

Northwell Health Obligated Group

Committee Chair Romski asked Mr. Bergin to present the Single Approval Transaction Summary and Staff Report to the Committee Members for Northwell Health Obligated Group. Mr. Bergin noted that the Finance Committee is being asked to recommend to the full Board a proposed financing on behalf of the Northwell Health Obligated Group, as described in the Single Approval Transaction Summary prepared by Staff. He stated that the proposal consists of the issuance of one or more series of tax-exempt and/or taxable fixed and/or variable rate bonds in an amount not to exceed \$250,000,000.

Mr. Bergin further stated that the bonds will finance various construction, renovation and modernization projects for the members of the Northwell Health Obligated Group, as well as refund all or a portion of DASNY's North Shore – Long Island Jewish Obligated Group Revenue Bonds, Series 2009E.

Mr. Bergin noted that as this is an Obligated Group structure, the obligations issued under the Master Trust Indenture ("MTI") will be a joint and several obligation of each member of the Obligated Group and will be secured by a lien on certain Gross Receipts of the members of the Obligated Group. In addition, he noted that although no new mortgages will be granted, the 2019 bondholders will have the benefit of the existing mortgages as part of the initial security. Mr. Bergin stated that it is anticipated that the mortgages will be released once the consents of 51% of the holders of the Master Trust Indenture Obligations are received.

Mr. Bergin stated that in looking at the Obligated Group, they have consistently recorded over 100 days cash on hand and a cushion ratio more than 13.0:1.0. He further stated that the Obligated Group's operating gain has averaged \$214.1 million over the last five years, and total net patient service revenue increased by \$600 million in 2018 as compared to 2017.

Mr. Bergin stated that the System's inpatient market share is approximately 29%, or approximately twice that of its nearest competitor. He noted that the market share information is based upon the Northwell System, which is slightly larger than the Obligated Group, and that as indicated in Staff's report there are four hospitals in the System that are not part of the Obligated Group. He further noted that as of December 31, 2018, the members of the Obligated Group represented nearly 83% of the total operating revenue of the System, and 84% of the System's total assets. Mr. Bergin further stated that as indicated in Staff's report, the Obligated Group can also transfer money to affiliates within the System outside the Obligated Group as long as these transfers are within the limits established in the MTI.

Mr. Bergin reported that as part of the proposed financing, the plan is to amortize the new money portion of the proposed financing in the years 2031 to 2040 to provide for a more level debt service profile in the aggregate. He indicated that the refunding is proposed to be structured with level savings and without any extension of the existing maturities and is anticipated to provide a net present value benefit of approximately \$5.2 million.

Mr. Bergin reported that the expected ratings are: Moody's A3; S&P A-; and Fitch A-.

Finance Committee Chair Ronski noted that the Department of Health (“DOH”) has provided a memorandum for the record. Member Tracy Raleigh advised that the DOH supports the proposed financing as it accomplishes a refunding that provides a net present value benefit on both a debt service basis and interest-to-interest comparison basis. She noted that with respect to the new money portion of the proposed financing, the proposed projects will be vetted by Bond Counsel to ensure that proposed costs are financeable on a tax-exempt basis. Ms. Raleigh indicated that accordingly, the DOH agreed with structuring the new money portion of the proposed financing so that the amortization would achieve more level overall aggregate debt service for the System. She concluded by noting that all projects have Certificate of Need (“CON”) approval from the DOH.

In response to questions from Board Chair Carney, Mr. Bergin confirmed that the Obligated Group accounts for approximately 83% of the revenues for the System, and advised that the hospitals that are part of the Northwell System but not a part of the Obligated Group are Phelps Memorial Hospital, Northern Westchester Hospital, Peconic Bay Medical Center and Mather Hospital. In response to a question from Committee Chair Ronski, Mr. Bergin confirmed that the Lenox Hill Hospital was not currently included in the new money portion of the proposed financing.

The Finance Committee Members decided unanimously to recommend the proposed financing to DASNY’s full Board for approval.

NYU Langone Hospitals - TELP

Ms. Lee presented a Memorandum recommending a lease of equipment pursuant to DASNY’s Tax Exempt Leasing Program I (“TELP I”) in a total amount not to exceed \$13,213,250 for NYU Langone Hospitals. She reminded the Members that the current policy of the Public Authorities Control Board (“PACB”) requires that TELP I leases which exceed \$10 million in a twelve-month period be presented to both the DASNY Board and the Public Authorities Control Board (“PACB”) for approval. Ms. Lee stated that the lease proceeds are expected to be used for various types of IT equipment.

The Finance Committee Members decided unanimously to recommend the proposed financing to DASNY’s full Board for approval.

The Finance Committee welcomed Maria Carrasco and Alex Sirdine, DASNY’s new Public Finance Fellows. President Bushell reported that this is proving to be a very successful program, noting that both Public Finance Fellows from last year’s inaugural year were employed at RBC and Barclays, and stated that the program presents a great opportunity.

Board Chair Carney moved that the meeting adjourn. Member Raleigh seconded the motion and the Meeting was adjourned at approximately 4:25 p.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary