

A Conference Call / Video Conference Meeting of the NGHP Holding Corporation (“NGHP”) was held on May 5, 2021 with proceedings commencing at 11:10 a.m.

Alfonso Carney, Chairman: Welcome to the Members of the NGHP Holding Corporation to the Annual Meeting and Happy Cinco de Mayo to everyone. Before we actually get into the business of the meeting, there are legal notices pertaining to our ability to hold videoconference meetings that have to be read into the record. Sara, would you give us that information?

Sara Richards, Managing Senior Director, Governance and Administration: Thank you. As a result of the ongoing public health emergency related to COVID-19, Executive Order 202.1, as extended, authorizes public boards to meet remotely and take action without permitting in-person access to meetings. The public must have the ability to view or listen to the proceedings. An audio and video recording of today’s meeting will be accessible from DASNY’s website within two days, and a transcript will be posted as soon as practicable under the circumstances. For additional information, please see the DASNY website.

I read the roll of attendees at the full Board meeting preceding this one, and the record will reflect those Members have stayed for this meeting.

We have with us today the following Board Members:

Alfonso L. Carney, Jr. – Chair
John B. Johnson, Jr. – Vice Chair
Beryl L. Snyder, J.D. – Secretary
Jonathan Gardner – Board Member
Wellington Chen – Board Member
Joan M. Sullivan – Board Member
Janice McKinnie – Board Member
Gerard Ronski, Esq. – Board Member
Tracy Raleigh, Designated Representative of the Commissioner of Health, Board Member (*ex officio*) – Board Member
Adrian Swierczewski, Designated Representative of the Director of the Budget, Board Member (*ex officio*) – Present

Bond Counsel:

Alethia Nancoo, Esq., Squire Patton Boggs, LLP

We also have the following Staff Members:

Reuben R. McDaniel, III, President and Chief Executive Officer
Paul G. Koopman, Vice President
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Kimberly A. Ellis, Chief Financial Officer
Caroline V. Griffin, Chief of Staff
Stephen Curro, Managing Director, Construction

Ricardo Salaman, Esq., Deputy General Counsel
Sara Potter Richards, Esq., Managing Senior Director, Governance and Administration
Nicola B. Zarrelli, Managing Senior Director, Construction, Finance and Administration
Jeffrey Gordon, Senior Director, Communications and Marketing
Kathy Ebert, Senior Director, Internal Audit
Craig Schreivogl, Director, Portfolio Monitoring
Michael L. Johnson, Director, Diversity and Inclusion
Deborah K. Fasser, Director, Strategic Communications and Business Development
Matthew T. Bergin, Director, Public Finance
Maria Carrasco, Financial Analyst
Alex Sirdine, Public Finance Fellow
Diane Felitte, Executive Administrator, Governance and Administration

With that Mr. Chair, I will turn it back over to you.

Chairman Carney: Thank you Sara. We are going to take the Agenda items out of order. I am going to ask the President to go all the way to Tab five and give his report.

Reuben McDaniel, President and Chief Operating Officer: Craig Schreivogl did such a nice job with this report, so I'll turn it over to Craig to give the President's Report.

Craig Schreivogl, Director, Portfolio Monitoring: Thanks again Reuben. Good morning all. My presentation today is intended to provide an overview of the annual NGHP Presidents Report, which is included in the Board materials, and to briefly explain the history leading up to now.

As a review and reminder, North General Hospital, a then 200-bed community hospital located in Harlem, was one of 11 hospitals to finance under the New York Secured Hospital Program. The Secured Hospital Program dates back to the mid-1980s and was designed to enable financially distressed hospitals to achieve access to the municipal bond market for the purpose of raising capital for their obsolescent facilities.

In its simplest terms, the State agreed that for bonds issued under the Program, if all else fails and subject to annual appropriation, the State would ultimately be responsible for paying debt service on the bonds.

North General Hospital filed for Chapter 11 bankruptcy protection on July 2, 2010 and all hospital operations ceased later that month. The NGHP subsidiary received title to the North General main hospital building, an annex building, and a parking lot on June 30, 2011 following the default by North General on its security hospital financing agreements with DASNY and pursuant to the bankruptcy plan of liquidation.

NGHP then leased the main hospital property to New York City Health and Hospitals Corporation or HHC. Additionally, the annex and parking lot were sold to HHC for their use and sale proceeds were used to retire a portion of the North General Secured Hospital bonds. As noted in the written Presidents Report, reconstruction and renovation work on the main hospital

building was completed by HHC in November 2013 and subsequently the Henry J Carter Specialty Hospital, a 210 bed long term acute care hospital, was opened. NGHP continues to receive annual rental payments from HHC under the lease. However, the rental payments are insufficient to cover the Series 2003 Secured Hospital bondholder payments. Accordingly, bondholders continue to be paid by the State of New York for any deficiencies in principal and interest payments, pursuant to the State service contract.

It should be noted that the proposed refunding of the Secured Hospital bonds through the PIT and Sales Tax bonds, as presented to the DASNY Board earlier today by Matt Bergin, is not expected to impact the role or activities of NGHP for the foreseeable future.

Staff will continue to monitor and support the Department of Health, DOB and the administration on all matters and we will work with HHC to collect annual lease payments.

That concludes my prepared remarks. I would be happy to take any questions.

Chairman Carney: Thank you very much. Are there questions for Craig?

Gerry Romski, Board Member: Do we still own the underlying property?

Mr. Schreivogl: Yes. We own the property and we lease it to HHC, who makes rental payments. You will probably ask when we can expect to dissolve this subsidiary, and the answer to that is when lease payments end. The lease payments that HHC makes to us is quite complicated. The payment is not a set amount every year; it is a formulaic rental payment that is based on fee for service Medicaid payments that they receive associated with the leased property that they occupy.

The lease payments will probably stop at the end of this decade and, hopefully, at that time we will be in a position to convey the property to HHC and dissolve the NGHP subsidiary.

Tracy Raleigh, Board Member: Craig, that was a fantastic summary. In a case where you are restructuring, it is a very helpful tool to have an entity hold title to the property. DASNY has served in that role here. I think that the development of HHC and the reuse of the facilities has really been a success story in terms of how you can transform healthcare in a community.

In addition, the PIT restructuring transaction we approved today at the full Board meeting is helpful to the State. As President McDaniel has said, through the PIT issuance, the State has the most economical means to satisfy the ongoing North General bond obligations. The lease itself is triple net. So any of the costs of keeping the utilities going, for example, that is all borne by HHC and the excess payments go to offset the State's costs.

I just wanted to point that out. It is, in my opinion, a success story of healthcare transformation.

Mr. Romski: We have spoken with regard to the lease. I assume that HHC or someone is providing liability insurance. Are we monitoring that to make sure that it is up to date?

Mr. McDaniel: Craig and his staff do that.

Chairman Carney: Gerry is demonstrating why he chaired the ad hoc Real Estate Committee! These are great questions. Thank you very much. If the Board Members want to know more about any of these transactions, of course staff is here. Craig has just demonstrated that he may be the best resource on the subject, particularly for the newer Members, because these transactions have gone back more than 10 years and the history that led up to the need for the transactions goes back even further.

To Tracy's point, these are terrific examples of how you restructure the availability of healthcare for what are best described as underserved communities. And in New York, we have figured out that it's costly and you have got to be creative, as we are learning. But, Tracy is absolutely right, we have learned how to restructure the vision of healthcare. And I think those of us who have been around for that long and those of us who joined last year, can all be very proud of that.

So thank you to all of you.

Mr. Romski: And thank you to Tracy.

Ms. Raleigh: There's a lot more to come.

Chairman Carney: Thank you Tracy. If there are no further questions, we will go back to the Agenda as it is presented in your book. The first Agenda item is the Election of Officers, and you will see the slate of Officers behind Tab one. Are there any questions about that? Hearing none, may I have motion please to approve it?

Beryl Snyder, Board Member: So moved.

Wellington Chen, Board Member: Second.

Chairman Carney: Thank you Beryl. Wellington, thank you for the second. Are there any objections to that motion as to the Resolution? Hearing none, are there any abstentions? Hearing none, the motion is approved, the Resolution is approved unanimously and the slate is adopted.

A RESOLUTION OF THE NGHP HOLDING CORPORATION ELECTING OFFICERS OF THE CORPORATION

Chairman Carney: The second Agenda item is the transcript from the last meeting, which was on May 6, 2020. You all have had a chance to read it. Are there any questions about it? Hearing none, may I have motion, please, to approve that transcript?

Mr. Chen: So moved.

Chairman Carney: Thank you Wellington, is there a second?

Mr. Romski: Second.

Chairman Carney: Gerry, thank you for the second. Are there any objections? Any abstentions? Hearing none, the motion is approved and the transcript is adopted.

The third Agenda item is the NGHP Holding Corporation Mission Statement, Performance Measures and Metrics. Sara is going to walk us through this quickly.

Ms. Richards: On an annual basis, this Board is required to review the Mission Statement and Performance Measures. The NGHP Governance Committee reviewed this on March 2, 2021 at its meeting and no changes are recommended to those documents at this time. Mr. Chair.

Chairman Carney: Sara, thank you. Any questions? Hearing none, may I have a motion to approve the Mission Statement, Performance Measures and Metrics?

Mr. Chen: So moved.

Chairman Carney: Thank you, Wellington. Is there a second?

Ms. Snyder: I'll second.

Chairman Carney: Thank you very much Beryl. Are there any objections to the motion? Are there any abstentions from the vote? Hearing none, the motion is approved and the Mission Statement, Performance Measures and Metrics are approved unanimously.

Our final Agenda item for this meeting is the By-Laws for NGHP. Sara.

Ms. Richards: The New York Public Authorities Law does require the subsidiary to annually review and approve its By-Laws. The NGHP Governance Committee met on March 2 to review them and no changes are recommended to the By-Laws at this time. The governance committee is recommending approval of them in their current form.

Chairman Carney: Thank you very much, Sara. Are there questions about the By-Laws? Hearing none, may I have a motion, please, to approve the By-Laws?

Jonathan Gardner, Board Member: So moved.

Mr. Chen: Second.

Chairman Carney: Thank you Jon Gardner and Wellington, thank you for the second. Are there any objections to the By-Laws as presented? Are there any abstentions from the vote? Hearing none, the By-Laws are approved as presented and the motion carries unanimously.

I believe that's the last Agenda item for the subsidiary meeting. Now may I have a motion please to adjourn?

Mr. Romski: Moved.

Chairman Carney: Gerry, thank you very much. A second?

Mr. Chen: Second.

Chairman Carney: Thank you Wellington. Are there any objections or abstentions? Hearing none, we stand adjourned.

The Meeting adjourned at 11:23 a.m.

Respectfully submitted,

Sara Richards
Assistant Secretary

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