

### **Modifications by Unanimous Consent**

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds of an Applicable Series under the Resolution may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of such Supplemental Resolution certified by the Authority and the consent of the Holders of all of the Bonds then Outstanding of the Applicable Series, such consent to be given as provided in the Resolution, except that no notice to such Bondholders either by mailing or publication will be required.

*(Section 10.03)*

### **Events of Default**

An event of default will exist under the Resolution and under an Applicable Series Resolution (called “event of default”) if:

- (a) With respect to the Applicable Series of Bonds, payment of the principal, Sinking Fund Installments, Purchase Price or Redemption Price of any such Bond is not made by the Authority when the same becomes due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (b) With respect to the Applicable Series of Bonds, payment of an installment of interest on any such Bond is not made by the Authority when the same becomes due and payable; or
- (c) With respect to the Applicable Series of Tax-Exempt Bonds, the Authority defaults in the due and punctual performance of the covenants described under the heading “Tax Exemption: Rebates” and, as a result thereof, the interest on the Bonds of such Series is no longer be excludable from gross income under Section 103 of the Code; or
- (d) With respect to the Applicable Series of Bonds, the Authority defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions for the benefit of the holders of such Bonds contained in the Resolution or in the Bonds of such Series or in the Applicable Series Resolution on the part of the Authority to be performed and such default continues for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the Authority by the Trustee (unless such default is not capable of being cured within thirty (30) days, the Authority has commenced to cure such default within thirty (30) days and diligently prosecutes the cure thereof), which may give such notice in its discretion and will 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 of the Applicable Series with the prior written consent of the Applicable Credit Facility Issuer; or
- (e) The Authority has notified the Trustee that an “Event of Default”, as defined in the Applicable Loan Agreement, arising out of or resulting from the failure of the Applicable Institution to comply with the requirements of the Applicable Loan Agreement has occurred and is continuing and all sums

payable by the Institution under the Applicable Loan Agreement have been declared to be immediately due and payable, which declaration has not been annulled.

An event of default under the Resolution in respect of an Applicable Series of Bonds will not in and of itself be or constitute an event of default in respect of any other Applicable Series of Bonds.

*(Section 11.02)*

### **Acceleration of Maturity**

Upon the happening and continuance of any event of default specified in the Resolution, other than an event of default specified in paragraph (c) under the heading “Events of Default,” then and in every such case the Trustee may with the consent of the Applicable Credit Facility Issuer, if any, and, (i) upon the written request of the Applicable Credit Facility Issuers, if any, or the Holders of not less than fifty percent (50%) in principal amount of an Applicable Series of Outstanding Bonds, with the prior written consent of the Applicable Credit Facility Issuers, if any, or (ii) if one or more Applicable Credit Facility Issuers, if any, have deposited with the Trustee a sum sufficient to pay the principal of and interest on the Applicable Outstanding Bonds due upon the acceleration thereof, upon the request of an Applicable Credit Facility Issuer, if any, or Applicable Credit Facility Issuers, if any, making such deposit, shall: (A) by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds of the Applicable Series to be due and payable immediately and (B) request that the Master Trustee declare all applicable Outstanding Obligations (as defined in the Master Indenture) to be immediately due and payable. At the expiration of thirty (30) days after the giving of notice of such declaration, such principal and interest will become and be immediately due and payable, anything therein or in any Applicable Series Resolution or in the Bonds to the contrary notwithstanding. In the event that an Applicable Credit Facility Issuer makes any payments of principal of or interest on any Bonds of the Applicable Series pursuant to an Applicable Credit Facility and the Bonds of the Applicable Series are accelerated, such Applicable Credit Facility Issuer may at any time and at its sole option, pay to the Bondholders all or such portion of amounts due under such Bonds of the Applicable Series prior to the stated maturity dates thereof. At any time after the principal of the Bonds of the Applicable Series 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 prior written consent of Applicable Credit Facility Issuers, if any, which have issued Applicable Credit Facilities for not less than fifty percent (50%) in principal amount of the Applicable Bonds not then due by their terms and then Outstanding, or the Holders of not less than fifty percent (50%) in principal amount of the Applicable Outstanding Bonds, with the prior written consent of the Applicable Credit Facility Issuers, if any, and by written notice to the Authority, annul such declaration and its consequences if: (i) moneys have accumulated in the Applicable Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Applicable Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys have accumulated and are available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under the Applicable Series Resolution (other than principal amounts payable only because of a declaration and acceleration) have been paid or a sum sufficient to pay the same has 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 therein or in the Applicable Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) has been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

*(Section 11.03)*

### **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 of a Series of Bonds may proceed, and upon the written request of the Applicable Credit Facility Issuers, if any, which have issued Applicable Credit Facilities for not less than fifty percent (50%) in principal amount of the Applicable Outstanding Bonds, or of the Holders of not less than fifty percent (50%) in principal amount of the Applicable Outstanding Bonds with the consent of the Applicable Credit Facility Issuers, if any, or, in the case of a happening and continuance of an event of default specified in paragraph (c) of Section 11.02 hereof, upon the written

request of the Applicable Holders of not less than fifty percent (50%) in principal amount of the Applicable Outstanding Bonds of the Series affected thereby with the consent of the Applicable Credit Facility Issuer, if any, of such Series of Bonds, shall proceed (subject to the provisions of Section 8.06 hereof), to protect and enforce its rights and the rights of the Bondholders or of such Applicable Credit Facility Issuer, if any, under the Resolution or under the Applicable 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 the Applicable Series Resolution or in aid or execution of any power therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, 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 the Applicable Series Resolution, the Trustee is 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 Authority for principal or interest or otherwise under any of the provisions of the Resolution or of any Applicable Series Resolution or of the Applicable Series of Bonds, 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 hereunder and under any Applicable 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 Authority but solely as provided in the Resolution, in any Applicable 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 moneys adjudged or decreed to be payable.

*(Section 11.04)*

#### **Priority of Payments After Default**

If at any time the moneys held by the Trustee in the Applicable funds and accounts and under the Applicable Series Resolution are not 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 moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the Resolution or otherwise, shall be applied (after payment of all amounts owing to the Trustee hereunder) as follows:

(a) Unless the principal of all the Bonds of the Applicable Series have become or been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of such maturity of the installments of such interest, and, if the amount available is not 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 except as to the difference in the respective rates of interest specified in such Bonds; or

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds of such Series which have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available is not sufficient to pay in full all of such Bonds 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 have become or been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such 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 of such Series over any other such 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 said Bonds.

Whenever moneys are to be applied by the Trustee of a Series of Bonds pursuant to the provisions under this heading “Priority of Payments After Default,” such moneys will be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion determines, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose will constitute proper application by the Trustee, and the Trustee will incur no liability whatsoever to the Authority, to any Holder of Bonds of any Applicable Series or to any other person for any delay in applying any such moneys 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 exercises such discretion in applying such moneys, it will fix the date (which will be on an interest payment date unless the Trustee deems 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 will cease to accrue. The Trustee will give such notice as it may deem appropriate of the fixing of any such date. Any payment to be made by the Trustee pursuant to this Section on account of the principal or Sinking Fund Installment of or an installment of interest on any Bonds theretofore paid with proceeds of a draw on a Credit Facility shall be made as reimbursement to the Credit Facility Issuer of such Credit Facility.

For these purposes, amounts drawn under a Credit Facility will not be available to satisfy amounts owing to the Trustee.

*(Section 11.05)*

#### **Limitation of Rights of Individual Bondholders**

Neither any Holder nor any Applicable Credit Facility Issuer with respect to any of the Bonds of an Applicable Series will 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 under any Applicable Series Resolution, or for any other remedy under the Resolution unless such Holder or Applicable Credit Facility Issuer previously has 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 such Credit Facility Issuer or the Holders of not less than fifty percent (50%) in principal amount of the Outstanding Bonds of an Applicable Series with the prior written consent of the Applicable Credit Facility Issuer or, in the case of an event of default specified in paragraph (c) under the heading “Events of Default,” the Holders of not less than a majority in principal amount of the Outstanding Bonds of such Series, with the prior written consent of the Applicable Credit Facility Issuer, have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted under the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also there has been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are in every such case, at the option of the Trustee, conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy thereunder. No one (1) or more of the Applicable Credit Facility Issuers of an Applicable Series secured by the Resolution and by an Applicable Series Resolution will 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 provided in the Resolution, and all proceedings at law or in equity will be instituted and maintained for the benefit of all Holders of the Outstanding Bonds of such Series. Notwithstanding any other provision of the Resolution, the Holder of any Bond of an Applicable Series will have the right which is absolute and unconditional to receive payment of the principal of (or Redemption Price, 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 will not be impaired without the consent of such Holder.

*(Section 11.08)*

#### **Waiver and Non-Waiver of Default**

No delay or omission of the Trustee, any Applicable Credit Facility Issuers, if any, or any Holder of Bonds of an Applicable Series to exercise any right or power accruing upon any default will 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, any Applicable Credit Facility Issuers, if any, and the Holders of Bonds of an Applicable Series, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Applicable Credit Facility Issuers, if any, or Holders of not less than fifty percent (50%) in principal amount of the Outstanding Bonds of an Applicable Series with the prior written consent of the Applicable Credit Facility Issuers, if any, shall waive any default which in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Resolution or before the completion of the enforcement of any other remedy hereunder; but no such waiver will extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon. The rights of the Applicable Credit Facility Issuers under this heading "Waiver and Non-Waiver of Default" apply only to the extent there is no Credit Facility Default and the full benefit of the Credit Facility remains available.

*(Section 11.11)*

### **Notice of Event of Default**

The Trustee will give notice of each event of default under the Resolution known to the Trustee to each Applicable Credit Facility Issuer and the Holders of Bonds of a Series 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 the principal, Sinking Fund Installments or Redemption Price of, or interest on, any of such Bonds, the Trustee will be protected in withholding notice thereof to the Holders of such Bonds if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of such Holder. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (i) to all registered Holders of Bonds of the Applicable Series, as the names and addresses of such Holders appear on the books for registration and transfer of bonds as kept by the Trustee, (ii) to the Obligated Group Representative, (iii) to any Rating Service then maintaining a rating on such Bonds, (iv) to each Applicable Credit Facility Issuer and (v) to such other persons as is required by law.

*(Section 11.12)*

### **Defeasance**

1. If the Authority pays or causes to be paid to the Holders of the Bonds of an Applicable Series the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, thereof and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the Applicable Series Resolution and Applicable Bonds Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Series of Bonds and all other rights granted by the Resolution to such Series of Bonds will be discharged and satisfied, and the right, title and interest of the Trustee in the Applicable Loan Agreement, and the Revenues will thereupon cease with respect to such Series of Bonds. Upon such payment or provision for payment, the Trustee, on demand of the Authority, will release the lien of the Resolution and Applicable Series Resolution but only with respect to such Applicable Series, except as it covers moneys and securities provided for the payment of such Bonds, and will execute such documents to evidence such release as may be reasonably required by the Authority and the Institution and will turn over to the Institution or such person, body or authority as may be entitled to receive the same, upon such indemnification, if any, as the Authority or the Trustee may reasonably require, all balances remaining in any funds held under the Applicable Series Resolution after paying or making proper provision for the payment of the principal or Redemption Price (as the case may be) of, and interest on, all Bonds of the Applicable Series and payment of expenses in connection therewith; provided that, if any of such Bonds are to be redeemed prior to the maturity thereof, the Authority will have taken all action necessary to redeem such Bonds and notice of such redemption will have been duly mailed in accordance with the Resolution and the Applicable Series Resolution or irrevocable instructions to mail such notice will have been given to the Trustee.

2. Bonds of an Applicable Series for which moneys shall have been set aside, will be held in trust by the Trustee for the payment or redemption thereof, (through deposit of moneys 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 1 above. All Outstanding Bonds of an Applicable Series or any maturity within

such Series or a portion of a maturity within such Series will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subdivision 1 above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority will have given to the Trustee, in form satisfactory to it, irrevocable instructions to mail, as provided in Article IV hereof, notice of redemption on said date of such Bonds, (b) except as otherwise set forth in the Series Resolution or Bond Series Certificate with respect to an Applicable Series of Bonds, there will have been deposited with the Trustee either moneys in an amount which will be sufficient, or Defeasance Securities, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will 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 of an Applicable Series on and prior to the redemption date or maturity date thereof, as the case may be, (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority will have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the holders of said Bonds at their respective last known addresses, if any, appearing on the registration books, that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid as described under this heading "Defeasance" and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds. The Authority will give written notice to the Trustee of its selection of the maturity for which payment shall be made in accordance with this subdivision. The Trustee will select which Bonds of such Series and which maturity thereof will be paid in accordance with this Section in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee as described under this heading "Defeasance" nor principal or interest payments on any such Defeasance Securities will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds; provided that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, will, 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 such Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, will, to the extent certified by the Trustee to be in excess of the amount 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 Applicable Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Authority; second, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; third, as directed by the Authority and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by such Loan Agreement; and then, to the extent any moneys are remaining, to the Authority or at the Authority's discretion, to the Institution.

3. For purposes of determining whether Variable Interest Rate Bonds will be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of money, or Defeasance Securities and money, if any, in accordance with clause (b) of the second sentence of subdivision 2 above, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, will be calculated at the Maximum Interest Rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (b) of the second sentence of subdivision 2 above, the Trustee will, if requested by the Authority, pay the amount of such excess as follows: first, to the Applicable Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Authority; second, to each Applicable Credit Facility Issuer any unreimbursed amounts under such Credit Facility Issuer's Credit Facility and any reimbursement or related agreement associated therewith, pro rata, in proportion to the respective amounts then unpaid to each Applicable Credit Facility Issuer; third, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based on the respective Provider Payments then not repaid to each Facility Provider; fourth, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Applicable Institution,

and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created thereby or by such Loan Agreement.

4. Option Bonds shall be deemed to have been paid in accordance with clause (b) of the second sentence of subdivision 2 above only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there will have been 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 clause (b) of subdivision 2 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 subdivision 4. 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 will, if requested by the Authority, 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 Authority; second, to each Applicable Credit Facility Issuer any unreimbursed amounts under such Credit Facility Issuer's Credit Facility and any reimbursement or related agreement associated therewith, pro rata, in proportion to the respective amounts then unpaid to each Applicable Credit Facility Issuer; third, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then not repaid to each Facility Provider; fourth, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Applicable Institution, and any such money so paid by the Trustee will be released of any trust, pledge, lien, encumbrance or security interest created thereby or by the Applicable Loan Agreement.

5. Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any of the Bonds of an Applicable Series which remain unclaimed for three (3) years after the date when such moneys become due and payable upon such Bonds either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, shall at the written request of the Authority, be repaid by the Trustee or Paying Agent to the Authority as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds of such Series shall look only to the Authority for the payment of such Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee or Paying Agent may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date will be not less than forty (40) nor more than ninety (90) days after the date of publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority. In lieu of publishing such notice in an Authorized Newspaper, the Authority may post, or cause the Institution to post the matters set forth under this heading "Defeasance" on the Electronic Municipal Market Access portal of the Municipal Securities Rulemaking Board to all applicable CUSIP numbers.

6. No principal or Sinking Fund Installment of or installment of interest on a Bond will be considered to have been paid, and the obligation of the Authority for the payment thereof will continue, notwithstanding that an Applicable Credit Facility Issuer, if any, pursuant to the Applicable Credit Facility issued with respect to such Bond has paid the principal or Sinking Fund Installment thereof or the installment of interest thereon.

*(Section 12.01)*

#### **Trustee to Act as Holder of Obligations**

In the event that any request, direction or consent is required or permitted by the Master Indenture to be given with respect to an Applicable Obligation issued thereunder to secure any Bonds, the Trustee or its successor or assign will be the registered owner of the Applicable Obligation for such Series of Bonds for the purpose of any such request, direction or consent. To the extent any such Obligation will secure a Series of Bonds that is secured by a Credit Facility, the prior written consent of the Applicable Credit Facility Issuer, unless a Credit Facility Default has occurred and is continuing, will also be required for any such request, direction or consent.

*(Section 14.08)*



**APPENDIX F**  
**FORM OF MASTER TRUST INDENTURE**

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**NORTHWELL HEALTH OBLIGATED GROUP**

**SECOND AMENDED AND RESTATED  
MASTER TRUST INDENTURE**

**by and among**

**NORTHWELL HEALTHCARE, INC.,  
NORTH SHORE UNIVERSITY HOSPITAL,  
LONG ISLAND JEWISH MEDICAL CENTER,  
GLEN COVE HOSPITAL,  
PLAINVIEW HOSPITAL,  
NORTHWELL HEALTH STERN FAMILY CENTER FOR  
REHABILITATION,  
LENOX HILL HOSPITAL,  
SOUTH SHORE UNIVERSITY HOSPITAL,  
HUNTINGTON HOSPITAL ASSOCIATION,  
STATEN ISLAND UNIVERSITY HOSPITAL,**

**and**

**THE BANK OF NEW YORK MELLON,  
as Master Trustee**

**Dated as of July 1, 1998,  
as amended as of July 1, 2003,  
as amended and restated as of August 1, 2003,  
as further amended as of July 1, 2004, as of September 1, 2011 and  
as of October 8, 2014, and as further amended and restated as of  
May 1, 2022 and effective on May 18, 2022**

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THIS SECOND AMENDED AND RESTATED MASTER TRUST INDENTURE, dated as of July 1, 1998, as amended as of July 1, 2003, as amended and restated as of August 1, 2003, as further amended as of July 1, 2004, as of September 1, 2011 and as of October 8, 2014, and as further amended and restated as of May 1, 2022 and effective on May 18, 2022 (this “Master Indenture”), by and among Northwell Healthcare, Inc., North Shore University Hospital, Long Island Jewish Medical Center, Glen Cove Hospital, Plainview Hospital, Northwell Health Stern Family Center for Rehabilitation, Lenox Hill Hospital, South Shore University Hospital, Huntington Hospital Association d/b/a Huntington Hospital, and Staten Island University Hospital, each a New York not-for-profit corporation (each a “Member of the Obligated Group, and collectively, the “Members of the Obligated Group”), and The Bank of New York Mellon, a banking organization duly organized under the laws of the State of New York, and being duly qualified to accept and administer the trusts created hereby, as Master Trustee (the “Master Trustee”),

**WITNESSETH:**

WHEREAS, each Member of the Obligated Group is authorized and deems it necessary and desirable to enter into this Master Indenture for the purpose of 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 of any Member of the Obligated Group; and

WHEREAS, all acts and things necessary to constitute this Master Indenture a valid indenture and agreement according to its terms have been done and performed, each Member of the Obligated Group has duly authorized the execution and delivery of this Master Indenture, and each Member of the Obligated Group, in the exercise of the legal rights and powers vested in it, executes this Master Indenture and proposes to make, execute, issue and deliver Obligations hereunder; and

WHEREAS, this Master Indenture was originally dated as of July 1, 1998, was amended as of July 1, 2003, and was first amended and restated as of August 1, 2003, and was further amended as of July 1, 2004, as of September 1, 2011 and as of October 8, 2014 (collectively, the “Original Master Indenture”), and the Original Master Indenture is being further amended and restated in its entirety by this Second Amended and Restated Master Trust Indenture, dated as of May 1, 2022, and effective on May 18, 2022, with the receipt of the consents of the Holders of in excess of 51% in aggregate principal amount of all Obligations Outstanding under the Original Master Indenture that are entitled to grant consents to amendments to the Original Master Indenture, all in accordance with the provisions of Section 6.02 of the Original Master Indenture; such Holders being the Holders of (i) the \$956,919,000 original principal amount of Obligation No. 54 (and the holders of the Northwell Health Taxable Bonds, Series 2017A, secured by such Obligation No. 54), (ii) the \$447,675,000 original principal amount of Obligation No. 57 (and the holders of the Northwell Health Taxable Bonds, Series 2019A, secured by such Obligation No. 57), (iii) the \$202,325,000 original principal amount of Obligation No. 58 (and the holders of the Dormitory Authority of the State of New York, Northwell Health Obligated Group Revenue Bonds, Series 2019A and Series 2019B, secured by such Obligation No. 58), and (iv) the \$820,000,000 original principal amount of Obligation No. 63 (and the holders of the Dormitory Authority of the State of New York,

Northwell Health Obligated Group Revenue Bonds, Series 2022A, secured by such Obligation No. 63), all of such Obligation Holders having consented to the amendments to the Original Master Indenture being implemented pursuant to this Second Amended and Restated Master Trust Indenture; and

WHEREAS, the Original Master Indenture, upon its initial execution in 1998, created an Obligated Group consisting of North Shore University Hospital, North Shore University Hospital at Glen Cove, North Shore University Hospital at Plainview, North Shore University Hospital at Forest Hills (in 2015 merged with and into Long Island Jewish Medical Center), and Northwell Health Stern Family Center for Rehabilitation f/k/a North Shore-LIJ Stern Family Center for Rehabilitation (collectively, the “Original Members”), and such Original Members determined in 2003 to amend and restate this Master Indenture in order to, among other things, (i) add Long Island Jewish Medical Center to the Obligated Group, (ii) grant a security interest in and a pledge of the respective Gross Receipts, as hereinafter defined, of each Member, and (iii) modify certain other terms and provisions and financial covenants set forth in the Original Master Indenture; and

WHEREAS, North Shore University Hospital, Long Island Jewish Medical Center, Glen Cove Hospital, Plainview Hospital, Forest Hills Hospital (in 2015 merged with and into Long Island Jewish Medical Center) and Northwell Health Stern Family Center for Rehabilitation were on January 1, 2011 the then-current Members of the Obligated Group; and

WHEREAS, pursuant to the Third Supplement to Master Indenture and Supplemental Indenture for Obligation No. 39, dated as of September 1, 2011 and effective October 6, 2011 (the “Series 2011 Supplemental Indenture”), Northwell Healthcare, Inc., Franklin Hospital (in 2015 merged with and into Long Island Jewish Medical Center), Lenox Hill Hospital, Southside Hospital (since renamed South Shore University Hospital), Huntington Hospital Association d/b/a Huntington Hospital, and Staten Island University Hospital joined the Obligated Group and become Members of the Obligated Group; and

WHEREAS, the Master Trustee has agreed 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 Indenture, each Member of the Obligated Group has sold, assigned, transferred, pledged and granted a security interest to the Master Trustee in all of its right, title and interest to all funds and accounts established under this Master Indenture, including all moneys and investment therein and income thereon, and in all of its right, title and interest in and to its Gross Receipts. All such security shall 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 Members 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:

“Additional Indebtedness” means any Indebtedness incurred by any Member of the Obligated Group subsequent to the issuance of Obligation No. 5 under this Master Indenture or incurred by any other Member of the Obligated Group subsequent to or contemporaneously with its becoming a Member of the Obligated Group.

“Affiliate” means a corporation, partnership, 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 or the Obligated Group Representative or their respective successors or assigns or by any Person which directly or indirectly controls a Member or the Obligated Group Representative and any joint ventures in which any of the Members or the Obligated Group Representative 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.

“Audited Consolidated Financial Statements” means the Health System Financial Statements 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 selected by the Obligated Group Representative, prepared in conformity with generally accepted accounting principles. Such Audited Consolidated Financial Statements shall include consolidated statements of financial position, consolidated statements of operations, consolidated statements of changes in net assets and consolidated statements of cash flows, and shall also include the consolidating statement of financial position and the consolidating statement of operations from which the financial information relating solely to the Obligated Group Members may be derived for the same twelve-month period.

“Authority” means the Dormitory Authority of the State of New York and any successor thereto.

“Authorized Representative” means, with respect to the Obligated Group Representative, the Chairperson of its Governing Body, its President and Chief Executive Officer, its Senior Vice President and Chief Financial Officer, or its Senior Vice President and General Counsel, and, with respect to each Member of the Obligated Group, the Chairperson of

its Governing Body, its President and Chief Executive Officer, its Senior Vice President and Chief Financial Officer, or its Senior Vice President and General Counsel, 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 President and Chief Executive Officer, its Senior Vice President and Chief Financial Officer, or its Senior Vice President and General Counsel and filed with the Master Trustee.

“Balloon Long-Term Indebtedness” means Long-Term Indebtedness other than a Demand Obligation 15% or more of the principal amount of which is due in a single year, which portion of the principal is not required by the documents pursuant to which such Indebtedness is issued to be amortized by redemption prior to such date.

“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 generally accepted accounting principles, 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.

“Bond Index” means, at the option of the Obligated Group Representative as directed by an Officer's Certificate, either (i) the average rate on the Indebtedness in question during any twelve-month period ending within thirty (30) days prior to the date of calculation (or such lesser time period as such Indebtedness has been Outstanding), (ii) the average rate of a comparable variable rate interest index during any twelve-month period ending within thirty (30) days prior to the date of calculation (or such lesser time period as such comparable index has been determined), (iii) the 30-year Revenue Bond Index published most recently by The Bond Buyer, or a comparable index if such Revenue Bond Index is not so published, (iv) the SIFMA Index, or (v) such other interest rate or interest index as may be certified in writing to the Master Trustee as appropriate to the situation by the Obligated Group Representative.

“Capital Addition” means any addition, improvement or extraordinary repair to or replacement of any Property of a Member of the Obligated Group, whether real, personal or mixed, the cost of which is properly capitalized under generally accepted accounting principles.

“Code” means the Internal Revenue Code of 1986, as amended.

“Consultant” means a firm or firms, selected by the Obligated Group Representative, which is not, and no member, stockholder, director, officer, trustee or employee of which is, an officer, director, trustee or employee of any Member of the Obligated Group or any Affiliate, and which is a professional management consultant or investment banking firm or other financial institution of national repute for having the skill and experience necessary to render the particular report required by the provision hereof in which such requirement appears and which is not unacceptable to (i) the Master Trustee, and (ii) so long as any Related Bonds are Outstanding, the Related Bond Issuer and the Related Credit Facility Issuer.

“Control Agreement” means any agreement whereby the Obligated Group, a secured party and a banking institution have agreed in an authenticated record (such as a signed writing) that the banking institution will comply with instructions originated by the secured party directing disposition of the funds in a deposit account held by such banking institution as security for the benefit of the secured party, without further consent by the Obligated 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 the office of the Master Trustee at which its principal corporate trust business is conducted, which at the date hereof is located in New York, New York.

“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.

“Cross-over Date” means, with respect to Cross-over Refunding Indebtedness, the last date on which the principal portion of the related Cross-over Refunded Indebtedness is to be paid or redeemed from the proceeds of such Cross-over Refunding Indebtedness.

“Cross-over Refunded Indebtedness” means Indebtedness refunded by Cross-over Refunding Indebtedness.

“Cross-over Refunding Indebtedness” means Indebtedness issued for the purpose of refunding other Indebtedness if the proceeds of such refunding Indebtedness are irrevocably deposited in escrow to secure the payment on the applicable redemption date or dates or maturity date of the refunded Indebtedness, and the earnings on such escrow deposit are required to be applied to pay interest on such refunding Indebtedness or refunded Indebtedness until the Cross-over Date.

“Defeasance Obligations” means, unless modified by the terms of a particular Supplement, (i) noncallable, nonprepayable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable, nonprepayable 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 noncallable 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) noncallable, nonprepayable Government Obligations or (ii) evidences of ownership of a proportionate interest in specified noncallable, nonprepayable 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 has been discharged, or provision for the discharge of which has been made, pursuant to the terms 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 Obligated 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.

“Escrowed Interest” means amounts of interest on Long-Term Indebtedness for which moneys or Defeasance Obligations have been deposited in escrow (the “Escrowed Interest Deposit”) which Escrowed Interest Deposit has been determined by an independent accounting firm to be sufficient to pay such Escrowed Interest.

“Escrowed Principal” means amounts of principal on Long-Term Indebtedness for which moneys or Defeasance Obligations have been deposited in escrow (the “Escrowed Principal Deposit”) which Escrowed Principal Deposit has been determined by an independent accounting firm to be sufficient to pay such Escrowed Principal.

“Event of Default” means any one or more of those events set forth in Section 4.01 of this Master Indenture.

“Excluded Property” means any Property that is not Health Care Facilities of the Obligated Group.

“Fiscal Year” means the fiscal year of each Member of the Obligated 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 to the Master Trustee.

“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 the Authority and 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, judgements, court orders or consent decrees affecting any Member of the Obligated Group and its health care facilities including (a) Articles 28 and 28-B of the 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.

“Gross Receipts” means all receipts, revenues, income and other moneys (other than proceeds of borrowing) received or receivable by or on behalf of a Member of the Obligated Group and all other amounts available to a Member of the Obligated Group from any other source, including without limitation contributions, donations, and pledges whether in the form of cash, securities or other personal property and the rights to receive the same whether in the form of accounts, payment on tangibles, contract rights, general intangibles, healthcare insurance receivables, chattel paper, deposit accounts, instruments, promissory notes and the proceeds thereof, as such terms are presently or hereinafter defined in the Uniform Commercial Code in effect from time to time in the State of New York, and any insurance or condemnation proceeds thereon, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired; *provided however*, that Gross Receipts shall not include (x) gifts, grants, bequests, donations, and contributions heretofore or hereafter made, and any income derived therefrom, to the extent specifically restricted by the donor or grantor to a special object or purpose inconsistent with (i) paying debt service on an Obligation or (ii) meeting any commitment of a Member under a Related Loan Agreement, (y) funds which are established and maintained with fees collected in private practice by physicians who are employed by a Member of the Obligated Group, or (z) all receipts, revenues, income and other moneys received or receivable by or on behalf of a Member of the Obligated Group, and all rights to receive the same whether in the form of accounts, payment on tangibles, contract rights, general intangibles, chattel paper, deposit accounts, instruments, promissory notes, and the proceeds thereof as such terms are presently or hereinafter defined in the Uniform Commercial Code in effect from time to time in the State of New York, and any insurance or condemnation proceeds thereon, whether now owned or hereafter acquired, derived from the Excluded Property which constitutes real property.

“Gross Receipts Revenue Fund” means the fund established pursuant to Section 4.03 hereof.

“Guaranty” means any obligation of any Member of the Obligated Group guaranteeing in any manner, directly or indirectly, any obligation of any Person that is not a Member of the Obligated Group which obligation of such other Person would, if such obligation were the obligation of a Member of the Obligated Group, constitute Indebtedness hereunder. For the purposes of this Master Indenture, the aggregate annual principal and interest payments on any indebtedness in respect of which any Member of the Obligated Group shall have executed

and delivered its Guaranty shall, so long as no payments are required to be made thereunder and so long as such Guaranty constitutes a contingent liability under generally accepted accounting principles, be deemed to be equal to 20% of the amount which would be payable as principal of and interest on the indebtedness for which a Guaranty shall have been issued during the Fiscal Year for which any computation is being made (calculated in the same manner as the Long-Term Debt Service Coverage Ratio), provided that if there shall have occurred a payment by a Member of the Obligated Group on such Guaranty, then, during the period commencing on the date of such payment and ending on the day which is one year after such other Person resumes making all payments on such guaranteed obligation, 100% of the amount payable for principal and interest on such guaranteed indebtedness during the period for which the computation is being made shall be taken into account.

“Health Care Facilities” means any Property now or hereafter used by any Member of the Obligated 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 not be deemed to be Health Care Facilities.

“Health System” means the group of entities comprised of all Obligated Group Members and all of their Affiliates.

“Health System Financial Statements” means the consolidated financial statements prepared in conformity with generally accepted accounting principles, including financial information of the Obligated Group Members and of all of their Affiliates whose financial information is required by generally accepted accounting principles to be consolidated within such financial statements.

“Holder” means an owner of any Obligation issued in other than bearer form.

“Income Available for Debt Service” means, with respect to the Obligated Group, as to any period of twelve (12) consecutive calendar months, its Excess (Deficiency) of Revenue and Gains and Losses over Expenses (such capitalized terms are used herein in accordance with generally accepted accounting principles) before depreciation, amortization and interest expense on Long-Term Indebtedness, as determined in accordance with generally accepted accounting principles consistently applied; *provided, however*, that (1) no determination thereof shall take into account (a) any gain or loss resulting from either the extinguishment of Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business, (b) unrealized gains and losses on investments (including “other than temporary impairment of marketable securities”), (c) the termination value of, as well as unrealized gains and losses on, Derivative Agreements of a Member of the Obligated Group, or (d) any extraordinary or non-recurring item, including payments on a called Guaranty, and (2) revenues shall not include earnings from the investment of Escrowed Interest or earnings constituting Escrowed Interest to the extent that such earnings are applied to the payment of principal or interest on Long-Term Indebtedness which is excluded from the determination of Long-Term Debt Service Requirement or Related Bonds secured by such Long-Term Indebtedness.

“Indebtedness” means (i) all indebtedness of Members of the Obligated Group for borrowed money, (ii) all installment sales, conditional sales and capital lease obligations incurred or assumed by any Member of the Obligated Group, and (iii) all Guaranties, whether constituting Long-Term Indebtedness or Short-Term Indebtedness. Indebtedness shall not include obligations of any Member of the Obligated Group to another Member of the Obligated Group.

“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 Obligated Group which secures any Indebtedness or any other obligation of any Member of the Obligated Group or which secures any obligation of any Person, other than an obligation to any Member of the Obligated Group.

“Loan Agreement” means a Loan Agreement by and between a Member of the Obligated Group and the Authority relating to the loan of proceeds of Related Bonds of the Authority.

“Long-Term Debt Service Coverage Ratio” means for any period of time the ratio determined by dividing the Income Available for Debt Service by Maximum Annual Debt Service.

“Long-Term Debt Service Requirement” means, for any period of twelve (12) consecutive calendar months for which such determination is made, the aggregate of the payments to be made in respect of principal and interest (whether or not separately stated) on Outstanding Long-Term Indebtedness of the Obligated Group during such period, also taking into account:

- (i) with respect to Balloon Long-Term Indebtedness which is not amortized by the terms thereof (a) the amount of principal which would be payable in such period if such principal were amortized from the date of such calculation over a period of the longer of (I) thirty (30) years or (II) the remaining period to the final maturity of such Balloon Long-Term Indebtedness, in each case on a level debt service basis, and at an interest rate, at the option of the Obligated Group Representative, equal to either the actual rate borne by such Indebtedness on the date calculated, or an interest rate derived from the Bond Index, as such interest rate in either case may be determined by an Officer’s Certificate (in addition, the calculation of the Long-Term Debt Service Requirement for Outstanding Balloon Long-Term Indebtedness may be further adjusted upon delivery to the Master Trustee of (A) an Officer’s Certificate, dated within 90 days prior to the date of calculation of the Long-Term Debt Service Requirement, stating that



financing of a stated term (which shall not extend beyond 30 years after such date of calculation), amortization, and interest rate of Outstanding Balloon Long-Term Indebtedness is reasonably attainable by the Obligated Group to refund or otherwise directly or indirectly to refinance any amount of such Balloon Long-Term Indebtedness, in which case the principal of and premium, if any, and interest and other debt service charges on the amount of such Outstanding Balloon Long-Term Indebtedness so certified to be refundable or refinancable (whether or not any such refunding or refinancing is imminent) shall be excluded from the calculation of the Long-Term Debt Service Requirement and the principal of and premium, if any, and interest and other debt service charges (which need not be based upon level annual debt service) on the theoretical refunding or refinancing Indebtedness as so certified which would result from such theoretical refunding or refinancing if incurred on the first day of the Fiscal Year for which the Long-Term Debt Service Requirement is being calculated, shall be added to the calculation of such Long-Term Debt Service Requirement; and (B) an Officer's Certificate, accompanied by a written consent or agreement of the obligor on such Balloon Long-Term Indebtedness agreeing to retire (and such Balloon Long-Term Indebtedness shall permit the retirement of), or to fund a sinking fund or escrow for, the principal of such Balloon Long-Term Indebtedness according to a fixed schedule stated in such consent or agreement ending on or before the Fiscal Year in which such amount is due or could become due or payable in respect of any required purchase or maturity of such Balloon Long-Term Indebtedness, in which case the principal of (and, in the case of retirement, the premium, if any, and interest and other debt service charges on) such Balloon Long-Term Indebtedness shall be computed as if the same were due in accordance with such fixed schedule; provided that this clause (B) shall only be applicable to Outstanding Balloon Long-Term Indebtedness for which the installments of principal previously scheduled have been paid or funded on or before the times required by such previous schedule); or (b) principal payments or deposits with respect to Indebtedness secured by an irrevocable letter of credit issued by, or an irrevocable line of credit with, a bank rated at least "A" by Moody's, Fitch or S&P, or insured by an insurance policy issued by any insurance company rated at least "A" by Alfred M. Best Company or its successors in Best's Insurance Reports or its successor publication, nominally due in the last Fiscal Year in which such Indebtedness matures may, at the option of the Member of the Obligated Group which issued such Indebtedness, be treated as if such principal payments or deposits were due as specified in any loan or reimbursement agreement issued in connection with such letter of credit, line of credit or insurance policy or pursuant to the repayment provisions of such letter of credit, line of credit or insurance policy, and interest on such Indebtedness after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan or reimbursement agreement or repayment provisions;

(ii) with respect to Long-Term Indebtedness which is Variable Rate Indebtedness, the interest on such Indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), except that with respect to new Variable Rate Indebtedness (and

the incurrence thereof) the interest rate for such Indebtedness for the initial interest rate period shall be the initial rate at which such Indebtedness is issued and thereafter shall be calculated as set forth above;

(iii) with respect to any Credit Facility, to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to such Credit Facility shall not be included in the Long-Term Debt Service Requirement;

(iv) with respect to any guaranties, in accordance with the Definition of “Guaranty” in Section 1.01 hereof;

(v) with respect to Indebtedness for which a Member of the Obligated Group shall have entered into a Derivative Agreement in respect of all or a portion of such Indebtedness, the principal or notional amount of such Derivative Agreement shall be disregarded, and interest on such Indebtedness during any Derivative Period and for so long as the counterparty of the Derivative Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by a Member of the Obligated Group on such underlying Indebtedness pursuant to its terms (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Indebtedness for the initial interest rate period shall be the initial rate at which such Indebtedness is issued), and (y) the amount of interest payable by such Member of the Obligated Group under the Derivative Agreement (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Derivative Agreement for the initial interest rate period shall be the initial rate at which interest is payable under such Derivative Agreement), and subtracting (z) the amount of interest payable by the counterparty of the Derivative Agreement at the rate specified in the Derivative Agreement (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Derivative Agreement for the initial interest rate period shall be the initial rate at which interest is payable under such Derivative Agreement); *provided, however*, that to the extent that the counterparty of any Derivative Agreement is in default thereunder, the amount of interest payable by the Member of the Obligated Group shall be the interest calculated as if such Derivative Agreement had not been executed; and

(vi) with respect to a Derivative Agreement that does not relate to underlying Indebtedness which has been entered into by any Member of the Obligated Group, the principal or notional amount of such Derivative Agreement shall be disregarded (for so long as the Member of the Obligated Group is not required to make any payment other than interest payments thereon) and interest on such Derivative Agreement during any Derivative Period, for so long as the counterparty of the Derivative Agreement has not defaulted on its payment obligations thereunder, shall be calculated by taking (y) the amount of interest payable by such Member of the Obligated Group at the rate specified in the Derivative Agreement and subtracting (z) the amount of interest payable by the counterparty of the Derivative Agreement at the rate specified in the Derivative Agreement;

*provided, however*, that Escrowed Interest and Escrowed Principal shall be excluded from the determination of Long-Term Debt Service Requirement; provided, further, however, that in connection with the calculation of “Long-Term Debt Service Requirement”, in no event shall any payments to be made in respect of principal and/or interest on any Outstanding Long-Term Indebtedness of the Obligated Group during such period be counted more than once.

“Long-Term Indebtedness” means all Indebtedness having a maturity longer than one year 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, longer than one year;
- (ii) leases which are required to be capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year;
- (iii) installment sale or conditional sale contracts having an original term in excess of one 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 Indenture” means this Second Amended and Restated Master Trust Indenture, initially dated as of July 1, 1998, as amended as of July 1, 2003, as amended and restated as of August 1, 2003, as further amended as of July 1, 2004, as of September 1, 2011, and as of October 8, 2014, and as further amended and restated as of May 1, 2022, and effective on May 18, 2022, including any additional amendments or supplements hereto.

“Master Trustee” means The Bank of New York Mellon, New York, New York, and its successors in the trusts created under this Master Indenture.

“Maximum Annual Debt Service” means the highest Long-Term Debt Service Requirement for the current or any succeeding Fiscal Year.

“Member of the Obligated Group” or “Member” means each of Northwell Healthcare, Inc., North Shore University Hospital, Long Island Jewish Medical Center, Glen Cove Hospital, Plainview Hospital, Northwell Health Stern Family Center for Rehabilitation, Lenox Hill Hospital, South Shore University Hospital, Huntington Hospital Association d/b/a Huntington Hospital and Staten Island University Hospital, and any other Person becoming a Member of the Obligated Group pursuant to Section 3.11 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 be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative by notice to the Master Trustee.

“Non-Recourse Indebtedness” means any Indebtedness incurred to finance the purchase of Property secured exclusively by a Lien on such Property or the revenues or net revenues produced by such Property or both, the liability for which is effectively limited to the Property subject to such Lien with no recourse, directly or indirectly, to any other Property of any Member of the Obligated Group.

“Obligated Group” means, collectively, the Members of the Obligated Group.

“Obligated Group Representative” means Northwell Healthcare, Inc., a New York not-for-profit corporation, and its legal successors, and thereafter any Person 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 or other financial obligations issued under this Master 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 one or more Members of the Obligated Group under a Derivative Agreement, under a Credit Facility, or under any financial obligation to another entity that is not a Member of the Obligated Group.

“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 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 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.

“Operating Assets” means any or all land, leasehold interests, buildings, machinery, equipment, hardware, inventory and other tangible and intangible Property owned or operated by a Member of the Obligated Group and used in its respective trade or business, whether separately or together with other such assets, but not including cash, investment securities and other Property held for investment purposes.

“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 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, however*, 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 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 generally accepted accounting principles.

“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.

“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 to the Master Trustee.

“Short-Term Indebtedness” means all Indebtedness having a maturity of one 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 year or less;
- (ii) leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and
- (iii) installment purchase or conditional sale contracts having an original term of one year or less.

“SIFMA” means the Securities Industry and Financial Markets Association, any successor thereto, or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Obligated Group Representative.

“SIFMA Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations (the SIFMA Municipal Swap Index), as produced by Municipal Market Data and published or made available by SIFMA, or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Obligated Group Representative, and effective from such date.

“Subordinated Debt” means Indebtedness the payment of which is evidenced by instruments, or issued under an indenture or other document, containing specific provisions subordinating such Indebtedness to the Obligations, including following any event of insolvency by the debtor or following acceleration of such Indebtedness.

“Supplement” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master 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 Operating Revenues” means, with respect to the Obligated Group, as to any period of time, total operating revenues less all deductions from revenues, as determined in accordance with generally accepted accounting principles consistently applied.

“Transaction Test” means the Master Trustee shall have received any one of the following:

(i) an Officer’s Certificate demonstrating that the Long-Term Debt Service Coverage Ratio for the most recent twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available, assuming that the proposed additional Long-Term Indebtedness had been incurred, or that the proposed transaction had occurred, at the beginning of the most recent twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available, is not less than 1.10; or

(ii) an Officer’s Certificate demonstrating (a) that the Long-Term Debt Service Coverage Ratio for the most recent twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available was not less than 1.10, and (b) that the Long-Term Debt Service Coverage Ratio for each of the two full Fiscal Years following the computation then being made, or if later, following the estimated date of completion of the capital improvements or expenditures, if any, then being financed, is projected to be not less than 1.10 or, if less than 1.10 but at least 1.00, is projected to be greater than such ratio would have been if the proposed transaction had not taken place; or

(iii) an Officer’s Certificate demonstrating that immediately after the proposed transaction the aggregate principal amount of all outstanding Long-Term Indebtedness of the Members of the Obligated Group (excluding any Guaranty) will not exceed sixty-five percent (65%) of the sum of (a) the aggregate principal amount of all outstanding Long-Term Indebtedness of the Members of the Obligated Group (excluding any Guaranty) plus (b) the aggregate net assets of the Members of the Obligated Group.

“Transfer” means any act or occurrence the result of which is to dispossess any Person of any asset or interest therein, including specifically, but without limitation, the forgiveness of any debt.

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

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) Where the character or amount of any asset, 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 hereof or of any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, the same shall be done in accordance with generally accepted accounting principles.

(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 generally accepted accounting principles, of such entities are so delivered.

(g) Provisions calling for or referring to a calculation, with respect to the Obligated Group in accordance with generally accepted accounting principles, shall be deemed not to require the consolidation of accounts of entities that are not Members of the Obligated Group, as the case may be, even if generally accepted accounting principles 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.

Section 1.03. Accounting Principles and Financial Reporting. (a) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistently applied, except as otherwise stated herein. 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, then, notwithstanding any other provision to the contrary in this Master Indenture requiring that generally accepted accounting principles be consistently applied, such determination or computation shall be done in accordance with generally accepted accounting principles 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, (ii) September 1, 2017, or (iii) the date that this Section 1.03 becomes effective if the Obligated Group Representative delivers an Officer's Certificate to the Master Trustee explaining the basis for such treatment; provided that intercompany balances and liabilities among the Members of the Obligated Group shall be disregarded.

(b) Notwithstanding anything else in this Master Indenture to the contrary, in addition to those provisions of this Master Indenture which expressly permit the use of financial or other information on the basis of the Health System, in computing or calculating Balloon Long-Term Indebtedness, Book Value, Income Available for Debt Service, Indebtedness, Long-Term Debt Service Coverage Ratio, Long-Term Debt Service Requirement, Maximum Annual Debt Service, Operating Assets, Property, Plant and Equipment, Total Operating Revenues, Transaction Test or any other quantitative financial test or provision, the Obligated Group, at the option of the Obligated Group Representative, may, unless the context specifically requires otherwise, utilize financial and other information either (i) with respect to the Members of the Obligated Group in the aggregate or (ii), so long as the Obligated Group constitutes or is responsible for at least eighty percent (80%) of the assets or revenues of the Health System for the most recent Fiscal Year of the Health System, with respect to the Health System in the aggregate, with such percentage being calculated in a manner that excludes intercompany eliminations from the numerator of such calculation.

(c) The Members of the Obligated Group shall not be required to have the same Fiscal Year, and calculations of covenants in this Master Indenture may be made based upon any such differing Fiscal Years in the event that Members of the Obligated Group have differing Fiscal Years, notwithstanding anything to the contrary in this Master Indenture or in the definition of Fiscal Year in Section 1.01 of this Master Indenture.

(d) The provisions of this Section 1.03 shall be applicable and effective notwithstanding the provisions of Section 1.02(c), (f) and (g) hereof.

## 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 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, including Section 3.06, or of any Supplement. Any Member of the Obligated Group proposing to issue an Obligation in a principal amount equal to or exceeding \$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 and the subsection of Section 3.06 hereof under which such Obligation will be issued, to the Obligated Group Representative, the Master Trustee and, for so long as Related Bonds of the Authority are outstanding, the Authority. 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 No. \_\_\_\_\_ 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 shall be secured *pari passu* by the security interest in and pledge of Gross Receipts granted under this Master Indenture and may be secured by such other Properties and revenues of the Members of the Obligated Group as may be permitted under this Master 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 Indenture:

(a) All requirements and conditions to the issuance of such Obligations, if any, set forth in the Supplement or in this Master 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 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 Indenture 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. Security; Gross Receipts Pledge; Restrictions on Encumbering Property; Payment of Principal and Interest. (a) Any Obligation issued pursuant to this Master Indenture shall be a general obligation of each Member of the Obligated Group.

As security for the obligation to make the payments on all Obligations when due under the Master Indenture, the Members hereby grant, and the Members hereby confirm their grant of, to the Master Trustee, a security interest in all of their Gross Receipts, as provided under this Section 3.01 of this Master Indenture, but the existence of any such security interests shall not prevent the expenditure, deposit or commingling of Gross Receipts by such Members of the Obligated Group so long as no Event of Default under this Master Indenture exists and all required payments on the Obligations are made when due. Without limiting the generality of the foregoing, this security interest shall apply to all rights to receive Gross Receipts whether in the form of accounts, accounts receivable, contract rights or other rights, and to the proceeds of such rights. This security interest shall apply to all of the foregoing, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by such Members of the Obligated Group. If any Event of Default under this Master Indenture shall have occurred, then upon receipt of notice from the Master Trustee, any Gross Receipts subject to the security interest which are then on hand and any such Gross Receipts thereafter received, shall not be commingled or deposited but shall immediately, or upon receipt, be transferred to the Master Trustee for deposit into the Gross Receipts Revenue Fund in accordance with this Master Indenture.

The pledges of Gross Receipts described in this Section 3.01 constitute Permitted Liens pursuant to Section 3.05(b)(xiii) of this Master Indenture.

Upon the occurrence of an event which requires the funding of the Gross Receipts Revenue Fund the Obligated Group hereby covenants to take all action necessary to insure that all such receipts and revenues are deposited into the Gross Receipts Revenue Fund including, but not limited to, depositing directly all payments received and directing all debtors and payors of the Obligated Group to make all payments due to the Obligated Group Members to the Gross Receipts Revenue Fund. The Gross Receipts Revenue Fund shall be subject to the lien of this Master Indenture in favor of the Holders of all Obligations, as provided in Section 4.03(c) of this Master Indenture. The Master Trustee is hereby authorized to take such self-help and other measures that a secured party is entitled to take under the New York Uniform Commercial Code. Upon a cure or waiver of the event which requires the funding of the Gross Receipts Revenue Fund, the Master Trustee shall transfer the amounts on deposit in the Gross Receipts Revenue Fund to the Obligated Group Representative.

The Members of the Obligated Group represent, warrant and covenant that the following shall apply to the pledge of Gross Receipts (other than those subject to the Federal Assignment of Claims Act) created by or referred to in this Section:

1. Creation: This Master Indenture creates or confirms a valid and binding pledge of, assignment of, lien on and security interest in the Gross Receipts in favor of the Master Trustee, as security for payment of all Obligations, enforceable by the Master Trustee in accordance with the terms of the Master Indenture.

2. Perfection: Under the laws of the State of New York, such pledge, assignment, lien and security interest, and each pledge, assignment, lien, or other security interest made to secure any prior obligations of the Obligated Group or any Member thereof which, by the terms hereof, ranks on a parity with or prior to the pledge, assignment, lien and security interest granted hereby, is and shall be prior to any judicial lien hereafter imposed on such Gross Receipts to enforce a judgment against the Obligated Group or any Member thereof on a simple contract.

3. Priority: The Members of the Obligated Group have not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of such Gross Receipts that ranks on a parity with or prior to the pledge, assignment, lien and security interest granted hereby. The Obligated Group has not described such Gross Receipts in a Uniform Commercial Code financing statement, except for such parity pledge securing all Outstanding Obligations. The Obligated Group shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in the Gross Receipts that ranks prior to or on a parity with the pledge, assignment, lien and security interest granted hereby, or file any financing statement describing any such pledge, assignment, lien, or security interest, except as expressly permitted under this Master Indenture.

If any Event of Default shall have occurred, any Gross Receipts then on deposit in any fund or account of a Member of the Obligated Group (unless such account has been pledged as security as permitted in this Master Indenture), and any Gross Receipts thereafter received, shall immediately, upon receipt, be transferred into the Gross Receipts Revenue Fund established pursuant to Section 4.03 hereof. Upon receipt, all such Gross Receipts shall be held by the Master Trustee in trust for the Holders from time to time of all Obligations issued and Outstanding hereunder, without preference or priority of any one Obligation over any other Obligation. Prior to its receipt of a request from the Master Trustee pursuant to Section 3.01(d) of this Master Indenture, any Member of the Obligated Group may transfer, or pledge as security, all or any part of its Gross Receipts free of such security interest, as permitted pursuant to the provisions of this Master Indenture. In the event of such transfer or pledge, upon the request of a Member of the Obligated Group, the Master Trustee shall execute a release of its security interest with respect to the assets so transferred.

In addition to the preceding paragraph, upon an Event of Default, the Members of the Obligated Group hereby agree to take no action inconsistent with the pledge, assignment and deposit of Gross Receipts contemplated hereby, and to cooperate in all respects to assure the deposit of such Gross Receipts in the Gross Receipts Revenue Fund.

With respect to all Obligations issued, executed and delivered under this Master Indenture, there shall be delivered to the Master Trustee duly executed financing statements evidencing the security interests of the Master Trustee in the Gross Receipts of the Members of the Obligated Group in the form required by the New York Uniform Commercial Code with copies sufficient in number for filing in the office of the Secretary of State of the State of New York.

Each Member of the Obligated Group shall also execute and deliver to the Master Trustee from time to time such amendments or supplements to this Master Indenture as may be necessary or appropriate to include as security hereunder the Gross Receipts. In addition, each Member of the Obligated Group covenants that it will prepare and file such financing statements or amendments to or terminations of existing financing statements which shall, in the Opinion of Counsel, be necessary to comply with applicable law or as required due to changes in the Obligated Group, including, without limitation, (i) any Person becoming a Member of the Obligated Group pursuant to Section 3.11 of this Master Indenture, or (ii) any Member of the Obligated Group ceasing to be a Member of the Obligated Group pursuant to Section 3.12 of this Master Indenture. In particular, each Member of the Obligated Group covenants that it will, at least thirty (30) days prior to the expiration of any financing statement, prepare and file such continuation statements of existing financing statements as shall, in the Opinion of Counsel, be necessary to continue the security interest created hereunder pursuant to applicable law and shall provide to the Master Trustee written notice of such filing. If the Master Trustee shall not have received such notice at least twenty-five (25) days prior to the expiration date of any such financing statement, the Master Trustee shall prepare and file or cause each Member of the Obligated Group to prepare and file such continuation statements in a timely manner to assure that the security interest in Gross Receipts shall remain perfected.

(b) 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 hereof or as may be otherwise provided in this Master Indenture) any of its Property.

(c) 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 Indenture at the place, on the dates and in the manner provided in this Master Indenture and in said Obligation according to the terms thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

(d) Each Member of the Obligated Group covenants that, if an Event of Default shall have occurred and be continuing, or any Member of the Obligated Group shall have failed to make a periodic deposit in respect of the interest on, or principal of any Related Bonds within three days after the same shall have become payable, it will, upon request of the Master Trustee, deliver or direct to be delivered to the Master Trustee all Gross Receipts until such Event of Default has been cured or such required deposit has been made, as the case may be, such Gross Receipts to be applied in accordance with Sections 4.03 and 4.04 of this Master Indenture.

(e) Each Member of the Obligated Group covenants and agrees that, so long as any Related Bonds of the Authority are Outstanding, and unless in connection with a lien otherwise permitted under Section 3.05 hereof, it shall not enter into any Control Agreement unless it shall have delivered to the Authority (i) an opinion of counsel, which counsel is reasonably acceptable to the Authority, stating that such Control Agreement will not adversely affect the Master Trustee's security interest in Gross Receipts, and (ii) a list of all banking institutions with whom such Member of the Obligated Group has relationships.

Section 3.02. Covenants as to Corporate Existence, Maintenance of Properties, Etc. Each Member of the Obligated Group hereby covenants:

(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 a 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 (including, but not limited to, the Public Health Law of the State of New York for as long as there are Related Bonds of the Authority or its predecessors outstanding) 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 collectibility 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 available) by the Joint Commission on Accreditation of Healthcare Organizations 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 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. 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, 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.

The Obligated Group Representative shall engage an Insurance Consultant to review the insurance requirements of the Members of the Obligated 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 3.10(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 Obligated Group. If the Insurance Consultant makes recommendations for the decrease or elimination of any coverage, the Member of the Obligated 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 Obligated Group. Notwithstanding anything in this Section to the contrary, each Member of the Obligated 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 Obligated Group. If any Member of the Obligated 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 the Related Loan Agreements, amounts that do not exceed 20% of the Book Value of the Property, Plant and Equipment of the Obligated Group received by any Member of the Obligated 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, amounts that exceed 20% of the Book Value of the Property, Plant and Equipment of the Obligated Group received by any Member of the Obligated 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 shall be applied 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 Agreement, such amounts may be used in such manner as the recipient may determine, if the recipient notifies the Master Trustee and within 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 30% of the Book Value of the Property, Plant and Equipment of the Obligated Group, a written report of a Consultant confirming such certification; or

(ii) A written report of a Consultant stating the 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 1.20, or, if in the opinion of the 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 Consultant's report.

Each Member of the Obligated Group agrees that it will 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.

Section 3.05. Limitations on Creation of Liens. (a) 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 Property now owned or hereafter acquired by it other than Permitted Liens.

(b) Permitted Liens shall consist of the following:

(i) Liens arising by reason of good faith deposits by any Member of the Obligated Group in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member of the Obligated Group 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;

(ii) 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 for any purpose at any time as required 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 Member of the Obligated Group 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 social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(iii) Any judgment lien against any Member of the Obligated Group so long as such judgment is being contested in good faith and execution thereon is stayed;

(iv) (A) 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; (B) any liens on any Property for taxes, assessments, levies, fees, water and sewer rents, 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 due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors, have been due for less than 180 days; and (C) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations 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.

(v) Any Lien which is existing on the date of authentication and delivery of the initial Obligation issued under this Master Indenture, which is set forth on Schedule A attached hereto, provided that no such Lien may be increased, extended, renewed or modified to apply to any Property of any Member of the Obligated Group not subject to such Lien on such date or to secure Indebtedness not Outstanding as of the date hereof, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien hereunder;

(vi) Any Liens of a new Member or a successor to an existing Member that is permitted to remain outstanding after such new Member or successor becomes a Member of the Obligated Group pursuant to Sections 3.09(e) or 3.11(e) hereof;

(vii) Any Lien securing Non-Recourse Indebtedness permitted by Section 3.06(d) hereof;

(viii) Any Lien on Property acquired by a Member of the Obligated Group if the indebtedness secured by the Lien is Additional Indebtedness permitted under the provisions of Section 3.06 hereof, and if an Officer's Certificate is delivered to the Master Trustee certifying that (A) the Lien and the indebtedness secured thereby were created and incurred by a Person other than the Member of the Obligated Group, and (B) the Lien was not created for the purpose of enabling the Member of the Obligated Group to avoid the limitations hereof on creation of Liens on Property of the Obligated Group;

(ix) Any Lien on accounts receivable and the proceeds from the sale thereof securing Indebtedness or Derivative Agreements, which conforms to the limitations contained in Section 3.06;

(x) Any Lien on Property which secures Indebtedness or Derivative Agreements or any other obligations or liabilities of a Member of the Obligated Group that do not exceed the greater of (i) in aggregate 20% of Total Operating Revenue or (ii) in aggregate 20% of the combined Book Value of the Property of the Obligated Group, in either case as reflected in the most recent Audited Consolidated Financial Statements of the Obligated Group;

(xi) Any Lien in favor of a creditor or a trustee on the proceeds of Indebtedness and any earnings thereon prior to the application of such proceeds and such earnings;

(xii) Any Lien in favor of a trustee or other agent on the proceeds of Indebtedness and any earnings thereon created by the irrevocable deposit of such monies for the purpose of refunding or defeasing Indebtedness;

(xiii) Any Lien securing all Obligations on a parity basis;

(xiv) Liens on moneys deposited by patients or others with any Member of the Obligated Group as security for or as prepayment for the cost of patient care;

(xv) Liens on Property received by any Member of the Obligated Group through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(xvi) Liens on those items described in, or the right to receive the items described in, clauses (x), (y) and (z) of the definition of Gross Receipts in Section 1.01 hereof;

(xvii) Liens on Property due to rights of third party payors for recoupment of amounts paid to any Member of the Obligated Group;

(xviii) Any Lien created in the Related Loan Agreements;

(xix) Any Lien in favor of any members of, or participants in, an accountable care organization or similar arrangement to which a Member of the Obligated Group is a member or participant;

(xx) Any Lien on Excluded Property;

(xxi) Any Lien securing any Derivative Agreement or the obligations of any one or more Members of the Obligated Group under any Derivative Agreement, in each case which Derivative Agreement is related to Indebtedness (including any obligation arising upon the termination of any such Derivative Agreement), or that may be required from time to time to satisfy any collateralization requirements under any such Derivative Agreement; and

(xxii) Any Lien in the nature of a bankers' lien or rights of set-off.

Section 3.06. Limitations on Indebtedness. Each Member of the Obligated Group covenants and agrees that it will not incur any Additional Indebtedness if, after giving effect to all other Indebtedness incurred by the Obligated Group, such Indebtedness could not be incurred pursuant to any one of subsections (a) to (g) inclusive, of this Section 3.06. Any Indebtedness may be incurred only in the manner and pursuant to the terms set forth in such subsections.

(a) Long-Term Indebtedness may be incurred if prior to incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee:

(i) An Officer's Certificate of the Obligated Group Representative certifying that:

(A) The cumulative principal amount of all Long-Term Indebtedness incurred pursuant to this subsection 3.06(a)(i)(A) does not exceed 20% of Total Operating Revenues, or

(B) The Long-Term Debt Service Coverage Ratio for the most recent twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available, taking all Long-Term Indebtedness incurred after such period and the proposed Long-Term Indebtedness into account as if such Long-Term Indebtedness had been incurred at the beginning of such period, is not less than 1.20; or

(ii) (1) an Officer's Certificate of the Obligated Group Representative demonstrating that the Long-Term Debt Service Coverage Ratio for the most recent twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available, excluding the proposed Long-Term Indebtedness, is at least 1.20 and (2) a written report of a Consultant demonstrating that the forecasted Long-Term Debt Service Coverage Ratio is not less than 1.20 for (x) in the case of Long-Term Indebtedness (other than a Guaranty) to finance capital improvements, each of the two full Fiscal Years succeeding the date on which such capital improvements are forecasted to be in operation or (y) in the case of Long-Term Indebtedness not financing capital

improvements or in the case of a Guaranty, each of the two full Fiscal Years succeeding the date on which the Indebtedness is incurred, as shown by pro forma financial statements for the Obligated Group for each such period, accompanied by a statement of the relevant assumptions upon which such pro forma financial statements for the Obligated Group are based; provided, however, that compliance with the tests set forth in this Section 3.06(a)(ii) may be evidenced by a certificate of the Obligated Group Representative in lieu of a Consultant's report where the Long-Term Debt Service Coverage Ratio set forth in this Section 3.06(a)(ii)(2) is equal to or greater than 1.50; provided, however, that if the report of a Consultant states that Governmental Restrictions have been imposed which make it impossible for the coverage requirements of this subsection to be met, then such coverage requirements shall be reduced to the maximum coverage permitted by such Governmental Restrictions but in no event less than 1.00.

(b) Long-Term Indebtedness incurred for the purpose of refunding any Outstanding Long-Term Indebtedness may be incurred if, prior to the incurrence of such Long-Term Indebtedness, (i) the Long-Term Indebtedness to be incurred does not constitute Cross-over Refunding Indebtedness, and there is delivered to the Master Trustee (A) an Officer's Certificate of the Obligated Group Representative demonstrating that Maximum Annual Debt Service will not increase by more than 15% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof and (B) an Opinion of Counsel stating that upon the incurrence of such Proposed Long-Term Indebtedness and application of the proceeds thereof, the Outstanding Long-Term Indebtedness to be refunded thereby will no longer be Outstanding; or (ii) the Indebtedness proposed to be issued is Cross-over Refunding Indebtedness, and there is delivered to the Master Trustee a certificate of the Obligated Group Representative stating that the total Maximum Annual Debt Service on the proposed Cross-over Refunding Indebtedness and the Related Cross-over Refunded Indebtedness, immediately after the issuance of the proposed Cross-over Refunding Indebtedness, will not exceed the Maximum Annual Debt Service on the Cross-over Refunded Indebtedness alone, immediately prior to the issuance of the Cross-over Refunding Indebtedness, by more than 15%.

(c) Short-Term Indebtedness may be incurred in the ordinary course of business subject to the limitation that the aggregate of all Short-Term Indebtedness shall not at any time exceed 20% of Total Operating Revenues as reflected in the Audited Consolidated Financial Statements of the Obligated Group for the most recent period of twelve consecutive months for which Audited Consolidated Financial Statements are available; provided, however, that there shall be a period of at least 30 consecutive calendar days during each such period of twelve consecutive calendar months for which Audited Consolidated Financial Statements are available during which Short-Term Indebtedness shall not exceed 5% of Total Operating Revenues. For purposes of this Section 3.06(c), a Guaranty of Short-Term Indebtedness shall be valued at 20% of the aggregate principal amount of the Short-Term Indebtedness guaranteed so long as no payments are required to be made thereunder and so long as such Guaranty constitutes a contingent liability under generally accepted accounting principles; provided that in the event such Guaranty shall be drawn upon, such Guaranty shall be valued at 100% of the aggregate principal amount of the Short-Term Indebtedness guaranteed. For the purpose of calculating compliance with the tests set for in this subsection 3.06(c), Short-Term Indebtedness secured by

accounts receivable shall not be taken into account except to the extent provided in subsection 3.06(f) hereof.

(d) Non-Recourse Indebtedness may be incurred without limit.

(e) Subordinated Debt may be incurred without limit.

(f) Short-Term Indebtedness secured by accounts receivable may be incurred within the limitations imposed on the pledge or sale of accounts receivable, as provided in the last paragraph of this Section 3.06; provided that at the time of incurrence, the outstanding principal amount of such Short-Term Indebtedness is less than or equal to the fair market value of the accounts receivable pledged to secure such Short-Term Indebtedness. At any time that the outstanding principal amount of such Short-Term Indebtedness is greater than the fair market value of the accounts receivable pledged to secure such Short-Term Indebtedness, the excess amount shall be treated as Short-Term Indebtedness for the purposes of the tests set forth in subsection 3.06(c) hereof.

(g) Indebtedness may be incurred in an amount limited to the cost of completion for the purpose of financing the completion of the acquisition or construction of a Capital Addition with respect to which Indebtedness has theretofore been incurred, provided there shall be delivered to the Master Trustee (i) a certificate of the Obligated Group Representative to the effect that the Obligated Group Representative did reasonably expect at the time the initial Indebtedness was incurred that the proceeds of such Indebtedness, together with other available funds, would be sufficient to complete the Capital Addition, (ii) a licensed architect's or licensed engineer's certificate to the effect that the proceeds of such additional Indebtedness will be sufficient to complete the Capital Addition and (iii) the amount of such Indebtedness is limited to the costs identified in (i) above plus necessary reserves and costs related to issuance of such Indebtedness.

Indebtedness incurred pursuant to any one of subsections (a)(i) of this Section 3.06 may be reclassified as Indebtedness incurred pursuant to any other of such subsections if the tests set forth in the subsection to which such Indebtedness is to be reclassified are met at the time of such reclassification.

Indebtedness containing a "put" or "tender" provision pursuant to which the holder of such Indebtedness may require that such Indebtedness be purchased prior to its maturity shall not be considered Balloon Long-Term Indebtedness, solely by reason of such "put" or "tender" provision, and the put or tender provision shall not be taken into account in testing compliance with any debt incurrence test pursuant to this Section 3.06.

Accounts receivable of any Member or Members may be sold, pledged, assigned or otherwise disposed or encumbered in accordance herewith in an aggregate amount not exceeding 75% of the three month average outstanding accounts receivable of the Obligated Group that are ninety days old or less as calculated in accordance with generally accepted accounting principles. The three month average shall be calculated based on the month end available balances for the three full calendar months immediately preceding the date on which such accounts receivable are sold, pledged, assigned or otherwise disposed or encumbered.

Accounts receivable that are more than ninety days old may not be sold, pledged, assigned or otherwise disposed or encumbered.

Section 3.07. Long-Term Debt Service Coverage Ratio. (a) The Members of the Obligated Group covenant to set rates and charges for their 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 Audited Consolidated Financial Statements for the most recent Fiscal Year, is not met, the Obligated Group covenants to retain a Consultant within thirty (30) days of the delivery of the aforementioned Audited Consolidated 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 Consultant the attainment of such level is impracticable, to the highest level attainable. Any 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 Consultant. So long as a Consultant shall be retained and each Member of the Obligated Group shall follow such 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 a Consultant to make recommendations pursuant to this subsection (b) more frequently than biennially.

(c) Notwithstanding anything in this Master Indenture to the contrary, it shall be an Event of Default under this Master Indenture if the Long-Term Debt Service Coverage Ratio is less than 1.00 as of the end of each of any two consecutive Fiscal Years.

Section 3.08. Sale, Lease or Other Disposition of Operating Assets; Disposition of Cash and Investments; Unsecured Loans to Non-Members; Sale of Accounts. (a) Each Member of the Obligated Group agrees that it will not transfer Property in any Fiscal Year (or other 12-month period for which Audited Consolidated Financial Statements are available) except for Transfers of Property:

(i) To any Person provided such Property has become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property.

(ii) To another Member of the Obligated Group without limit.



(iii) To any Person provided there shall be delivered to the Master Trustee prior to such Transfer an Officer's Certificate certifying that the Obligated Group is in compliance with Section 3.07 hereof and the Long-Term Debt Service Coverage Ratio, adjusted to exclude the revenues and expenses derived from the Operating Assets proposed to be disposed of, for the most recent period of twelve (12) full consecutive calendar months preceding the date of delivery of the Officer's Certificate for which the Audited Consolidated Financial Statements have been reported upon by independent certified public accountants (which period of twelve (12) full consecutive months shall have ended not more than eighteen (18) calendar months prior to the date of the Officer's Certificate) and such Long-Term Debt Service Coverage Ratio is not less than 1.20 and not less than sixty-five percent (65%) of what it would have been were such Transfer not to take place.

(iv) To any Person if the aggregate Book Value of the Property Transferred pursuant to this subsection (iv) in the current Fiscal Year does not exceed 10% of the Book Value of all Property of the Obligated Group as shown in the Audited Consolidated Financial Statements for the most recent Fiscal Year.

(v) To any Person if the Property Transferred pursuant to this subsection (v) was transferred in the ordinary course of business, and at fair and reasonable terms, no less favorable to the Member of the Obligated Group, which could have been attained in a comparable arms-length transaction; *provided further, however*, that the proceeds from such Property Transferred are used to acquire Property, used to repay Indebtedness, or used for any other corporate purpose of a Member or Members.

(vi) To a Person which at the time of the Transfer is not a Member of the Obligated Group or successor corporation pursuant to a merger or consolidation permitted by the Master Indenture, without limit, if such Person or successor corporation shall, at the time of such Transfer, become a Member of the Obligated Group pursuant to the Master Indenture.

(vii) To any affiliated physician or medical group practice provided that such transfer is used solely to subsidize or support salary and benefits of physician employees and ordinary course operating expenses of such group practice.

(viii) To any self-insurance trust or captive insurance company.

(b) Any Member of the Obligated Group will have the right to sell, pledge, assign or otherwise dispose of its accounts receivable, with or without recourse, if such Member of the Obligated Group shall receive as consideration for such sale, pledge, assignment or other disposition cash, services or Property equal to the fair market value of the accounts receivable so sold, as certified to the Master Trustee in an Officer's Certificate of such Member of the Obligated Group and if such sale, pledge, assignment or other disposition meets the limitations contained in the last paragraph of Section 3.06 hereof regarding the aggregate limit on the pledge, sale or other disposition or encumbrance of accounts receivable.

(c) Nothing contained in this Section 3.08 is intended to prohibit the Transfer of Property, including cash, for payment of goods and services in the ordinary course of business of, or for the acquisition of Property by, the Members of the Obligated Group.

Section 3.09. Consolidation; Merger; Sale or Conveyance. (a) Each Member of the Obligated Group covenants that it will not merge or consolidate with, or sell or convey all or substantially all of its assets to any Person unless:

(i) Either a Member of the Obligated Group will be the successor corporation, or if the successor corporation is not a Member of the Obligated Group, such successor corporation shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor corporation to assume the due and punctual payment of the principal of, premium, if any, and interest on all Outstanding Obligations issued under this Master Indenture according to their tenor and the due and punctual performance and observance of all the covenants and conditions of this Master Indenture and any Supplement hereto; and

(ii) No Member of the Obligated Group immediately after such merger or consolidation, or such sale or conveyance, would be in default in the performance or observance of any covenant or condition of this Master Indenture; and

(iii) 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 fully paid to the holder thereof, there shall have been 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 the consummation of such merger, consolidation, sale or conveyance, whether or not contemplated on any date of the delivery of such Related Bond, would not adversely affect the exclusion of interest payable on such Related Bond from the gross income of the holder thereof for purposes of federal income taxation; and

(iv) There is delivered to the Master Trustee an Officer's Certificate of the Obligated Group Representative demonstrating that (A) if such merger, consolidation or sale of assets had occurred at the beginning of the most recent period of twelve (12) full consecutive calendar months for which Audited Consolidated Financial Statements are available, the Long-Term Debt Service Coverage Ratio for such period would have been not less than 1.10, (B) if such merger, consolidation or sale of assets had occurred at the end of the most recent period of twelve (12) full consecutive calendar months for which Audited Consolidated Financial Statements are available (which period of twelve (12) full consecutive months shall have ended not more than eighteen calendar months prior to the date of the Officer's Certificate), the conditions described in Section 3.06(a)(i)(B) hereof would have been satisfied for the incurrence of an additional one dollar (\$1.00) of Additional Indebtedness, and (C) the unrestricted net assets plus temporarily restricted net assets of the successor, resulting or acquiring corporation, as the case may be, after giving effect to said merger or consolidation, or sale or conveyance of assets is not less than 80% of the unrestricted net assets plus temporarily restricted net

assets of the Member of the Obligated Group which was merged into, consolidated with or whose assets were acquired by, such successor corporation as reflected in the most recent Audited Consolidated Financial Statements; provided, however, that the provisions of this subparagraph (iv) shall not be required to be satisfied if the merger or consolidation is only between or among Members of the Obligated Group.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as such predecessor or had become a Member of the Obligated Group pursuant to Section 3.11 hereof, as the case may be. Such successor corporation thereupon may cause to be signed, and may issue in its own name Obligations issuable hereunder; and upon the order of such successor corporation and subject to all the terms, conditions and limitations in this Master Indenture prescribed, the Master Trustee shall authenticate and shall deliver Obligations that such successor corporation shall have caused to be signed and delivered to the Master Trustee. All Outstanding Obligations so issued by such successor corporation hereunder shall in all respects have the same security position and benefit under this Master Indenture as Outstanding Obligations theretofore or thereafter issued in accordance with the terms of this Master Indenture as though all of such Obligations had been issued hereunder without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued under this Master Indenture as may be appropriate.

(d) In the event that the Officer's Certificate described in subparagraph (a)(iv) hereof has been delivered, the Master Trustee may accept an Opinion of Counsel (not an employee of a Member of the Obligated Group or an Affiliate in this case) as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section and that it is proper for the Master Trustee under the provisions of Article VI and of this Section to join in the execution of any instrument required to be executed and delivered by this Section.

(e) Any Indebtedness previously incurred by the Person or successor corporation becoming a Member of the Obligated Group pursuant to this Section 3.09 shall be permitted to remain outstanding, and any lien or security interest securing such Indebtedness shall be permitted to remain in effect if such Indebtedness could have been incurred pursuant to the provisions of Sections 3.06 hereof immediately after such Person or successor corporation became a Member of the Obligated Group.

(f) All references herein to successor corporations shall be deemed to include the surviving corporation in a merger.

Section 3.10. Filing of Audited Consolidated Financial Statements; Certificate of No Default; Other Information. The Obligated Group covenants that it will:

(a) Within thirty (30) days after receipt of the audit report 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, the Authority (so long as there are Related Bonds of the Authority outstanding) 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 Audited Consolidated Financial Statements as of the end of such fiscal reporting period accompanied by the opinion of independent certified public accountants. Such Audited Consolidated Financial Statements shall be prepared in accordance with generally accepted accounting principles and shall include such statements necessary for a fair presentation of financial position, statement of activity and changes in net assets and cash flows of such fiscal reporting period.

(b) Within thirty (30) days after receipt of the audit report 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, the Authority (so long as there are Related Bonds of the Authority outstanding) 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 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 and the Authority (so long as there are Related Bonds of the Authority outstanding) 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 Obligated 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 and the Authority (so long as there are Related Bonds of the Authority outstanding) a copy of each report which any provision of this Master Indenture requires to be prepared by a Consultant or an Insurance Consultant.

Section 3.11. 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 3.09 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 Indenture and any Supplements and thereby become subject to compliance with all provisions of this Master

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, and (ii) 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 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.

(d) An Officer's Certificate of the Obligated Group Representative shall be provided to the Master Trustee demonstrating that (i) after giving effect to the admission of such Person as a Member of the Obligated Group, the unrestricted net assets plus temporarily restricted net assets of such Person and the unrestricted net assets plus temporarily restricted net assets of the Obligated Group is not less than 80% of the unrestricted net assets plus temporarily restricted net assets of the Obligated Group at the end of the Fiscal Year immediately preceding the year in which such Person shall become a member of the Obligated Group, and (ii) the conditions described in Section 3.06(a)(i)(B) hereof have been satisfied for the incurrence of an additional one dollar (\$1.00) of Additional Indebtedness, assuming that the Person or corporation which is becoming a Member of the Obligated Group had become a Member at the beginning of the most recent period of twelve (12) full consecutive calendar months for which Audited Consolidated Financial Statements are available (which period of twelve (12) full consecutive months shall have ended not more than eighteen (18) calendar months prior to the date of the Officer's Certificate).

(e) Any Indebtedness previously incurred by a new Member of the Obligated Group shall be permitted to remain outstanding, and any lien or security interest securing such Indebtedness shall be permitted to remain in effect if such Indebtedness could have been incurred

pursuant to the provisions of Sections 3.06 hereof immediately after such Person became a Member of the Obligated Group.

Section 3.12. 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, if Related Bonds of the Authority are outstanding, the prior written consent of the Authority; 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) (A) An Officer's Certificate of the Obligated Group Representative demonstrating that (1) the conditions described in Section 3.06(a)(i)(B) hereof have been satisfied for the incurrence of an additional one dollar (\$1.00) of Additional Indebtedness, assuming such withdrawal to have occurred at the end of the most recent period of twelve (12) full consecutive calendar months for which Audited Consolidated Financial Statements are available, (2) the Long-Term Debt Service Coverage Ratio for the most recent period of twelve (12) full consecutive calendar months for which Audited Consolidated Financial Statements are available (x) would not, if such withdrawal had occurred at the end of such period, be reduced by more than 35%, *provided, however*, that in no event shall such ratio be reduced to less than 1.20, or (y) would be greater than in the absence of such withdrawal, and (3) after giving effect to the withdrawal of such Member of the Obligated Group, the unrestricted net assets plus temporarily restricted net assets of the Obligated Group is not less than 80% of the unrestricted net assets plus temporarily restricted net assets of the Obligated Group at the end of the Fiscal Year immediately preceding the year in which such Member of the Obligated Group withdraws from the Obligated Group; or (B) a written report of a Consultant demonstrating that the forecasted average Long-Term Debt Service Coverage Ratio for the two periods of twelve full consecutive calendar months succeeding the proposed date of such withdrawal is greater than 1.35; *provided, however*, that compliance with the test set forth in clause (B) above may be evidenced by an Officer's Certificate of the Obligated Group Representative in lieu of a Consultant's report where the Long-Term Debt Service Coverage Ratio for each of the two periods of twelve full consecutive calendar months succeeding the proposed date of such withdrawal is greater than 2.00 and not less than 65% of what it would have been were such withdrawal not to take place, assuming such withdrawal had occurred on the first day of the most recent twelve month period for which Audited Consolidated Financial Statements of the Obligated Group are available; and

(iii) an Opinion of Counsel, addressed and satisfactory to the Master Trustee, the Authority 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 Indenture and any agreements or other documents relating to this Master 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 Indenture shall cease.

Section 3.13. Transaction Test. Notwithstanding, and in addition to, and as an alternative to, the provisions of Sections 3.05, 3.06, 3.08, 3.09, 3.11, and 3.12 of this Master Indenture, (i) the Obligated Group or any Member of the Obligated Group may create or suffer to exist any Lien on Property (as an additional category of Permitted Lien); (ii) the Obligated Group or any Member of the Obligated Group may incur Additional Indebtedness; (iii) the Obligated Group or any Member of the Obligated Group may sell, lease, transfer or dispose of Operating Assets, or dispose of cash, investments, or other Property; (iv) the Obligated Group or any Member of the Obligated Group may merge or consolidate with an entity that is not a Member of the Obligated Group; (v) a Person may become a Member of the Obligated Group; and (vi) a Member of the Obligated Group may withdraw from the Obligated Group; in each case of clauses (i) through and including (vi) of this section, upon the delivery of an Officer's Certificate to the Master Trustee demonstrating compliance with any one of the provisions of the Transaction Test.

## 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 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 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 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 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, or under a Related Bond, or an Event of Default shall occur under Section 3.07(c) of this Master Indenture (if the Long-Term Debt Service Coverage Ratio is less than 1.00 as of the end of each of any two consecutive Fiscal Years);

(d) (i) Any Member of the Obligated Group shall fail to make any required payment with respect to any Indebtedness (other than Obligations issued and Outstanding hereunder), which Indebtedness is in an aggregate principal amount greater than one percent (1%) of Total Operating 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 Operating 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 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.

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 25% in aggregate principal amount of Obligations Outstanding, 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 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 25% in aggregate principal amount of the Obligations Outstanding 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 25% in aggregate principal amount of the Obligations Outstanding 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 rights as a secured party under the Uniform Commercial Code of the State of New York;

(vi) Enforcement of any Lien 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 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) Upon the occurrence of an Event of Default, the Master Trustee may, and if requested in writing by the Holders of not less than 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, realize upon any security interest which the Master Trustee may have in Gross Receipts and shall establish and maintain a Gross Receipts Revenue Fund into which shall be deposited all Gross Receipts as and when received. All amounts deposited into the Gross Receipts Revenue Fund shall be applied by the Master Trustee or made available to any alternate paying agent appointed pursuant to any Supplement for application (i) to the payment of the reasonable and necessary operating expenses of the Obligated Group, all in accordance with budgeted amounts proposed by the Obligated Group Representative and, if Related Bonds of the Authority are Outstanding, approved by the Authority or the Authority's designee, (ii) to the payment of the principal or redemption price of, and interest on all Obligations in accordance with their respective terms, and (iii) such other amounts as may be required by this Master Indenture and any Supplement hereto. Pending such application, all such moneys and investments in the Gross Receipts Revenue Fund shall be held for the equal and ratable benefit of all Obligations Outstanding; provided, that amounts held in the Gross Receipts Revenue Fund for making of debt service payments on or after the due date for Obligations shall be reserved and set aside solely for the purpose of making such payment. In addition, with regard to Gross Receipts, the Master Trustee may take any one or more of the following actions: (i) during normal business hours enter the offices or facilities of any Member of the Obligated

Group and examine and make copies of the financial books and records of the Member relating to the Gross Receipts and take possession of all checks or other orders for payment of money and moneys in the possession of the Members of the Obligated Group representing Gross Receipts or proceeds thereof; (ii) notify any account debtors obligated on any Gross Receipts to make payment directly to the Master Trustee, (iii) following such notification to account debtors, collect, or, in good faith compromise, settle, compound or extend amounts payable as Gross Receipts which are in the form of accounts receivable or contract rights from each Member's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Member whether or not the full amount of any such account receivable or contract right owing shall be paid to the Master Trustee, as the Authority may direct; (iv) forbid any Member to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Gross Receipts, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (v) endorse in the name of the applicable Member any checks or other orders for the payment of money representing any unpaid assigned Gross Receipts or the proceeds thereof.

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 Bond 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 Gross Receipts and other 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, together with (i) any premium (including, without limitation, any make-whole amount) due thereon, and (ii), as provided in Section 2.05 hereof, any and all other payments or amounts, other than interest, due on any Obligations. 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, together with (i) any premium (including, without limitation, any make-whole amount) due thereon, and (ii), as provided in Section 2.05 hereof, any and all other payments or amounts due on any Obligations, 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 and premium (including, without limitation, any make-whole amount) due thereon, and, as provided in Section 2.05 hereof, any and all other payments or amounts due on any Obligations, 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.

Moneys held in the Gross Receipts Revenue Fund shall be invested in Government Obligations which mature or are redeemable at the option of the holder not later than such times as shall be required to provide moneys needed to make the payments or transfers therefrom. Subject to the foregoing, such investments shall be made in accordance with a certificate of the Obligated Group Representative directing the Master Trustee to make specific investments. Unless otherwise provided in this Master Indenture, the Master Trustee shall sell or present for redemption, any Government Obligation so acquired whenever instructed to do so pursuant to an Officer's Certificate or whenever it shall be necessary to do so to provide moneys to make payments or transfers from the Gross Receipts Revenue Fund. The Master Trustee shall not be liable or responsible for making any such investment in the manner provided above and shall not be liable for any loss resulting from any such investment. Any investment income derived from any investment of moneys on deposit in the Gross Receipts Revenue Fund shall be

credited to the Gross Receipts Revenue Fund and retained therein until applied to approved purposes.

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 it 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 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 Indenture, and no implied covenants or obligations shall be read into this Master Indenture against the Master Trustee; and

(ii) In the absence of bad faith 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 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 they conform to the requirements of this Master 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 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 Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act, or its own 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 negligent in ascertaining the pertinent facts;

(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 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 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 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 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 bad faith 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 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 Indenture whether on its own motion or at the request or direction of any of the Holders pursuant to this Master Indenture which shall be in the opinion of the Master Trustee likely to 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 Obligated 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 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 \$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. Each Member of the Obligated Group, respectively, agrees:

(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 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 bad faith.

(c) To indemnify the Master Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith 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 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 die, 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

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 or authority that may lawfully be granted or conferred upon them subject to the provisions of Section 6.02(a).
- (d) To qualify this Master 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 this Master Indenture, so long as no Event of Default has occurred and is continuing under this Master Indenture.

(f) To obligate a successor to any Member of the Obligated Group as provided in Section 3.11.

(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 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 Indenture has occurred and is continuing, to make any change to the provisions of this Master 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) a 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 Audited Consolidated 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 Indenture in the event the Obligated Group Representative determines that a change in generally accepted accounting principles 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 Indenture, which changes to this Master 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, but only with the prior written consent of the Authority.

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 51% in aggregate principal amount of Obligations then Outstanding shall have the right, 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 Master 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 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 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. Document Substitution. (a) This Master Indenture may be amended or supplemented as provided in Sections 6.01 and 6.02 of this Master Indenture.

(b) In addition, the Obligated Group and the Master Trustee, may, without the consent of any of the Holders of any Obligations or any Related Bonds, but only upon receipt by the Master Trustee of an Officer's Certificate demonstrating satisfaction of the Substitution Transaction Test (as defined below), enter into one or more supplements, amendments, restatements, replacements or substitutions to this Master Indenture, to modify, amend, restate, supplement, replace, substitute, change or remove any covenant, agreement, term or provision of this Master Indenture, in whole or in part, including, but not limited to, an amendment, restatement or substitution of this Master Indenture, in whole to relate to all Related Bonds, or in part to relate to a portion of the Related Bonds, including but not limited to a series or subseries of the Related Bonds secured by payment obligations of the health care facilities on whose behalf the allocable portion of the proceeds of the Related Bonds were utilized, or an affiliate of such health care facilities, in order to effect (i) the affiliation of the Obligated Group Representative, the Obligated Group, or any Members of the Obligated Group with any of the foregoing or with another entity or entities in order to create a new or modified credit group or structure or in order to provide for the inclusion of the Obligated Group Representative, the Obligated Group, or any Members of the Obligated Group in another obligated group, combined group or other unified credit group or structure, (ii) the release or discharge of any collateral securing the Related Bonds, including, but not limited to, the release or discharge of (A) any or all Obligations, in whole or in part, issued pursuant to this Master Indenture to secure the Related Bonds and (B) the Obligated Group Representative, the Obligated Group, or any Members of the Obligated Group from any or all liability (whether direct or indirect) with respect to the Related Bonds or a portion thereof, any Related Loan Agreement, any Related Bond Indenture, the Obligations, or this Master Indenture or any portion of any thereof, in consideration for the issuance of a note or notes to secure the Related Bonds or portion of the Related Bonds that are to become an obligation of the new affiliated entities or the new obligated group, combined group or other unified credit group, which note or notes would constitute obligations of the new affiliated entities or the members of the new obligated group, combined group or other unified credit group, and (iii) the replacement of all or a portion of the financial and operating covenants and related definitions set forth in this Master Indenture with those of the new affiliated entities or the new obligated group, combined group or other unified credit group, set forth in the new agreement or master indenture (such transaction is referred to collectively herein as the "Substitution Transaction").

(c) The Substitution Transaction Test shall mean, and be satisfied if, the Obligated Group Representative delivers to the Master Trustee any one of the following:

(A) Rating Upgrade. An Officer's Certificate demonstrating that, upon consummation of the Substitution Transaction, and after giving effect to such Substitution Transaction, (i) at least one rating agency that has provided a long-term rating on the publicly sold Related Bonds provides written confirmation or other evidence to the effect that the long-term rating by such rating agency on such Related Bonds will either be A+ or higher, or will be a higher rating category or rating modifier than the then-current rating immediately prior to the Substitution Transaction as a

result of and giving effect to the implementation of the Substitution Transaction; and (ii) the new obligated group satisfies the Transaction Test, assuming the incurrence of \$1.00 of additional Long-Term Indebtedness; or

(B) Coverage Test. An Officer's Certificate demonstrating (i) that the Long-Term Debt Service Coverage Ratio for the twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available, assuming the proposed Substitution Transaction had occurred at the beginning of such twelve (12) calendar month period, is not less than 1.75, and (ii) that the Long-Term Debt Service Coverage Ratio for each of the two full Fiscal Years following implementation of the Substitution Transaction is projected to be not less than 1.75, or if less than 1.75 but at least 1.00, is projected to be greater than such ratio would have been if the proposed Substitution Transaction had not been implemented, and (iii) the new obligated group satisfies the Transaction Test, assuming the incurrence of \$1.00 of additional Long-Term Indebtedness; or

(C) Rating Confirmation. In the event that the new obligated group, after giving effect to the Substitution Transaction, cannot satisfy the requirements of Paragraph (A) or (B) above, an Officer's Certificate demonstrating that, upon consummation of the Substitution Transaction, and after giving effect to the implementation of the Substitution Transaction, (i) at least two of the rating agencies that have provided a long-term rating on the publicly sold Related Bonds provide written confirmation or other evidence to the effect that the long-term ratings by each such rating agency on such Related Bonds, as a result of and giving effect to the implementation of the Substitution Transaction, will be no less than the then-current rating on such Related Bonds immediately prior to the implementation of the Substitution Transaction, or that the then-current rating will not be decreased or withdrawn as a result of the implementation of the Substitution Transaction (a rating decrease shall include instances where the rating category level remains unchanged but the rating modifier (such as "+" or "-") is decreased as a result of the implementation of the Substitution Transaction, but a rating decrease shall not include instances where the outlook alone is decreased); (ii) the new obligated group satisfies the Transaction Test, assuming the incurrence of \$1.00 of additional Long-Term Indebtedness; and (iii) the new master indenture contains a pledge of gross revenues or gross receipts similar to the pledge of Gross Receipts established under this Master Indenture.

(d) Upon the implementation of the Substitution Transaction pursuant to paragraph (c) above, and concurrently therewith, the Master Trustee shall, as may be directed in writing by the Obligated Group Representative, at the option and direction of the Obligated Group Representative, release and discharge the pledge of and security interest in Gross Receipts

(only in the case of (c)(A) or (B) above), and file or record or allow to be filed or recorded any releases, discharges or termination statements that may be applicable thereto.

(e) If all amounts due or to become due on the Related Bonds have not been fully paid to the Holders thereof, at or prior to the implementation of the Substitution Transaction there shall also be delivered to the Master Trustee: (i) an Opinion of Bond Counsel to the effect that under then existing law the implementation of the Substitution Transaction and the execution of the amendments, supplements, restatements, replacements or substitutions contemplated in this Section, in and of themselves, would not adversely affect the validity of the Related Bonds or the exclusion from federal income taxation of interest payable on the Related Bonds, and (ii) an Opinion of Counsel to the new affiliated entities or the new obligated group, combined group or other unified credit group to the effect that (1) the note or notes of the new affiliated entities or the new obligated group, combined group or other unified credit group to be delivered in connection with the implementation of the Substitution Transaction constitute legal, valid and binding obligations of the new affiliated entities or the new obligated group, combined group or other unified credit group enforceable in accordance with their terms, except to the extent that the enforceability of such note or notes may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar laws or enactment affecting the enforcement of creditors' rights, and such other customary exceptions for similar transactions, and (2) the issuance of the note or notes will not cause the Related Bonds or such note or notes to become subject to the registration requirements pursuant to the Securities Act of 1933, as amended.

(f) Notwithstanding any other provisions of this Section 6.04, in no event may the implementation of the Substitution Transaction result in a change described in clause (i), (ii) or (iii) of Section 6.02(a) hereof without the receipt of the applicable level of consents required under such clauses.

(g) In addition, upon the implementation of the Substitution Transaction, the Obligated Group Representative shall direct the Master Trustee to give written notice thereof, by first-class mail, to the Holders of the Obligations then Outstanding.

## 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 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 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 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 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 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 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 Indenture or any covenants, conditions and provisions herein contained; this Master 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 Indenture requires or provides for the consent or direction of the Authority, such consent or direction shall only be required to the extent there exists Related Bonds of the Authority outstanding (as such term 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 is 972 Brush Hollow Road, Westbury, New York 11590, Attention: Chief Financial Officer; with a copy to the General Counsel and the Chief Financial Officer of the Obligated Group Representative at 145 Community Drive, Great Neck, New York 11021;

(ii) If to the Master Trustee, addressed to it at The Bank of New York Mellon, 101 Barclay Street, 21W, New York, New York 10286, Attention: New York Municipal Finance Unit;

(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.

(c) So long as any Member is subject to regulation by the Department of Health of the State of New York, the Master Trustee shall, upon the issuance of any Obligations, notify the Commissioner of the Department of Health of such issuance at Division of Legal Affairs, New York State Department of Health, Empire State Plaza, Tower Building, 24th Floor, Albany, New York 12237.



IN WITNESS WHEREOF, each of the Members of the Obligated Group 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.

NORTHWELL HEALTHCARE, INC.

By: \_\_\_\_\_  
Name: Michele L. Cusack  
Title: Senior Vice President and  
Chief Financial Officer

NORTH SHORE UNIVERSITY HOSPITAL

By: \_\_\_\_\_  
Name: Michele L. Cusack  
Title: Senior Vice President and  
Chief Financial Officer

LONG ISLAND JEWISH MEDICAL CENTER

By: \_\_\_\_\_  
Name: Michele L. Cusack  
Title: Senior Vice President and  
Chief Financial Officer

GLEN COVE HOSPITAL

By: \_\_\_\_\_  
Name: Michele L. Cusack  
Title: Senior Vice President and  
Chief Financial Officer

PLAINVIEW HOSPITAL

By: \_\_\_\_\_  
Name: Michele L. Cusack  
Title: Senior Vice President and  
Chief Financial Officer

NORTHWELL HEALTH STERN FAMILY  
CENTER FOR REHABILITATION

By: \_\_\_\_\_  
Name: Michele L. Cusack  
Title: Senior Vice President and  
Chief Financial Officer

LENOX HILL HOSPITAL

By: \_\_\_\_\_  
Name: Michele L. Cusack  
Title: Senior Vice President and  
Chief Financial Officer

SOUTH SHORE UNIVERSITY HOSPITAL

By: \_\_\_\_\_  
Name: Michele L. Cusack  
Title: Senior Vice President and  
Chief Financial Officer

HUNTINGTON HOSPITAL ASSOCIATION

By: \_\_\_\_\_  
Name: Michele L. Cusack  
Title: Chief Financial Officer – Northwell  
Health

STATEN ISLAND UNIVERSITY HOSPITAL

By: \_\_\_\_\_  
Name: Michele L. Cusack  
Title: Senior Vice President and  
Chief Financial Officer

THE BANK OF NEW YORK MELLON,  
as Master Trustee

By: \_\_\_\_\_  
Name: Glenn Kunak  
Title: Vice President

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**APPENDIX G**

**THE IMMEDIATELY EFFECTIVE AMENDMENTS  
TO THE ORIGINAL MASTER TRUST INDENTURE**

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**THE IMMEDIATELY EFFECTIVE AMENDMENTS TO THE  
NORTHWELL MASTER TRUST INDENTURE**

The springing amendments to the Northwell Master Trust Indenture, which will become effective upon issuance of the Series 2022 Bonds, as described in the forepart of this Official Statement) are as follows (with deletions being evidenced by a strikethrough and additions being underlined):

1. **New Definitions.** The following definitions would be added to Section 1.01 of the Master Indenture:

“Bond Index” means, at the option of the Obligated Group Representative as directed by an Officer’s Certificate, either (i) the average rate on the Indebtedness in question during any twelve-month period ending within thirty (30) days prior to the date of calculation (or such lesser time period as such Indebtedness has been Outstanding), (ii) the average rate of a comparable variable rate interest index during any twelve-month period ending within thirty (30) days prior to the date of calculation (or such lesser time period as such comparable index has been determined), (iii) the 30-year Revenue Bond Index published most recently by The Bond Buyer, or a comparable index if such Revenue Bond Index is not so published, (iv) the SIFMA Index, or (v) such other interest rate or interest index as may be certified in writing to the Master Trustee as appropriate to the situation by the Obligated Group Representative.

“SIFMA” means the Securities Industry and Financial Markets Association, any successor thereto, or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Obligated Group Representative.

“SIFMA Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations (the SIFMA Municipal Swap Index), as produced by Municipal Market Data and published or made available by SIFMA, or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Obligated Group Representative, and effective from such date.

“Transaction Test” means the Master Trustee shall have received any one of the following:

(i) an Officer’s Certificate demonstrating that the Long-Term Debt Service Coverage Ratio for the most recent twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available, assuming that the proposed additional Long-Term Indebtedness had been incurred, or that the proposed transaction had occurred, at the beginning of the most recent twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available, is not less than 1.10; or

(ii) an Officer’s Certificate demonstrating (a) that the Long-Term Debt Service Coverage Ratio for the most recent twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available was not less than 1.10, and (b) that the Long-Term Debt Service Coverage Ratio for each of the two full Fiscal Years following the computation then being made, or if later, following the estimated date of completion of the capital improvements or expenditures, if any, then being financed, is projected to be not less than 1.10 or, if less than 1.10 but at least 1.00, is projected to be greater than such ratio would have been if the proposed transaction had not taken place; or

(iii) an Officer’s Certificate demonstrating that immediately after the proposed transaction the aggregate principal amount of all outstanding Long-Term Indebtedness of the Members of the Obligated Group (excluding any Guaranty) will not exceed sixty-five percent

(65%) of the sum of (a) the aggregate principal amount of all outstanding Long-Term Indebtedness of the Members of the Obligated Group (excluding any Guaranty) plus (b) the aggregate net assets of the Members of the Obligated Group.

2. **Amended Definition — Balloon Long-Term Indebtedness.** The definition of “Balloon Long-Term Indebtedness” in Section 1.01 of the Master Indenture would be amended to change the reference to “25%” therein to “15%”, as follows:

“Balloon Long-Term Indebtedness” means Long-Term Indebtedness other than a Demand Obligation ~~25%~~ 15% or more of the principal amount of which is due in a single year, which portion of the principal is not required by the documents pursuant to which such Indebtedness is issued to be amortized by redemption prior to such date.

3. **Amended Definition — Days Cash on Hand.** The definition of “Days Cash on Hand” in the Master Indenture would be amended, as follows:

“Days Cash On Hand” means, for purposes of Sections 18 and 19 of the Series 2011 Supplemental Indenture, for the Obligated Group, as of any date, the product of 365 times or ~~180~~ 183 times, as the case may be, (i) the unrestricted cash and cash equivalents plus unrestricted ~~marketable~~ securities and other unrestricted investments (in accordance with generally accepted accounting principles) as reflected in the financial statements of the Obligated Group as derived from the Audited Consolidated Financial Statements of the Health System, at December 31, and as reflected in the unaudited interim consolidated financial statements of the Obligated Group as derived from the unaudited financial statements of the Health System, at June 30, in each case plus board and management designated assets and interest funds in any trusteed funds which are to be applied to the current year’s interest expense, divided by (ii) the operating and non-operating expenses of the Obligated Group for the twelve or six months, as the case may be, excluding from such expenses: (a) depreciation and amortization of debt and bond issuance costs, (b) any amount included in the operating and non-operating expenses representing bad debt expense, and (c) any extraordinary or non-recurring item.

4. **Amended Definition — Long-Term Debt Service Requirement.** Clause (a) of Paragraph (i) of the definition of “Long-Term Debt Service Requirement” in the Master Indenture, relating to Balloon Long-Term Indebtedness, would be amended, as follows:

“Long-Term Debt Service Requirement” means, for any period of twelve (12) consecutive calendar months for which such determination is made, the aggregate of the payments to be made in respect of principal and interest (whether or not separately stated) on Outstanding Long-Term Indebtedness of the Obligated Group during such period, also taking into account:

(i) ~~with respect to Balloon Long-Term Indebtedness which is not amortized by the terms thereof (a) the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of thirty (30) years on a level debt service basis at an interest rate equal to the rate borne by such Indebtedness on the date calculated, except that if the date of calculation is within twelve (12) months of the actual maturity of such Indebtedness, the full amount of principal payable at maturity shall be included in such calculation~~ the amount of principal which would be payable in such period if such principal were amortized from the date of such calculation over a period of the longer of (I) thirty (30) years or (II) the remaining period to the final maturity of such Balloon Long-Term Indebtedness, in each case on a level debt service basis, and at an interest rate, at the option of the Obligated Group Representative, equal to either the actual rate borne by such Indebtedness on the date calculated, or an interest rate derived from the Bond Index, as such interest rate in either case may be determined by an Officer’s Certificate (in addition, the calculation of the Long-Term Debt Service Requirement for Outstanding Balloon Long-Term Indebtedness may be further adjusted upon delivery to the Master Trustee of (A) an Officer’s Certificate, dated within 90 days prior to the date of calculation of the Long-Term Debt Service Requirement, stating that financing of a stated term (which shall not extend beyond 30 years after such date of calculation), amortization, and interest rate of Outstanding Balloon



Long-Term Indebtedness is reasonably attainable by the Obligated Group to refund or otherwise directly or indirectly to refinance any amount of such Balloon Long-Term Indebtedness, in which case the principal of and premium, if any, and interest and other debt service charges on the amount of such Outstanding Balloon Long-Term Indebtedness so certified to be refundable or refinancable (whether or not any such refunding or refinancing is imminent) shall be excluded from the calculation of the Long-Term Debt Service Requirement and the principal of and premium, if any, and interest and other debt service charges (which need not be based upon level annual debt service) on the theoretical refunding or refinancing Indebtedness as so certified which would result from such theoretical refunding or refinancing if incurred on the first day of the Fiscal Year for which the Long-Term Debt Service Requirement is being calculated, shall be added to the calculation of such Long-Term Debt Service Requirement; and (B) an Officer's Certificate, accompanied by a written consent or agreement of the obligor on such Balloon Long-Term Indebtedness agreeing to retire (and such Balloon Long-Term Indebtedness shall permit the retirement of), or to fund a sinking fund or escrow for, the principal of such Balloon Long-Term Indebtedness according to a fixed schedule stated in such consent or agreement ending on or before the Fiscal Year in which such amount is due or could become due or payable in respect of any required purchase or maturity of such Balloon Long-Term Indebtedness, in which case the principal of (and, in the case of retirement, the premium, if any, and interest and other debt service charges on) such Balloon Long-Term Indebtedness shall be computed as if the same were due in accordance with such fixed schedule; provided that this clause (B) shall only be applicable to Outstanding Balloon Long-Term Indebtedness for which the installments of principal previously scheduled have been paid or funded on or before the times required by such previous schedule); or (b) principal payments or deposits with respect to Indebtedness secured by an irrevocable letter of credit issued by, or an irrevocable line of credit with, a bank rated at least "A" by Moody's, Fitch or S&P, or insured by an insurance policy issued by any insurance company rated at least "A" by Alfred M. Best Company or its successors in Best's Insurance Reports or its successor publication, nominally due in the last Fiscal Year in which such Indebtedness matures may, at the option of the Member of the Obligated Group which issued such Indebtedness, be treated as if such principal payments or deposits were due as specified in any loan or reimbursement agreement issued in connection with such letter of credit, line of credit or insurance policy or pursuant to the repayment provisions of such letter of credit, line of credit or insurance policy, and interest on such Indebtedness after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan or reimbursement agreement or repayment provisions;

(ii) with respect to Long-Term Indebtedness which is Variable Rate Indebtedness, the interest on such Indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), except that with respect to new Variable Rate Indebtedness (and the incurrence thereof) the interest rate for such Indebtedness for the initial interest rate period shall be the initial rate at which such Indebtedness is issued and thereafter shall be calculated as set forth above;

(iii) with respect to any Credit Facility, to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to such Credit Facility shall not be included in the Long-Term Debt Service Requirement;

(iv) with respect to any guaranties, in accordance with the Definition of "Guaranty" in Section 1.01 hereof;

(v) with respect to Indebtedness for which a Member of the Obligated Group shall have entered into a Derivative Agreement in respect of all or a portion of such Indebtedness, the principal or notional amount of such Derivative Agreement shall be disregarded, and interest on such Indebtedness during any Derivative Period and for so long as the counterparty of the Derivative Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by a Member of the Obligated Group on such underlying Indebtedness pursuant to its terms (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Indebtedness for the initial interest rate period shall be the initial rate at which such Indebtedness is issued), and (y) the amount of interest payable by such Member of the Obligated Group under the

Derivative Agreement (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Derivative Agreement for the initial interest rate period shall be the initial rate at which interest is payable under such Derivative Agreement), and subtracting (z) the amount of interest payable by the counterparty of the Derivative Agreement at the rate specified in the Derivative Agreement (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Derivative Agreement for the initial interest rate period shall be the initial rate at which interest is payable under such Derivative Agreement); *provided, however*, that to the extent that the counterparty of any Derivative Agreement is in default thereunder, the amount of interest payable by the Member of the Obligated Group shall be the interest calculated as if such Derivative Agreement had not been executed; and

(vi) with respect to a Derivative Agreement that does not relate to underlying Indebtedness which has been entered into by any Member of the Obligated Group, the principal or notional amount of such Derivative Agreement shall be disregarded (for so long as the Member of the Obligated Group is not required to make any payment other than interest payments thereon) and interest on such Derivative Agreement during any Derivative Period, for so long as the counterparty of the Derivative Agreement has not defaulted on its payment obligations thereunder, shall be calculated by taking (y) the amount of interest payable by such Member of the Obligated Group at the rate specified in the Derivative Agreement and subtracting (z) the amount of interest payable by the counterparty of the Derivative Agreement at the rate specified in the Derivative Agreement;

*provided, however*, that Escrowed Interest and Escrowed Principal shall be excluded from the determination of Long-Term Debt Service Requirement; provided, further, however, that in connection with the calculation of “Long-Term Debt Service Requirement”, in no event shall any payments to be made in respect of principal and/or interest on any Outstanding Long-Term Indebtedness of the Obligated Group during such period be counted more than once.

5. **Accounting Changes and Flexibility.** A new Section 1.03 would be added to the Master Indenture, as follows:

Section 1.03. Accounting Principles and Financial Reporting. (a) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistently applied, except as otherwise stated herein. 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, then, notwithstanding any other provision to the contrary in this Master Indenture requiring that generally accepted accounting principles be consistently applied, such determination or computation shall be done in accordance with generally accepted accounting principles 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, (ii) September 1, 2017, or (iii) the date that this Section 1.03 becomes effective if the Obligated Group Representative delivers an Officer’s Certificate to the Master Trustee explaining the basis for such treatment; provided that intercompany balances and liabilities among the Members of the Obligated Group shall be disregarded.

(b) Notwithstanding anything else in this Master Indenture to the contrary, in addition to those provisions of this Master Indenture which expressly permit the use of financial or other information on the basis of the Health System, in computing or calculating Balloon Long-Term Indebtedness, Book Value, Days Cash on Hand, Income Available for Debt Service, Indebtedness, Long-Term Debt Service Coverage Ratio, Long-Term Debt Service Requirement, Maximum Annual Debt Service, Operating Assets, Property, Plant and Equipment, Total Operating Revenues, Transaction Test or any other quantitative financial test or provision, the Obligated Group, at the option of the Obligated Group Representative, may, unless the context specifically requires otherwise, utilize financial and other information either (i) with respect to the Members of the Obligated Group in the aggregate or (ii), so long as the Obligated Group constitutes or is responsible for at least eighty percent (80%) of the assets or revenues of the Health System for the most recent Fiscal Year of the Health System, with respect to the

Health System in the aggregate, with such percentage being calculated in a manner that excludes intercompany eliminations from the numerator of such calculation.

(c) The Members of the Obligated Group shall not be required to have the same Fiscal Year, and calculations of covenants in this Master Indenture may be made based upon any such differing Fiscal Years in the event that Members of the Obligated Group have differing Fiscal Years, notwithstanding anything to the contrary in this Master Indenture or in the definition of Fiscal Year in Section 1.01 of this Master Indenture.

(d) The provisions of this Section 1.03 shall be applicable and effective notwithstanding the provisions of Section 1.02(c), (f) and (g) hereof.

6. **Permitted Liens.** Section 3.05 of the Master Indenture, relating to Permitted Liens, would be amended by adding new Paragraphs (b)(xxi), (xxii) and (xxiii) thereto, and by amending Paragraph (ix) and (x) thereto, as follows:

Section 3.05. **Limitations on Creation of Liens.** (a) 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 Property now owned or hereafter acquired by it other than Permitted Liens.

(b) Permitted Liens shall consist of the following:

(i) Liens arising by reason of good faith deposits by any Member of the Obligated Group in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member of the Obligated Group 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;

(ii) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or anybody created or approved by law or governmental regulation for any purpose at any time as required 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 Member of the Obligated Group 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 social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(iii) Any judgment lien against any Member of the Obligated Group so long as such judgment is being contested in good faith and execution thereon is stayed;

(iv) (A) 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; (B) any liens on any Property for taxes, assessments, levies, fees, water and sewer rents, 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 due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors, have been due for less than 180 days; and (C) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations 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.

(v) Any Lien which is existing on the date of authentication and delivery of the initial Obligation issued under this Master Indenture, which is set forth on Schedule A attached hereto, provided that no such Lien may be increased, extended, renewed or modified to apply to

any Property of any Member of the Obligated Group not subject to such Lien on such date or to secure Indebtedness not Outstanding as of the date hereof, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien hereunder;

(vi) Any Liens of a new Member or a successor to an existing Member that is permitted to remain outstanding after such new Member or successor becomes a Member of the Obligated Group pursuant to Sections 3.09(e) or 3.11(e) hereof;

(vii) Any Lien securing Non-Recourse Indebtedness permitted by Section 3.06(d) hereof;

(viii) Any Lien on Property acquired by a Member of the Obligated Group if the indebtedness secured by the Lien is Additional Indebtedness permitted under the provisions of Section 3.06 hereof, and if an Officer's Certificate is delivered to the Master Trustee certifying that (A) the Lien and the indebtedness secured thereby were created and incurred by a Person other than the Member of the Obligated Group, and (B) the Lien was not created for the purpose of enabling the Member of the Obligated Group to avoid the limitations hereof on creation of Liens on Property of the Obligated Group;

(ix) ~~So long as no Event of Default exists under this Master Indenture,~~ Any Lien on accounts receivable and the proceeds from the sale thereof securing Indebtedness or Derivative Agreements, which conforms to the limitations contained in Section 3.06;

(x) Any Lien on Property which secures Indebtedness or Derivative Agreements or any other obligations or liabilities of a Member of the Obligated Group that do not exceed the greater of (i) in aggregate 20% of Total Operating Revenue or (ii) in aggregate 20% of the combined Book Value of the Property of the Obligated Group, in either case as reflected in the most recent Audited Consolidated Financial Statements of the Obligated Group;

(xi) Any Lien in favor of a creditor or a trustee on the proceeds of Indebtedness and any earnings thereon prior to the application of such proceeds and such earnings;

(xii) Any Lien in favor of a trustee or other agent on the proceeds of Indebtedness and any earnings thereon created by the irrevocable deposit of such monies for the purpose of refunding or defeasing Indebtedness;

(xiii) Any Lien securing all Obligations on a parity basis;

(xiv) Liens on moneys deposited by patients or others with any Member of the Obligated Group as security for or as prepayment for the cost of patient care;

(xv) Liens on Property received by any Member of the Obligated Group through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(xvi) Liens on those items described in, or the right to receive the items described in, clauses (x), (y) and (z) of the definition of Gross Receipts in Section 1.01 hereof;

(xvii) Liens on Property due to rights of third party payors for recoupment of amounts paid to any Member of the Obligated Group;

(xviii) Any Lien created in the Related Loan Agreements;

(xix) The Mortgages; ~~and~~

(xx) Any Lien on Excluded Property;

(xxi) Any Lien securing any Derivative Agreement or the obligations of any one or more Members of the Obligated Group under any Derivative Agreement, in each case which Derivative Agreement is related to Indebtedness (including any obligation arising upon the termination of any such Derivative Agreement), or that may be required from time to time to satisfy any collateralization requirements under any such Derivative Agreement;

(xxii) Any Lien in the nature of a bankers' lien or rights of set-off; and

(xxiii) Any Lien in favor of any members of, or participants in, an accountable care organization or similar arrangement to which a Member of the Obligated Group is a member or participant.

7. **Permitted Debt.** Section 3.06 of the Master Indenture, relating to Additional Indebtedness, would be amended by deleting a proviso in Paragraph (c) thereof, as follows:

Section 3.06. Limitations on Indebtedness. Each Member of the Obligated Group covenants and agrees that it will not incur any Additional Indebtedness if, after giving effect to all other Indebtedness incurred by the Obligated Group, such Indebtedness could not be incurred pursuant to any one of subsections (a) to (g) inclusive, of this Section 3.06. Any Indebtedness may be incurred only in the manner and pursuant to the terms set forth in such subsections. Each Member of the Obligated Group further covenants and agrees that it will not incur any Additional Indebtedness without the written consent of the Obligated Group Representative, as evidenced by an Officer's Certificate to be delivered to the Master Trustee prior to the incurrence of such Additional Indebtedness in accordance with the requirements of Section 2.01 hereof, and a certified resolution of the Governing Board of such Member of the Obligated Group.

(a) Long-Term Indebtedness may be incurred if prior to incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee:

(i) An Officer's Certificate of the Obligated Group Representative certifying that:

(A) The cumulative principal amount of all Long-Term Indebtedness incurred pursuant to this subsection 3.06(a)(i)(A) does not exceed 20% of Total Operating Revenues, or

(B) The Long-Term Debt Service Coverage Ratio for the most recent twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available, taking all Long-Term Indebtedness incurred after such period and the proposed Long-Term Indebtedness into account as if such Long-Term Indebtedness had been incurred at the beginning of such period, is not less than 1.20; or

(ii) (1) an Officer's Certificate of the Obligated Group Representative demonstrating that the Long-Term Debt Service Coverage Ratio for the most recent twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available, excluding the proposed Long-Term Indebtedness, is at least 1.20 and (2) a written report of a Consultant demonstrating that the forecasted Long-Term Debt Service Coverage Ratio is not less than 1.20 for (x) in the case of Long-Term Indebtedness (other than a Guaranty) to finance capital improvements, each of the two full Fiscal Years succeeding the date on which such capital improvements are forecasted to be in operation or (y) in the case of Long-Term Indebtedness not financing capital improvements or in the case of a Guaranty, each of the two full Fiscal Years succeeding the date on which the Indebtedness is incurred, as shown by pro forma financial statements for the Obligated Group for each such period, accompanied by a statement of the relevant assumptions upon which such pro forma financial statements for the Obligated Group are based; provided, however, that compliance with the tests set forth in this Section 3.06(a)(ii) may be evidenced by a certificate of the Obligated Group Representative in lieu of a Consultant's report where

the Long-Term Debt Service Coverage Ratio set forth in this Section 3.06(a)(ii)(2) is equal to or greater than 1.50; provided, however, that if the report of a Consultant states that Governmental Restrictions have been imposed which make it impossible for the coverage requirements of this subsection to be met, then such coverage requirements shall be reduced to the maximum coverage permitted by such Governmental Restrictions but in no event less than 1.00.

(b) Long-Term Indebtedness incurred for the purpose of refunding any Outstanding Long-Term Indebtedness may be incurred if, prior to the incurrence of such Long-Term Indebtedness, (i) the Long-Term Indebtedness to be incurred does not constitute Cross-over Refunding Indebtedness, and there is delivered to the Master Trustee (A) an Officer's Certificate of the Obligated Group Representative demonstrating that Maximum Annual Debt Service will not increase by more than 15% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof and (B) an Opinion of Counsel stating that upon the incurrence of such Proposed Long-Term Indebtedness and application of the proceeds thereof, the Outstanding Long-Term Indebtedness to be refunded thereby will no longer be Outstanding; or (ii) the Indebtedness proposed to be issued is Cross-over Refunding Indebtedness, and there is delivered to the Master Trustee a certificate of the Obligated Group Representative stating that the total Maximum Annual Debt Service on the proposed Cross-over Refunding Indebtedness and the Related Cross-over Refunded Indebtedness, immediately after the issuance of the proposed Cross-over Refunding Indebtedness, will not exceed the Maximum Annual Debt Service on the Cross-over Refunded Indebtedness alone, immediately prior to the issuance of the Cross-over Refunding Indebtedness, by more than 15%.

(c) Short-Term Indebtedness may be incurred in the ordinary course of business subject to the limitation that the aggregate of all Short-Term Indebtedness shall not at any time exceed 20% of Total Operating Revenues as reflected in the Audited Consolidated Financial Statements of the Obligated Group for the most recent period of twelve consecutive months for which Audited Consolidated Financial Statements are available; provided, ~~however, if Related Bonds issued by the Authority are Outstanding, the Obligated Group must first obtain the written consent of the Authority prior to issuing Short Term Indebtedness in excess of 15% of Total Operating Revenues for the most recent period of twelve consecutive months for which Audited Consolidated Financial Statements are available; and provided further~~ that there shall be a period of at least 30 consecutive calendar days during each such period of twelve consecutive calendar months for which Audited Consolidated Financial Statements are available during which Short-Term Indebtedness shall not exceed 5% of Total Operating Revenues. For purposes of this Section 3.06(c), a Guaranty of Short-Term Indebtedness shall be valued at 20% of the aggregate principal amount of the Short-Term Indebtedness guaranteed so long as no payments are required to be made thereunder and so long as such Guaranty constitutes a contingent liability under generally accepted accounting principles; provided that in the event such Guaranty shall be drawn upon, such Guaranty shall be valued at 100% of the aggregate principal amount of the Short-Term Indebtedness guaranteed. For the purpose of calculating compliance with the tests set for in this subsection 3.06(c), Short-Term Indebtedness secured by accounts receivable shall not be taken into account except to the extent provided in subsection 3.06(f) hereof.

(d) Non-Recourse Indebtedness may be incurred without limit.

(e) Subordinated Debt may be incurred without limit.

(f) Short-Term Indebtedness secured by accounts receivable may be incurred within the limitations imposed on the pledge or sale of accounts receivable, as provided in the last paragraph of this Section 3.06; provided that at the time of incurrence, the outstanding principal amount of such Short-Term Indebtedness is less than or equal to the fair market value of the accounts receivable pledged to secure such Short-Term Indebtedness. At any time that the outstanding principal amount of such Short-Term Indebtedness is greater than the fair market value of the accounts receivable pledged to secure such Short-Term Indebtedness, the excess amount shall be treated as Short-Term Indebtedness for the purposes of the tests set forth in subsection 3.06(c) hereof.

(g) Indebtedness may be incurred in an amount limited to the cost of completion for the purpose of financing the completion of the acquisition or construction of a Capital Addition with respect to which Indebtedness has theretofore been incurred, provided there shall be delivered to the Master Trustee (i) a certificate of the Obligated Group Representative to the effect that the Obligated Group Representative did reasonably expect at the time the initial Indebtedness was incurred that the proceeds of such Indebtedness, together with other available

funds, would be sufficient to complete the Capital Addition, (ii) a licensed architect's or licensed engineer's certificate to the effect that the proceeds of such additional Indebtedness will be sufficient to complete the Capital Addition and (iii) the amount of such Indebtedness is limited to the costs identified in (i) above plus necessary reserves and costs related to issuance of such Indebtedness.

Indebtedness incurred pursuant to any one of subsections (a)(i) of this Section 3.06 may be reclassified as Indebtedness incurred pursuant to any other of such subsections if the tests set forth in the subsection to which such Indebtedness is to be reclassified are met at the time of such reclassification.

Indebtedness containing a "put" or "tender" provision pursuant to which the holder of such Indebtedness may require that such Indebtedness be purchased prior to its maturity shall not be considered Balloon Long-Term Indebtedness, solely by reason of such "put" or "tender" provision, and the put or tender provision shall not be taken into account in testing compliance with any debt incurrence test pursuant to this Section 3.06.

Accounts receivable of any Member or Members may be sold, pledged, assigned or otherwise disposed or encumbered in accordance herewith in an aggregate amount not exceeding 75% of the three month average outstanding accounts receivable of the Obligated Group that are ninety days old or less as calculated in accordance with generally accepted accounting principles. The three month average shall be calculated based on the month end available balances for the three full calendar months immediately preceding the date on which such accounts receivable are sold, pledged, assigned or otherwise disposed or encumbered. Accounts receivable that are more than ninety days old may not be sold, pledged, assigned or otherwise disposed or encumbered.

8. **Additional Permitted Dispositions.** Section 3.08 of the Master Indenture, relating to dispositions, would be amended by adding two new Paragraphs (a)(vii) and (a)(viii) thereto, as follows:

Section 3.08. **Sale, Lease or Other Disposition of Operating Assets; Disposition of Cash and Investments; Unsecured Loans to Non-Members; Sale of Accounts.** (a) Each Member of the Obligated Group agrees that it will not transfer Property in any Fiscal Year (or other 12-month period for which Audited Consolidated Financial Statements are available) except for Transfers of Property:

(i) To any Person provided such Property has become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property.

(ii) To another Member of the Obligated Group without limit.

(iii) To any Person provided there shall be delivered to the Master Trustee prior to such Transfer an Officer's Certificate certifying that the Obligated Group is in compliance with Section 3.07 hereof and the Long-Term Debt Service Coverage Ratio, adjusted to exclude the revenues and expenses derived from the Operating Assets proposed to be disposed of, for the most recent period of twelve (12) full consecutive calendar months preceding the date of delivery of the Officer's Certificate for which the Audited Consolidated Financial Statements have been reported upon by independent certified public accountants (which period of twelve (12) full consecutive months shall have ended not more than eighteen (18) calendar months prior to the date of the Officer's Certificate) and such Long-Term Debt Service Coverage Ratio is not less than 1.20 and not less than sixty-five percent (65%) of what it would have been were such Transfer not to take place.

(iv) To any Person if the aggregate Book Value of the Property Transferred pursuant to this subsection (iv) in the current Fiscal Year does not exceed 10% of the Book Value of all Property of the Obligated Group as shown in the Audited Consolidated Financial Statements for the most recent Fiscal Year.

(v) To any Person if the Property Transferred pursuant to this subsection (v) was transferred in the ordinary course of business, and at fair and reasonable terms, no less favorable to the Member of the Obligated Group, which could have been attained in a comparable arms-length transaction;

*provided further, however,* that the proceeds from such Property Transferred are used to acquire Property, used to repay Indebtedness, or used for any other corporate purpose of a Member or Members.

(vi) To a Person which at the time of the Transfer is not a Member of the Obligated Group or successor corporation pursuant to a merger or consolidation permitted by the Master Indenture, without limit, if such Person or successor corporation shall, at the time of such Transfer, become a Member of the Obligated Group pursuant to the Master Indenture.

(vii) To any affiliated physician or medical group practice provided that such transfer is used solely to subsidize or support salary and benefits of physician employees and ordinary course operating expenses of such group practice.

(viii) To any self-insurance trust or captive insurance company.

(b) Any Member of the Obligated Group will have the right to sell, pledge, assign or otherwise dispose of its accounts receivable, with or without recourse, if such Member of the Obligated Group shall receive as consideration for such sale, pledge, assignment or other disposition cash, services or Property equal to the fair market value of the accounts receivable so sold, as certified to the Master Trustee in an Officer's Certificate of such Member of the Obligated Group and if such sale, pledge, assignment or other disposition meets the limitations contained in the last paragraph of Section 3.06 hereof regarding the aggregate limit on the pledge, sale or other disposition or encumbrance of accounts receivable.

(c) Nothing contained in this Section 3.08 is intended to prohibit the Transfer of Property, including cash, for payment of goods and services in the ordinary course of business of, or for the acquisition of Property by, the Members of the Obligated Group.

9. **Allowing As-of-Right Mergers Between Obligated Group Members.** Section 3.09 of the Master Indenture would be amended by adding a new proviso at the end of Paragraph (a)(iv) thereof, as follows:

Section 3.09. **Consolidation; Merger; Sale or Conveyance.** (a) Each Member of the Obligated Group covenants that it will not merge or consolidate with, or sell or convey all or substantially all of its assets to any Person unless:

(i) Either a Member of the Obligated Group will be the successor corporation, or if the successor corporation is not a Member of the Obligated Group, such successor corporation shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor corporation to assume the due and punctual payment of the principal of, premium, if any, and interest on all Outstanding Obligations issued under this Master Indenture according to their tenor and the due and punctual performance and observance of all the covenants and conditions of this Master Indenture and any Supplement hereto; and

(ii) No Member of the Obligated Group immediately after such merger or consolidation, or such sale or conveyance, would be in default in the performance or observance of any covenant or condition of this Master Indenture; and

(iii) 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 fully paid to the holder thereof, there shall have been 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 the consummation of such merger, consolidation, sale or conveyance, whether or not contemplated on any date of the delivery of such Related Bond, would not adversely affect the exclusion of interest payable on such Related Bond from the gross income of the holder thereof for purposes of federal income taxation; and

(iv) There is delivered to the Master Trustee an Officer's Certificate of the Obligated Group Representative demonstrating that (A) if such merger, consolidation or sale of assets had occurred at



the beginning of the most recent period of twelve (12) full consecutive calendar months for which Audited Consolidated Financial Statements are available, the Long-Term Debt Service Coverage Ratio for such period would have been not less than 1.10, (B) if such merger, consolidation or sale of assets had occurred at the end of the most recent period of twelve (12) full consecutive calendar months for which Audited Consolidated Financial Statements are available (which period of twelve (12) full consecutive months shall have ended not more than eighteen calendar months prior to the date of the Officer's Certificate), the conditions described in Section 3.06(a)(i)(B) hereof would have been satisfied for the incurrence of an additional one dollar (\$1.00) of Additional Indebtedness, and (C) the unrestricted net assets plus temporarily restricted net assets of the successor, resulting or acquiring corporation, as the case may be, after giving effect to said merger or consolidation, or sale or conveyance of assets is not less than 80% of the unrestricted net assets plus temporarily restricted net assets of the Member of the Obligated Group which was merged into, consolidated with or whose assets were acquired by, such successor corporation as reflected in the most recent Audited Consolidated Financial Statements; provided, however, that the provisions of this subparagraph (iv) shall not be required to be satisfied if the merger or consolidation is only between or among Members of the Obligated Group.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as such predecessor or had become a Member of the Obligated Group pursuant to Section 3.11 hereof, as the case may be. Such successor corporation thereupon may cause to be signed, and may issue in its own name Obligations issuable hereunder; and upon the order of such successor corporation and subject to all the terms, conditions and limitations in this Master Indenture prescribed, the Master Trustee shall authenticate and shall deliver Obligations that such successor corporation shall have caused to be signed and delivered to the Master Trustee. All Outstanding Obligations so issued by such successor corporation hereunder shall in all respects have the same security position and benefit under this Master Indenture as Outstanding Obligations theretofore or thereafter issued in accordance with the terms of this Master Indenture as though all of such Obligations had been issued hereunder without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued under this Master Indenture as may be appropriate.

(d) In the event that the Officer's Certificate described in subparagraph (a)(iv) hereof has been delivered, the Master Trustee may accept an Opinion of Counsel (not an employee of a Member of the Obligated Group or an Affiliate in this case) as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section and that it is proper for the Master Trustee under the provisions of Article VI and of this Section to join in the execution of any instrument required to be executed and delivered by this Section.

(e) Any Indebtedness previously incurred by the Person or successor corporation becoming a Member of the Obligated Group pursuant to this Section 3.09 shall be permitted to remain outstanding, and any lien or security interest securing such Indebtedness shall be permitted to remain in effect if such Indebtedness could have been incurred pursuant to the provisions of Sections 3.06 hereof immediately after such Person or successor corporation became a Member of the Obligated Group.

(f) All references herein to successor corporations shall be deemed to include the surviving corporation in a merger.

10. **Fiscal Year.** The provisions of Section 3.11(a)(ii) of the Master Indenture, which reads "(ii) to adopt the same Fiscal Year as that of the Members of the Obligated Group", would be deleted, as follows:

Section 3.11. 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 3.09 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 Indenture and any Supplements and thereby become subject to compliance with all provisions of this Master 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 (ii) 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 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.

(d) An Officer's Certificate of the Obligated Group Representative shall be provided to the Master Trustee demonstrating that (i) after giving effect to the admission of such Person as a Member of the Obligated Group, the unrestricted net assets plus temporarily restricted net assets of such Person and the unrestricted net assets plus temporarily restricted net assets of the Obligated Group is not less than 80% of the unrestricted net assets plus temporarily restricted net assets of the Obligated Group at the end of the Fiscal Year immediately preceding the year in which such Person shall become a member of the Obligated Group, and (ii) the conditions described in Section 3.06(a)(i)(B) hereof have been satisfied for the incurrence of an additional one dollar (\$1.00) of Additional Indebtedness, assuming that the Person or corporation which is becoming a Member of the Obligated Group had become a Member at the beginning of the most recent period of twelve (12) full consecutive calendar months for which Audited Consolidated Financial Statements are available (which period of twelve (12) full consecutive months shall have ended not more than eighteen (18) calendar months prior to the date of the Officer's Certificate).

(e) Any Indebtedness previously incurred by a new Member of the Obligated Group shall be permitted to remain outstanding, and any lien or security interest securing such Indebtedness shall be permitted to remain in effect if such Indebtedness could have been incurred pursuant to the provisions of Sections 3.06 hereof immediately after such Person became a Member of the Obligated Group.

11. **Allowing Elimination of Mortgages.** Section 3.13 of the Master Indenture would be amended by adding a new Paragraph (e) thereto, as follows:

Section 3.13. **Permitted Releases and Permitted Modifications with Respect to the Mortgages.**  
(a) The Mortgages have been assigned or granted to the Master Trustee as additional security for all Obligations issued and to be issued under the Master Indenture. The Members of the Obligated Group covenant that except for Permitted Releases described in paragraph (b) of this Section 3.13 (which Permitted Releases shall also include a release to implement a sale and leaseback of a portion of the Mortgaged Property), the Members of the Obligated

Group shall not release or allow the release of any of the Mortgaged Property encumbered by the Mortgages from the Lien of such Mortgages. The Members of the Obligated Group also covenant that, except for Permitted Modifications described in paragraph (c) of this Section 3.13, the Members of the Obligated Group shall not modify or amend any of the Mortgages.

(b) Permitted Releases shall include only the following:

(1) a release made with respect to a portion of the Mortgaged Property that is to be disposed of in conjunction with a Transfer of Property permitted under Section 3.08 of this Master Indenture (other than Section 3.08(a)(ii)); provided that (i) no such release shall be with respect to the primary healthcare facilities of any Member of the Obligated Group (primary healthcare facilities being any premises that include a building containing more than fifty (50) acute care inpatient beds that are licensed to any Member of the Obligated Group); (ii) any such release shall not, as determined in an Officer's Certificate of the Obligated Group Representative delivered to the Master Trustee and the Authority, impair the ability of the applicable Member of the Obligated Group to perform its functions as a Health Care Facility; and (iii) if the portion of the Mortgaged Property to be released was financed or refinanced with the proceeds of Related Bonds, there is delivered to the Master Trustee and the Authority an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law the consummation of such release, in and of itself, would not adversely affect the exclusion of interest payable on such Related Bonds from the gross income of the holder thereof for purposes of federal income taxation; or

(2) a release made with respect to a portion of the Mortgaged Property of a Member upon the withdrawal of such Member from the Obligated Group in accordance with Section 3.12 of this Master Indenture; provided that any Related Bonds issued for the benefit of, or the proceeds of which were used at facilities of, such withdrawing Member have been redeemed, defeased or discharged at or prior to the date of such Member's withdrawal from the Obligated Group; or

(3) a release made with respect to a portion of the Mortgaged Property, so long as such portion constitutes Excluded Property; or

(4) a release made with respect to any portion of the Mortgaged Property so long as a Mortgage is granted to the Master Trustee on additional Property (to be added as additional Mortgaged Property), which additional Property is to be used by the Obligated Group to provide clinical services, or to provide support for clinical services, at the Health Care Facilities of one or more Members of the Obligated Group, and which additional Property has an appraised value equal to or greater than the appraised value of the portion of the Mortgaged Property being released; provided, however, that such substituted Property is not subject to any Liens other than Liens that are Permitted Liens for the Mortgaged Property ("appraised value" means a market value appraisal performed at the Obligated Group's expense by an independent M.A.I. appraiser selected by the Obligated Group, dated not more than one year prior to the date presented and accompanied by a bring-down letter from the appraiser, dated not more than one week prior to the date of substitution, to the effect that the condition and appraised value of the appraised property have not changed materially from the date of the appraisal); provided further, however, that any grant of a Mortgage on any substitute Mortgaged Property shall be accompanied by a mortgagee's policy of title insurance reasonably satisfactory to the Master Trustee and evidence reasonably satisfactory to the Master Trustee, in the form of zoning coverage in

the title insurance policy or an opinion of counsel, or both, that the substitute Mortgaged Property and any remaining Mortgaged Property meet applicable zoning requirements; or

(5) a release made with respect to machinery, equipment, fixtures or other personal property located on the Mortgaged Property if such property would be eligible to be disposed of pursuant to the provisions of Section 3.08(a) of the Master Indenture, or in order to implement a permitted financing or a sale and leaseback with respect to such machinery, equipment, fixtures or other personal property, or a sale and leaseback with respect to a portion of the Mortgaged Property; or

(6) a release made with respect to a portion of the Mortgaged Property, but only with the prior written consent of the Authority.

(c) Permitted Modifications shall include only the following:

(1) a modification or amendment to a Mortgage to cure any ambiguity or formal defect or omission therein; or

(2) a modification or amendment to a Mortgage to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other modifications or amendments with respect to matters or questions arising under such Mortgage which shall not materially and adversely affect the interests of the Holders; or

(3) a modification or amendment to a Mortgage to grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon the Holders; or

(4) a modification or amendment to a Mortgage to make any necessary or appropriate changes to reflect the issuance of additional Obligations in accordance with the provisions of Section 3.06 of this Master Indenture; or

(5) a modification or amendment to a Mortgage, or a consent with respect thereto, to implement any necessary or appropriate changes to reflect matters relating to zoning, land use, environmental and other real property laws, ordinances, rules or regulations that in substance do not alter the security provided pursuant to such Mortgage or that shall not materially and adversely affect the interests of the Holders; or

(6) a modification or amendment to a Mortgage covering a portion of the Mortgaged Property so long as such portion constitutes Excluded Property; or

(7) a modification or amendment to a Mortgage, but only with the prior written consent of the Authority.

(d) The Master Trustee, at the direction of the Obligated Group Representative as set forth in an Officer's Certificate, shall cooperate with the Obligated Group and execute any and all documents or instruments in order to promptly implement any such Permitted Release or Permitted Modification. In addition, the Master Trustee, at the direction of the Obligated Group Representative as set forth in an Officer's Certificate, shall grant such consents and approvals, and shall subordinate the Lien on a portion of the Mortgaged Property to such easements or other non-monetary encumbrances, as a Member of the Obligated Group may from time to time

request; provided that any such action does not materially impair the Lien of the applicable Mortgage on the Mortgaged Property nor materially diminish the value or utility of the Mortgaged Property.

(e) Notwithstanding any other provisions in this Master Indenture, any Supplement, or any Obligation relating to the Mortgages or the release or amendments thereof, the Master Trustee shall release and discharge all or any of the Mortgages upon the written direction of the Obligated Group Representative. Promptly upon receipt by the Master Trustee of such written direction, the Master Trustee shall, as directed by the Obligated Group Representative, take such action as may be necessary or appropriate to release and discharge any such Mortgages.

12. **Transaction Test.** A new Section 3.14 would be added to the Master Indenture, as follows:

Section 3.14. Transaction Test. Notwithstanding, and in addition to, and as an alternative to, the provisions of Sections 3.05, 3.06, 3.08, 3.09, 3.11, 3.12 and 3.13 of this Master Indenture, (i) the Obligated Group or any Member of the Obligated Group may create or suffer to exist any Lien on Property (as an additional category of Permitted Lien); (ii) the Obligated Group or any Member of the Obligated Group may incur Additional Indebtedness; (iii) the Obligated Group or any Member of the Obligated Group may sell, lease, transfer or dispose of Operating Assets, or dispose of cash, investments, or other Property; (iv) the Obligated Group or any Member of the Obligated Group may merge or consolidate with an entity that is not a Member of the Obligated Group; (v) a Person may become a Member of the Obligated Group; (vi) a Member of the Obligated Group may withdraw from the Obligated Group; (vii) the Obligated Group or any Member of the Obligated Group may release or allow the release of any of the Mortgaged Property from the Lien of the Mortgages (as an additional category of Permitted Release); and (viii) the Obligated Group or any Member of the Obligated Group may modify or amend any of the Mortgages (as an additional category of Permitted Modification), in each case of clauses (i) through and including (viii) of this section, upon the delivery of an Officer's Certificate to the Master Trustee demonstrating compliance with any one of the provisions of the Transaction Test.

13. **Elimination of Certain Amendment Restrictions.** Section 6.01 of the Master Indenture would be amended by deleting the proviso immediately following Section 6.01(h)(iii), as follows:

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 or authority that may lawfully be granted or conferred upon them subject to the provisions of Section 6.02(a).
- (d) To qualify this Master 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 Indenture.
- (f) To obligate a successor to any Member of the Obligated Group as provided in Section 3.11.
- (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 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 Indenture has occurred and is continuing, to make any change to the provisions of this Master 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) a 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 Audited Consolidated 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.

~~provided, however, that no amendment shall be made pursuant to this clause (h) which would have the effect, directly or indirectly, of changing or providing an alternative to (1) any provision of this Master Indenture requiring the maintenance or demonstration of a Long Term Debt Service Coverage Ratio, except to reduce such ratio, but in no event shall such ratio be reduced to less than 1.10 (or less than 1.00 if Governmental Restrictions make it impossible for a Long Term Debt Service Coverage Ratio of at least 1.10 to be maintained or demonstrated), (2) the definition of any term used in the calculation of the Long Term Debt Service Coverage Ratio, or the amount of Long Term Indebtedness or Short Term Indebtedness, or the definitions of Affiliate, Audited Consolidated Financial Statements, Book Value, Non Recourse Indebtedness, Operating Assets, Property, Plant and Equipment or Total Operating Revenues, or (3) Sections 3.01, 3.02(a), 3.05(b)(xii), 3.05(b)(xvi), 3.05(b)(xvii), 3.06(a)(i)(A), 3.08(a)(ii), 3.08(a)(iii), 3.09, 3.11, 3.12, 4.01 through 4.12, inclusive, 5.04, 6.01(h), 6.02(a), 7.01 or 8.02 of this Master Indenture.~~

(i) To make any changes to this Master Indenture in the event the Obligated Group Representative determines that a change in generally accepted accounting principles 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 Indenture, which changes to this Master 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, but only with the prior written consent of the Authority.

14. **Elimination of Credit Facility Issuer Consent Requirement**. Section 6.02(a) of the Master Indenture would be amended by deleting the phrase “, with consent of each Credit Facility Issuer insuring Obligations or Related Bonds”, as follows:

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 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 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 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

15. **Document Substitution.** A new Section 6.04 would be added to the Master Indenture, as follows:

Section 6.04. Document Substitution. (a) This Master Indenture may be amended or supplemented as provided in Sections 6.01 and 6.02 of this Master Indenture.

(b) In addition, the Obligated Group and the Master Trustee, may, without the consent of any of the Holders of any Obligations or any Related Bonds, but only upon receipt by the Master Trustee of an Officer's Certificate demonstrating satisfaction of the Substitution Transaction Test (as defined below), enter into one or more supplements, amendments, restatements, replacements or substitutions to this Master Indenture, to modify, amend, restate, supplement, replace, substitute, change or remove any covenant, agreement, term or provision of this Master Indenture, in whole or in part, including, but not limited to, an amendment, restatement or substitution of this Master Indenture, in whole to relate to all Related Bonds, or in part to relate to a portion of the Related Bonds, including but not limited to a series or subseries of the Related Bonds secured by payment obligations of the health care facilities on whose behalf the allocable portion of the proceeds of the Related Bonds were utilized, or an affiliate of such health care facilities, in order to effect (i) the affiliation of the Obligated Group Representative, the Obligated Group, or any Members of the Obligated Group with any of the foregoing or with another entity or entities in order to create a new or modified credit group or structure or in order to provide for the inclusion of the Obligated Group Representative, the Obligated Group, or any Members of the Obligated Group in another obligated group, combined group or other unified credit group or structure, (ii) the release or discharge of any collateral securing the Related Bonds, including, but not limited to, the release or discharge of (A) any or all Obligations, in whole or in part, issued pursuant to this Master Indenture to secure the Related Bonds and (B) the Obligated Group Representative, the Obligated Group, or any Members of the Obligated Group from any or all liability (whether direct or indirect) with respect to the Related Bonds or a portion thereof, any Related Loan Agreement, any Related Bond Indenture, the Obligations, or this Master Indenture or any portion of any thereof, in consideration for the issuance of a note or notes to secure the Related Bonds or portion of the Related Bonds that are to become an obligation of the new affiliated entities or the new obligated group, combined group or other unified credit group, which note or notes would constitute obligations of the new affiliated entities or the members of the new obligated group, combined group or other unified credit group, and (iii) the replacement of all or a portion of the financial and operating covenants and related definitions set forth in this Master Indenture with those of the new affiliated entities or the new obligated group, combined group or other unified credit group, set forth in the new agreement or master indenture (such transaction is referred to collectively herein as the "Substitution Transaction").

(c) The Substitution Transaction Test shall mean, and be satisfied if, the Obligated Group Representative delivers to the Master Trustee any one of the following:

(A) Rating Upgrade. An Officer's Certificate demonstrating that, upon consummation of the Substitution Transaction, and after giving effect to such Substitution Transaction, (i) at least one rating agency that has provided a long-term rating on the publicly sold Related Bonds provides written confirmation or other evidence to the effect that the long-term rating by such rating agency on such Related Bonds will either be A+ or higher, or will be a higher rating category or rating modifier than the then-current rating immediately prior to the Substitution Transaction as a result of and giving effect to the implementation of the Substitution Transaction; and (ii) the new obligated group satisfies the Transaction Test, assuming the incurrence of \$1.00 of additional Long-Term Indebtedness; or

(B) Coverage Test. An Officer's Certificate demonstrating (i) that the Long-Term Debt Service Coverage Ratio for the twelve (12) full consecutive calendar months for which there are Audited Consolidated Financial Statements available, assuming the proposed Substitution Transaction had occurred at the beginning of such twelve (12) calendar month period, is not less than 1.75, and (ii) that the Long-Term Debt



Service Coverage Ratio for each of the two full Fiscal Years following implementation of the Substitution Transaction is projected to be not less than 1.75, or if less than 1.75 but at least 1.00, is projected to be greater than such ratio would have been if the proposed Substitution Transaction had not been implemented, and (iii) the new obligated group satisfies the Transaction Test, assuming the incurrence of \$1.00 of additional Long-Term Indebtedness; or

(C) Rating Confirmation. In the event that the new obligated group, after giving effect to the Substitution Transaction, cannot satisfy the requirements of Paragraph (A) or (B) above, an Officer's Certificate demonstrating that, upon consummation of the Substitution Transaction, and after giving effect to the implementation of the Substitution Transaction, (i) at least two of the rating agencies that have provided a long-term rating on the publicly sold Related Bonds provide written confirmation or other evidence to the effect that the long-term ratings by each such rating agency on such Related Bonds, as a result of and giving effect to the implementation of the Substitution Transaction, will be no less than the then-current rating on such Related Bonds immediately prior to the implementation of the Substitution Transaction, or that the then-current rating will not be decreased or withdrawn as a result of the implementation of the Substitution Transaction (a rating decrease shall include instances where the rating category level remains unchanged but the rating modifier (such as "+" or "-") is decreased as a result of the implementation of the Substitution Transaction, but a rating decrease shall not include instances where the outlook alone is decreased); (ii) the new obligated group satisfies the Transaction Test, assuming the incurrence of \$1.00 of additional Long-Term Indebtedness; and (iii) the new master indenture contains a pledge of gross revenues or gross receipts similar to the pledge of Gross Receipts established under this Master Indenture.

(d) Upon the implementation of the Substitution Transaction pursuant to paragraph (c) above, and concurrently therewith, the Master Trustee shall, as may be directed in writing by the Obligated Group Representative, at the option and direction of the Obligated Group Representative, release and discharge the pledge of and security interest in Gross Receipts (only in the case of (c)(A) or (B) above) or any or all of the Mortgages or any portions thereof (in the case of (c)(A), (B) or (C) above), and file or record or allow to be filed or recorded any releases, discharges or termination statements that may be applicable thereto.

(e) If all amounts due or to become due on the Related Bonds have not been fully paid to the Holders thereof, at or prior to the implementation of the Substitution Transaction there shall also be delivered to the Master Trustee: (i) an Opinion of Bond Counsel to the effect that under then existing law the implementation of the Substitution Transaction and the execution of the amendments, supplements, restatements, replacements or substitutions contemplated in this Section, in and of themselves, would not adversely affect the validity of the Related Bonds or the exclusion from federal income taxation of interest payable on the Related Bonds, and (ii) an Opinion of Counsel to the new affiliated entities or the new obligated group, combined group or other unified credit group to the effect that (1) the note or notes of the new affiliated entities or the new obligated group, combined group or other unified credit group to be delivered in connection with the implementation of the Substitution Transaction constitute legal, valid and binding obligations of the new affiliated entities or the new obligated group, combined group or other unified credit group enforceable in accordance with their terms, except to the extent that the enforceability of such note or notes may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar laws or enactment affecting the enforcement of creditors' rights, and such other customary exceptions for similar transactions, and (2) the issuance of the note or notes will not cause the Related Bonds or such note or notes to become subject to the registration requirements pursuant to the Securities Act of 1933, as amended.

(f) Notwithstanding any other provisions of this Section 6.04, in no event may the implementation of the Substitution Transaction result in a change described in clause (i), (ii) or (iii) of Section 6.02(a) hereof without the receipt of the applicable level of consents required under such clauses.

(g) In addition, upon the implementation of the Substitution Transaction, the Obligated Group Representative shall direct the Master Trustee to give written notice thereof, by first-class mail, to the Holders of the Obligations then Outstanding.

16. **Long-Term Debt Service Coverage Ratio.** In addition, two additional provisions shall be added to the Northwell Master Trust Indenture, which provisions will become effective upon issuance of the Series 2022 Bonds, as described in the forepart of this Official Statement, as follows:

(1) The following paragraph shall be added as a new paragraph (c) to Section 3.07 of the Northwell Master Indenture:

“Notwithstanding anything in this Master Indenture to the contrary, it shall be an Event of Default under this Master Indenture if the Long-Term Debt Service Coverage Ratio is less than 1.00 as of the end of each of any two consecutive Fiscal Years.”

(2) The following phrase shall be added to the end of Section 4.01(c) of the Northwell Master Trust Indenture:

“or an Event of Default shall occur under Section 3.07(c) of this Master Indenture (if the Long-Term Debt Service Coverage Ratio is less than 1.00 as of the end of each of any two consecutive Fiscal Years)”

**APPENDIX H**

**PROPOSED FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL**

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May 18, 2022

Dormitory Authority of the  
State of New York  
515 Broadway  
Albany, New York 12207

Re: \$820,000,000 Dormitory Authority of the State of New York  
Northwell Health Obligated Group Revenue Bonds, Series  
2022A

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Ladies and Gentlemen:

We have acted as co-bond counsel to the Dormitory Authority of the State of New York (the “Authority”) in connection with the issuance of \$820,000,000 aggregate principal amount of its Northwell Health Obligated Group Revenue Bonds, Series 2022A (the “Series 2022 Bonds”), issued pursuant to the provisions of the Dormitory Authority Act, as amended, constituting Chapter 524 of the Laws of 1944 of New York, as amended (constituting Title 4 of Article 8 of the New York Public Authorities Law), including, without limitation, as amended by the Health Care Financing Consolidation Act, constituting Chapter 83 of the Laws of 1995 of New York (constituting Title 4-B of Article 8 of the New York Public Authorities Law), which authorized the Authority to issue bonds pursuant to the New York State Medical Care Facilities Finance Agency Act, as amended, constituting Chapter 392 of the Laws of 1973 of New York, as amended (constituting Chapter 6 of Title 18 of the New York Unconsolidated Laws), the Authority’s Northwell Health Obligated Group Revenue Bond Resolution adopted July 17, 2019 (the “Resolution”), and the Series 2022A Resolution Authorizing Up To \$820,000,000 Northwell Health Obligated Group Revenue Bonds, adopted April 6, 2022, including the Bond Series Certificate executed and delivered concurrently with the issuance of the Series 2022 Bonds related thereto (collectively, the “Series 2022A Resolution”). The Resolution and the Series 2022A Resolution are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Authority has entered into a Loan Agreement with Northwell Healthcare, Inc. (the “Institution”), dated as of May 18, 2022 (the “Loan Agreement”), providing, among other things, for a loan to the Institution for the purposes permitted in the Loan Agreement and by the Resolutions. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price of and interest on

the Series 2022 Bonds, as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the owners of such Series 2022 Bonds.

The Series 2022 Bonds are secured by, among other things, funds and accounts held under the applicable Resolutions and a pledge of payments to be made under the Loan Agreement. In addition, the Series 2022 Bonds are secured by payments to be made by the Obligated Group on its Obligation No. 63, dated as of May 1, 2022 (“Obligation No. 63”), issued by the Members of the Obligated Group under a Master Trust Indenture, dated as of July 1, 1998, as amended and restated as of August 1, 2003, and as further amended and supplemented from time to time (as amended and supplemented, the “Original Master Trust Indenture”), by and among the Members of the Obligated Group and The Bank of New York Mellon, as successor to United States Trust Company of New York, as master trustee (the “Master Trustee”). The Original Master Trust Indenture is being amended and restated effective as of the date of issuance of the Series 2022 Bonds pursuant to the Second Amended and Restated Master Trust Indenture, dated as of May 1, 2022 (the “Second A&R Master Trust Indenture”) by and among the Members of the Obligated Group and the Master Trustee. The Original Master Trust Indenture, as further amended and restated by the Second A&R Master Trust Indenture, is referred to herein as the “Master Trust Indenture.” Obligation No. 63 is a joint and several obligation of the Members of the Obligated Group secured by, among other things, a security interest in Gross Receipts (as defined in the Master Indenture) and the Mortgages previously granted to the Master Trustee by each of the Members of the Obligated Group (except the Institution).

In such connection, we have reviewed the Resolutions, the Loan Agreement, Obligation No. 63, the Master Trust Indenture, the Tax Certificate and Agreement, dated as of the date hereof (the “Tax Certificate”), by and among the Authority and the Institution, North Shore University Hospital, Long Island Jewish Medical Center, South Shore University Hospital, Staten Island University Hospital and The Feinstein Institutes for Medical Research (collectively, the “Organizations”), opinions of counsel to the Authority, the Trustee, the Institution and the other Members of the Obligated Group, certificates of the Authority, the Trustee, the Institution and the other Members of the Obligated Group and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Ropes & Gray LLP, counsel to the Obligated Group, regarding, among other matters, the current qualification of the Organizations as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and on the opinion of Hawkins Delafield & Wood LLP regarding the intended operation of the facilities to be financed and refinanced by the Series 2022 Bonds as substantially related to the Organizations’ charitable purpose under Section 513(a) of the Code. We note that such opinions are subject to a number of qualifications and limitations. Failure of any of the Organizations to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of the Organizations within the meaning of Section 513 of the Code, may result in interest on the Series 2022 Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2022 Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2022 Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series 2022 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2022 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Loan Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2022 Bonds, the Resolutions, the Loan Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority in the State of New York. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolutions or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated May 11, 2022 (the "Official Statement") or other offering material relating to the Series 2022 Bonds and express no opinion or conclusion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State of New York.
2. The Series 2022 Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Resolutions, will be payable solely from the sources provided therefor in the Resolutions and will be entitled to the benefit of the Resolutions and the Act.

3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of, the Authority. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Series 2022 Bonds, of the Revenues and any other amounts (including the proceeds of the sale of the Series 2022 Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Arbitrage Rebate Fund, the Credit Facility Repayment Fund and the Purchase and Remarketing Fund, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

4. The Loan Agreement has been duly executed and delivered by the Authority and, assuming due execution and delivery thereof by the Institution, constitutes the valid and binding agreement of the Authority in accordance with its terms.

5. Interest on the Series 2022 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series 2022 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series 2022 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2022 Bonds.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP



May 18, 2022

Dormitory Authority of the  
State of New York  
515 Broadway  
Albany, New York 12207

Re: \$820,000,000 Dormitory Authority of the State of New York  
Northwell Health Obligated Group Revenue Bonds, Series  
2022A

Ladies and Gentlemen:

We have acted as co-bond counsel to the Dormitory Authority of the State of New York (the “Authority”) in connection with the issuance of \$820,000,000 aggregate principal amount of its Northwell Health Obligated Group Revenue Bonds, Series 2022A (the “Series 2022 Bonds”), issued pursuant to the provisions of the Dormitory Authority Act, as amended, constituting Chapter 524 of the Laws of 1944 of New York, as amended (constituting Title 4 of Article 8 of the New York Public Authorities Law), including, without limitation, as amended by the Health Care Financing Consolidation Act, constituting Chapter 83 of the Laws of 1995 of New York (constituting Title 4-B of Article 8 of the New York Public Authorities Law), which authorized the Authority to issue bonds pursuant to the New York State Medical Care Facilities Finance Agency Act, as amended, constituting Chapter 392 of the Laws of 1973 of New York, as amended (constituting Chapter 6 of Title 18 of the New York Unconsolidated Laws), the Authority’s Northwell Health Obligated Group Revenue Bond Resolution adopted July 17, 2019 (the “Resolution”), and the Series 2022A Resolution Authorizing Up To \$820,000,000 Northwell Health Obligated Group Revenue Bonds, adopted April 6, 2022, including the Bond Series Certificate executed and delivered concurrently with the issuance of the Series 2022 Bonds related thereto (collectively, the “Series 2022A Resolution”). The Resolution and the Series 2022A Resolution are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Authority has entered into a Loan Agreement with Northwell Healthcare, Inc. (the “Institution”), dated as of May 18, 2022 (the “Loan Agreement”), providing, among other

Dormitory Authority of the State of New York  
May 18, 2022  
Page 2

things, for a loan to the Institution for the purposes permitted in the Loan Agreement and by the Resolutions. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price of and interest on the Series 2022 Bonds, as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the owners of such Series 2022 Bonds.

The Series 2022 Bonds are secured by, among other things, funds and accounts held under the applicable Resolutions and a pledge of payments to be made under the Loan Agreement. In addition, the Series 2022 Bonds are secured by payments to be made by the Obligated Group on its Obligation No. 63, dated as of May 1, 2022 (“Obligation No. 63”), issued by the Members of the Obligated Group under a Master Trust Indenture, dated as of July 1, 1998, as amended and restated as of August 1, 2003, and as further amended and supplemented from time to time (as amended and supplemented, the “Original Master Trust Indenture”), by and among the Members of the Obligated Group and The Bank of New York Mellon, as successor to United States Trust Company of New York, as master trustee (the “Master Trustee”). The Original Master Trust Indenture is being amended and restated effective as of the date of issuance of the Series 2022 Bonds pursuant to the Second Amended and Restated Master Trust Indenture, dated as of May 1, 2022 (the “Second A&R Master Trust Indenture”) by and among the Members of the Obligated Group and the Master Trustee. The Original Master Trust Indenture, as further amended and restated by the Second A&R Master Trust Indenture, is referred to herein as the “Master Trust Indenture.” Obligation No. 63 is a joint and several obligation of the Members of the Obligated Group secured by, among other things, a security interest in Gross Receipts (as defined in the Master Indenture) and the Mortgages previously granted to the Master Trustee by each of the Members of the Obligated Group (except the Institution).

In such connection, we have reviewed the Resolutions, the Loan Agreement, Obligation No. 63, the Master Trust Indenture, the Tax Certificate and Agreement, dated as of the date hereof (the “Tax Certificate”), by and among the Authority and the Institution, North Shore University Hospital, Long Island Jewish Medical Center, South Shore University Hospital, Staten Island University Hospital and The Feinstein Institutes for Medical Research (collectively, the “Organizations”), opinions of counsel to the Authority, the Trustee, the Institution and the other Members of the Obligated Group, certificates of the Authority, the Trustee, the Institution and the other Members of the Obligated Group and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Ropes & Gray LLP, counsel to the Obligated Group, regarding, among other matters, the current qualification of the Organizations as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and on the opinion of Hawkins Delafield & Wood LLP regarding the intended operation of the facilities to be financed and refinanced by the Series 2022 Bonds as substantially related to the Organizations’ charitable purpose under Section 513(a) of the Code. We note that such opinions are subject to a number of qualifications and limitations. Failure of any of the Organizations to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of the Organizations within the meaning of Section 513 of the Code, may result in interest on the Series 2022 Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2022 Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2022 Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series 2022 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2022 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Loan Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2022 Bonds, the Resolutions, the Loan Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent

conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority in the State of New York. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolutions or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated May 11, 2022 (the "Official Statement") or other offering material relating to the Series 2022 Bonds and express no opinion or conclusion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State of New York.

2. The Series 2022 Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Resolutions, will be payable solely from the sources provided therefor in the Resolutions and will be entitled to the benefit of the Resolutions and the Act.

3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of, the Authority. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Series 2022 Bonds, of the Revenues and any other amounts (including the proceeds of the sale of the Series 2022 Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Arbitrage Rebate Fund, the Credit Facility Repayment Fund and the Purchase and Remarketing Fund, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

Dormitory Authority of the State of New York  
May 18, 2022  
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4. The Loan Agreement has been duly executed and delivered by the Authority and, assuming due execution and delivery thereof by the Institution, constitutes the valid and binding agreement of the Authority in accordance with its terms.

Very truly yours,

Brown Hutchinson LLP

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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**  
**NORTHWELL HEALTH OBLIGATED GROUP REVENUE BONDS,**  
**SERIES 2022A**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “*Disclosure Agreement*”), dated as of May 18, 2022, is executed and delivered by Northwell Healthcare, Inc. (the “*Obligated Person*”), in its capacity as representative (the “*Obligated Group Representative*”) of that certain obligated group consisting of the Obligated Person, North Shore University Hospital, Long Island Jewish Medical Center, Glen Cove Hospital, Plainview Hospital, Northwell Health Stern Family Center for Rehabilitation, Lenox Hill Hospital, South Shore University Hospital, Huntington Hospital Association d/b/a Huntington Hospital and Staten Island University Hospital (collectively, the “*Obligated Group*”), The Bank of New York Mellon, 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 Northwell Health, Inc. 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. Such Audited Consolidated Financial Statements shall include, unless the Obligated Group constitutes or is responsible for at least seventy percent (70%) of the assets or revenues of the Health System (as defined in the Master Indenture) for the most recent Fiscal Year of the Health System, consolidated statements of financial position, consolidated statements of operations, consolidated statements of changes in net assets and consolidated statements of cash flows, and shall also include 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 for the same twelve-month period.

“*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 Second Amended and Restated Master Trust Indenture dated as of May 1, 2022 by and among the members of the Obligated Group and The Bank of New York Mellon, 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 any 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 the Obligated Person 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 The Bank of New York Mellon 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 165 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, 2022, 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 two (2) business days prior to 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 two (2) business days prior to 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 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 Northwell Health, Inc.'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 which shall include operating data and financial information of the Obligated Group or Northwell Health, Inc., as applicable, of the type included in the Official Statement for the Bonds as described in "APPENDIX A – Northwell and the Obligated Group" to the Official Statement relating to the following: (1) (a) utilization statistics of the type set forth under the heading "Utilization Statistics and Payer Mix" in the table titled "Utilization Statistics for the Obligated Group," and (b) sources of patient service revenue of the type set forth under the heading "Utilization Statistics and Payer Mix" in the table titled "Payer Mix for the Obligated Group"; and (2) data demonstrating the Long-Term Debt Service Coverage Ratio for the preceding fiscal year of the Obligated Group, together with a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Group or Northwell Health, Inc., as applicable; and
- (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 Northwell Health, Inc., 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 Statistics and Payer Mix” in the table titled “Utilization Statistics for the Obligated Group”; and
- (iii) sources of patient service revenue of the type set forth under the heading “Utilization Statistics and Payer Mix” in the table titled “Payer Mix for the Obligated Group.”

(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 each member of the Obligated Group 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, 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: \_\_\_\_\_

**NORTHWELL HEALTHCARE, INC.**  
As Obligated Person and as the Obligated Group  
Representative on behalf of itself and the other  
members of the Obligated Group

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE BANK OF NEW YORK MELLON,**  
as Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer: Dormitory Authority of the State of New York  
Obligated Person(s): Northwell Healthcare, Inc.  
Name of Bond Issue: Northwell Health Obligated Group Revenue Bonds, Series 2022A  
Date of Issuance: May 18, 2022  
Date of Official Statement: May 11, 2022

Series 2022A

<u>Maturity</u>	<u>CUSIP No.</u>
2037	65000BNA2
2038	65000BNB0
2039	65000BNC8
2040	65000BND6
2041	65000BNE4
2045	65000BNF1
2052	65000BNG9
2052	65000BNH7

**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): Northwell Healthcare, Inc.  
Name of Bond Issue: Northwell Health Obligated Group Revenue Bonds, Series 2022A  
Date of Issuance: May 18, 2022

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 May 18, 2022, by and among the Obligated Person, The Bank of New York Mellon, 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:

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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 May 18, 2022 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 May 18, 2022 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:



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