



HHC CAPITAL CORPORATION

160 Water Street, Room 1014 - New York, New York, 10038
212 - 788 - 3494 Fax: 212 - 788 - 9708

HHC Capital Corporation Semi-annual Meeting

May 24, 2012, 3:30 p.m.
125 Worth Street – 5th Floor Board Room
New York, New York 10013

AGENDA

- | | | |
|------|---|------------------------|
| I. | Call to order
Adoption of minutes for the HHC Capital Corporation Meeting held on 11/30/11 | Michael A. Stocker, MD |
| II. | HHC Bond Issuance History | Linda DeHart |
| III. | Interest Rates on Municipal Bonds | Linda DeHart |
| IV. | Construction Fund Balance: 2010 Bonds
Disbursement Trend on HHC-Issued Debt | Paulene Lok |
| V. | Financing Sources for HHC's Capital Program
Average Annual Debt Service Obligation | Nini Mar |
| VI. | Old business, new business and adjournment | Michael A. Stocker, MD |

MINUTES

HHC Capital Corporation Semi-annual Public Meeting

Meeting Date: Nov. 30, 2011, 2:15 p.m.
Location: 125 Worth Street
Fifth Floor Board Room

ATTENDEES

Members of the HHC Capital Corporation Board of Directors:

Michael A. Stocker, M.D., Chairman
Alan Aviles

Corporation Officers and other HHC Board Members:

Antonio D. Martin – Executive Vice President & Chief Operating Officer
Caroline Jacobs – Senior Vice President, Patient Safety & Accreditation
Marlene Zurack, Senior Vice President, Finance & Managed Care and CFO
Salvatore J. Russo, Esq., General Counsel, Legal Affairs and Secretary to the Board

Health and Hospitals Corporation Staff:

Abha Agrawal – Associate Director, KCHC
Arthur Wagner – Senior Vice President, South Brooklyn/Staten Island Health Network
Bert Robles – Senior Vice President - Enterprise IT Services
Corey Cush – Assistant Vice President, Enterprise IT Services
Deborah Cates – Chief of Staff, Board Affairs
George Proctor – Senior Vice President, Kings County Hospital Center
Linda DeHart – Assistant Vice President, Debt Finance & Corporate Reimbursement Services
Michael Keil – Assistant Vice President - Enterprise IT Services
Nini Mar – Director, Debt Finance and Corporate Reimbursement Services
Patricia Lockhart - Secretary to the Corporation, Chairperson's Office
Paulene Lok – Director, Debt Finance and Corporate Reimbursement Services

Other Attendees:

Megan Meagher – NYC Office of Management & Budget
Melissa Dubowski - NYC Office of Management & Budget
Scott Hill - QuadraMed

HHC Capital Corporation – Semi-annual Public Meeting
Wednesday, November 30, 2011

Dr. Michael Stocker chaired the meeting of the HHC Capital Corporation Board of Directors (the "Board") while Mr. Salvatore Russo, Secretary of the HHC Capital Corporation, kept the minutes thereof.

CALL TO ORDER:

The HHC Capital Corporation meeting was called to order at 2:20 p.m. by Dr. Stocker.

MINUTES:

The minutes of the HHC Capital Corporation meeting held on May 26, 2011 were presented to the Board. On motion made by Dr. Stocker and duly seconded, the Board unanimously adopted the minutes.

INTRODUCTION:

Dr. Stocker introduced Ms. Linda DeHart, Assistant Vice President of the Debt Finance and Corporate Reimbursement Department at HHC.

Summary of HHC Bond Issuances:

Ms. Dehart indicated that the most recent series of bonds issued was in 2010 and that the outstanding par amount as of November 15, 2011 is \$1.054 billion.

2008 and 2010 HHC Health System Bonds – Construction Fund:

Ms. Lok stated to the Board that the entire construction fund for the 2008 series bonds has since been fully expended as of August 2011. Of the approximate \$200 million construction fund for the 2010 series bonds, \$172 million remains unspent as of November 23rd.

Responding to Dr. Stocker's question on the first slide which lists HHC's bond issuances, Ms. Zurack explained that the bond series with outstanding par amounts are shown with a bold font. Subsequent bond issuances usually include refundings of earlier debt which paid higher rates of interest. The last two slides of the presentation show disbursements for the most recent issuances which took place in 2008 and 2010.

New Business:

Ms. Zurack informed the Board that the credit ratings of many banks were downgraded by Standard & Poor's on Tuesday November 29th. One of the downgraded banks, JP Morgan Chase, provides credit enhancement on over \$76 million of HHC's outstanding variable rate bonds. The ratings action took place after HHC's weekly "rate re-set" on Tuesday mornings.

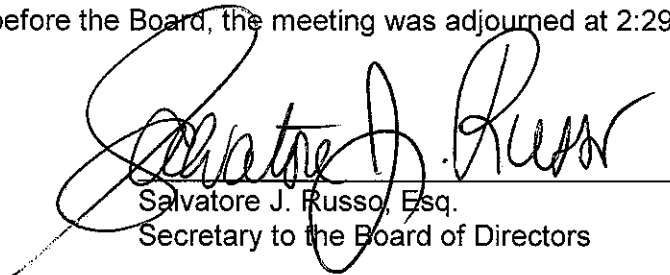
The 2008 bond issuance is comprised of 5 series. Series A consists of fixed rate bonds while B, C, D and E are variable rate demand bonds with a weekly re-set. The two re-marketing agents on the four variable rate series are Morgan Stanley and Citibank. Credit enhancement in the form of letters of credit ("LOC") are provided by TD bank and JP Morgan Chase.

	Par Amt Outstanding	Re-Marketing Agent	LOC Provider
2008 Series B	\$ 50.47 mill.	Morgan Stanley	TD Bank
2008 Series C	\$ 50.47 mill.	Citibank	TD Bank
2008 Series D	\$ 38.19 mill.	Morgan Stanley	JP Morgan Chase
2008 Series E	\$ 38.19 mill.	Citibank	JP Morgan Chase

At this point, it is uncertain if the credit rating downgrades will have any impact on future rate re-sets. Ms. Zurack reiterated that she will provide more details at the next Finance Committee scheduled to take place on December 6th.

ADJOURNMENT:

There being no further business before the Board, the meeting was adjourned at 2:29 p.m.


Salvatore J. Russo, Esq.
Secretary to the Board of Directors

HHC Capital Corporation Semi-Annual Meeting

Date: May 24, 2012

Time: 3:30 p.m.

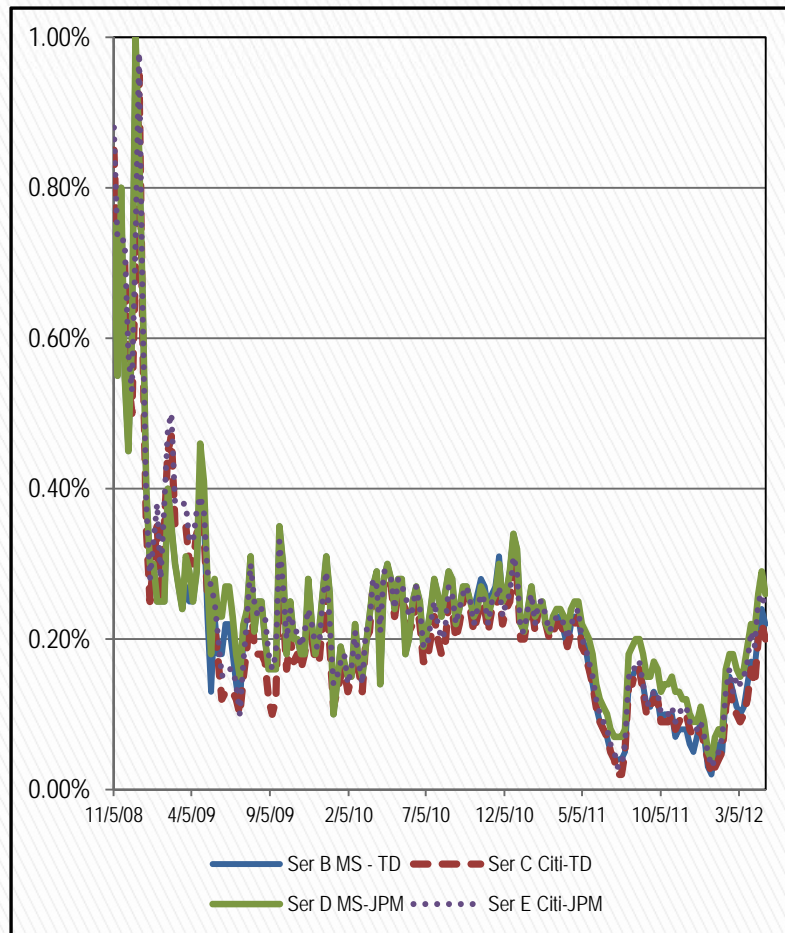
Location: 125 Worth Street,
5th Floor Board Room
New York, NY 10013

HHC Bonds Issuance History (as of 4/30/12)

Issuance Date	Bond Series	Initial Par Amount (in \$ millions)	Outstanding Par Amount (in \$ millions)	Final Maturity	Fixed or Variable Rate
5/15/93	1993 A	550.000	-	-	Fixed
4/10/97	1997 A-D	320.000	-	-	Variable
3/1/99	1999 A ⁽¹⁾	235.700	-	-	Fixed
7/1/02	2002 A	192.700	1.635	2/15/2013	Fixed
7/1/02	2002 B-H ⁽²⁾	397.750	-	-	Auction
1/15/03	2003 A ⁽³⁾	245.180	133.405	2/15/2023	Fixed
8/21/08	2008 A ⁽⁴⁾	268.915	186.705	2/15/2026	Fixed
9/4/08	2008 B-E ⁽⁵⁾	189.000	172.975	2/15/2031	Variable
10/26/10	2010 A ⁽⁶⁾	510.460	507.315	2/15/2030	Fixed
	Total	-	1,002.035		

- Note: (1) Advance refunding of certain 1993 Series bonds
 (2) Refunding of the entire 1997 Series bonds and issue new money
 (3) Refunding of the remaining 1993 Series bonds
 (4) Refunding of the 2002 B,C,H Series bonds and issue new money
 (5) Refunding of the 2002 D,E,F,G series bonds
 (6) Refunding of the entire 1999 Series and substantially all of the 2002 Series A bonds, and issue new money

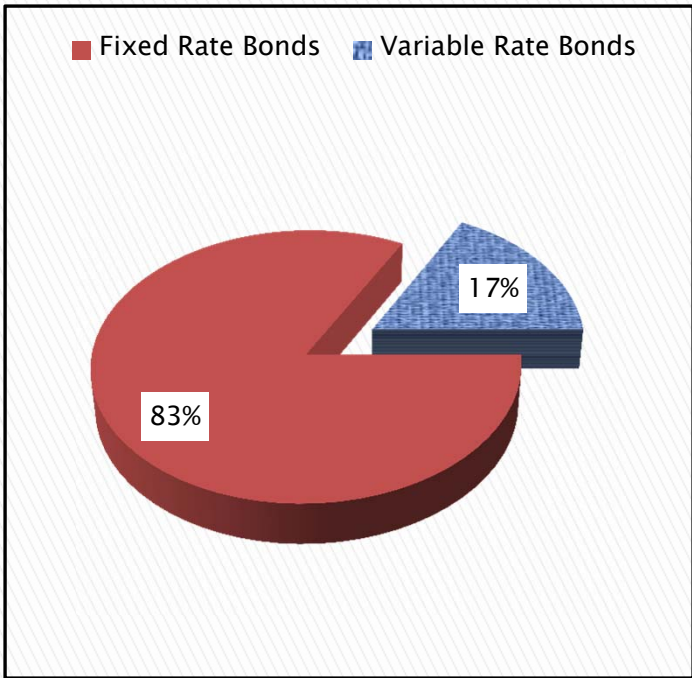
Interest Rates on Municipal Bonds are at an All-Time Low



The average rate from November 2008 through to April 2012 on HHC's 2008 Series B - E variable rate bonds is 0.38% - The Total Interest Cost on the 2008 Series A fixed rate bonds is 4.48%.

17% of HHC's outstanding bonds are variable rate while 83% are fixed rate. HHC's Financial Advisor and senior underwriters agree that a portfolio of no more than 20% variable rate is favorable and offers a good hedge when rates are low.

As a point of reference, 16% of NY City's total debt of \$66.47 billion is variable rate.



2010 Health System Bonds

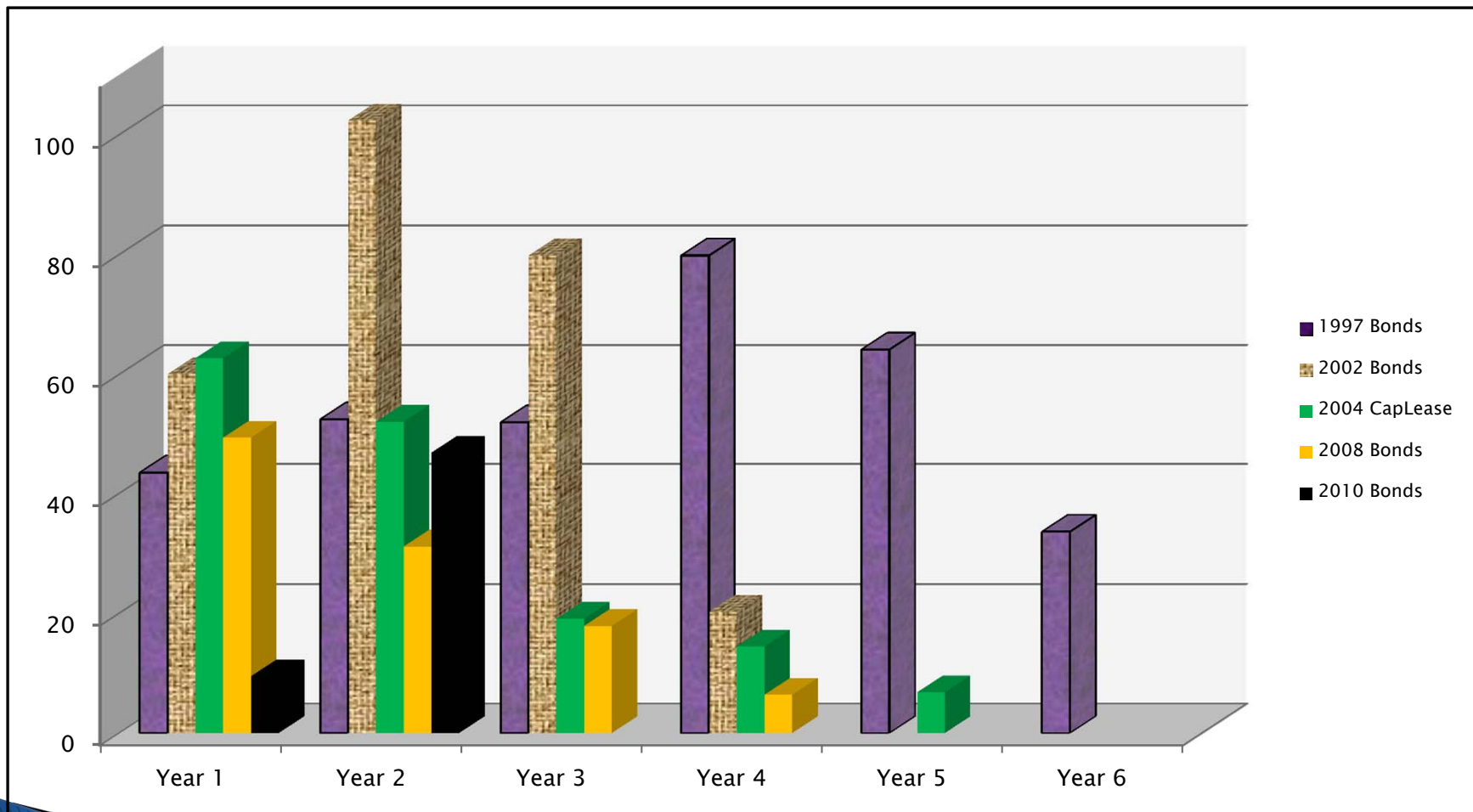
Construction Fund – Cash Flow

(Unaudited, in \$millions)

Drawdown Period ¹	Activity/Action	Deposits	(Withdrawals)	Remaining Balance
10/26/2010	Issuance Date	199.758		199.758
FY 2011	Disbursements		(9.483)	190.275
FY 2012 To-Date	Disbursements (estimated as of 5/1/12)		(46.797)	143.477

¹ Drawdown period represents actual drawdown date and is not reflective of capital spending activity.

Disbursement on the 2010 Health System Bonds is at a Slower Pace than Usual (in \$millions)



Past Trends Indicate that Disbursements in the First Two Years is at least \$80 million

Cash Flow Comparison on Recent New Money Issuances

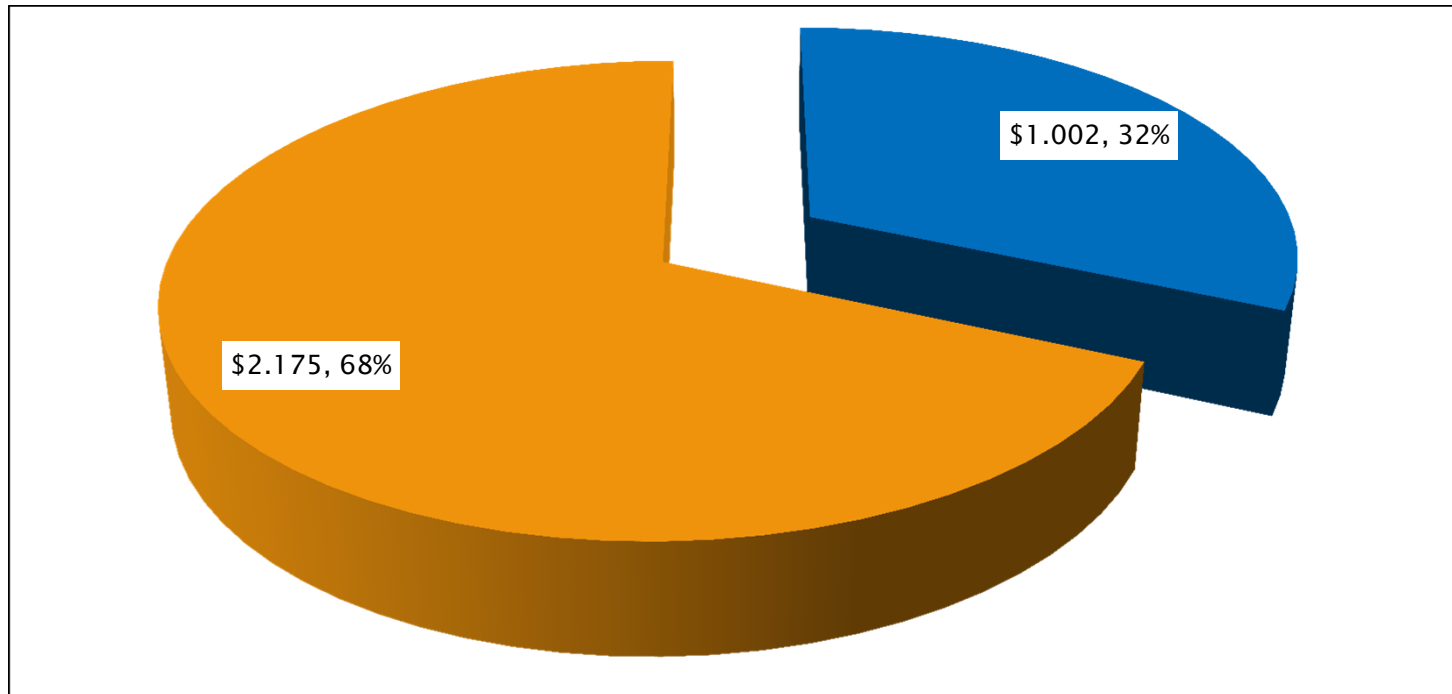
(Unaudited, in \$millions)

Drawdown Period ¹	1997 Series Bonds	2002 Series Bonds	2004 Capital Lease	2008 Series Bonds	2010 Series Bonds To-Date
Year 1	43.470	60.055	62.704	49.300	9.483
Year 2	52.348	102.371	51.943	31.126	46.797
Year 3	51.852	73.833	19.073	17.873	tbd
Year 4	79.821	20.236	14.422	6.395	tbd
Year 5	64.132	-	6.796	-	tbd
Year 6	33.594	-	-	-	
Disbursed²	352.217	256.495	154.938	104.694	56.280

¹ Drawdown period represents actual drawdown date and is not reflective of capital spending activity.

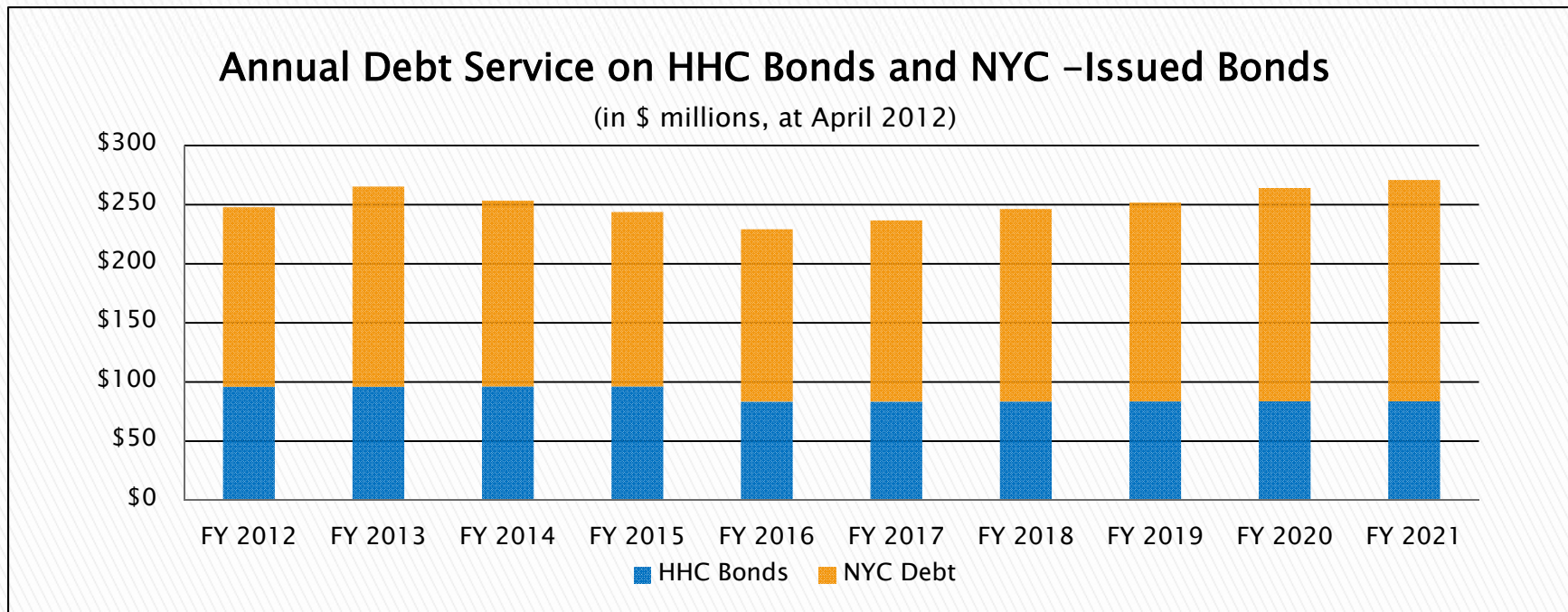
² Total disbursements include new money issued for the construction funds plus interest earnings.

Two-Thirds of HHC's Capital Program is Financed with NYC Issued Debt (in \$billions)



■ HHC Bonds ■ NYC Debt

Average Annual Debt Service Obligation over the Next Ten Years is \$250 million



(in mill.)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
HHC Bonds	\$ 95.95	\$ 95.98	\$ 96.16	\$ 96.24	\$ 83.25	\$ 83.30	\$ 83.41	\$ 83.45	\$ 83.55	\$ 83.67
NYC-Issued Bonds	151.81	169.31	157.32	147.56	146.01	153.37	162.92	168.22	180.56	187.24
TOTAL	\$247.75	\$265.29	\$253.48	\$243.79	\$229.27	\$236.67	\$246.33	\$251.67	\$264.10	\$270.91