NEW ISSUE — BOOK-ENTRY ONLY

RATINGS†
Moody's: "A3"
S&P: "A-"

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel, under existing statutes, (i) interest on the 2019A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the 2019A Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax; and (ii) interest on the 2019B Bonds is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York. See "TAX MATTERS" herein.

$340,110,000
STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS, NUVANCE HEALTH ISSUE, SERIES 2019A

$99,910,000
DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
REVENUE BONDS, NUVANCE HEALTH ISSUE, SERIES 2019B

Dated: Date of Delivery

Due: July 1, as shown on inside cover

On the issuance date, the State of Connecticut Health and Educational Facilities Authority (the "*Authority*") will issue its Revenue Bonds, Nuvance Health Issue, Series 2019A (the "*Series 2019A Bonds*") and the Dutchess County Local Development Corporation (the "*Corporation*") will issue its Revenue Bonds, Nuvance Health Issue, Series 2019B (the "*Series 2019B Bonds*"). The Series 2019A Bonds and the Series 2019B Bonds (collectively, the "*Bonds*") are issuable only as fully registered bonds without coupons, and when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York. So long as Cede & Co. is the registered owner of the Bonds, principal, premium, if any, and interest payments on the Bonds will be made by the bond trustee of each series, to Cede & Co., which in turn will remit such payments to the DTC Participants and DTC Indirect Participants for subsequent disbursement to the beneficial owners of the Bonds. Purchase of the Bonds will be made in book-entry form only and individual purchasers will not receive physical delivery of bond certificates representing their beneficial interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds, references herein to the holders or registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

The Series 2019A Bonds are issued pursuant to a Trust Indenture dated as of August 1, 2019 (the "*Series 2019A Indenture*"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Series 2019A Trustee*"). The proceeds of the Series 2019A Bonds will be loaned by the Authority to Health Quest Systems, Inc. (together with Nuvance Health, the "*Series 2019A Borrowers*") and applied as described herein. The Series 2019B Bonds are issued pursuant to a Trust Indenture dated as of August 1, 2019 (the "*Series 2019B Indenture*"), by and between the Corporation and The Bank of New York Mellon, as trustee (the "*Series 2019B Trustee*"). The proceeds of the Series 2019B Bonds will be loaned by the Corporation to Western Connecticut Health Network, Inc. (together with Nuvance Health, the "*Series 2019B Borrowers*") and applied as described herein. The Series 2019A Indenture and the Series 2019B Indenture shall be collectively referred to herein as the "*Indentures*." The Series 2019A Trustee and the Series 2019B Trustee shall be collectively referred to herein as the "*Trustees*." The Series 2019A Borrowers and the Series 2019B Borrowers shall be collectively referred to herein as the "*Borrowers*."

Each series of Bonds will be secured by (a) certain funds and accounts established under each Indenture; (b) all right, title and interest of the Authority or the Corporation, as the case may be, in and to each related Loan Agreement and all Revenues payable to the Authority or the Corporation, as the case may be; and (c) the Nuvance Health Series 2019A Note delivered with respect to the Series 2019A Bonds (the "*Series 2019A Obligation*") and the Nuvance Health Series 2019B Note delivered with respect to the Series 2019B Bonds (the "*Series 2019B Obligation*", and collectively with the Series 2019A Obligation, the "*Series 2019 Obligations*") issued under the Amended and Restated Master Trust Indenture, dated as of August 1, 2019 (the "*Master Indenture*"), by and among Members of the Obligated Group (as defined herein) and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "*Master Trustee*"), and under the Supplemental Indenture for the Series 2019A Obligation and the Supplemental Indenture for the Series 2019B Obligation, respectively, each dated as of August 1, 2019 (collectively, the "*Supplemental Indentures*") by and among the Members of the Obligated Group and the Master Trustee. The Series 2019 Obligations are secured by a mortgage on the principal hospital campuses of certain Members of the Obligated Group as described herein. **By virtue of the purchase of the Bonds, the beneficial owners of the Bonds are granting their consent to the amendment and restatement of the existing master trust indenture, as described herein.**

In accordance with each Indenture, each series of Bonds will be issued in the Fixed Rate Mode (as defined herein) and will bear interest at the Fixed Rates (as defined herein) listed on the inside front cover of this Official Statement until their respective maturity as set forth on the inside cover page hereof, or earlier redemption or conversion. Interest on each series of Bonds will be computed as described in this Official Statement. Interest on each series of Bonds will be payable on January 1, 2020 and semiannually thereafter on July 1 and January 1 in each year. **Each series of Bonds is subject to the optional redemption (or mandatory tender), mandatory redemption and extraordinary redemption prior to maturity and purchase in lieu of redemption in certain circumstances, as described in this Official Statement.**

This Official Statement describes the provisions of each series of Bonds only when such Bonds bear interest at Fixed Rates during the Initial Fixed Rate Period (as defined herein). Should any Bonds be converted to operate in a different interest rate mode or for a different fixed interest rate period, such Bonds will be subject to mandatory tender for purchase, and, except as otherwise provided in the related Indenture, at that time, it is expected that a reoffering circular or supplement to this Official Statement or other disclosure document will be prepared for the remarketing of such Bonds.

AN INVESTMENT IN THE BONDS INVOLVES A DEGREE OF RISK. A PROSPECTIVE BONDOWNER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO THE SECTIONS ENTITLED "PAYMENT AND SECURITY PROVISIONS RELATING TO THE BONDS", "BONDHOLDERS' RISKS" AND "REGULATION OF THE HEALTH CARE INDUSTRY" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE BONDS.

THE SERIES 2019A BONDS AND THE SERIES 2019B BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY AND THE CORPORATION, RESPECTIVELY, PAYABLE SOLELY FROM THE REVENUES (AS DEFINED IN EACH INDENTURE). NONE OF THE AUTHORITY, THE CORPORATION, THE STATE OF CONNECTICUT, THE STATE OF NEW YORK, DUTCHESS COUNTY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CONNECTICUT, THE STATE OF NEW YORK, DUTCHESS COUNTY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE BONDS OR ANY COSTS INCIDENTAL THERETO. THE AUTHORITY AND THE CORPORATION HAVE NO TAXING POWER.

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND CUSIP NUMBERS
(See Inside Cover)

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this Bond issue. Investors are instructed to read the entire Official Statement to obtain information essential to making an informed investment decision.

Kaufman, Hall & Associates, Inc. has acted as financial advisor to the Obligated Group in connection with the issuance of the Bonds.

The Bonds are offered subject to prior sale, when, as and if issued by the Authority and the Corporation and accepted by the Underwriter, subject to certain conditions, including the approval of legality by Hawkins Delafield & Wood LLP, Bond Counsel to the Authority and the Corporation. Certain legal matters will be passed upon by Chapman and Cutler LLP, special counsel to the Obligated Group, and by Pullman & Comley, LLC, counsel to the Underwriter. It is expected that the Bonds in definitive form will be available for delivery to The Depository Trust Company, on or about August 28, 2019.

BofA Merrill Lynch

The date of this Official Statement is August 13, 2019.

† For an explanation of the ratings, see "RATINGS" herein.

$340,110,000
STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS, NUVANCE HEALTH ISSUE, SERIES 2019A

MATURITY SCHEDULE

Due	Principal Amount	Interest Rate	Price	Yield	CUSIP† Number	Due	Principal Amount	Interest Rate	Price	Yield	CUSIP† Number
7/1/2020	$ 8,040,000	5.000%	103.256	1.100%	20775DBX9	7/1/2030	$13,315,000	5.000%	128.532	1.820%*	20775DCH3
7/1/2021	7,435,000	5.000	107.013	1.140	20775DBY7	7/1/2031	13,890,000	2.125	98.705	2.250	20775DCJ9
7/1/2022	9,050,000	5.000	110.613	1.190	20775DBZ4	7/1/2032	14,100,000	5.000	127.087	1.960*	20775DCK6
7/1/2023	9,445,000	5.000	114.061	1.240	20775DCA8	7/1/2033	14,720,000	5.000	126.779	1.990*	20775DCL4
7/1/2024	9,860,000	5.000	117.408	1.280	20775DCB6	7/1/2034	15,360,000	4.000	114.893	2.300*	20775DCM2
7/1/2025	10,480,000	5.000	120.434	1.350	20775DCC4	7/1/2035	15,890,000	4.000	114.514	2.340*	20775DCN0
7/1/2026	11,065,000	5.000	123.113	1.440	20775DCD2	7/1/2036	14,485,000	4.000	113.948	2.400*	20775DCP5
7/1/2027	11,700,000	5.000	125.547	1.530	20775DCE0	7/1/2037	17,550,000	3.000	101.363	2.840*	20775DCQ3
7/1/2028	12,200,000	5.000	127.547	1.640	20775DCF7	7/1/2038	17,980,000	4.000	112.826	2.520*	20775DCR1
7/1/2029	12,705,000	5.000	129.472	1.730	20775DCG5	7/1/2039	18,610,000	3.000	100.677	2.920*	20775DCS9

$38,640,000 4.000% Term Bonds due July 1, 2041 - Price 111.808, Yield 2.630%*, CUSIP 20775DCT7†
$43,590,000 4.000% Term Bonds due July 1, 2049 - Price 110.710, Yield 2.750%*, CUSIP 20775DCU4†

* Yield calculated to the July 1, 2029 first optional call date.

$99,910,000
DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
REVENUE BONDS, NUVANCE HEALTH ISSUE, SERIES 2019B

MATURITY SCHEDULE

Due	Principal Amount	Interest Rate	Price	Yield	CUSIP† Number	Due	Principal Amount	Interest Rate	Price	Yield	CUSIP† Number
7/1/2020	$3,780,000	5.000%	103.385	0.950%	267045LN0	7/1/2030	$3,410,000	5.000%	129.998	1.680%*	267045LY6
7/1/2021	3,490,000	5.000	107.298	0.990	267045LP5	7/1/2031	2,785,000	2.000	98.955	2.100	267045LZ3
7/1/2022	3,665,000	5.000	111.058	1.040	267045LQ3	7/1/2032	2,845,000	5.000	128.325	1.840*	267045MA7
7/1/2023	2,565,000	5.000	114.670	1.090	267045LR1	7/1/2033	2,985,000	5.000	127.601	1.910*	267045MB5
7/1/2024	2,695,000	5.000	118.182	1.130	267045LS9	7/1/2034	3,135,000	4.000	115.944	2.190*	267045MC3
7/1/2025	2,825,000	5.000	121.311	1.210	267045LT7	7/1/2035	2,275,000	4.000	115.560	2.230*	267045MD1
7/1/2026	2,800,000	5.000	124.144	1.300	267045LU4	7/1/2036	2,360,000	3.000	103.012	2.650*	267045ME9
7/1/2027	2,940,000	5.000	126.730	1.390	267045LV2	7/1/2037	2,440,000	4.000	114.798	2.310*	267045MF6
7/1/2028	3,085,000	5.000	128.878	1.500	267045LW0	7/1/2038	2,535,000	4.000	114.419	2.350*	267045MG4
7/1/2029	3,245,000	5.000	130.844	1.600	267045LX8	7/1/2039	2,635,000	3.000	101.967	2.770*	267045MH2

$9,950,000 4.000% Term Bonds due July 1, 2044 - Price 113.105, Yield 2.490%*, CUSIP 267045MJ8†
$31,465,000 4.000% Term Bonds due July 1, 2049 - Price 112.362, Yield 2.570%*, CUSIP 267045MK5†

* Yield calculated to the July 1, 2029 first optional call date.

† CUSIP® is a registered trademark of the American Bankers Association (the "ABA"). CUSIP Global Services ("CGS") is managed on behalf of the ABA by S&P Capital IQ. CUSIP® data herein is provided by CGS. 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 have been assigned by an organization not affiliated with the Authority, the Corporation, the Obligated Group, the Trustees or the Underwriter. None of the Authority, the Corporation, the Obligated Group, the Trustees, the Underwriter or their agents or counsel makes any representation with respect to such CUSIP® numbers or assumes any responsibility for the accuracy of such numbers.

The information contained in this Official Statement under "THE AUTHORITY" and "LITIGATION – The Authority" has been furnished by the State of Connecticut Health and Educational Facilities Authority. The information contained in this Official Statement under "THE CORPORATION" and "LITIGATION – The Corporation" has been furnished by the Dutchess County Local Development Corporation. The information concerning The Depository Trust Company ("*DTC*") and the book-entry system set forth herein under the "THE BONDS – Book-Entry-Only System" has been furnished by DTC. All other information herein has been obtained from the Obligated Group and other sources that are believed to be reliable. Such other information is not guaranteed as to accuracy or completeness by, and is not to be relied upon as or construed as a promise or representation by the Authority or the Corporation. None of the information contained in this Official Statement has been supplied or verified by the Master Trustee or the Trustees, and the Master Trustee and the Trustees make no representation, warranty or guarantee as to the accuracy or completeness of any information in this Official Statement.

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

No dealer, broker, salesperson or other person has been authorized by the Authority, the Corporation, the Obligated Group, or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority, the Corporation, the Obligated Group, or DTC since the date hereof.

None of the Series 2019A Bonds, the Series 2019B Bonds, the Series 2019A Obligation or the Series 2019B Obligation have been registered under the Securities Act of 1933, or the securities laws of any state, nor have the Indentures or the Master Indenture been qualified under the Trust Indenture Act of 1939, in reliance upon exemptions contained in such acts. The Bonds have not been registered or qualified under the securities laws of any state in reliance upon the state securities law exemption provisions under the Securities Act of 1933. In certain states, however, the filing of a notice with the state securities commission is required for the public sale of the Bonds in such states. The fact that a notice may have been filed in certain states cannot be regarded as a recommendation. Neither such states nor any of their respective agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement contains a general description of the Bonds, the Authority, the Corporation, the Obligated Group, and the plan of finance, and sets forth certain provisions of the Indentures, the Loan Agreements, the Master Indenture and the Supplemental Indentures. The description and summaries herein do not purport to be complete. Persons interested in purchasing the Bonds should review carefully the Appendices attached hereto as well as copies of such documents, which are held by the Master Trustee and the Trustees at their respective principal offices. A wide variety of other information, including financial information, concerning the Obligated Group is available from publications and websites of the Members of the Obligated Group and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

References to 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.

Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of the Authority, the Corporation or any Member of the Obligated Group have remained unchanged after the date of this Official Statement.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY EFFECT CERTAIN TRANSACTIONS THAT STABILIZE THE PRICE OF SUCH BONDS. SUCH TRANSACTIONS MAY CONSIST OF BIDS OR PURCHASES FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE BONDS. IN ADDITION, IF THE UNDERWRITER OVERALLOTS (THAT IS, SELLS MORE THAN THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS SET FORTH ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT) AND THEREBY CREATES A SHORT POSITION IN THE BONDS IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY REDUCE THAT SHORT POSITION BY PURCHASING THE 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 UNDERWRITER MAKES 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 BONDS. IN ADDITION, THE UNDERWRITER MAKES NO REPRESENTATION IT WILL ENGAGE IN SUCH TRANSACTIONS OR THAT SUCH TRANSACTIONS, IF COMMENCED, WILL NOT BE DISCONTINUED WITHOUT NOTICE.

CAUTIONARY STATEMENTS 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 "may," "believe," "will," "expect," "project," "intend," "estimate," "anticipate," "plan," "continue," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under "PLAN OF FINANCE," "BONDHOLDERS' RISKS" and "REGULATION OF THE HEALTH CARE INDUSTRY" in the forepart of this Official Statement and the statements under the heading "FINANCIAL INFORMATION" and "MANAGEMENT'S DISCUSSION OF OPERATING AND FINANCIAL RESULTS" in APPENDIX A to this Official Statement. The forward looking statements contained in this Official Statement 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 payments to health care providers and insurers, (iv) changes in federal, state or local regulations affecting the health care industry, (v) the 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, and (xx) the Obligated Group's ability to comply with recently enacted legislation and/or regulations. 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.

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 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.

TABLE OF CONTENTS

OFFICIAL STATEMENT

$340,110,000
STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, NUVANCE HEALTH ISSUE, SERIES 2019A

$99,910,000
DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION REVENUE BONDS, NUVANCE HEALTH ISSUE, SERIES 2019B

INTRODUCTORY STATEMENT

This Introductory Statement is subject in all respects to more complete information contained in this Official Statement. This entire Official Statement, including its appendices, should be read by any prospective purchaser of the Bonds. No person is authorized to detach this Introductory Statement from this Official Statement or otherwise to use it without this entire Official Statement, including the appendices.

Purpose of this Official Statement. The purpose of this Official Statement, including the cover page, the inside cover page and the appendices, is to set forth information relating to the issuance and sale of $340,110,000 aggregate principal amount of Revenue Bonds, Nuvance Health Issue, Series 2019A (the *"Series 2019A Bonds"*) of the State of Connecticut Health and Educational Facilities Authority (the *"Authority"*) and the $99,910,000 aggregate principal amount of Revenue Bonds, Nuvance Health Issue, Series 2019B (the "*Series 2019B Bonds*" and together with the *Series 2019A Bonds*, the "*Bonds*") of the Dutchess County Local Development Corporation (the "*Corporation*"). The Series 2019A Bonds are to be issued pursuant to a Trust Indenture dated as of August 1, 2019 (the "*Series 2019A Indenture*"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Series 2019A Trustee*"). The Series 2019B Bonds are to be issued pursuant to a Trust Indenture dated as of August 1, 2019 (the "*Series 2019B Indenture*"), by and between the Corporation and The Bank of New York Mellon, as trustee (the "*Series 2019B Trustee*"). The Series 2019A Indenture and the Series 2019B Indenture shall be collectively referred to herein as the "*Indentures*." The Series 2019A Trustee and the Series 2019B Trustee shall be collectively referred to herein as the "*Trustees*."

The Issuers. The Authority is a body politic and corporate of the State of Connecticut, constituting a public instrumentality organized and existing under and by virtue of Chapter 187 of the General Statutes of Connecticut, Revision of 1958, Sections 10a-176 to 10a-198, inclusive, and is authorized and empowered to issue the Series 2019A Bonds for the purposes described in this Official Statement. See "THE AUTHORITY" herein. The Corporation is a not-for-profit local development corporation formed under Article 14 of the New York Not-For-Profit Corporation Law and is authorized and empowered to issue the Series 2019B Bonds for the purposes described in this Official Statement. See "THE CORPORATION" herein.

The Obligated Group. On April 1, 2019, Health Quest Systems, Inc. (*"HQ"*) and Western Connecticut Health Network, Inc. (*"WCHN"*) affiliated under a newly formed, not-for-profit, parent corporation, Nuvance Health (*"Nuvance"*). Nuvance is the sole member of HQ and WCHN. Certificate of Need applications with respect to the affiliation were approved by the New York State Department of Health on February 11, 2019 and by the Connecticut Department of Public Health Office of Health Care Access on April 1, 2019.

This affiliation brings together seven community hospital campuses and their affiliated entities, creating a new not-for-profit, community-based network in western Connecticut and New York's Hudson Valley that includes each of their respective component hospitals and affiliates, among which are WCHN's Norwalk Hospital, Danbury Hospital, and its campus at New Milford Hospital, and HQ's Sharon Hospital in Connecticut and three hospitals in New York - Putnam Hospital Center, Northern Dutchess Hospital and Vassar Brothers Medical Center.

Prior to the issuance of the Bonds, indebtedness of the members of the legacy WCHN obligated group and the legacy HQ obligated group was separately secured under separate legacy master trust indentures. Upon issuance of the Bonds, all indebtedness of the legacy WCHN obligated group will be defeased and the members of the legacy WCHN obligated group – WCHN, The Danbury Hospital (*"Danbury Hospital"*), The Norwalk Hospital Association (*"Norwalk Hospital"*), Danbury Hospital & New Milford Hospital Foundation, Inc. ("*DNM Foundation*"), Norwalk Hospital Foundation, Inc. ("*NH Foundation*"), Western Connecticut Health Network Investments LLC (*"WCHN Investments"*) and Western Connecticut Medical Group, Inc. (the *"Medical Group")* – along with Nuvance and Vassar Health Connecticut, Inc. d/b/a/ Sharon Hospital ("*Sharon Hospital*"), will become new Obligated Group Members under the Master Trust Indenture dated as of September 1, 2007 (the "*Original Master Indenture*"), by and among HQ, Vassar Brothers Hospital d/b/a Vassar Brothers Medical Center (*"Vassar Brothers"*), Putnam Hospital Center (*"Putnam Hospital"*), Northern Dutchess Hospital (*"Northern Dutchess"*) and The Bank of New York Mellon, as master trustee (the "*Master Trustee*"). In connection with the admission of the new members, Health Quest will deliver to the Master Trustee evidence of satisfaction of the tests and requirements in the Original Master Indenture, and applicable supplements related thereto, of admission of new Members into the Obligated Group thereunder. Upon admission of the new Members, the Members of the Obligated Group will include Nuvance, HQ, Vassar Brothers, Putnam Hospital, Northern Dutchess, WCHN, Danbury Hospital, Norwalk Hospital, DNM Foundation, NH Foundation, Sharon Hospital, WCHN Investments, and the Medical Group (collectively, the "*Obligated Group*" and each a "*Member of the Obligated Group*"). See "THE OBLIGATED GROUP" herein and Appendix A hereto for a more detailed discussion of the Obligated Group.

Amendment and Restatement of the Master Indenture; Deemed Consent. Concurrently with the issuance of the Bonds, the Obligated Group intends to amend and restate the Original Master Indenture (as amended and restated, the "Master Indenture"). The Original Master Indenture may be amended and restated upon receipt of the consent of the holders of not less than a majority in aggregate principal amount of the Obligations outstanding under the Original Master Indenture, with the prior written consent of each Credit Facility Issuer, as defined in the Original Master Indenture. **By acceptance of the Bonds, the purchasers thereof will be deemed to have consented to the amendment and restatement of the Original Master Indenture in its entirety.** Upon the issuance of the Bonds, a majority of the Obligations outstanding under the Original Master Indenture and all Credit Facility Issuers will have consented to the amendment and restatement and such amendment and restatement shall become effective. Therefore, the Master Indenture as described in this Official Statement is the amended and restated Original Master Indenture. See APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE".

Security for the Bonds. Each series of Bonds will be secured by (a) certain funds and accounts established under the related Indenture; (b) all right, title and interest of the Authority or the Corporation, as the case may be, in and to each related Loan Agreement (as defined below) and all Revenues payable to the Authority or the Corporation, as the case may be; and (c) the Nuvance Health Obligation No. 21 delivered with respect to the Series 2019A Bonds (the "*Series 2019A Obligation*") and the Nuvance Health Obligation No. 22 delivered with respect to the Series 2019B Bonds (the "*Series 2019B Obligation*" and, together with the Series 2019A Obligation, the "*Series 2019 Obligations*") issued under the Master Indenture, as supplemented by the Supplemental Indenture for Obligation No. 21 and the Supplemental Indenture for Obligation No. 22, respectively, each dated as of August 1, 2019 described herein (collectively, the "*Supplemental Indentures*"), by and among the Members of the Obligated Group and the Master Trustee.

The Series 2019 Obligations will be secured by (i) a pledge of the Gross Receivables (as defined below) of the Members of the Obligated Group, and (ii) the Mortgages (as defined below) on the principal hospital campuses of Vassar Brothers, Putnam Hospital, Northern Dutchess, Sharon Hospital, Danbury Hospital, Norwalk Hospital, and the New Milford Hospital campus of Danbury Hospital. Vassar Brothers, Northern Dutchess, Putnam Hospital, Sharon Hospital, Danbury Hospital and Norwalk Hospital will each represent in their respective Mortgages that each has fee title to their respectively owned mortgaged property that is described in the Mortgage signed by such Member of the Obligated Group; however, no title insurance company has issued a title insurance policy insuring the Master Trustee's mortgage lien under the Mortgage on each such mortgaged property in connection with the issuance of the Bonds. As a result, a defect in Vassar Brothers',

Northern Dutchess', Putnam Hospital's, Sharon Hospital's, Danbury Hospital's (including the New Milford campus) or Norwalk Hospital's title to the mortgaged property owned by such Member of the Obligated Group may adversely impact its use of all or a portion of such mortgaged property and/or the operations of such Member and/or the value of such mortgaged property and any proceeds that may be recovered by the Master Trustee in the event that the Master Trustee seeks to foreclose on the Mortgage related to such mortgaged property or to pursue its rights in accordance with the Master Indenture and the Supplemental Indentures. The Master Trustee is permitted to release or subordinate certain portions of any mortgaged property from the lien of the Mortgages under certain conditions set forth in the Master Indenture and the Supplemental Indentures. Upon defeasance or payment in full of all of the currently-outstanding Obligations, other than the Series 2019 Obligations and Obligations issued in the future, the Obligated Group may, at its option, release the Mortgages.

Plan of Finance. The Authority will lend the proceeds of the Series 2019A Bonds to HQ (together with Nuvance, the "*Series 2019A Borrowers*") pursuant to a Loan Agreement, dated as of August 1, 2019 (the *"Series 2019A Loan Agreement"*), between the Authority and the Series 2019A Borrowers. The proceeds of the Series 2019A Bonds will be applied, together with other available funds, to (i) acquire hospital and healthcare facilities, including related facilities, through the refinancing of all or a portion of (A) the Authority's Revenue Bonds, Western Connecticut Health Network Issue, Series M, N, O and P (the "*Prior WCHN Bonds*"), and (B) the Authority's Revenue Bonds, Norwalk Hospital Issue, Series G, H, I and J (the "*Prior Norwalk Bonds*"); (ii) finance the cost of terminating an interest rate swap in connection with the refinancing of the Authority's Revenue Bonds, Norwalk Hospital Issue, Series J (the "*Series 2012J Bonds*"); (iii) finance various renovations, improvements, equipment acquisition and installation thereof, including (A) the expansion, renovation and equipping of each of the existing cardiac catheterization laboratories located at Danbury Hospital and Norwalk Hospital, (B) the replacement of a dual energy computed tomography scanner, an magnetic resonance imaging unit, a linear accelerator and a central pharmacy robot and carousel all located at Norwalk Hospital, (C) the replacement of certain x-ray equipment and automated medication dispensing machines located at Danbury Hospital, (D) the replacement of a positron emission tomography scanner located at The Danbury Hospital Medical Arts Center, (E) various pharmacy upgrades at Norwalk Hospital, (F) the renovation and relocation of the pharmacy located at Danbury Hospital, (G) the consolidation of a picture archiving communication system, (H) renovations to space located at the New Milford Hospital campus of Danbury Hospital, (I) various life safety upgrades at Norwalk Hospital, and (J) the replacement of approximately 230 beds located at Danbury Hospital (collectively, the "*Series 2019A New Money Projects*"); and (iv) to pay certain costs of issuance of the Series 2019A Bonds (collectively, the "*2019A Project*"). See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS".

The Corporation will lend the proceeds of the Series 2019B Bonds to WCHN (together with Nuvance, the "*Series 2019B Borrowers*") pursuant to a Loan Agreement, dated as of August 1, 2019 (the *"Series 2019B Loan Agreement"*), between the Corporation and the Series 2019B Borrowers. The proceeds of the Series 2019B Bonds will be applied, together with other available funds, to (i) acquire hospital and healthcare facilities, including related facilities, through the refinancing of all or a portion of (A) the Dutchess County Industrial Development Agency Civic Facility Revenue Bonds, Series 2005 (Vassar Brothers Medical Center Facility) Short-Term Adjustable Rate Securities (STARS[SM]) (the "*Prior Vassar Brothers Bonds*"), (B) the Dormitory Authority of the State of New York Health Quest Systems, Inc. Obligated Group Revenue Bonds, Series 2007A (the "*Prior HQ 2007A Bonds*"), and (C) the Corporation's Tax-Exempt Revenue Bonds, Series 2010A (Health Quest Systems, Inc. Project) and Series 2014A (Health Quest Systems, Inc. Project) (the "*Prior HQ 2010A and 2014A Bonds*"); (ii) construct, furnish and equip an approximately 56,000 square foot additional floor to the Patient Pavilion located on the Vassar Brothers (the "*Series 2019B Patient Pavilion Project*"); and (iii) to pay certain costs of issuance of the Series 2019B Bonds (collectively, the "*2019B Project*" and, together with the 2019A Project, the "*Project*"). In addition, the Dormitory Authority of the State of New York Health Quest Systems, Inc. Obligated Group Revenue Bonds, Series 2007C (the "*Prior HQ 2007C Bonds*") will be defeased with funds of the Obligated Group. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS".

The Series 2019A Loan Agreement and the Series 2019B Loan Agreement shall be collectively referred to herein as the "*Loan Agreements*," and the Series 2019A Borrowers and the Series 2019B Borrowers shall be collectively referred to herein as the "*Borrowers*."

The Bonds will be initially issued in the Fixed Rate Mode. This Official Statement does not describe terms specifically applicable to the Bonds bearing interest at rates other than Fixed Rates during the Initial Fixed Rate Period. In the event the Bonds are converted to bear interest in a different Interest Rate Mode or for a subsequent Fixed Rate Period, such Bonds will be subject to mandatory tender for purchase, and, except as otherwise provided in the Indentures, it is expected that a reoffering circular or supplement to this Official Statement or other disclosure document will be prepared with remarketing such Bonds when and if they are converted to another Interest Rate Mode.

Payment for the Bonds. Each series of Bonds will be a special limited obligation of the Authority and the Corporation, respectively, secured by and payable solely from Revenues, which consist primarily of payments required to be made by the Borrowers under the respective Loan Agreements, payments to be made on the related Series 2019 Obligation, and certain funds held under the related Indenture. Pursuant to each Indenture, the Authority and the Corporation, as the case may be, will pledge all of the Revenues and certain of the funds and accounts created thereunder, and assign to the respective Trustee its interest in the related Series 2019 Obligation and the related Loan Agreement, pursuant to which the Borrowers agree to make loan repayments in amounts and at times which will enable the Authority and the Corporation to pay the principal or redemption price of and interest on the Bonds when due.

Additional Indebtedness. The Obligated Group, upon compliance with the terms and conditions, and for the purposes described in the Master Indenture, may incur additional indebtedness. Such additional indebtedness may be secured or unsecured, and may or may not be issued in the form of Obligations under the Master Indenture. See APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE".

Bondholders' Risks. There are risks associated with the purchase of the Bonds. See "BONDHOLDERS' RISKS" for a discussion of certain of these risks.

Defined Terms. All capitalized terms used in this Official Statement, unless otherwise defined or the context otherwise indicates, have the same meanings set forth in APPENDIX C and APPENDIX D of this Official Statement.

Underlying Documents. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all of its terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Copies of the Master Indenture, the Supplemental Indentures, the Loan Agreements and the Indentures are available for inspection at the designated corporate trust office of the Master Trustee and the Trustees.

THE AUTHORITY

The Authority is a body politic and corporate of the State of Connecticut, constituting a public instrumentality organized and existing under and by virtue of Chapter 187 of the General Statutes of Connecticut, Revision of 1958, Sections 10a-176 to 10a-198, inclusive (the "*CHEFA Act*"). The purpose of the Authority, as stated in the CHEFA Act, is essentially to assist certain health care institutions, institutions of secondary or higher education, nursing homes, child care and child development facilities and other qualified nonprofit organizations in the construction and financing of eligible projects.

Authority Membership and Organization

The CHEFA Act provides that the Board of Directors of the Authority shall consist of ten members, two of whom shall be the Treasurer of the State of Connecticut, ex-officio, and the Secretary of the Office of Policy and Management of the State of Connecticut, ex-officio, and eight of whom shall be residents of the State appointed by the Governor, provided not more than four of such appointed members may be members of the same political party. Three of the appointed members shall be associated with institutions of higher education, two members shall be associated with health care institutions, and one member shall be experienced in and knowledgeable of (by virtue of business or other activities) state and municipal securities. The terms of the members of the Authority, other than the State Treasurer and the Secretary of the Office of Policy and Management, are for five years, but the members continue to serve until their successors have been appointed and qualified. Each ex-officio member may designate a deputy or any staff member to represent the State Treasurer or the Secretary of the Office of Policy and Management, as the case may be, as a member of the Board of Directors at meetings of the Authority with full power to act and vote on behalf of such ex-officio member. All Authority members serve without compensation, but are entitled to reimbursement for expenses incurred in the performance of their duties in relation to the Authority. The Governor, with the advice and consent of both houses of the General Assembly, has power to appoint the Chairperson of the Board of Directors of the Authority from among its members. The Board of Directors annually elects one of its members to serve as Vice Chairperson. There is currently one vacancy on the Board of Directors.

The members of the Board of Directors of the Authority are as follows:

Peter W. Lisi, Ph.D., Chairperson, term as member expires June 30, 2020.

Dr. Lisi, a resident of West Hartford, was the Director of the Office of Sponsored Programs for the University of Hartford from which he retired in July 2018. Prior to joining the University in November 2004, he served as the Director of External Affairs for the Connecticut Historical Society Museum and at Choate Rosemary Hall as Director of Planning and Budgeting and also as Associate Director of Development. Dr. Lisi served as President of the Board of the Watkinson School and is Past President of the Board of the West Hartford Chamber of Commerce.

Michael Angelini, Vice Chairperson term as member expires February 9, 2023.

Mr. Angelini, a resident of Trumbull, is the Vice President for Treasury for the Yale New Haven Health System. Prior to joining the System in February 2013, he served as Associate Vice President for Finance and Deputy Treasurer for Ohio University and as Treasurer for the University of Toledo. Mr. Angelini also held roles with New York Life Insurance Co., the University of Michigan Health System, and Welltower Inc. Mr. Angelini serves as Treasurer of the Board of Directors of Christian Heritage School, in Trumbull, and as a member of the Board of Directors for the NewAlliance Foundation, in New Haven, and as chair of its Investment Committee.

Melissa McCaw, *ex-officio.*

Melissa McCaw was appointed by Governor Ned Lamont to serve as the Secretary of the Office of Policy and Management, also known as the Connecticut Budget Chief, effective January 9, 2019. Ms. McCaw is a seasoned professional with 18 years of budgeting, finance, operations and planning experience in government and higher education organizations. She previously served as the Chief Financial Officer and the Director of Budget, Management & Grants for the City of Hartford for three years, overseeing both the budget and finance functions, with a general fund budget of $570 million and an all funds budget in excess of $1 billion. Ms. McCaw led the City through three years of intensive restructuring, including significant reductions and savings, restructuring of department staffing and operations, benchmarking of key areas of expenditures, labor negotiations, revenue maximization, shift to a pay-as-you-go capital improvement program, renegotiation of leases, and development of the City's municipal recovery plan, establishing a new standard of fiscal responsibility. Prior to this, Ms. McCaw was the Budget Director at the University of Hartford for nearly seven

years. Ms. McCaw began her career at OPM, serving as a Budget Specialist for nearly eight years. She holds a Bachelor of Arts in Government from Wesleyan University and a Master of Public Administration, with a concentration in Public Finance & Budgeting, from the University of Connecticut.

Shawn Wooden, *ex-officio*.

Mr. Wooden became Treasurer of the State of Connecticut on January 9, 2019, following a 21-year career as an investment attorney specializing in public pension plans. Prior to his election in November 2018, Mr. Wooden was a Partner in a major law firm where he led its public pension plan investment practice and was a member of the Investment Section of the National Association of Public Pension Attorneys. He has also worked in the AFL-CIO's Office of Investment in Washington, D.C., has served as President of the Hartford City Council from 2011 to 2015, and was a member of the Connecticut Citizen's Ethics Advisory Board. Mr. Wooden is a graduate of Trinity College in Hartford, where he now serves as a member of its Board of Trustees. Mr. Wooden attended New York University School of Law before beginning his career at the law firm of Day Pitney. Upon college graduation, he worked for the Mayor of Hartford and then as Connecticut Director of Project Vote, a national voter registration and education program. He also served as a key aide for the Connecticut Commissioner of Social Services.

Elizabeth C. Hammer, term as member expired June 30, 2019; however, Ms. Hammer will continue to serve as a member until reappointed, or a successor has been appointed.

Ms. Hammer, a resident of Farmington, is a former Vice President of U.S. Bank, from which she retired in August 2014. From April 1988 through July 2014 she was a relationship manager in the corporate trust divisions of U.S. Bank and its predecessors, including Connecticut National Bank, Shawmut Bank, Fleet Bank and State Street Bank and Trust. Previously, Ms. Hammer was a legal assistant at Shipman & Goodwin in Hartford and Chadbourne & Park in New York City.

Barbara B. Lindsay, term as member expires June 30, 2020.

Ms. Lindsay, a resident of Hamden, is an attorney in private practice who represents tax-exempt organizations. As a member of the Connecticut Bar Association and the American Bar Association, she has participated in numerous statutory drafting task forces pertinent to nonprofit organizations. She is member of the Project Access New Haven, Inc. Board of Directors and Governance Committee, the Loaves and Fishes Program of the Episcopal Church of St. Paul and St. James (New Haven) Steering Committee, the Legal and Tax Panel of the Jewish Community Foundation in Hartford and the Benazir Bhutto Leadership Program (Harvard University) Steering Committee. She was a visiting lecturer at the Yale Law School, teaching Nonprofit Organizations Law from 1992 to 2016. She is a Fellow of the American Bar Foundation.

Estela R. Lopez, Ph.D., term as member expires June 30, 2022.

Dr. Lopez, a resident of East Hartford, is the former Director of the Latino Policy Institute of the Hispanic Health Council. She is also the former Vice Chancellor of Academic Affairs of the Connecticut State University System, a position which she held from April 2002 to April 2007. Prior to her association with CSU, Dr. Lopez served as Provost and Vice President for Academic Affairs at Northeastern Illinois University, as a Senior Associate at the American Association for Higher Education, as a Senior Fellow at the American Council on Education, and as Vice President for Academic Affairs and Planning at the Inter American University of Puerto Rico. She is a board member of the United Way of Connecticut and the Latino Endowment Fund of the Hartford Foundation and the Connecticut State Board of Education.

Barbara Rubin, term as member expired June 30, 2016; however, Ms. Rubin will continue to serve as a member until a successor has been appointed.

Ms. Rubin, a resident of Glastonbury, was an Executive Vice President of iStar Financial in 2016 and previous Chair of CHEFA. Ms. Rubin has over 30 years' experience in commercial real estate investments.

Prior to joining iStar, Ms. Rubin was an investment professional with Phoenix Home Life Mutual Insurance Company. She is currently a member of the Board of Hartford Stage and is a consultant for Artists for World Peace, a Middletown, Connecticut-based non-profit dedicated to promoting peace by feeding, housing, educating and providing healthcare to targeted, unsupported communities.

Mark Varholak, term as member expires June 30, 2021.

Mr. Varholak, a resident of Orange, is the Vice President for Finance and Chief Financial Officer at Quinnipiac University. Prior to joining Quinnipiac, he served at Deloitte & Touche and GE Capital Services, culminating in his final role as Manager of Finance for Vendor Financial Services Asset Management Organization. Mr. Varholak serves as a member of the Board of Directors for the Irish Great Hunger Museum and Quinnipiac University Online, both in Hamden, as well as the Board of Directors for Notre Dame High School in West Haven. He is a Certified Public Accountant (CPA) and a member of the National Association of College and University Business Officers ("NACUBO") .

Jeanette W. Weldon is the Executive Director of the Authority. The Executive Director is appointed by, and serves at the pleasure of, the Board of Directors. In the performance of her duties as Executive Director, Ms. Weldon is responsible for the general management of the Authority's affairs. Denise E. Aguilera is General Counsel and Michael F. Morris and Cynthia D. Peoples-H. are Managing Directors of the Authority.

Hawkins Delafield & Wood LLP is serving as Bond Counsel to the Authority and will submit its approving opinion with regard to the legality of the Series 2019A Bonds as of the date of delivery of the Series 2019A Bonds, in substantially the form attached hereto as Appendix E.

Powers of the Authority

Under the CHEFA Act, the Authority is authorized and empowered with respect to health care institutions and nursing homes, institutions of secondary or higher education, child care or child development facilities, and other qualified nonprofit organizations, among other things: to acquire real and personal property; to issue bonds, bond anticipation notes and other obligations and to refund the same; to acquire Federally guaranteed securities or to make loans to acquire such securities in order to finance, refinance or refund projects: to charge and collect rentals for the use of projects or for services furnished in relation thereto; to construct, reconstruct, renovate, replace, maintain, repair, operate, lease, or regulate projects and to enter into contracts in order to provide, manage or operate such projects; to establish or cause to be established rules and regulations for the use of projects provided by the Authority; to receive, in relation to projects, loans or grants from any public agency or other source; to make loans for the cost of projects, including the refunding of obligations, mortgages or advances thereof; to finance or refinance certain items of equipment; to mortgage any project and the site thereof for the benefit of the owners of bonds issued to finance such project; to accept mortgages as security for project loans; and to do all things necessary to carry out the purposes of the CHEFA Act.

Indebtedness of the Authority

The Authority as of May 31, 2019, had authorized and issued certain series of its general obligation and revenue bonds for eligible institutions under the CHEFA Act in an aggregate principal amount of $21,453,722,483 of which $8,401,596,284 was outstanding as of May 31, 2019.

In addition, the Authority has issued Revenue Bonds**:** Bristol Hospital Issue, Series 2019A in the principal amount of $34,630,000 on June 14, 2019 and has Board approval to issue Revenue Bonds: Greenwich Academy Issue, Series F in a principal amount not to exceed $35,000,000 and Mary Wade Home Issue, Series A in a principal amount not to exceed $47,500,000.

Approval

The Authority's Board adopted the Bond Resolution approving the issuance of the Series 2019A Bonds on July 17, 2019.

THE SERIES 2019A BONDS ARE NEITHER A GENERAL OBLIGATION OF THE AUTHORITY, NOR A DEBT OR INDEBTEDNESS OF THE STATE OF CONNECTICUT AND THE STATE OF CONNECTICUT SHALL BE LIABLE THEREON. THE SERIES 2019A BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE BY THE AUTHORITY SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER AND PURSUANT TO THE INDENTURE. THE AUTHORITY HAS NOT VERIFIED, REVIEWED OR APPROVED, AND DOES NOT REPRESENT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH HEREIN OTHER THAN INFORMATION SET FORTH UNDER THIS HEADING AND THE INFORMATION CONCERNING THE AUTHORITY UNDER THE HEADINGS "INTRODUCTORY STATEMENT" AND "LITIGATION".

THE CORPORATION

The Corporation is a not-for-profit local development corporation created as a public instrumentality of Dutchess County, New York (the "*County*") for the purpose of promoting the economic welfare of the inhabitants of the County. The Corporation was formed under Article 14 of the New York Not-For-Profit Corporation Law (the *"LDC Act"*) and is authorized and empowered under the LDC Act to issue the Series 2019B Bonds for the purposes described in this Official Statement. The sole Member of the Corporation is the County, acting through the County Legislature and the County Executive. The Board of Directors of the Corporation is comprised of seven members, as follows:

Name	Title
Timothy E. Dean	Chairman
Mark Doyle	Vice Chairman
Stacey M. Langenthal	Secretary/Treasurer
Kathleen M. Bauer	Board Member
Ronald J. Piccone, II	Board Member
Donald R. Sagliano	Board Member
Alfred D. Torreggiani	Board Member

Approval

The Corporation's Board of Directors adopted the Bond Resolution approving the issuance of the Series 2019B Bonds on July 17, 2019.

THE SERIES 2019B BONDS ARE NEITHER A GENERAL OBLIGATION OF THE CORPORATION, NOR A DEBT OR INDEBTEDNESS OF DUTCHESS COUNTY OR THE STATE OF NEW YORK AND NEITHER DUTCHESS COUNTY NOR THE STATE OF NEW YORK SHALL BE LIABLE THEREON. THE SERIES 2019B BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE CORPORATION PAYABLE BY THE CORPORATION SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER AND PURSUANT TO THE INDENTURE. THE SERIES 2019B BONDS SHALL NOT BE PAYABLE FROM ANY OTHER FUNDS OF THE CORPORATION. THE CORPORATION HAS NO TAXING POWERS. THE CORPORATION HAS NOT VERIFIED, REVIEWED OR APPROVED, AND DOES NOT REPRESENT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH HEREIN OTHER THAN INFORMATION SET FORTH UNDER THIS HEADING AND THE INFORMATION CONCERNING THE CORPORATION UNDER THE HEADINGS "INTRODUCTORY STATEMENT" AND "LITIGATION".

THE OBLIGATED GROUP

On April 1, 2019, HQ and WCHN affiliated under the newly formed, not-for-profit, parent corporation, Nuvance. Nuvance is the sole member of HQ and WCHN. Certificate of Need applications with respect to the affiliation were approved by the New York State Department of Health on February 11, 2019 and by the Connecticut Department of Public Health Office of Health Care Access on April 1, 2019.

This affiliation brings together seven community hospital campuses and their affiliated entities, creating a new not-for-profit, community-based network in western Connecticut and New York's Hudson Valley that includes each of their respective component hospitals and affiliates, among which are WCHN's Norwalk Hospital, Danbury Hospital, and its campus at New Milford Hospital, and HQ's Sharon Hospital in Connecticut and three hospitals in New York - Putnam Hospital, Northern Dutchess and Vassar Brothers.

Upon issuance of the Bonds, Nuvance, WCHN, Danbury Hospital, Norwalk Hospital, DNM Foundation, NH Foundation, WCHN Investments, the Medical Group, and Sharon Hospital will become new Obligated Group Members under the Original Master Indenture. In connection with the admission of the new Members, HQ will deliver to the Master Trustee evidence of satisfaction of the tests and requirements in the Original Master Indenture, and applicable supplements related thereto, of admission of new Members into the Obligated Group thereunder. Upon admission of the new Members, the Members of the Obligated Group will include Nuvance, HQ, Vassar Brothers, Putnam Hospital, Northern Dutchess, WCHN, Danbury Hospital, Norwalk Hospital, DNM Foundation, NH Foundation, Sharon Hospital, WCHN Investments, and the Medical Group (collectively, the "*Obligated Group*" and each a "*Member of the Obligated Group*"). See Appendix A hereto for a more detailed discussion of the Obligated Group.

Health Quest's Hospitals

Vassar Brothers, a New York not-for-profit corporation, owns and operates a 365-licensed bed acute care hospital located in Poughkeepsie, New York approximately 80 miles north of New York City; Northern Dutchess, a New York not-for-profit corporation owns and operates a 84-licensed bed acute care hospital located approximately 18 miles to the north of Vassar Brothers in Rhinebeck, New York; Putnam Hospital, a New York not-for-profit corporation owns and operates a 164-licensed bed acute care hospital, located approximately 35 miles to the south of Vassar Brothers in Carmel, New York; and Sharon Hospital, a Connecticut nonstock corporation, owns and operates a 78-licensed bed acute care hospital located approximately 100 miles north of New York City in Sharon, Connecticut. HQ exercises active management powers over Vassar Brothers, Northern Dutchess, Putnam Hospital and Sharon Hospital.

WCHN's Hospitals

Danbury Hospital, a Connecticut nonstock corporation, owns and operates a 456 licensed bed acute care hospital located in Danbury, Connecticut and The New Milford Hospital, a community hospital operating under Danbury Hospital's license, located approximately 16 miles to the north of Danbury Hospital in New Milford, Connecticut; and Norwalk Hospital, a Connecticut nonstock corporation, owns and operates a 366 licensed bed acute care hospital located approximately 24 miles to the south of Danbury Hospital in Norwalk, Connecticut. WCHN exercises active management powers over Danbury Hospital (including the New Milford campus) and Norwalk Hospital.

See Appendix A hereto for a more detailed discussion of Nuvance and the Obligated Group.

THE BONDS

General

The Bonds will be initially issued in the Fixed Rate Mode. This Official Statement does not describe terms specifically applicable to any Bonds bearing interest at rates other than a Fixed Rate during the Initial Fixed Rate Period. In the event that any Bonds are converted to bear interest in a different Interest Rate Mode or for a subsequent Fixed Rate Period, such Bonds will be subject to mandatory tender for purchase, and, except as otherwise provided in the respective Indenture, it is expected that a reoffering circular or a supplement to this Official Statement or other disclosure document will be prepared in connection with the remarketing of such Bonds when and if they are converted to another Interest Rate Mode.

The Bonds will be dated their date of delivery (the "*Date of Delivery*") and will mature, subject to the optional redemption (or mandatory tender), mandatory redemption and extraordinary redemption provisions set forth below, in the amounts and on the dates set forth on the inside front cover page hereof.

The Bonds may be converted to bear interest in another Interest Rate Mode, as described in the Indentures, and as may be directed by the Credit Group Representative, which is Nuvance or any other Person designated as such pursuant to the Master Indenture. See APPENDIX C — "EXCERPTS FROM THE INDENTURES AND LOAN AGREEMENTS."

Ownership interests in the Bonds will be in Authorized Denominations only; in the Fixed Rate Mode, that means $5,000 and any integral multiple thereof. The regular record date for each Interest Payment Date for the Bonds will be the fifteenth (15th) day (whether or not a Business Day) of each month preceding the Interest Payment Date (the "Record Date").

The Bonds will be issued only in book-entry form as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("*DTC*"). So long as Cede & Co. is the registered owner of the Bonds, principal of and premium, if any, and interest on the Bonds is payable by wire transfer by the respective Trustee to Cede & Co., as nominee for DTC, which, in turn, will remit such amounts to DTC Participants for subsequent disbursement to the Beneficial Owners. See "Book-Entry-Only System" below.

Interest on the Bonds

The Fixed Rates for the Bonds are set forth on the inside front cover page. Except as noted below, interest on the Bonds will be payable on each January 1 and July 1, beginning January 1, 2020.

Mandatory Purchase; Conversion

On any date on or after the date on which the Bonds are subject to optional redemption at par, the Credit Group Representative may elect that the Bonds be subject to mandatory tender and converted to bear interest in a new Fixed Rate Period at a different Fixed Rate or in a different Interest Rate Mode (a "*Conversion*").

The Credit Group Representative may effect a Conversion with respect to all (but not less than all) of the Bonds of a series by delivering written notice to the Notice Parties of its intention to effect a change in the Fixed Rate Period to a new Fixed Rate Period or a change in the Interest Rate Mode from the Fixed Rate Mode to another Interest Rate Mode specified in such written notice (the "*New Mode*"). Notice of the proposed Conversion shall be given by the Tender Agent to the Owners of the Bonds not later than the 20th day next preceding the Conversion Date for Bonds other than Bonds in the Fixed Rate Mode, and not earlier than the 60th day or later than the 30th day next preceding the Conversion Date for Bonds in the Fixed Rate Mode, provided that no notice need be given for a Conversion Date occurring on the first Business Day following the last day of a Flexible Rate Period or Term Rate Mode or on a Substitution Date. Such notice shall state: (1) the Interest Rate Mode to which the Conversion will be made and the Conversion Date; (2) (a) in the case of a change from

any Interest Rate Mode other than from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode, that the Bonds will be subject to mandatory purchase on the Conversion Date (regardless of whether all of the conditions to the change in the Interest Rate Mode are satisfied except in the case of a Conversion from the Three Month LIBOR Indexed Mode or the Fixed Rate Mode) and the Purchase Price of the Bonds; and (b) in the case of a change from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode, that the Bonds will not be subject to mandatory purchase on the Conversion Date; and (3) if the Book-Entry System is no longer in effect, information with respect to required delivery of Bond certificates and payment of Purchase Price. If the Conversion is from Bonds in the Fixed Rate Mode, including during the Initial Fixed Rate Period, such notice shall also state that the Bonds are subject to mandatory purchase on the Conversion Date and that if notice of mandatory tender has been given and funds prove insufficient, the Bonds shall not be purchased and shall continue in the Fixed Rate Mode, without change in interest rate, Maturity Dates or other terms.

The Credit Group Representative may rescind any election to change the Interest Rate Mode on the Bonds by giving written notice thereof to the Notice Parties prior to 10:00 A.M. on the Business Day preceding such Conversion Date, or not less than three days prior to the setting of the Bank Index Rates by the Market Agent in the case of a Conversion to the Bank Index Rate Period.

On or prior to the Conversion Date, each Indenture provide that the Trustee must receive a favorable opinion of Bond Counsel dated the Conversion Date and addressed to the Notice Parties. If any Bonds are being converted to a Variable Rate Mode, Nuvance is also required to deliver a notice of the rating or ratings to be assigned to such Bonds as of the Conversion Date. If any condition is not satisfied, the new interest rate mode will not take effect. In such case, the Bonds will continue in the Fixed Rate Mode, without change in interest rate, maturity, sinking fund installments or other terms, and such failed Conversion will not constitute an event of default under the Indentures.

Redemption or Tender

Optional Redemption or Mandatory Tender. Each series of the Bonds are subject to optional redemption prior to their stated maturity, at the option of the Credit Group Representative, from any source of available funds on any date on or after July 1, 2029 as a whole or in part selected by lot for the appropriate series from such maturities bearing a particular interest rate as are designated by the Credit Group Representative (or if the Credit Group Representative fails to designate such maturities, in inverse order of maturity, beginning with Bonds of each maturity bearing interest at the highest rate), at the applicable Redemption Price, without premium.

Upon the written request of the Credit Group Representative, the Authority or the Corporation, as applicable, may cause a mandatory tender of the Bonds of the applicable series that are eligible for optional redemption, and such Bonds will thereupon be subject to mandatory tender, on any date on or after July 1, 2029 at a purchase price of par plus accrued interest to the mandatory tender date. If notice of mandatory tender has been given and funds prove insufficient, such Bonds will not be purchased and will continue in the Fixed Rate Mode, without change in interest rate, maturity date or other terms, and such failed tender shall not constitute an Event of Default under the applicable Indenture. The Obligated Group has no obligation to provide funds to pay the purchase price of the Bonds on such mandatory tender date. Other modes to which the Bonds may be converted are not described in this Official Statement.

Mandatory Sinking Fund Redemption. The Series 2019A Bonds maturing on July 1, 2041 are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Sinking Fund Installment Date (July 1)	Sinking Fund Installments
2040	$18,985,000
2041†	$19,655,000

† Maturity.

The Series 2019A Bonds maturing on July 1, 2049 are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Sinking Fund Installment Date (July 1)	Sinking Fund Installments
2047	$13,965,000
2048	$14,520,000
2049†	$15,105,000

† Maturity

The Series 2019B Bonds maturing on July 1, 2044 are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Sinking Fund Installment Date (July 1)	Sinking Fund Installments
2040	$2,715,000
2041	$1,700,000
2042	$1,775,000
2043	$1,845,000
2044†	$1,915,000

† Maturity.

The Series 2019B Bonds maturing on July 1, 2049 are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Sinking Fund Installment Date (July 1)	Sinking Fund Installments
2047	$10,080,000
2048	$10,485,000
2049†	$10,900,000

† Maturity.

Optional Redemption From Insurance and Condemnation Proceeds. The Bonds are subject to redemption prior to their respective stated maturities, at the option of the Credit Group Representative (which option shall be exercised upon Request of the Credit Group Representative given to the applicable Trustee at least 45 days prior to the date fixed for redemption (or such fewer number of days as is acceptable to the Trustee)) in whole or in part (in such amounts as may be specified by the Credit Group Representative) on any

date, from hazard insurance or condemnation proceeds received with respect to the facilities of any of the members of the Credit Group and deposited in the Special Redemption Account of the Redemption Fund, at the applicable Redemption Price without premium.

Purchase in Lieu of Redemption. Unless otherwise provided in the Indentures, whenever Bonds are subject to optional redemption, they may instead be purchased at the direction of the Credit Group Representative at a purchase price equal to the Redemption Price. All such purchases may be subject to conditions to the Authority or the Corporation's obligation to purchase such 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 set forth in the applicable Indenture, if sufficient money to pay the purchase price of such Bonds is held by the Trustee, the purchase price of the Bonds or portions thereof so called for purchase shall be paid upon presentation and surrender of such Bonds to be purchased at the office or offices specified in such notice on the date set for purchase. In the case of Bonds presented by a person other than the Owner, such Bonds shall be presented with a written instrument of transfer, duly executed by the Owner or his duly authorized attorney. No purchased Bond shall be considered to be no longer Outstanding by virtue of its purchase and each such purchased Bond shall be registered in the name or at the direction of the Credit Group Representative. No Owner may elect to retain a Bond purchased in lieu of redemption.

Notice of Redemption; Effect of Redemption; Rescission of Notice of Redemption. Notice of redemption will be mailed by first-class mail by the Trustee, not less than 20 days and not more than 60 days prior to the redemption date, to the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any), the Rating Agencies then rating the Bonds and to the respective Holders of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption shall state the date of such notice, the date of delivery and designation of the Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Bonds, to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof, and that from and after such date, interest on such Bond shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the failure to receive such notice nor any defect in such notice so given shall affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice of redemption pursuant to this Section to the Credit Facility Provider (if any), the Liquidity Facility Provider (if any), the Rating Agencies then rating the Bonds or to any one or more of the Holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holder or Holders to whom such notice was mailed.

Any notice of redemption, other than notice of redemption by application of Sinking Fund Installments, may be conditioned on sufficient funds being on deposit with the Trustee to effect such redemption and if sufficient funds are not on deposit, the redemption shall be rescinded and be of no further force and effect.

Book-Entry-Only System

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from DTC or DTC's website, but the Authority and the Corporation do not take any responsibility for the accuracy thereof.

DTC will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity of each series as set forth on the inside cover page hereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNER, HOLDERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DTC, the world's largest securities depository, 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*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry-only system for the Bonds is discontinued.**

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, and defaults. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While the Bonds are in the book-entry-only system, redemption notices shall be sent to DTC. If less than all of the Bonds within an issue 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Corporation, as applicable, 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the 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 the Authority, the Corporation or the Trustees, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 (nor its nominee), the Trustees, the Authority, the Corporation or the Members of the Obligated Group, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner must give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and must effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in such Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and following by a book-entry credit of tendered securities to the Remarketing Agent's DTC account.

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

In addition, the Authority or the Corporation, as applicable, may discontinue the book-entry-only system for the Bonds at any time by giving reasonable notice to DTC. In that event, Bond certificates will be printed and delivered to DTC.

THE AUTHORITY, THE CORPORATION, THE OBLIGATED GROUP, THE UNDERWRITER AND THE TRUSTEES CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS, (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH THE PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE CORPORATION, THE OBLIGATED GROUP, THE UNDERWRITER OR THE TRUSTEES WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT

PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND INDENTURE TO BE GIVEN TO BONDOWNER; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

DTC may determine to discontinue providing its service with respect to any series of Bonds at any time by giving notice to the Authority, the Corporation and the Trustees, as applicable, and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the book-entry-only system for such Bonds will be discontinued unless a successor securities depository is appointed by the Authority or the Corporation, as applicable. In addition, the Authority or the Corporation may discontinue the book-entry-only system for its respective series of Bonds at any time by giving reasonable notice to DTC.

In the event that the book-entry-only system for the Bonds is discontinued, the following provisions would apply, subject in each case to the further conditions set forth in the Indentures.

Delivery of Certificates; Registered Owners

Bond certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC Participants may specify (which may be the DTC Indirect Participants or Beneficial Owners), in Authorized Denominations. The ownership of the Bonds so delivered (and any Bonds thereafter delivered upon a transfer or exchange described below) shall be registered in registration books to be kept by the respective Trustee for such Bonds, or a successor Trustee for such Bonds and the Authority or the Corporation, as applicable, and the Trustee shall be entitled to treat the registered owners of such Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the applicable Indenture.

Transfers and Exchanges

The Bonds may be transferred or exchanged for one or more Bonds in Authorized Denominations of like tenor and the same maturity and aggregate principal amount upon surrender thereof (together with an assignment duly executed by the registered owner or his attorney or legal representative in form satisfactory to the Trustee) to the Trustee by the registered owners or their duly authorized attorneys. Upon surrender of any Bonds to be transferred or exchanged, the Trustee shall record the transfer or exchange in the registration books and shall authenticate and deliver new Bonds of like tenor and the same maturity and aggregate principal amount appropriately registered and in appropriate Authorized Denominations. The registered owner requesting any such transfer or exchange may be charged a sum sufficient to cover any tax, fee or other governmental charge which may be imposed with respect thereto. Neither the Authority, the Corporation nor the Trustees are required to make any such transfer or exchange of Bonds during the 15 days immediately preceding (a) the date on which notice of redemption has been given or (b) the date on which Bonds will be selected for redemption. No transfer or exchange made other than as described above and in the Indentures shall be valid or effective for any purposes under the Indentures.

PAYMENT AND SECURITY PROVISIONS RELATING TO THE BONDS

THE SERIES 2019A BONDS AND THE SERIES 2019B BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY AND THE CORPORATION, RESPECTIVELY, PAYABLE SOLELY FROM THE REVENUES (AS DEFINED IN EACH INDENTURE). NONE OF THE AUTHORITY, THE CORPORATION, THE STATE OF CONNECTICUT, THE STATE OF NEW YORK, DUTCHESS COUNTY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND

CREDIT NOR THE TAXING POWER OF THE STATE OF CONNECTICUT, THE STATE OF NEW YORK, DUTCHESS COUNTY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE BONDS OR ANY COSTS INCIDENTAL THERETO. THE AUTHORITY AND THE CORPORATION HAVE NO TAXING POWER.

Indentures, Loan Agreements and the Series 2019 Obligations

Each series of Bonds is a special limited obligation of the Authority or the Corporation, as the case may be, payable solely from Revenues and certain other amounts pledged under the related Indenture for such payment. For each series of Bonds, "Revenues" means all amounts paid or payable to the Authority or the Corporation, as the case may be, or to the respective Trustee for the account of the Authority or the Corporation (excluding fees and expenses payable to the Authority or the Corporation and the Trustees and the rights to indemnification of the Authority or the Corporation and the Trustees) under and pursuant to each Loan Agreement and the respective Series 2019 Obligation. The Series 2019 Obligations are general obligations of the Obligated Group. As of the date of issuance of the Bonds, Nuvance, HQ, WCHN, Vassar Brothers, Putnam Hospital, Northern Dutchess, Sharon Hospital, Danbury Hospital, Norwalk Hospital, DNM Foundation, NH Foundation, WCHN Investments and the Medical Group are the only Members of the Obligated Group.

In each Loan Agreement, the respective Borrowers agree to make payments to the Authority or the Corporation, as the case may be, which payments, in the aggregate, are required to be payable at such times and in such amounts sufficient, together with other available funds, for the payment in full of all amounts payable with respect to each series of Bonds, including the interest payable on each series of Bonds to their respective dates of maturity, the principal amount of such Bonds, the Redemption Price thereof and certain other fees and expenses, less any amounts available for such payments, as provided in the Indentures.

The Authority and the Corporation will assign their respective rights, title and interest in each respective Series 2019 Obligation and Loan Agreement (except for the right to receive administrative fees and expenses to the extent payable to the Authority and the Corporation, the right of the Authority and the Corporation to be indemnified, the obligation of the Obligated Group to make payments pursuant to the Tax Certificate and Agreement and certain other rights reserved to the Authority and the Corporation as may be set forth in each Indenture) to the respective Trustee.

The Indentures and the Loan Agreements may be amended from time to time, in certain circumstances without the consent of the Bondowner. Such amendments could be substantial and result in the modification, waiver or removal of any existing covenant or restriction contained in the Indentures or the Loan Agreements. See APPENDIX C – "EXCERPTS FROM THE INDENTURES AND LOAN AGREEMENTS."

Master Indenture

CONCURRENTLY WITH THE ISSUANCE OF THE BONDS, THE OBLIGATED GROUP INTENDS TO AMEND AND RESTATE THE ORIGINAL MASTER INDENTURE. THE MASTER INDENTURE AS DESCRIBED IN THIS OFFICIAL STATEMENT IS THE AMENDED AND RESTATED MASTER INDENTURE. BY ACCEPTANCE OF THE BONDS, THE PURCHASERS THEREOF WILL BE DEEMED TO HAVE CONSENTED TO THE EXECUTION BY THE OBLIGATED GROUP AND THE MASTER TRUSTEE OF THE MASTER INDENTURE AND THE AMENDMENT AND RESTATEMENT OF THE ORIGINAL MASTER INDENTURE IN ITS ENTIRETY.

Issuance of Obligations; Joint and Several Obligations. Under the Master Indenture, each Member of the Obligated Group authorizes to be issued from time to time Obligations, without limitation as to amount, except as provided in the Master Indenture or as may be limited by law, and subject to the terms, conditions and limitations established in the Master Indenture and any Related Supplement. Obligations may be in any form set forth in the Master Indenture. Each Member of the Obligated Group jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on or before the dates and in the manner provided in the Master Indenture or in the respective Related Supplement or Obligation. Each Member of the Obligated

Group further covenants to faithfully observe and perform all of the conditions, covenants and requirements of the Master Indenture, any Related Supplement and any Obligation.

The Series 2019 Obligations are being issued by the Obligated Group pursuant to the Master Indenture, on parity with all Obligations issued or to be issued under the Master Indenture.

Gross Receivables Pledge. Pursuant to the Master Indenture, the Members of the Obligated Group have pledged, assigned and granted to the Master Trustee a security interest in the Gross Receivables as security for the payment of amounts due on any Obligations issued under the Master Indenture, including the Series 2019 Obligations. Gross Receivables consists of all rights of each Obligated Group Member in any accounts, chattel paper, instruments and general intangibles (all as defined in the Uniform Commercial Code), as are now in existence or as may be hereafter arising and the proceeds thereof; excluding, however, (1) all Restricted Moneys and (2) all accounts or general intangibles consisting of patents and rights to royalties from patents. The security interest in the Gross Receivables has been perfected to the extent, and only to the extent, that such security interest may be perfected by filing financing statements under the Uniform Commercial Code of the State of Connecticut or New York, as applicable (the "UCC"). The security interest in the Gross Receivables are subject to Permitted Liens that exist prior to or that may be created subsequent to the time the security interest in the Gross Receivables attaches (see APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE"). The security interest in the Gross Receivables is also subject to the right of each Member of the Obligated Group to sell Property or to incur Indebtedness secured by Property under certain circumstances (see APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE"). In either event, the security interest held by the Master Trustee with respect to that Property would be released.

The remedies specified in the Loan Agreements, the Indentures and the Master Indenture may, in many respects, require judicial action of a nature that is often subject to discretion and delay. Under existing law, the remedies specified in the Loan Agreements, the Indentures and the Master 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 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 and by general equitable principles.

Changes to the Members of the Obligated Group. Entities may be added to and withdrawn from the Obligated Group from time to time. The Master Indenture imposes minimum conditions on the right of any Member of the Obligated Group to enter or withdraw from the Obligated Group, at any time. For a description of the Obligated Group, see APPENDIX A. For a more detailed discussion of entry into or withdrawal from the Obligated Group, see APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE."

Annual Debt Service Test. Pursuant to the Master Indenture, the Obligated Group agrees to manage its businesses such that the combined or consolidated Income Available for Debt Service of the Credit Group, calculated at the end of each Fiscal Year, commencing with the Fiscal Year ending September 30, 2020, will not be less than 1.1 times Annual Debt Service (the "*Annual Debt Service Test*").

If for any Fiscal Year the Income Available for Debt Service is not sufficient to satisfy the Annual Debt Service Test, Nuvance covenants to retain, within 6 months of the filing of the financial statements, an Independent Consultant to make recommendations to increase Income Available for Debt Service in the following Fiscal Year to the level required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable. Each Obligated Group Member shall, subject to applicable requirements or restrictions imposed by law and to a good faith determination by Nuvance that such recommendations are in the best interests of the Credit Group, take such action as shall be in substantial conformity with such recommendations.

If the Obligated Group retains and substantially complies with the recommendations of the Independent Consultant, the Obligated Group will be deemed to have complied with the Annual Debt Service Test for such Fiscal Year, notwithstanding that the ratio of Income Available for Debt Service to the Annual Debt Service shall be less than 1.1:1.0; provided, however, that an Event of Default shall exist if the Income Available for Debt Service to the Annual Debt Service shall be less than 1.0:1.0 for any two consecutive Fiscal Years.

If a report of an Independent Consultant states that any Government and Industry Restrictions have been imposed which make it impossible to satisfy the Annual Debt Service Test, then the required amount of Income Available for Debt Service shall be reduced to the maximum coverage permitted by such Government and Industry Restrictions. See APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE."

Additional Covenants in the Master Indenture. Pursuant to the Master Indenture, the Members of the Obligated Group are subject to other additional covenants under the Master Indenture restricting, among other things, incurrence of Indebtedness, existence of Liens on Property, consolidation and merger, disposition of assets, exchange of Obligations, addition of Members to the Obligated Group, and withdrawal of Members from the Obligated Group. See APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE."

The Master Indenture permits each Member of the Obligated Group to issue or incur additional indebtedness evidenced by Obligations that will be secured on a parity with the Series 2019 Obligations and any other obligations previously or hereafter issued under the Master Indenture. Such additional Obligations will not be secured by the money or investments in any fund or account held by the Trustees under the Indentures as security for the Bonds.

Under certain circumstances, the Series 2019 Obligations may be exchanged, without the consent of any of the Holders of the Bonds, for an obligation of a different obligated group or credit group. Under certain circumstances, this could lead to the substitution of different security in the form of an obligation backed by an obligated group or credit group that is financially and operationally different from the then existing Obligated Group. That new obligated group or credit group could have substantial debt outstanding that would rank on a parity basis with the obligation substituted for the Series 2019 Obligations. See APPENDIX C – "EXCERPTS FROM THE INDENTURES AND LOAN AGREEMENTS" and APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE."

Outstanding and Additional Obligations. As of the date of issuance of the Bonds, the outstanding aggregate principal amount of the Obligations (including the Series 2019 Obligations) issued under the Master Indenture to secure revenue bonds issued for the benefit of the Obligated Group will be $846,070,000.

Pursuant to the Master Indenture, Obligations may be issued from time to time in the future pursuant to the Master Indenture, and such other Obligations will be secured on parity under the Master Indenture with the Series 2019 Obligations and other Obligations then outstanding. See APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE."

Amendments to the Master Indenture. The Master Indenture may also be amended from time to time, in certain circumstances without the consent of the holders of Outstanding Obligations or without the consent of the Bondowners. Such amendments could be substantial and result in the modification, waiver or removal of any existing covenant or restriction contained in the Master Indenture. See APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE."

Mortgages

Pursuant to the Master Indenture, the Vassar Brothers, Putnam Hospital, Northern Dutchess, Sharon Hospital, Danbury Hospital and Norwalk Hospital will grant to the Master Trustee separate Mortgages on their principal hospital campuses (including the New Milford Hospital campus owned by Danbury Hospital). The Obligated Group's payment obligations on the Series 2019 Obligations will be secured by such Mortgages. Each Mortgage granted to the Master Trustee will include a security interest on the real estate described in the mortgage and in certain fixtures affixed to such property and used or useable in connection with the operation of the premises. The mortgagors will grant, and in the future may grant, liens on the mortgaged property on a parity with the Mortgages to the Master Trustee under the Master Indenture. All of the provisions of the Master Indenture are incorporated in and made a part of each Mortgage with the same force and effect as if set forth in the Mortgage.

Each mortgagor will represent in its respective Mortgage that it has fee title to its respectively owned mortgaged property that is described in the Mortgage signed by each such mortgagor; however, no title insurance company has issued a title insurance policy insuring the Master Trustee's mortgage lien under the Mortgage on each such mortgaged property in connection with the issuance of the Bonds. As a result, a defect in Vassar Brothers', Northern Dutchess', Putnam Hospital's, Sharon Hospital's, Danbury Hospital's (including the New Milford campus) or Norwalk Hospital's title to the mortgaged property owned by such mortgagor may adversely impact its use of all or a portion of such mortgaged property and/or the operations of such Member and/or the value of such mortgaged property and any proceeds that may be recovered by the Master Trustee in the event that the Master Trustee seeks to foreclose on the Mortgage related to such mortgaged property or to pursue its rights in accordance with the Master Indenture and the Supplemental Indentures. The Master Trustee is permitted to release or subordinate certain portions of any mortgaged property from the lien of the Mortgages under certain conditions set forth in the Master Indenture and the Supplemental Indentures. Upon defeasance or payment in full of all of the currently-outstanding Obligations, other than the Series 2019 Obligations and Obligations issued in the future, the Obligated Group may, at its option, release the Mortgages. See APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE."

Security and Enforceability

The state of the insolvency, fraudulent conveyance and bankruptcy laws relating to the enforceability of guaranties or obligations issued by one corporation in favor of the creditors of another or the obligations of a Member of the Obligated Group to make debt service payments on behalf of a Member of the Obligated Group is unsettled, and the ability to enforce the Master Indenture and the Obligations against any Member of the Obligated Group that would be rendered insolvent thereby could be subject to challenge.

The legal right and practical ability of each Trustee to enforce its rights and remedies against the Borrowers and the Obligated Group under the respective Loan Agreement and related documents and of the Master Trustee to enforce its rights and remedies against the Members of the Obligated Group under the Series 2019 Obligations may be limited by laws relating to bankruptcy, insolvency, reorganization, fraudulent conveyance or moratorium and by other similar laws affecting creditors' rights. In addition, the Trustee's and the Master Trustee's ability to enforce such rights will depend upon the exercise of various remedies specified by such documents which may in many instances require judicial actions that are often subject to discretion and delay or that otherwise may not be readily available or may be limited. See "BONDHOLDERS' RISKS."

PLAN OF FINANCE

The Series 2019 Bonds

The Authority will lend the proceeds of the Series 2019A Bonds to the Series 2019A Borrowers pursuant to the Series 2019A Loan Agreement. The proceeds of the Series 2019A Bonds will be applied, together with other available funds, to finance the 2019A Project, which includes the refinancing of the Prior

WCHN Bonds and the Prior Norwalk Bonds, the cost of terminating an interest rate swap in connection with the refinancing of the Series 2012J Bonds and the financing of the Series 2019A New Money Projects.

The Corporation will lend the proceeds of the Series 2019B Bonds to the Series 2019B Borrowers pursuant to the Series 2019B Loan Agreement. The proceeds of the Series 2019B Bonds will be applied, together with other available funds, to finance the 2019B Project , which includes the refinancing of the Prior Vassar Brothers Bonds, the Prior HQ 2007A Bonds and the Prior HQ 2010A and 2014A Bonds and the financing of the Series 2019B Patient Pavilion Project. In addition, the Prior HQ 2007C Bonds will be defeased with funds of the Obligated Group.

Estimated Sources and Uses of Funds

The following table sets forth the total estimated sources and uses of funds on the date of the issuance of the Bonds (with all amounts rounded to the nearest whole dollar):

	Series 2019A Bonds	Series 2019B Bonds	Total
Sources of Funds			
Principal Amount of the Bonds	$340,110,000	$ 99,910,000	$440,020,000
Net Original Issue Premium	49,478,167	15,130,480	64,608,647
Obligated Group Funds	11,390	4,005,453	4,016,843
TOTAL SOURCES OF FUNDS	$389,599,557	$119,045,933	$508,645,490
Uses of Funds			
Deposit to Project Fund	$ 47,898,221	$ 35,000,000	$ 82,898,221
Refinancings	337,959,714	82,909,859	420,869,573
Costs of Issuance[(1)]	2,791,622	1,136,074	3,927,696
Swap Termination	950,000	--	950,000
TOTAL USES OF FUNDS	$389,599,557	$119,045,933	$508,645,490

(1) Includes Underwriter's discount, fees and reimbursable expenses of bond counsel, counsel to Members of the Obligated Group, counsel to the Underwriter, counsel to the Authority and the Corporation, the auditors, the verification agent, the Master Trustee and the Trustees, printing costs, rating agencies' fees and other fees and expenses.

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each fiscal year ending September 30, (i) the debt service payments to be made on each series of Bonds during such fiscal year; (ii) the debt service on all other Outstanding prior bonds of the Obligated Group; and (iii) the total debt service requirements on all bonds. Totals may not add due to rounding.

Fiscal Year Ending (September 30)	The Series 2019A Bonds		The Series 2019B Bonds		Debt Service on Outstanding Prior Bonds[1]	Combined Total Estimated Debt Service
	Principal Installments	Interest Payments	Principal Installments	Interest Payments		
2020	$ 8,040,000	$ 12,139,790	$ 3,780,000	$ 3,614,159	$ 26,051,329	$ 53,625,277
2021	7,435,000	14,021,513	3,490,000	4,105,050	23,744,281	52,795,844
2022	9,050,000	13,649,763	3,665,000	3,930,550	23,754,084	54,049,396
2023	9,445,000	13,197,263	2,565,000	3,747,300	25,041,631	53,996,194
2024	9,860,000	12,725,013	2,695,000	3,619,050	25,040,879	53,939,941
2025	10,480,000	12,232,013	2,825,000	3,484,300	25,044,686	54,065,999
2026	11,065,000	11,708,013	2,800,000	3,343,050	25,457,236	54,373,299
2027	11,700,000	11,154,763	2,940,000	3,203,050	25,512,111	54,509,924
2028	12,200,000	10,569,763	3,085,000	3,056,050	25,508,611	54,419,424
2029	12,705,000	9,959,763	3,245,000	2,901,800	25,507,161	54,318,724
2030	13,315,000	9,324,513	3,410,000	2,739,550	25,504,336	54,293,399
2031	13,890,000	8,658,763	2,785,000	2,569,050	26,610,174	54,512,986
2032	14,100,000	8,363,600	2,845,000	2,513,350	26,613,686	54,435,636
2033	14,720,000	7,658,600	2,985,000	2,371,100	26,610,874	54,345,574
2034	15,360,000	6,922,600	3,135,000	2,221,850	26,616,524	54,255,974
2035	15,890,000	6,308,200	2,275,000	2,096,450	27,887,711	54,457,361
2036	14,485,000	5,672,600	2,360,000	2,005,450	27,894,466	52,417,516
2037	17,550,000	5,093,200	2,440,000	1,934,650	27,889,131	54,906,981
2038	17,980,000	4,566,700	2,535,000	1,837,050	27,888,380	54,807,130
2039	18,610,000	3,847,500	2,635,000	1,735,650	27,892,020	54,720,170
2040	18,985,000	3,289,200	2,715,000	1,656,600	27,895,975	54,541,775
2041	19,655,000	2,529,800	1,700,000	1,548,000	29,399,045	54,831,845
2042	-	1,743,600	1,775,000	1,480,000	29,394,935	34,393,535
2043	-	1,743,600	1,845,000	1,409,000	29,394,940	34,392,540
2044	-	1,743,600	1,915,000	1,335,200	29,397,560	34,391,360
2045	-	1,743,600	-	1,258,600	31,619,750	34,621,950
2046	-	1,743,600	-	1,258,600	31,620,750	34,622,950
2047	13,965,000	1,743,600	10,080,000	1,258,600	-	27,047,200
2048	14,520,000	1,185,000	10,485,000	855,400	-	27,045,400
2049	15,105,000	604,200	10,900,000	436,000	-	27,045,200
Total	$340,110,000	$205,843,727	$99,910,000	$69,524,509	$730,792,267	$1,446,180,503

[1] Debt Service on Outstanding prior bonds of the Obligated Group excludes debt service on the Prior WCHN Bonds, the Prior Norwalk Bonds, the Prior Vassar Brothers Bonds, the Prior HQ 2007A Bonds, the Prior HQ 2007C Bonds and the Prior HQ 2010A and 2014A Bonds, all of which are to be paid in full with the proceeds of the Bonds or Obligated Group funds.

VERIFICATION

Causey Demgen & Moore P.C. (the "Verification Agent"), will deliver, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the escrowed government obligations, to pay, when due, the maturing principal of, and interest on the Prior WCHN Bonds, the Prior Norwalk Bonds, the Prior Vassar Brothers Bonds, the Prior HQ 2007A Bonds, the Prior HQ 2007C Bonds, the Prior HQ 2010A and the Prior HQ 2014A Bonds. The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by the Underwriter of the Bonds, and its representatives.

BONDHOLDERS' RISKS

Some of the identifiable risks which should be considered when making an investment decision regarding the Bonds are discussed below. The discussion herein of risks to the Holders (including the Beneficial Owners) of the Bonds is not intended as dispositive, comprehensive or definitive, but rather is intended to summarize certain matters which could affect payment on the Bonds. The risks discussed below should be read in conjunction with APPENDIX A *and the discussion set forth under the caption* "REGULATION OF THE HEALTH CARE INDUSTRY" *below. Other sections of this Official Statement, as cited herein, should be referred to for a more detailed description of risks described in this section, which descriptions are qualified by reference to any documents discussed therein. The operations and financial condition of the Obligated Group Members (and any future Obligated Group Members) may be affected by factors other than those described in this section and* "REGULATION OF THE HEALTH CARE INDUSTRY*" below and elsewhere in this Official Statement. No assurance can be given as to the nature of such factors or the potential effects thereof on the Obligated Group Members. Copies of all such documents are available for inspection at the designated corporate trust office of the Master Trustee and Trustees*.

General

As set forth under "PAYMENT AND SECURITY PROVISIONS RELATING TO THE BONDS," each respective series of Bonds are special limited obligations of the Authority and the Corporation, as the case may be, and will be payable solely from money to be received from the Borrowers pursuant to each Loan Agreement and the respective Series 2019 Obligation and certain other funds pledged under each Indenture for such payment. The Series 2019 Obligations are joint and several obligations of the Obligated Group Members. No representation or assurance can be made that the Obligated Group Members will realize revenues in amounts sufficient to pay principal of and interest on the Bonds when due. The revenues and expenses of the Obligated Group Members (and any future Obligated Group Members) are subject to, among other things, the capabilities of the management of the Obligated Group Members, the confidence of physicians in management, the availability of physicians and trained support staff, changes in the population or the economic condition of the Obligated Group's service area, the level of and restrictions on federal funding of Medicare and federal and state funding of Medicaid, the imposition of government wage and price controls, the demand for the Obligated Group Members' (and any future Obligated Group Member's) services, increased competition, reduced third-party payment rates or delays in payment, government regulations and licensing requirements, continued funding by the State of Connecticut and the State of New York, future economic conditions and other conditions which are unpredictable and may not be quantifiable or determinable at this time.

The discussion herein describes risks related to certain existing federal and state laws, regulations, rules and governmental administrative policies and determinations to which the Obligated Group Members and the health care industry are subject. Several of the federal statutes and regulations described herein may be substantially modified or repealed in whole or in part. Key elements of the legislative agenda of President Trump's administration include the repeal or replacement of the Patient Protection and Affordable Care Act, as

subsequently amended by the Health Care and Education Reconciliation Act of 2010 (collectively, referred to herein as the "ACA" and described under the caption "REGULATION OF THE HEALTH CARE INDUSTRY"), tax reform and financial services reform. As defined and described under the subheading "Tax Reform" below, tax reform legislation known as the Tax Cuts and Jobs Act was signed into law in late 2017. While attempts to repeal the entirety of the ACA have not been successful to date, a key provision of the ACA was repealed as part of the Tax Cuts and Jobs Act and on December 14, 2018, a federal U.S. District Court judge in Texas ruled the entire ACA is unconstitutional. While that ruling has been appealed to the Fifth Circuit Court of Appeals, it has caused greater uncertainty regarding the future status of the ACA. Also, additional legislative attempts to repeal or piecemeal dismantle the ACA may be introduced in the future. The scope and effect of future legislation or judicial action cannot be predicted and such future legislation or judicial action could have a material adverse impact on the Obligated Group. In addition to statutory changes or judicial action, regulatory changes and executive actions implemented by the Trump administration could have a material adverse impact on the Obligated Group. Accordingly, it is possible that the significant risk areas summarized under this caption "BONDHOLDERS' RISKS" will undergo significant change in the near term.

Adverse consequences arising from one or more of the following risks, or the occurrence of other unanticipated events, could adversely affect the operations or financial performance of the Obligated Group Members (and any future Obligated Group Members). This discussion is not, and is not intended to be, exhaustive. The risks discussed below should be read in conjunction with the discussion set forth in APPENDIX A and the discussion appearing under the caption "REGULATION OF THE HEALTH CARE INDUSTRY" below and the information appearing elsewhere in this Official Statement.

Payment of Debt Service

The principal of and interest on each series of Bonds are payable solely from the revenues and assets pledged for the payment of such Bonds as described herein. No representation or assurance can be made that revenues will be realized by the Members of the Obligated Group in the amounts necessary to make payments at the times and in the amounts sufficient to pay the debt service on the Bonds.

Nonprofit Health Care Environment

Except for WCHN Investments and Nuvance (pending tax-exempt status), each Obligated Group Member is a nonprofit corporation exempt from federal income taxation on related income as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). As nonprofit tax-exempt organizations, the Obligated Group Members are subject to federal, state and local laws, regulations, rulings and court decisions relating to their organization and operation, including their operations for charitable purposes. At the same time, the Obligated Group Members conduct large-scale complex business transactions and are large employers. 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, large health care organization. Hospitals or other health care providers, such as the Obligated Group Members, may be forced to forego otherwise favorable opportunities for certain joint ventures, recruitment and other arrangements in order to maintain their tax-exempt status.

The operations and practices of nonprofit, tax-exempt health care providers are routinely challenged or criticized for inconsistency or inadequate compliance with regulatory requirements for, and societal expectations of, 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 are examinations of core business practices of the health care organizations. A common theme of these challenges is that nonprofit hospitals may not confer community benefits that exceed or equal the benefit received from their tax-exempt status. 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 Internal Revenue Service (the *"IRS"*), labor unions, Congress, state legislatures, and patients, and in a variety of forums, including hearings, audits and litigation.

The following are some examples of the challenges and examinations facing nonprofit health care organizations. They are indicative of a greater scrutiny of the billing, collection and other business practices of these organizations, and may indicate an increasingly more difficult operating environment for health care organizations, including the Obligated Group. The challenges and examinations, and any resulting legislation, regulations, judgments, or penalties, could have a material adverse effect on the Obligated Group.

Congressional Hearings and Investigations

A number of House and Senate Committees, including the House Committee on Energy and Commerce, the House Committee on Ways and Means and the Senate Finance Committee, have conducted hearings and/or investigations into issues related to nonprofit tax-exempt health care organizations. Recently, Senate Finance Committee Chairman Grassley requested that the IRS provide data on how many hospitals are in compliance with the requirement for tax exempt status and the status of IRS examinations of those not in compliance. These hearings and investigations have included a nationwide investigation of hospital billing and collection practices, charity care and community benefit and prices charged to uninsured patients and possible reforms to the nonprofit sector. These hearings and investigations may result in new legislation.

Bond Examinations

The IRS has active programs auditing both the qualification of hospital organizations as Section 501(c)(3) organizations and the qualification of bonds issued for the benefit of such organizations as tax-exempt. The IRS may use detailed information required to be reported on IRS Form 990 - Return of Organizations Exempt From Income Tax (*"IRS Form 990"*) for this purpose.

IRS Examination of Compensation Practices and Community Benefit

For more than a decade, the IRS has been concerned about executive compensation practices of tax-exempt hospitals. In 2004, the IRS began a new program to measure compliance by tax-exempt organizations with requirements that they not pay excessive compensation. In February 2009, the IRS issued its Hospital Compliance Project Final Report (the *"IRS Final Report*") that examined tax-exempt organizations' practices and procedures with regard to compensation and benefits paid to their officers and other defined "insiders." The IRS Final Report indicated that the IRS (1) will continue to heavily scrutinize executive compensation arrangements, practices and procedures and (2) in certain circumstances, may conduct further investigations or impose fines on tax-exempt organizations.

The IRS has also undertaken a community benefit initiative directed at hospitals. The IRS Final Report determined that the reporting of community benefit by nonprofit hospitals varied widely, both as to types of programs and expenditures classified as community benefit and the measurement of community benefits. As a result, IRS Form 990 requires detailed disclosure of compensation practices, corporate governance, loans to management and others, joint ventures and other types of transactions, political campaign activities, and other areas the IRS deems to be a compliance risk. IRS Form 990 also requires the disclosure of information on community benefit as well as reporting of information related to tax-exempt bonds, including compliance with the arbitrage rules and rules limiting private-use of bond-financed facilities, including compliance with the safe harbor guidance in connection with management contracts and research contracts. IRS Form 990 is intended to provide enhanced transparency as to the operations of exempt organizations. It is likely that the IRS will use detailed information to assist in its enhanced enforcement efforts. See "Risks Related to Tax-Exempt Status of the Obligated Group Members – Maintenance of Tax-Exempt Status" below.

Schedule H of IRS Form 990, which hospitals and health systems must use to report their community benefit activities, has been revised to require details on how a hospital determines eligibility for free or discounted care (if the federal poverty guidelines are not used). Consistent with Section 501(r) of the Code,

Schedule H now requires hospitals to describe billing and collection practices permitted under the hospital facility's policies, as well as information about the hospital's emergency medical care policy.

Litigation Relating to Billing and Collection Practices

Over the past several years, lawsuits have been filed in both federal and state courts alleging, among other things, that hospitals have failed to fulfill their obligations to provide charity care to uninsured patients and have overcharged uninsured patients. Other cases have alleged that charging patients more for services furnished in a hospital-based setting is a wrongful or deceptive practice. Some of these cases have since been dismissed by the courts and some hospitals and health systems have entered into substantial settlements. A number of cases are still pending in various courts around the country with inconsistent results and others could be filed.

State Oversight

Not-for-profit corporations are subject to oversight and examination by state attorneys general to ensure their charitable purposes are being carried out, that their fundraising and investment activities comply with state law, that the terms of charitable gifts are followed, and that acquisitions, dispositions, and reorganizations are in the public interest. This oversight can limit some of the options available to tax-exempt entities in states where the respective Attorney General takes a keen interest in these issues.

Charity Care

The legislatures of some states have attempted to pass legislation mandating charity care levels or imposing other requirements relating to charity care. From time to time Congress proposes new laws and the IRS proposes new regulations concerning the manner in which charity care is calculated or issues guidance concerning the level of charity care expected of an organization exempt from tax under section 501(c)(3) of the Code. Management of the Obligated Group Members cannot predict whether legislation, regulations, or guidance will be implemented in the future and cannot predict the affect it may have on the Obligated Group's financial condition, though such effect may be material.

Risks Related to Tax-Exempt Status of the Obligated Group Members

Maintenance of Tax-Exempt Status

Loss of tax-exempt status by an Obligated Group Member could result in loss of tax exemption of interest on the Bonds and/or other bonds (see "Tax-Exempt Status of Interest on the Bonds" below) and defaults in covenants regarding the Bonds or such other bonds would likely result. Such an event could also have other material adverse consequences for the Obligated Group.

The maintenance by an entity of its status as an organization described in Section 501(c)(3) of the Code is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and educational purposes and their avoidance of transactions that may cause their assets to inure to the benefit of private individuals.

The IRS has announced that it intends to closely scrutinize transactions between not-for-profit corporations and for-profit entities, and in particular has issued audit guidelines for tax-exempt hospitals. As these general principles were developed primarily for public charities that do not conduct large-scale technical operations and business activities, they often do not adequately address the myriad of operations and transactions entered into by a modern health care organization. Although traditional activities of hospitals, such as medical office building leases and compensation arrangements and other contracts with physicians, have been the subject of interpretations by the IRS in the form of Private Letter Rulings, many activities have not been addressed in any official opinion, interpretation or policy of the IRS. Because the Obligated Group Members

conduct large-scale and diverse operations involving private parties, there can be no assurances that certain of their transactions would not be challenged by the IRS.

The IRS has taken the position that hospitals which are in violation of the Anti-Kickback Law may also be subject to revocation of their tax-exempt status. See "REGULATION OF THE HEALTH CARE INDUSTRY – Federal and State Legislation; National Health Care Reform – Medicare/Medicaid Anti-Kickback Laws" below. As a result, tax-exempt hospitals, such as those of the Obligated Group, which have, and will continue to have, extensive transactions with physicians are subject to an increased degree of scrutiny and perhaps enforcement by the IRS.

The ACA also contains requirements for tax-exempt hospitals through Section 501(r) of the Code. Final regulations under Section 501(r) of the Code provide detailed guidance relating to requirements for community health needs assessments, financial assistance policies, emergency medical care policies, limitations on charges and billing and collection practices, and also provide guidance on consequences of failure to satisfy Section 501(r) requirements. These final regulations are complex and administratively burdensome. An organization's failure to meet one or more Section 501(r) requirements could endanger the organization's Section 501(c)(3) status as of the first day of the tax year in which a failure occurs. In addition, an organization may be subject to certain excise taxes if a hospital facility fails to maintain the requirements concerning community health needs assessments.

The Taxpayers Bill of Rights 2, referred to for purposes of this Official Statement as the "Intermediate Sanctions Law," allows the IRS to impose "intermediate sanctions" against certain individuals in circumstances involving the violation by tax-exempt organizations of the prohibition against private inurement. Prior to the enactment of the Intermediate Sanctions Law, the only sanction available to the IRS was revocation of an organization's tax-exempt status. Intermediate sanctions may be imposed in situations in which a "disqualified person" (such as an "insider"): (i) engages in a transaction with a tax-exempt organization on other than a fair market value basis, (ii) receives unreasonable compensation from a tax-exempt organization or (iii) receives payment in an arrangement that violates the prohibition against private inurement. These transactions are referred to as "excess benefit transactions." The statute imposes excise taxes on the disqualified person and any "organization manager" who knowingly participates in an excess benefit transaction. These rules do not penalize the exempt organization itself, so there would be no direct impact on the Obligated Group or the tax status of the Bonds if an excess benefit transaction were subject to IRS enforcement, pursuant to these "intermediate sanctions" rules.

In certain cases, the IRS has imposed substantial monetary penalties and future charity care or public benefit obligations on tax-exempt hospitals in lieu of revoking their tax-exempt status, as well as requiring that certain transactions be altered, terminated or avoided in the future and/or requiring governance or management changes. These penalties and obligations are typically imposed on the tax-exempt hospital pursuant to a "closing agreement" with respect to the hospital's alleged violation of Section 501(c)(3) exemption requirements. Given the uncertainty regarding how tax-exemption requirements may be applied by the IRS, the Obligated Group Members are, and will be, at risk for incurring monetary and other liabilities imposed by the IRS through this "closing agreement" or similar process.

The IRS has periodically conducted audit and other enforcement activity regarding tax-exempt health care organizations. Certain audits are conducted by teams of revenue agents, often take years to complete and require the expenditure of significant staff time by both the IRS and the audited organization. These audits examine a wide range of possible issues, including tax-exempt bond financings, partnerships and joint ventures, unrelated business income tax, retirement plans and employee benefits, employment taxes, political contributions and other matters.

In recent years, the IRS has increased the frequency and scope of its audit and other enforcement activity regarding tax-exempt organizations. If the IRS were to find that a Member of the Obligated Group has participated in activities in violation of certain regulations or rulings, the tax-exempt status of such entity could be in jeopardy. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit

corporations, it could do so in the future. Loss of tax-exempt status by an Obligated Group Member potentially could result in loss of tax exemption of the tax-exempt debt of the Obligated Group, and defaults in covenants regarding the tax-exempt debt and other obligations likely would be triggered. Loss of tax-exempt status also could result in substantial tax liabilities on income of the Obligated Group.

State and Local Tax Exemption

Recently, the real property tax exemptions afforded to certain nonprofit health care providers by various state and local taxing authorities are being scrutinized, and in some cases have been challenged in court on the grounds that the health care providers were not engaged in charitable activities. Court challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices and excessive financial margins. Several of these disputes have been determined in favor of the taxing authorities or have resulted in settlements. From time to time, legislation has been introduced in the Connecticut and New York legislatures to limit or repeal certain of the state tax exemptions available to private nonprofit healthcare providers, including state income, franchise, ad valorem property and sales tax.

Tax-Exempt Status of Interest on the Bonds

The Code and related regulations, rulings and policies impose a number of requirements that must be satisfied for interest on state and local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds of the Bonds, limitations on the investment earnings of proceeds of the Bonds prior to expenditure, a requirement that certain investment earnings on proceeds of the Bonds be paid periodically to the United States, and a requirement that the Authority and the Corporation, as applicable, file an information report with the IRS. In the Tax Certificate and Agreement pertaining to the issuance of the Bonds (the *"Tax Regulatory Agreement"*), the Authority, the Corporation and the Obligated Group Members have covenanted to comply with such requirements. However, future failure by the Authority, the Corporation or the Obligated Group Members to fulfill their respective obligations under the Tax Regulatory Agreement in connection with the Bonds may result in the inclusion of interest on such obligations and any or all of the other Bonds in gross income for federal income tax purposes, retroactively to their date of issuance. In such event, the Indentures neither contain any specific provision for mandatory acceleration of the Bonds nor provide that any additional interest will be paid to the holders of the Bonds. See APPENDIX C - "EXCERPTS FROM THE INDENTURES AND LOAN AGREEMENTS."

IRS officials have indicated that more resources will be invested in audits of tax-exempt obligations, including the use of tax-exempt obligation proceeds, in the charitable organization sector, with specific review of private use. In addition, the IRS has from time to time sent questionnaires to several hundred nonprofit corporations that have borrowed on a tax-exempt basis, inquiring about post-issuance compliance with various requirements for maintaining the federal tax exemption of interest on their tax-exempt obligations. The questionnaire includes questions relating to (i) record retention, which the IRS has particularly emphasized, (ii) qualified use of bond-financed property, (iii) arbitrage yield restriction and rebate requirements, (iv) debt management policies, and (v) voluntary compliance and education.

The IRS has also added schedules to IRS Form 990 that create additional reporting responsibilities. On Schedule H, hospitals and health systems must report how they provide community benefit and specify certain billing and collection practices. Schedule K requires detailed information related to all outstanding bond issues of tax-exempt borrowers, including information regarding operating, management and research contracts as well as private use compliance. Tax-exempt organizations must also complete Schedule J, which requires reporting of compensation information for the organizations' officers, directors, trustees, key employees, and other highly compensated employees. IRS reviews and audits could and may adversely affect the marketability of or the market value for the Bonds.

The opinion of Bond Counsel delivered on the date the Bonds are issued is not binding on the IRS or the courts. There is no assurance that an IRS examination of the Bonds will not adversely affect the market price

for, or the marketability of, such Bonds and any such examination may cause the Obligated Group and/or the holders of the Bonds to incur significant expense.

Future Legislation Regarding Limitations or Elimination of Tax-Exempt Status

Future tax legislation, administrative actions taken by tax authorities or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation, administrative actions and court decisions could affect the market price or marketability of the Bonds. Prospective investors should consult with their tax advisors on the foregoing matters as they consider an investment in the Bonds.

Unrelated Business Income

In recent years, the IRS and state, county and local tax authorities have audited the operations of tax-exempt hospitals and health care systems with respect to their exempt activities and the generation of unrelated business taxable income, or "UBTI." Most hospitals and health care systems participate in activities that may generate UBTI. An investigation or audit could result in assessment of taxes, interest and penalties with respect to unreported UBTI and in some cases ultimately could affect the tax-exempt status of such entity, as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds.

Limitations on Contractual and Other Arrangements Imposed by the Internal Revenue Code

As tax-exempt organizations, the Obligated Group Members are limited with respect to the use of practice income guarantees, reduced rent on medical office space, low interest loans, joint venture programs and other means of recruiting and retaining physicians. The IRS scrutinizes a broad variety of contractual relationships commonly entered into by hospitals and has issued a detailed audit guide suggesting that field agents scrutinize numerous activities of the 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. Any suspension, limitation, or revocation of the tax-exempt status of a Member of the Obligated Group or assessment of significant tax liability could have a materially adverse effect on the Obligated Group and might lead to loss of tax exemption of interest on the Bonds.

Cost of Capital

From time to time, Congress has considered and is considering revisions to the Code that may prevent or limit access to the tax-exempt debt market by borrowers such as the Obligated Group Members. Such legislation, if enacted into law, may materially increase the cost of capital to the Obligated Group Members. See "Tax Reform" below.

Security and Enforceability

Enforceability of the Master Indenture and the Series 2019 Obligations

Each Obligated Group Member has made a covenant in the Master Indenture to make payments when due under the Master Indenture and on the Obligations issued under the Master Indenture, including the Series 2019 Obligations. Each Series 2019 Obligation is a joint and several obligation of each Obligated Group Member. The enforceability of the joint and several obligations of each Obligated Group Member to make moneys available in order to make a debt service payment is uncertain. As a consequence, the property of the Members of the Obligated Group that are not the beneficiaries of the proceeds of the Bonds may not be available to make such payments.

Counsel to the Obligated Group Members will deliver an opinion concurrently with the delivery of the Bonds to the effect that the Series 2019 Obligations are enforceable in accordance with its terms. However,

such opinion will be qualified as to the joint and several obligation of the Obligated Group Members to make payments of debt service on the Series 2019 Obligations. Such joint and several obligation may not be enforceable against an Obligated Group Member for a variety of reasons, including:

- To the extent payments on the Series 2019 Obligations are requested to be made from assets of such Obligated Group Member which are donor-restricted or which are subject to a direct, express or charitable trust which does not permit the use of such assets for such payments.

- If the purpose of the debt created and evidenced by the Series 2019 Obligations is not consistent with the charitable purposes of such Obligated Group Member, or if the debt was incurred by or issued for the benefit of an entity other than a nonprofit corporation which is exempt from federal income taxes under Sections 501(a) and 501(c)(3) of the Code and is not a "private foundation" as defined in Section 509(a) of the Code.

- To the extent payments on the Series 2019 Obligations would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by such Obligated Group Member.

- If and to the extent payments are requested to be made pursuant to any loan violating applicable usury laws.

If the obligation of a particular Obligated Group Member to make payment on an Obligation is not enforceable, and payment is not made on such Obligation in full when due, then an Event of Default will arise under the Master Indenture.

An Obligated Group Member may not be required to make payments on or provide amounts for the payment of an Obligation, including the Series 2019 Obligations, issued by or for the benefit of another entity if and to the extent that any such payment or transfer would render such Obligated Group Member insolvent or would conflict with or not be permitted by or would be subject to recovery for the benefit of other creditors of such Obligated Group Member under applicable fraudulent conveyance, bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights. There is no clear legal precedent as to whether payments on Obligations (including the Series 2019 Obligations) by an Obligated Group Member may be voided by a trustee in bankruptcy in the event of a bankruptcy of such Obligated Group Member, or by third party creditors in an action brought pursuant to state fraudulent conveyances statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy, and under state fraudulent conveyance statutes a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty, and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or state fraudulent conveyances statutes, or the guarantor is undercapitalized. Under such principles, the obligation of an Obligated Group Member to make payments on Obligations (including the Series 2019 Obligations) that secures Related Bonds (including the Bonds) not issued for the direct benefit of such Obligated Group Member may be considered a guaranty.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. If judicial action were brought to compel an Obligated Group Member to make a payment on an Obligation (including the Series 2019 Obligations), a court might not enforce such payment in the event it is determined that sufficient consideration for the Member's obligation was not received, or that the incurrence of such obligation has rendered or will render the Member insolvent, or the Member is or will thereby become undercapitalized.

In addition, state courts have common law authority and authority under state statutes to terminate the existence of a nonprofit 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 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 the 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 would result in the cessation or discontinuation of any material portion of the health care or related service previously provided by the Obligated Group Member from which payment is requested.

Enforceability of Remedies

The remedies available to the Trustees, on behalf of the beneficial owners of the Bonds, and to the beneficial owners of the Bonds upon an event of default under an Indenture or a Loan Agreement or available to the Master Trustee on behalf of holders of Obligations, including the Trustees, under the Master Indenture, are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including, specifically, the Bankruptcy Code, the remedies provided in the Indentures, the Master Indenture and the Loan Agreements may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors' generally and laws relating to fraudulent conveyances.

Bankruptcy

In the event an Obligated Group Member files for protection from creditors under the United States Bankruptcy Code, the rights and remedies of the Holders of the Bonds would be subject to various provisions of the United States Bankruptcy Code. If an Obligated Group Member were to commence a proceeding in bankruptcy, payments made by that Obligated Group Member during the 90-day period immediately preceding such commencement (or, under certain circumstances, during the preceding one-year period) may be voided as preferential transfers to the extent such payments allow the recipients thereof to receive more than they would have received in the event of the liquidation of such Obligated Group Member. Any future security interests or other liens granted by such Obligated Group Member to the Trustees or the Master Trustee and perfected during such preference period may also be voided as preferential transfers to the extent such security interest or other lien secures obligations that arose prior to the date of such grant or perfection.

A bankruptcy filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such Obligated Group Member and its property and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over its property as well as various other actions to enforce, maintain or enhance the rights of the Trustees and the Master Trustee. If the bankruptcy court so ordered, the property of such Obligated Group Member could be used for the financial rehabilitation of such Obligated Group Member despite any security interest of the Trustees or the Master Trustee therein. The rights of the Trustees and the Master Trustee to enforce their respective interests and other liens could be delayed during the pendency of the rehabilitation proceeding.

An Obligated Group Member could also file a plan for the adjustment of its debts in any such proceeding which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by a court, binds all creditors who had notice or knowledge of the plan and, with certain exceptions, discharges all claims against the debtor to the extent provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are conditions that the plan be feasible and that it shall have been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the class cast votes 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. Any such plan could adversely affect the beneficial owners of the Bonds.

In the event of bankruptcy of an Obligated Group Member, there is no assurance that certain covenants, including tax covenants, contained in the Tax Regulatory Agreement, the Indentures, the Loan Agreements or the Master Indenture and certain other documents would survive. Accordingly, such Obligated Group Member, as debtor in possession, or a bankruptcy trustee could take action which might adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Under the United States Bankruptcy Code, a bankruptcy court could appoint a patient advocate, the cost of which would be an administrative expense of the estate and certain reimbursements from federal agencies could be discontinued.

In addition, the bankruptcy of a health plan or physician group that is a party to a significant managed care arrangement with one or more Obligated Group Members, or that of any significant contract payer obligated to any one or more Obligated Group Members, could have material adverse effects on the Obligated Group.

Enforceability of Lien on Gross Receivables

Each Loan Agreement provides that the respective Borrowers shall make payments to the respective Trustee for the account of the Authority or the Corporation, as the case may be, in amounts sufficient to pay the respective series of Bonds and the interest thereon as the same become due. The obligations to make such payments is secured by the applicable Series 2019 Obligation issued under the Supplemental Indentures which, in turn, is secured by a security interest granted to the Master Trustee in the Gross Receivables of the Members of the Obligated Group.

To the extent that Gross Receivables 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 Receivables not subject to the Lien, the Master Trustee would occupy the position of an unsecured creditor. Counsel to the Obligated Group has not provided an opinion with regard to the enforceability of the Lien on Gross Receivables of the Members of the Obligated Group, where such Gross Receivables are derived from the Medicare and Medicaid programs.

Mortgages on Health Care Facilities

Pursuant to the Master Indenture, Vassar Brothers, Putnam Hospital, Northern Dutchess, Sharon Hospital, Danbury Hospital and Norwalk Hospital will grant to the Master Trustee separate Mortgages on their principal hospital campuses (including the New Milford Hospital campus owned by Danbury Hospital). Each mortgagor will represent in its respective Mortgage that it has fee title to its respectively owned mortgaged property that is described in the Mortgage signed by each such mortgagor; however, no title insurance company has issued a title insurance policy insuring the Master Trustee's mortgage lien under the Mortgage on each such mortgaged property in connection with the issuance of the Bonds.

As a result, a defect in Vassar Brothers', Northern Dutchess', Putnam Hospital's, Sharon Hospital's, Danbury Hospital's (including the New Milford campus) or Norwalk Hospital's title to the mortgaged property owned by such mortgagor may adversely impact its use of all or a portion of such mortgaged property and/or the operations of such Member and/or the value of such mortgaged property and any proceeds that may be recovered by the Master Trustee in the event that the Master Trustee seeks to foreclose on the Mortgage related

to such mortgaged property or to pursue its rights in accordance with the Master Indenture and the Supplemental Indentures.

The Master Trustee is permitted to release or subordinate certain portions of any mortgaged property from the lien of the Mortgages under certain conditions set forth in the Master Indenture and the Supplemental Indentures. Upon defeasance or payment in full of all of the currently-outstanding Obligations, other than the Series 2019 Obligations and Obligations issued in the future, the Obligated Group may, at its option, release the Mortgages.

Negative Pledge

While the Series 2019 Obligations will be secured by a pledge of Gross Receivables of the Members of the Obligated Group, the Obligated Group Members have covenanted not to mortgage, pledge or otherwise encumber any or all of their Property, except for Permitted Liens.

The security interest in the Gross Receivables created by the Master Indenture may not extend to any revenues generated from the use and operation of any facilities after any person who is not a Member of the Obligated Group obtains possession of such property, whether by voluntary transfer, foreclosure under a mortgage or other security agreement or enforcement of a statutory or judicially created lien.

Patient Service Revenues

Net patient service revenues realized by the Obligated Group Members are derived from a variety of sources and will vary among the individual facilities owned and operated by the Obligated Group Members and also among the various market areas and regions in which such facilities are located.

A substantial portion of the net patient service revenues of the Obligated Group Members is derived from third-party payers that pay for the services provided to patients covered by the third parties. These third-party payers include the federal Medicare program, state Medicaid programs and commercial health plans and insurers, including managed care organizations such as health maintenance organizations (*"HMOs*"), preferred provider organizations (*"PPOs"*) and third party administrators (*"TPAs"*) paying claims on behalf of self-insured employees or unions. Many third-party payers make payments to Obligated Group Members in amounts that may not reflect the direct and indirect costs of the Obligated Group Members providing services to patients. See "SOURCES OF PATIENT SERVICE REVENUE" in APPENDIX A for a full breakdown of payment sources.

The financial performance of the Obligated Group has been and could be in the future adversely affected by the financial position or the insolvency or bankruptcy of or other delay in receipt of payments from third-party payers that provide coverage for services to their patients.

Health care providers have been and continue to be affected significantly by changes made in the last several years in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. The purpose of much of this statutory and regulatory activity has been to reduce the rate of increase in health care costs, particularly costs paid under the Medicare and Medicaid programs.

Dependence upon Commercial Third-Party Payers

The Obligated Group's ability to develop and expand its services and, therefore, operating margins, is dependent upon its ability to enter into contracts with commercial third-party payers, such as managed care organizations, at competitive rates. There can be no assurance that it will be able to attract third-party payers, and where it does, no assurance that it will be able to contract with such payers on advantageous terms. The inability of the Obligated Group to contract with a sufficient number of such payers on advantageous terms would have a material adverse effect on the Obligated Group. Further, while the Obligated Group intends to control health care service utilization and increase quality, the Obligated Group cannot predict changes in

utilization patterns or on health care providers. Additionally, commercial third-party payers are increasingly attempting to control health care costs through increased utilization reviews, greater enrollment in managed care programs, such as HMOs and PPOs, and directly contracting with health care facilities to provide services on a discounted basis. The trend toward consolidation among private managed care payers tends to increase their bargaining power over prices and fee structures. Other health care providers, including some with greater financial resources, greater geographic coverage or a wider range of services, may compete with the Obligated Group for opportunities with commercial insurers. For example, competitors may negotiate exclusivity provisions with certain managed care plans or otherwise restrict the ability of managed care companies to contract with Obligated Group providers.

The ACA imposes, over time, increased regulation of the industry, the use and availability of state-based exchanges in which health insurance can be purchased by certain groups and segments of the population, the extension of subsidies and tax credits for premium payments by some consumers and employers, and the imposition upon commercial insurers of certain terms and conditions that must be included in contracts with providers. In addition, the ACA imposes many new obligations on states related to health care insurance. It is unclear how the increased federal oversight of state health care may affect future state oversight or affect the Obligated Group. The effects of these changes upon the financial condition of any third-party payer that offers health care insurance, rates paid by third-party payers to providers and, thus, the revenues of the Obligated Group, and upon the operations, results of operations and financial condition of the Obligated Group cannot be predicted.

Government Regulation of the Health Care Industry

A significant portion of the revenues of the Obligated Group is derived from government programs including, in particular, the Medicare and Medicaid programs. See "SOURCES OF PATIENT SERVICE REVENUE" in APPENDIX A for a breakdown of payment sources including Medicare and Medicaid. As a result, the Obligated Group Members are subject to all of the federal, state and local laws and regulations related to the Medicare and Medicaid programs. In addition to the Medicare and Medicaid programs, the Obligated Group Members and the health care industry in general are subject to regulation by a number of governmental agencies which affect the provision, administration and payment of health care services on both a national and local basis. Health care providers, including the Obligated Group Members (and any future Obligated Group Members), have been and will be affected significantly by changes that have occurred in the last several years in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. See "REGULATION OF THE HEALTH CARE INDUSTRY" below for more information regarding the Medicare and Medicaid programs and regulations relating thereto.

Value Based Care

The health care industry is under pressure from the federal and state governments and managed care plans to transition from fee for service methods of payment to "value based care." See "REGULATION OF THE HEALTH CARE INDUSTRY" below. While the Obligated Group is working diligently to facilitate the transition to value based care, there can be no assurance that management will be able to reduce the Obligated Group's cost structure sufficiently quickly enough to align with potentially decreased revenues from a value based care model, or that the Obligated Group will otherwise adapt to value based care incentives sufficiently quickly to maintain positive financial results.

Managed Care Organizations

Health maintenance organizations, preferred provider organizations and other managed health care systems (collectively, *"Managed Care Organizations"*) are providers of health care coverage significantly different from traditional commercial insurers. Managed Care Organizations represent a broad continuum of systems generally designed to favorably affect the cost, the site and/or the utilization of health care services from a patient standpoint. As such, they include HMOs, which generally accept uniform per-employee payments from employers and/or employees with fees based on the number of enrollees and in return agree to

provide all, or substantially all, of an enrollee's health care needs, and PPOs, which generally negotiate favorable prices with providers and thus create preferred provider arrangements. Managed Care Organizations often rely upon case management analysis to reduce utilization of health care services, including discouraging an enrollee's admission to a hospital unless determined to be absolutely necessary. As Managed Care Organizations' enrollment increases, such entities also become significant purchasers of health care services from hospitals and other providers enabling negotiation of separate pricing terms and selection of health providers offering the most cost-effective services. Such case and cost management efforts on behalf of Managed Care Organizations may adversely affect utilization of the facilities and/or patient revenues of the Obligated Group.

Most Managed Care Organizations pay health care facilities or other providers, as applicable, on a discounted fee-for-service basis, a case rate (modified DRG) or on a discounted fixed rate per day of inpatient care. The discounts offered to Managed Care Organizations may result in payment at less than actual cost and the volume of patients directed to a health care facility under a Managed Care Organization's contract may vary significantly from projections. In cases where a Managed Care Organization is a major purchaser of services from a particular health care facility operated by a Member of the Obligated Group (or any future Obligated Group Members), a contract rate reduction, contract cancellations, inability to pay, failure to make prompt payment, difficulty in meeting solvency thresholds, business failure or bankruptcy of the Managed Care Organization may have a substantial negative effect on the Obligated Group's financial condition.

Some Managed Care Organizations employ a "capitation" payment method under which health care providers are paid a predetermined periodic rate for each enrollee in the Managed Care Organization who is "assigned" or otherwise directed to receive care from a particular health care provider. The health care provider may assume financial risk for the cost and scope of institutional care provided. If payment is insufficient to meet the health care provider's actual cost of care, or if utilization by such enrollees materially exceeds projections, the financial condition of the health care provider could erode rapidly and significantly. In addition to the standard Managed Care Organization risk sharing approach, private health insurance companies are increasingly adopting various additional risk sharing/cost containing measures, sometimes similar to those introduced by government payers. Health care providers may expect health care cost containment and its associated risk sharing to continue to increase in the coming years among all payers.

In recent years, a number of Managed Care Organizations have become insolvent or experienced financial pressure or cash flow issues. Such plans range in size from smaller local provider-based plans to some of the largest plans in the United States. These plans include traditional commercial insurers, as well as health maintenance organizations and preferred provider organizations. Managed Care Organizations that experience financial pressure may slow payment to providers, withhold pay entirely, or utilize claims payment methodology that systematically reduces compensation on a per claim basis. Managed Care Organizations that become insolvent may seek either federal bankruptcy or state insurance insolvency protection. Such bankruptcy or insurance insolvency protection may require that providers repay certain claims to the Managed Care Organization, or result in certain claims becoming uncollectible. It is not possible at this time to predict the future of the managed care industry in general or of specific Managed Care Organizations, or to predict what impact the state of the financial health of such organizations might have on the Obligated Group.

Often, managed care contracts are enforceable for a stated term, regardless of health care organization losses and may require health care organizations to care for enrollees for a certain time period, regardless of whether the payer is able to pay the health care organization. Health care organizations from time to time have disputes with Managed Care Organizations concerning payment and contract interpretation issues. Such disputes may result in mediation, arbitration, litigation or contract termination.

Failure to maintain contracts could have the effect of reducing a health care organization's market share and net patient services revenues. Conversely, participation may result in lower net income if participating health care organizations are unable to adequately contain their costs. In part to reduce costs, health plans are increasingly implementing, and offering to purchasing employers, tiered provider networks, which involve classification of a plan's network providers into different tiers based on care quality and cost. With tiered

benefit designs, plan enrollees are generally encouraged, through incentives or reductions in copayments or deductibles, to seek care from providers in the top tier. Classification of a health care provider in a non-preferred or lower tier by a significant payer may result in a material loss of volume.

In addition to tiered provider networks, Managed Care Organizations are also implementing narrow provider networks in which only a select group of providers participate as in-network providers. Managed Care Organizations often look at quality performance and cost in selecting providers to participate in their narrow networks. A provider's exclusion from a narrow network may result in a material loss of volume. Managed Care Organizations may offer lower payment for providers in their narrow network(s) in exchange for additional volume expected from being one of a select group of network providers. This payment may be insufficient to cover a network provider's cost in providing the services. The new demands of dominant health plans and other shifts in the managed care industry may also reduce patient volume and revenue.

In addition, the current trend of consolidation in the health insurance industry is likely to increase the leverage of commercial insurers when negotiating rates with health care providers. Large health insurers that assume dominant positions in local markets threaten to increase health insurer concentration, reduce competition and decrease choice. If a Member of the Obligated Group were to terminate its agreement with any of the major managed care payers or not agree to terms proposed by such payers, or if the payers were to exit the regional marketplace in some or all of their product lines, it could have a significant material adverse impact on the financial condition of the Obligated Group. See "SOURCES OF PATIENT SERVICE REVENUE" in APPENDIX A.

Commercial Insurance

Commercial insurers negotiate contracts directly with hospitals. Under these contracts, commercial insurers make payments either directly or on behalf of self-funded employer accounts, health benefit plans or other entities, primarily on the basis of established and/or discounted charges for covered services. Patients carrying such coverage are generally responsible to the hospitals providing services for certain co-payments and deductibles.

Federal Budget

The effect of future government health care funding or federal deficit policy changes on the Obligated Group's business or financial condition is unpredictable. If rates paid by governmental payors are reduced or if the scope of services covered by governmental payors is limited, there could be a material adverse effect on the Obligated Group's business or financial condition. The Budget Control Act of 2011 mandated significant reductions in federal spending for fiscal years 2012-2021, including a reduction of 2% on all Medicare payments during this period. Subsequent legislation enacted by Congress extended these reductions through 2027. There is a substantial risk that Congress could act to extend or increase these across-the-board reductions. President Trump's 2020 budget proposal calls for an $845 billion reduction in Medicare spending and a $1.5 trillion reduction in Medicaid spending over the next decade. It is impossible to predict what portion, if any, of these proposed federal health care spending reductions will be included in a Congressionally approved budget.

The federal government is subject to a debt "ceiling" established by Congress, i.e., a limit on the amount of debt that may be issued by the United States Treasury. In the past several years, there have been political disputes concerning authorization of an increase in the federal debt ceiling, which have led to potential and actual shutdowns of substantial portions of the federal government and other authorization delays. Any failure by Congress to increase the federal debt limit or any federal government shutdown or partial federal government shutdown may affect the federal government's ability to incur additional debt, pay its existing debt instruments and satisfy its obligations relating to the Medicare and Medicaid programs.

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 April of 2019 indicated that the HI Trust Fund is not financed adequately and is projected to be exhausted in 2026. 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.

State Budget and Payment Uncertainty

General. As discussed in more detail below, many states, including New York and Connecticut, face or have faced budgetary challenges that have resulted, and likely will continue to result, in reduced Medicaid funding levels to hospitals and other health care providers. Because most states are required to operate with balanced budgets, and the Medicaid program is generally a significant portion of a state's budget, states can be expected to adopt or consider adopting future legislation designed to reduce or freeze Medicaid expenditures. In addition, some states delay issuing Medicaid payments to providers to manage state expenditures. Continuing pressure on state budgets, state budget authorization delays, and other factors could result in future reductions to Medicaid payments, payment delays or additional taxes on hospitals. In addition, Congressional proposals to cap the federal share of Medicaid expenditures or "block grant" the Medicaid program would further shift rising cost risk to the states, exacerbating state budget challenges.

New York

New York ended its 2018 fiscal year with a balance of $4.4 billion in its general fund (the "NY General Fund"), excluding the impact of $5.0 billion in monetary settlements with financial institutions. The New York State Legislature completed action on the $168.3 billion State budget for its 2019 fiscal year (the "NY State Enacted Budget") on March 30, 2018. The NY State Enacted Budget provides for balanced operations on a cash basis in the NY General Fund, as required by law. New York released the NY State Enacted Budget financial plan (the "NY State Financial Plan") in May 2018. New York released its Annual Information Statement, which reflects the NY State Financial Plan, in July 2018.

In the NY State Financial Plan, New York projects a balanced budget, on a cash basis, in fiscal year 2019, and potential gaps in fiscal years 2020, 2021 and 2022 of $4.0 billion, $6.9 billion and $7.0 billion, respectively. New York's projections for fiscal year 2019 and thereafter reflect an assumption that the Governor will continue to propose, and the New York State Legislature will continue to enact, balanced budgets in future years that limit annual growth in New York operating funds to no greater than 2 percent.

The NY State Enacted Budget and the NY State Financial Plan identify a number of risks inherent in the implementation of the NY State Enacted Budget and the NY State Financial Plan. Such risks include, but are not limited to, the performance of the national and New York economies; national and international events; ongoing financial risks in the Euro-zone; changes in consumer confidence, oil supplies and oil prices; cybersecurity threats; major terrorist events, hostilities or war; climate change and extreme weather events; federal statutory and regulatory changes concerning financial sector activities; federal tax law and other programmatic purposes; changes concerning financial sector bonus payouts and any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; the impact of financial and real estate market developments on bonus income and capital gains realizations; the effect of household debt on consumer spending and New York tax collections; the outcome of litigation and other claims affecting New York; wage and benefit increases for New York employees that exceed projected annual costs; changes in the size of New York's workforce; the realization of the projected rate of return for pension fund assets and current assumptions with respect to wages for New York employees affecting New York's required pension fund contributions; the willingness and ability of the federal government to provide the aid expected in the NY State Financial Plan; the ability of New York to implement cost reduction initiatives and the success with which New York controls expenditures; and the ability of New York and public authorities to market securities successfully in the public credit markets.

Connecticut

Currently, Connecticut, like several other states, is experiencing financial difficulties, and has had to reduce budgeted spending despite the significant expansion of its commitments under the ACA. If these factors continue or escalate in severity, the impact on health care providers could be material. Restrictive policies and budget cuts at both the state and federal level have contributed to declining revenues and operating losses for many Connecticut hospitals.

In December 2012 Connecticut enacted Deficit Mitigation Plan legislation to eliminate a $365 million state budget deficit. Prior to that time, hospitals paid a $350 million provider tax, but received $400 million in Medicaid disproportionate share hospital ("DSH") payments to offset the cost of providing services to Medicaid and uninsured patients. As a result of the Deficit Mitigation Plan legislation, aggregate DSH payments from the state to hospitals in the state were reduced from $400 million in 2012 to an estimated $323 million in 2013 and to an estimated $249 million in 2014, with no corresponding reduction in the hospital provider tax. In 2015, the Governor cut refunds distributed to hospitals for federal and state taxes paid. In March 2016, the Governor suspended $140 million in payments to Connecticut acute-care hospitals, despite legislative action in December 2015 to bolster hospital funding. In May 2016, Connecticut lawmakers passed the state budget, which called for approximately $43 million in cuts in state funding for hospitals, resulting in approximately $140 million in overall cuts including federal funds. Connecticut has continued with this approach, and between 2011 and 2019, Connecticut hospitals paid or are expected to pay $1.7 billion more in taxes than they received in supplemental payments. As discussed further in Appendix A, the hospitals and Connecticut are currently engaged in negotiations which may improve the financial outlook for hospitals moving forward, but there is still the potential that future budget changes may have a material adverse impact on hospitals.

Economic Recovery and Credit Market Disruptions

The United States economy is unpredictable. Previous disruptions of the credit and financial markets have led to volatility in the securities markets, significant losses in investment portfolios, increased business failures and consumer and business bankruptcies and economic recession. In response to the 2008 recession, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the *"Dodd-Frank Act"*) was enacted in 2010. The Dodd-Frank Act included broad changes to the existing financial regulatory structure, including the creation of new federal agencies to identify and respond to the financial stability of the United States. On June 5, 2018, President Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act, which relaxes restrictions on large parts of the banking industry. The effects of the new act are unclear.

In the past, the economic climate has adversely affected the health care sector generally. Patient service revenues and inpatient volumes have not increased as historic trends would otherwise indicate. When unemployment rates were increasing nationally, increases in self-pay admissions, increased levels of bad debt and uncompensated care, reduced demand for elective procedures, and reduced availability and affordability of health insurance resulted. The economic climate also increased stresses on state budgets, potentially resulting in reductions in Medicaid payment rates or Medicaid eligibility standards and delays in payment of amounts due under Medicaid and other state or local payment programs. Any similar economic recession in the future could have similar or worse effects.

Tax Reform

On December 22, 2017, President Trump signed into law an act entitled, "H.R. 1: An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," known as the Tax Cuts and Jobs Act (the *"Tax Cuts and Jobs Act"*). The Tax Cuts and Jobs Act lowered corporate and individual tax rates and eliminated certain tax preferences and other tax expenditures. The Tax Cuts and Jobs Act also effectively repealed (effective 2019) a key provision of the ACA known as the "individual mandate" or the "individual shared responsibility payment," which imposes a tax on individuals who do not obtain health care insurance. Such repeal of the individual mandate may result in a higher uninsured rate, which could have a materially adverse effect on the Obligated Group. In addition, the Tax Cuts and Jobs Act precludes the issuance

of tax-exempt bonds to advance refund outstanding tax-exempt bonds. The Tax Cuts and Jobs Act could materially adversely affect the market price or marketability of the Bonds (and outstanding bonds of the Obligated Group) and/or availability of borrowed funds for the Obligated Group Members, particularly for capital expenditures, as well as the operations, financial position and cash flows of the Obligated Group Members.

Licensing, Certification and Accreditation Requirements

The health care facilities of the Obligated Group Members are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These may be affected by regulatory action and policy changes by governmental and private agencies that administer Medicare, Medicaid and other third-party payment programs, as well as action by, among others, accrediting bodies such as The Joint Commission, and federal, state and local government agencies. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections or other reviews generally conducted in the normal course of business of health facilities. Actions in any of these areas could result in a reduction in utilization, revenues or both, or the inability of the Obligated Group Members (or future Obligated Group Members) to operate all or a portion of such facilities or to bill various third-party payers, and, consequently, could materially adversely affect the Obligated Group.

Certificate of Need Laws

Many states, including the State of Connecticut and the State of New York, have Certificate of Need ("*CON*") laws which controls various types of activities which involve, and expenditures which relate to, the provision of health care services. The general purpose of CON laws is to prevent unnecessary duplication of expensive health care services in an effort to contain health care costs and to ensure access to health care services which otherwise might not be available. Failure to obtain necessary state CON approval can result in the inability to expand facilities, add services, acquire a facility or change ownership. Violation of such laws may result in the imposition of civil sanctions or the revocation of a facility's license. A health care provider cannot predict whether it will be able to obtain approval for any health care services regulated by a state CON process which may be necessary or desirable to compete in its service area. From time to time, state legislatures consider eliminating CON programs. If a state CON program is phased-out or eliminated, health care providers such as the Obligated Group Members, could face increased competition from other providers.

Possible Staffing Shortages

In recent years, the health care industry has suffered from a scarcity of physicians in certain specialties, nurses and other qualified health care technicians and personnel. Factors underlying this trend include increased demand for trained personnel combined with an insufficient number of qualified graduates to meet the growing need, and the aging of the workforce generally. Any of these factors may be expected to intensify in the future, aggravating the shortage of physicians, nursing personnel or other qualified health care technicians and personnel. This trend could force the Obligated Group Members to pay higher than anticipated salaries to personnel as competition for such employees intensifies and, in an extreme situation, could lead to difficulty maintaining licenses to provide health care services for the facilities of the Obligated Group Members and, as a result, maintaining eligibility for reimbursement under Medicare and the various state Medicaid programs. In the event of a shortage or difficulty in the direct hire of health care personnel, the Obligated Group Members could be required to seek indirect hire of such professionals through an increased use of third-party staffing, at higher cost.

Integrated Delivery Systems

Health facilities and health care systems often own, control or have affiliations with physician groups and independent practice associations. Generally, the sponsoring health care facility or health care system is the primary capital and funding source for the alliances and may have an ongoing financial commitment to provide

growth capital and support operating deficits. As separate operating units, integrated physician practices and medical foundations sometimes operate at a loss and require subsidy from the related hospital or health system.

These types of alliances are likely to become increasingly important to the success of hospitals in the future as a result of changes to the health care delivery and reimbursement systems that are intended to restrain the rate of increases of health care costs, encourage coordinated care, promote collective provider accountability and improve clinical outcomes. The ACA authorizes several alternative payment programs for Medicare that promotes, reward or necessitate integration among hospitals, physicians and other providers.

Whether these programs will achieve their objectives and be expanded or mandated as conditions of Medicare participation cannot be predicted. However, Congress and the Centers for Medicare and Medicaid Services (*"CMS"*) of the U.S. Department of Health and Human Services have clearly emphasized continuing the trend away from the fee-for-service payment model, which began in the 1980's with the introduction of the prospective payment system for inpatient care, and toward an episode-based payment model that rewards use of evidence-based protocols, quality and satisfaction in patient outcomes, efficiency in using resources, and the ability to measure and report clinical performance. This shift is likely to favor integrated delivery systems, which may be better able than stand-alone providers to realize efficiencies, coordinate services across the continuum of patient care, track performance and monitor and control patient outcomes. Changes to the payment methods and payment requirements of Medicare, which is the dominant purchaser of medical services, are likely to prompt equivalent changes in the commercial sector, because commercial payors frequently follow Medicare's lead in adopting payment policies.

While payment trends may stimulate the growth of integrated delivery systems, these systems carry with them the potential for legal or regulatory risks. Many of the risks related to fraud and abuse and discussed further below in "REGULATION OF THE HEALTH CARE INDUSTRY" may be heightened in an integrated delivery system. The foregoing laws were not designed to accommodate coordinated action among hospitals, physicians and other health care providers to set standards, reduce costs and share savings, among other things. Although CMS and the agencies that enforce these laws are expected to institute new regulatory exceptions, safe harbors or waivers that will enable providers to participate in payment reform programs, there can be no assurance that the regulations will be forthcoming or that any regulations or guidance issued will sufficiently clarify the scope of permissible activity. State law prohibitions, such as the bar on the corporate practice of medicine, or state law requirements, such as insurance laws regarding licensure and minimum financial reserve holdings of risk-bearing organizations, may also introduce complexity, risk and additional costs in organizing and operating integrated delivery systems. Tax-exempt hospitals also face the risk in affiliating with for-profit entities that the IRS will determine that compensation practices or business arrangements result in private benefit or private use or generate unrelated business income for the hospitals.

In addition, integrated delivery systems present business challenges and risks. Inability to attract or retain participating physicians may negatively affect managed care, contracting and utilization. The technological and administrative infrastructure necessary both to develop and operate integrated delivery systems and to implement new payment arrangements in response to changes in Medicare and other payor payment methodologies is costly. Hospitals may not achieve savings sufficient to offset the substantial costs of creating and maintaining this infrastructure.

Malpractice and General Liability Insurance

In recent years, the number of malpractice and general liability suits and the dollar amount of damage recoveries have increased nationwide, resulting in substantial increases in insurance premiums. Actions alleging wrongful conduct and seeking punitive damages are often filed against hospitals. Litigation may also arise from the corporate and business activities of the Obligated Group Members, including employee-related matters, medical staff and provider network matters and denials of medical staff and provider network membership and privileges. As with professional liability, many of these risks are covered by insurance, but some are not. For example, some antitrust claims, business disputes and workers' compensation claims are not covered by insurance or other sources and, in whole or in part, may be a liability of the Obligated Group if determined or

settled adversely. Claims for punitive damages may not be covered in all instances by insurance under certain state laws.

Beginning in 2008, CMS has refused to reimburse hospitals for medical costs arising from certain "never events," which include specific preventable medical errors. Certain private insurers and HMOs followed suit. The occurrence of "never events" or "serious reportable events" is more likely to be publicized and may negatively affect a hospital's reputation, reducing future utilization and potentially increasing the possibility of liability claims.

As the rise in cybersecurity events increase, hospitals are at increasing risk of an attack in two areas: (1) patient data, such as social security numbers, date of birth, insurance information and medical records, and (2) access to medical technology that could lead to harmful clinical events. See "Cyber-Attacks" below for a more detailed discussion of cybersecurity risks.

Any judgments or settlements that exceed insurance coverages or self-insurance reserves could have a material adverse effect on the Obligated Group. Moreover, the Obligated Group Members are not able to predict the cost or availability of any such insurance in the future.

Facility Damage

Hospitals are highly dependent on the condition and functionality of their physical facilities. Damage from natural causes, fire, deliberate acts of destruction, terrorism or various facility system failures may have a material adverse impact on hospital operations, financial conditions and results of operations, especially if insurance is inadequate to cover resulting property and business losses. The occurrences of natural disasters, including floods, earthquakes and fires may damage Obligated Group Member's facilities, interrupt utility service to facilities or otherwise impair the operation of some Obligated Group Member's facilities or the generation of revenues beyond existing insurance coverage.

Construction Risks

Construction projects are subject to a variety of risks, including but not limited to delays in issuance of required building permits or other necessary approvals or permits, including environmental approvals, strikes, shortages of qualified contractors or materials and labor, and adverse weather conditions. Such events could delay occupancy of major construction projects. Cost overruns may occur due to change orders, delays in construction schedules, scarcity of building materials and labor, tariffs on construction materials, and other factors. Cost overruns could cause project costs to exceed estimates and require more funds than originally allocated or require Members of the Obligated Group to borrow additional funds to complete projects.

Increased Competition

The Obligated Group Members face increased competition from other providers of health care that offer health care services to the population which the Obligated Group Members service. Future competitive actions by competitors could include the construction of new, or the renovation of existing, hospitals, ambulatory surgical centers and other ambulatory care facilities, free standing emergency facilities, and private laboratory and radiological services. Any of such competitive facilities may reduce volume and revenue to Obligated Group facilities. There are also some services that could be provided by others which could be substituted for some of the revenue generating services offered by the Obligated Group Members (and any future Obligated Group Member). For example, home care, intermediate nursing care, preventive care, ambulatory care and drug and alcohol abuse programs are services that could serve as substitutes for hospital treatment.

Hospitals increasingly face competition from specialty providers of care. This competition may cause hospitals to lose essential market share. Competition may be focused on services or payer classifications for which hospitals realize their highest margins, thus negatively affecting programs that are economically important to hospitals. Specialty hospitals may attract specialists as investors and may seek to treat only

profitable classifications of patients, leaving full-service hospitals with higher acuity and/or lower paying patient populations. This source of competition may have a material adverse impact on hospitals, particularly if a group of a hospital's principal physician admitters curtails its use of a hospital service in favor of competing facilities.

Future competition may arise from new sources not currently anticipated or prevalent. Moreover, additional quality measures and future trends toward clinical transparency may have an unanticipated impact on the Obligated Group's competitive position and patient volumes. Additionally, scientific and technological advances, new procedures, drugs and devices, preventive medicine and outpatient health care delivery may reduce utilization and revenues of hospitals in the future or otherwise lead the way to new avenues of competition.

Uncompensated Care

Hospital providers across the country continue to see a rise in uncompensated care as a result of increased unemployment or other adverse economic conditions that further increase the proportion of patients who are unable to pay fully for their cost of care. The Tax Cuts and Jobs Act's repeal of the ACA's individual mandate is likely to substantially increase the number of uninsured (the Congressional Budget Office estimated that 4 million Americans will choose to forgo coverage in 2019 because of the repeal of the individual mandate). Increases in contracted payment rates may not be sufficient to fully offset the increased cost of uncompensated care.

Physician Relationships

The success of the Obligated Group Members' business depends in significant part on the number, quality, specialties, and admitting and scheduling practices of admitting physicians. Accordingly, it is essential to the Obligated Group Members' ongoing business that it attract an appropriate number of quality physicians in the specialties required to support its services and that it maintains good relationships with those physicians. A shortage of physicians, especially in primary care, could become a significant issue for health providers in the coming years.

The primary relationship between a hospital and physicians who practice in it is through the hospital's organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures by which a physician may have his or her privileges or membership curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges, or who have membership or privileges curtailed, denied or revoked, often file legal actions against hospitals. Such action may include a wide variety of claims, some of which could result in substantial uninsured damages to a hospital. In addition, failure of the hospital governing body to adequately oversee the conduct of the medical staff may result in hospital liability to third parties. All hospitals, including those owned and operated by the Obligated Group Members, are subject to such risk.

Labor Relations and Collective Bargaining

Hospitals are large employers with a wide diversity of employees. Increasingly, employees of hospitals are becoming unionized, and many hospitals have collective bargaining agreements with one or more labor organizations. Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation of such agreements upon expiration may result in significant cost increases to hospitals. Employee strikes or other adverse labor actions may have an adverse impact on operations, revenue and hospital reputation. For information on the Obligated Group's employees, see "EMPLOYEES" in APPENDIX A.

Class Actions

Hospitals, health systems and other health care providers have long been subject to a wide variety of litigation risks, including liability for care outcomes, employer liability, property and premises liability, and peer

review litigation with physicians, among others. In recent years, consumer class action litigation has emerged as a potentially significant source of litigation liability for hospitals, health systems and other health care providers. These class action suits have most recently focused on hospital billing and collections practices and breaches of privacy, and they may be used for a variety of currently unanticipated causes of action. Additionally, a number of class action lawsuits have been filed in recent years against universities and other nonprofit entities alleging breaches of various duties in connection with 403(b) defined contribution retirement plans. Since the subject matter of class action suits may involve uninsured risks, and since such actions often involve alleged large classes of plaintiffs, they may have material adverse consequences on hospitals and health systems in the future. See "– Wage and Hour Class Actions and Litigation" below.

Wage and Hour Class Actions and Litigation

Federal law and many states impose standards related to worker classification, eligibility and payment for overtime, liability for providing rest periods and similar requirements. Large employers with complex workforces, such as hospitals, are susceptible to actual and alleged violations of these standards. In recent years there has been a proliferation of lawsuits over these "wage and hour" issues, often in the form of large class actions. For large employers, such as the Members of the Obligated Group, such class actions can involve multi-million dollar claims, judgments and/or settlements. A major class action decided or settled adversely to a Member of the Obligated Group could have a material adverse effect.

Action by Consumers and Purchasers of Health Care Services

Major purchasers of health care services also could take action to restrain hospital or other provider charges or charge increases. As a result of increased public scrutiny, it is also possible that the pricing strategies of hospitals may be perceived negatively by consumers, and hospitals may be forced to reduce fees for their services. Decreased utilization could result, and health care revenues may be negatively impacted. In addition, consumers and groups on behalf of consumers are increasing pressure for hospitals and other health care providers to be transparent and provide information about cost and quality of services that may affect future consumer choices about where to receive health care services.

Pension and Benefit Funds

As large employers, hospitals and health care providers may incur significant expenses to fund pension and benefit plans for employees and former employees, and to fund required workers' compensation benefits. Plans may become underfunded and funding obligations in some cases may become erratic or unanticipated and may require significant commitments of available cash needed for other purposes, see "PENSION PLANS" in APPENDIX A.

Audits, Exclusions, Fines, Withholds and Enforcement Actions

Health care providers participating in Medicare and Medicaid are subject to audits and retroactive audit adjustments by fiscal intermediaries under the Medicare and Medicaid programs. From an audit, a fiscal intermediary may conclude that services may not have been provided under the direct supervision of a physician (to the extent so required), that a patient should not have been characterized as an inpatient, that certain services provided prior to admission as an inpatient should not have been billed as outpatient services, or that certain required procedures or processes were not satisfied, or that certain costs were unreasonable, not allowable, not incurred or incorrectly classified. As a consequence, payments may be retroactively disallowed or recouped. Regulations also provide for withholding of payments in certain circumstances, and such withholdings could have a material adverse effect on the Obligated Group. Under certain circumstances, payments made may be determined to have been made as a consequence of improper claims subject to the federal and state statutes, subjecting the health care provider to civil or criminal sanctions. The Obligated Group Members are subject to all such risks. See the information under the heading "REGULATION OF THE HEALTH CARE INDUSTRY."

Information Systems

The ability to adequately price and bill health care services and to accurately report financial results depends on the integrity of the data stored within information systems, as well as the operability of such systems. Information systems require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards. There can be no assurance that efforts to upgrade and expand information systems capabilities, protect and enhance these systems, and develop new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future.

The use of electronic media is standard for clinical operations, medical records and order entry functions. The reliance on information technology for these purposes imposes new expectations on physicians and other workforce members to be adept in using and managing electronic systems. It also introduces risks related to patient safety, and to the privacy, accessibility and preservation of health information. Technology malfunctions or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information, as well as in disputes with patients, physicians and other health care professionals. Health information systems may also be subject to different or higher standards or greater regulation than other information technology or the paper-based systems previously used by health care providers, which may increase the cost, complexity and risks of operations. All of these risks may have adverse consequences on hospitals and health care providers.

Future government regulation and adherence to technological advances could result in an increased need of the Obligated Group Members to implement new technology. Such implementation could be costly and is subject to cost overruns and delays in application, which could have a material adverse effect on the Obligated Group.

Cyber-Attacks

Despite the implementation of network security measures by the Obligated Group Members, their information technology systems may be vulnerable to breaches, hacker attacks, computer viruses, physical or electronic break-ins and other similar events or issues. The Federal Bureau of Investigation has expressed concern that health care systems are a prime target for such cyber-attacks due to the mandatory transition from paper records to electronic health records and a higher financial payout for medical records in the black market. Health care systems have recently been subject to such attacks. Such events or issues could lead to the inadvertent disclosure of protected health information or other confidential information, ransom attacks holding critical information hostage, or could have an adverse effect on the ability of the Obligated Group Members to provide health care services. Any breach or cyber-attack that comprises patient data could result in negative press and substantial fines or penalties for violation of HIPAA (defined below) or similar state privacy laws. See "REGULATION OF THE HEALTH CARE INDUSTRY" below and "LITIGATION – Cyber Attack" in APPENDIX A.

Increasing Cost of Modern Technology

Technological advances in recent years have forced hospitals to acquire sophisticated and costly equipment to remain technologically current. Moreover, the growth of e-commerce may also result in a shift in the way that health care is delivered, (i.e., from remote locations). For example, physicians will be able to provide certain services over the internet and pharmaceuticals and other health services may be purchased online. If, due to financial constraints, the Obligated Group were less able to acquire new equipment required to remain technologically current, the operations and financial condition of the Obligated Group could be materially adversely affected.

Antitrust

Antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, contracting with commercial insurers, Managed Care Organizations and other third-party payers, physician relations, joint ventures, merger, affiliation and acquisition activities and certain pricing or salary setting activities, as well as other areas of activity. The application of the federal and state antitrust laws to health care is still evolving, and enforcement activity by federal and state agencies appears to be increasing. Violators of the antitrust laws may be subject to criminal and/or civil enforcement by federal and state agencies, as well as by private litigants in certain instances. At various times, an Obligated Group Member may be subject to an investigation or inquiry by a governmental agency charged with the enforcement of the antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. Common areas of potential liability are joint action among providers with respect to third-party payer contracting and medical staff credentialing. With respect to third-party payer contracting, an Obligated Group Member (and any future Obligated Group Members) may, from time to time, be involved in joint contracting activity with hospitals, physicians or other providers. The precise degree, if any, to which this or similar joint contracting activities may expose the participants to antitrust risk is dependent on a myriad of factual matters. Physicians who are subject to adverse peer review proceedings may file federal antitrust actions against hospitals and seek treble damages. Health care providers, including the Obligated Group Members, regularly have disputes regarding credentialing and peer review, and therefore may be subject to liability in this area. In addition, health care providers occasionally indemnify medical staff members who are involved in such credentialing or peer review activities, and may, therefore, also be liable with respect to such indemnity.

Market Risk and Interest Rate Swaps

The Obligated Group Members have significant holdings in a broad range of investments. Market fluctuations have affected and will continue to affect the value of those investments and those fluctuations may be, and historically have been, material. Occasional market disruptions have exacerbated the market fluctuations and have negatively affected the investment performance over certain time periods and in some cases materially diminished the liquidity of those investments. Investment income (including both realized and unrealized gains on investments) has contributed significantly to the Obligated Group's financial results over recent years. Any diminution of liquidity of the Obligated Group's investment could also have a material adverse effect on the Obligated Group.

Obligated Group Members may utilize interest rate hedges, or swap agreements, to manage exposure to interest rate fluctuations. Swap agreements are subject to periodic "mark-to-market" valuations and may, at any time, have a negative value (which could be substantial) to the applicable Obligated Group Member. Changes in the market value of such swap agreements could negatively or positively impact the operating results and financial condition of the applicable Obligated Group Member, and such impact could be material. Any of the swap agreements to which an Obligated Group Member is a party may be subject to early termination upon the occurrence of certain specified events. If either the applicable Obligated Group Member or the counterparty terminates such an agreement when the agreement has a negative value to the applicable Obligated Group Member, the applicable Obligated Group Member could be obligated to make a termination payment to the applicable swap counterparty in the amount of such negative value, and such payment could be substantial and potentially materially adverse to the financial condition of the applicable Obligated Group Member. In the event of an early termination of a swap agreement, there can be no assurance that (i) the applicable Obligated Group Member will receive any termination payment payable to it by the respective swap provider, (ii) the applicable Obligated Group Member will not be obligated to or will have sufficient monies to make a termination payment payable by it to the applicable swap provider, or (iii) the applicable Obligated Group Member will be able to obtain a replacement swap agreement with comparable terms.

Risks Related to Variable Rate Indebtedness

The Obligated Group has incurred indebtedness under the Master Indenture that is variable rate, and therefore are subject to risks associated generally with variable rate indebtedness including renewal risk of credit

and liquidly facilities and put risk at the option of the holder. Such interest rates vary from time to time, and are subject to increase for a variety of factors associated with the credit characteristics of both the Obligated Group and the credit or liquidity provider, and risks associated with general economic conditions that could cause an increase in interest rates. Such indebtedness is subject to conversion to fixed interest rates, which rates are likely to be higher than the rates borne on the indebtedness while bearing interest at variable rates.

Environmental Laws and Regulations

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, hospital operations, facilities and properties owned or operated by hospitals. Among the type of regulatory requirements faced by hospitals are (i) air and water quality control requirements, (ii) waste management requirements, (iii) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (iv) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at hospitals and (v) requirements for training employees in the proper handling and management of hazardous materials and wastes.

As the owner and operator of properties and facilities, Obligated Group Members may be subject to liability for hazardous substances that may have migrated off its properties, including remediation thereof. Typical hospital operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other materials, wastes, pollutants or contaminants. As such, hospital operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may (i) result in damage to individuals, property or the environment, (ii) interrupt operations and increase their cost, (iii) result in legal liability, damages, injunctions or fines and (iv) result in investigations, administrative proceedings, penalties or other governmental agency actions. Obligated Group Members could encounter such risks in the future, and such risks could have a material adverse effect on the results of operations or financial condition of the Obligated Group.

Ratings

There can be no assurance that the ratings assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Bonds. See the information under the heading "RATINGS."

Market for the Bonds

Subject to prevailing market conditions, the Underwriters intend, but are not obligated, to make a market in the Bonds. There is presently no secondary market for the Bonds, and no assurance can be given that a secondary market will develop. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so.

Affiliations, Mergers, Acquisitions and Divestitures

The Members of the Obligated Group evaluate and pursue potential acquisition, merger and affiliation candidates as part of the overall strategic planning and development process. As part of its ongoing planning and property management functions, the Obligated Group reviews the use, compatibility and business viability of many of the operations of the Obligated Group, and from time to time may pursue changes in the use of, or disposition of, its facilities. Likewise, the Obligated Group occasionally receives offers from, or conducts discussions with, third parties about the potential acquisition of operations and properties which may become subsidiaries or affiliates of the Obligated Group Members in the future, or about the potential sale of some of the operations or property which are currently conducted or owned by the Obligated Group. As a result, it is possible that the current organization and assets of the Obligated Group may change from time to time. Any

such changes are subject to compliance with the applicable provisions of the Master Indenture. See APPENDIX D - "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE."

In addition to relationships with other hospitals and physicians, the Obligated Group may consider investments, ventures, affiliations, development and acquisition relating to other health care-related entities. These may include home health care, long-term care entities or operations, infusion providers, pharmaceutical providers and other health care enterprises. In addition, the Obligated Group may pursue transactions with health insurers, HMOs, PPOs, TPAs and other health insurance-related businesses. Because of the integration occurring throughout the health care field, management will consider these arrangements if there is a perceived strategic or operational benefit for the Obligated Group. Any initiative may involve significant capital commitments and/or capital or operating risk (including, potentially, insurance risk) in a business in which the Obligated Group may have less expertise than in hospital operations. There can be no assurance that these projects, if pursued, will not lead to material adverse consequences to the Obligated Group.

Other Bondholders' Risks

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

1. Hospitals are major employers, combining a complex mix of professional, quasi-professional, technical, clerical, housekeeping, maintenance, dietary and other types of workers in a single operation. As with all large employers, the Obligated Group bears a wide variety of risks in connection with their employees. These risks include strikes and other related work actions, contract disputes, discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees, between physicians or management and employees, or between employees and patients), 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. The Obligated Group Members are subject to all of the risks listed above, and such risks, alone or in combination, could have material adverse effect on the Obligated Group.

2. Scientific and technological advances, new procedures, drugs and appliances, preventive medicine, occupational health and safety and outpatient health care delivery may reduce utilization and revenues of the facilities. Technological advances in recent years have accelerated the trend toward the use by hospitals of sophisticated and costly equipment and services for diagnosis and treatment. The acquisition and operation of certain equipment or services may continue to be a significant factor in hospital utilization, but the ability of the Obligated Group Members to offer the equipment or services may be subject to the availability of equipment or specialists, governmental approval or the ability to finance these acquisitions or operations.

3. Reduced demand for the services of the Obligated Group Members that might result from decreases in population in their service area.

4. Increased unemployment or other adverse economic conditions in the service area of the Obligated Group Members which would increase the proportion of patients who are unable to pay fully, or at all, for the cost of their care.

5. Medical expense inflation, which may include increased costs for staff, supplies (including pharmaceuticals), utilities, or other necessary elements of care delivery that exceed payments available to the Obligated Group.

6. Any increase in the quantity of indigent care provided which is mandated by law or required due to increased needs of the community in order to maintain the charitable status and real estate tax exemption of the Obligated Group Members.

7. Regulatory actions which might limit the ability of the Obligated Group to undertake capital improvements to their respective facilities or to develop new institutional health services.

8. The occurrence of a flood, earthquake, or other natural disaster, or a large-scale terrorist attack that disrupts operations of the Obligated Group's facilities or increases the proportion of patients who are unable to pay fully for the cost of their care.

9. A national or localized outbreak of a highly contagious or epidemic disease.

10. Imposition of wage and price controls for the health care industry or an increase in the minimum wage.

11. Reduced need for hospitalization, skilled or intermediate nursing care, elderly housing or other services arising from increased utilization management by third-party payors or from future medical and scientific advances.

12. Inability of the System to meet or continue to comply with legal, regulatory, professional and private licensing and accreditation requirements, all or some of which may be subject to renewal or other criteria.

13. The outcome of presidential or other political elections.

REGULATION OF THE HEALTH CARE INDUSTRY

General Health Care Industry Factors

The Obligated Group and the health care industry in general are subject to regulation by a number of governmental agencies, including those which administer the Medicare and Medicaid programs, federal, state and local agencies responsible for administration of health planning programs and other federal, state and local governmental agencies. The health care industry is also affected by federal, state and local policies developed to regulate the manner in which health care is provided, administered and paid for nationally and locally. As a result, the health care industry is sensitive to legislative and regulatory changes in such programs and is affected by reductions and limitations in government spending for such programs as well as changing health care policies. The pressure to curb the rate of increase in federal spending in health care programs overall and on a per beneficiary basis is expected to increase as the U.S. population ages. Among other effects, this pressure may result in further reductions in payment rates for hospital services and increased utilization of managed care in the Medicare and Medicaid programs. In addition, Congress and other governmental agencies have focused on the provision of care to indigent and uninsured or underinsured patients, the prevention of "dumping" such patients on other hospitals in order to avoid provision of unreimbursed care, and other issues. Adoption of additional regulations in these areas could have an adverse effect on the operations and financial condition of the Obligated Group Members (and any future Obligated Group Members). Furthermore, laws promulgated by Congress and state legislatures, which regulate the manner in which health care services are provided and billed for, are increasing. As a result, the costs of complying with these laws and regulations are increasing. Some of the legislation and regulations affecting the health care industry are discussed in this section.

Federal and State Legislation; National Health Care Reform

General

A significant portion of the revenues of the Obligated Group is derived from Medicare, Medicaid and other third-party payors. For a breakdown of the sources of payment for services provided, see "SOURCES OF PATIENT SERVICE REVENUE" in APPENDIX A hereto.

Medicare is a federal program administered by CMS, through Medicare Administrative Contractors. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older and other classes of individuals. Medicare Part B covers, among other things, outpatient services, certain physician services, medical supplies and durable medical equipment.

Medicaid is a federally assisted, state administered medical assistance program that provides reimbursement for a portion of the cost of caring for certain indigent persons including: parents and caretakers, relatives of children, children, pregnant women, former foster care individuals, non-citizens with medical emergencies, aged or disabled individuals not currently receiving Supplemental Security Income, and other individuals that qualify for a state's Medicaid program. Medical benefits are available under each participating state's Medicaid program, within prescribed limits, to persons meeting certain minimum income or other need requirements. The Medicaid program provides payments for medical items and services for any person who is determined to be eligible for Medicaid assistance on the date of service. Federal and state funds support the Medicaid program.

Significant changes have been and will likely continue to be made in these programs, which changes could have an adverse effect on the financial condition of the Obligated Group. In addition, bills have in the past and may in the future be introduced in Congress which, if enacted, could adversely affect the operations of the Obligated Group by, for example, decreasing payment by Medicare and Medicaid and other third-party payers or limiting the ability of the physicians on the medical staff of the Obligated Group to provide services or increase services provided to patients.

The discussion herein describes risks associated with certain existing federal and state laws, regulations, rules, and governmental administrative policies and determinations to which the Obligated Group Members and the health care industry are subject. These are regularly subject to change. Additionally, because health care regulations are particularly complex, such regulations may be interpreted and enforced in a manner that is inconsistent with management of the Obligated Group's interpretation. The Obligated Group's business or financial condition could be harmed if it is alleged to have violated existing health care regulations or if it fails to comply with new or changed health care regulations. Furthermore, health care, as one of the largest industries in the United States, continues to attract much legislative interest and public attention. Further changes in the health care regulatory framework which increase the burdens on health care providers could have a material adverse effect on the Obligated Group.

Also, there can be no assurances that any current health care laws and regulations, including the ACA, will remain in their current form. There can be no assurances that any potential changes to the laws and regulations governing health care would not have a material adverse financial effect on the Obligated Group. Therefore, the following discussion should be read with the understanding that significant changes could occur in the foreseeable future in many of the statutory and regulatory matters discussed.

The Affordable Care Act ("ACA")

The ACA was enacted in 2010 and was intended to address disparities in access, cost, quality and delivery of health care to United States residents. As described below, the future of the ACA is uncertain. Portions of the ACA already have been limited and nullified as a result of legislative amendments and judicial interpretations and future actions may further change its impact. The uncertainties regarding the implementation

of the ACA create unpredictability for the strategic and business planning efforts of health care providers, which in itself constitutes a risk.

Nevertheless, the ACA continues to impact the delivery of health care services, the financing of health care costs, the payments to health care providers and the legal obligations of health insurers, providers, employers and consumers. The ACA also has required, and continues to require, the promulgation of substantial regulations with significant effects on the health care industry and third-party payers.

One of the primary goals of the ACA was to provide or make available, or subsidize the premium costs of, health care insurance for otherwise uninsured (or underinsured) consumers who fall below certain income levels. The ACA sought to achieve that objective by a number of means, including: creating state organized insurance markets in which individuals and small employers could purchase health care insurance; providing income-based subsidies for premium costs to individuals and families; mandating that individual consumers obtain and certain employers provide a minimum level of health care insurance; establishing insurance reforms, such as prohibiting denials of coverage for pre-existing conditions; and expanding existing public programs, such as Medicaid.

The Trump administration reduced the open enrollment period to purchase health insurance under the ACA for calendar year 2018 to a 45-day period instead of the 90-day open enrollment period in effect for prior years. This reduced open enrollment period was utilized for calendar year 2019, and will also be in place for calendar year 2020. The ACA also established an excise tax on certain high-cost employment based health plans. The tax originally was scheduled to take effect in 2018 but subsequent legislation has delayed its implementation until 2022.

High deductible health plans have become more common in recent years, and the ACA has encouraged the increase in high deductible health plans as the health care exchanges include a variety of plans, several of which offer lower monthly premiums in return for higher deductibles. High deductible health plans may contribute to lower inpatient volumes as patients may forgo or choose less expensive medical treatment to avoid having to pay costs under the deductible. There is also a potential concern that some patients with high deductible health plans will not be able to pay their share of medical bills under the deductible. Employers have implemented a variety of strategies to offset high deductibles under these plans, including offering supplemental voluntary insurance products, such as hospital indemnity insurance, critical illness or cancer insurance policies and/or enabling employees to contribute to health savings accounts. There are no assurances these strategies will continue.

The published legislative proposals to repeal or replace the ACA have to date focused largely on reorganizing the health exchange system created under the ACA and reorganizing the individual, corporate and public funding obligations associated with health coverage enrollment. Changes to the health insurance market, including enrollment restrictions and access to coverage, benefit design, coverage terms and reimbursement, all present financial risk to hospitals.

The ACA includes a myriad of new programs and initiatives and changes to existing programs, policies, practices and laws. Some of the specific provisions of the ACA that may affect hospital operations and revenues, including those of the Obligated Group Members, include the following:

- Reductions in annual inflation adjustments to Medicare payments.
- Expansion of many state Medicaid programs to broader populations.
- Reductions in Medicare payments to hospitals found to have an excess readmissions ratio for certain conditions. Beginning in federal fiscal year 2019, the Hospital Readmissions Reduction Program (*"HRRP"*) now uses a new stratified methodology that evaluates hospital performance relative to other hospitals with similar proportions of patients that are dually eligible for Medicare and full-benefit Medicaid. The fiscal year 2019 HRRP calculates hospitals' excess

readmission ratios for six conditions/procedures (i.e., acute myocardial infarction, heart failure, pneumonia, chronic obstructive pulmonary disease, coronary artery bypass graft surgery, and elective primary total hip arthroplasty/total knee arthroplasty) to determine payment adjustment factors. Hospital performance is assessed separately for each measure. The maximum penalty is a 3% Medicare payment reduction. It is expected that CMS will continue to expand and refine the patient conditions that can lead to readmission payment adjustments.

- Implementation of program integrity initiatives, including provider enrollment screening, enhanced oversight periods for new providers and suppliers, and enrollment moratoria in sectors identified as being at elevated risk of fraud in all public programs. The ACA also requires that a broad range of providers, suppliers and physicians adopt a compliance and ethics program. While the government has already increased its enforcement efforts, failure to implement certain core compliance program features may give rise to liability if an organization fails to prevent or identify improper federal health care program claims and payments.

- Reduction in Medicare payments to certain hospitals to cover conditions acquired during hospitalization and the prohibition of federal payments to states for Medicaid services related to hospital-acquired conditions.

- Implementation of a Medicare value-based purchasing program in which a percentage of Medicare inpatient payments to hospitals are tied to a hospital's performance and reporting of established quality measures.

- Reductions in federal Medicare and state Medicaid payments to hospitals that serve a disproportionate share of low-income patients, known as DSH payments. On September 13, 2013, CMS issued a final rule confirming its methodology, which accounted for statewide reductions in uninsured and uncompensated care, and reduced Medicaid DSH allotments to each state under the ACA. Under this final rule, the federal share of Medicaid DSH payments was reduced by $500 million in fiscal year 2014 and $600 million in fiscal year 2015. Such reductions have been delayed several times, including under the Medicare Access and CHIP Reauthorization Act (*"MACRA"*), which extended cuts through fiscal year 2025. Most recently, the Bipartisan Budget Act of 2018 eliminated reductions for fiscal years 2018 and 2019, maintains a $4 billion cut in 2020, and increases the annual reduction to $8 billion per year from 2021 through 2025.

- Implementation of changes applicable to charitable hospitals exempt under Section 501(c)(3) of the Code. The ACA: (i) imposed new requirements for 501(c)(3) hospitals and an excise tax for failures to meet certain of those requirements; (ii) required mandatory IRS review of the hospitals' entitlement to exemption; (iii) set new reporting requirements, including information related to community health needs assessments; (iv) required hospitals to adopt and publicize a financial assistance policy that includes various specific provisions, limit charges to patients who qualify for financial assistance to not more than the amount generally billed to insured patients, and control the billing and collection processes to ensure that no extraordinary collection actions are taken against a patient before reasonable efforts are made to determine whether such patient qualifies for financial assistance; and (v) imposed further reporting requirements on the Secretary of the Treasury regarding charity care levels. Failure to satisfy these requirements may result in the imposition of an excise tax and the loss of tax-exempt status.

Challenges to the ACA

The future of the ACA is uncertain. President Trump and certain Congressional leaders have included a repeal of all or a portion of the ACA in their respective legislative agendas, and Congress has introduced several bills to repeal and replace the ACA. While no full repeal bills have passed both chambers of Congress, as

described below, the Tax Cuts and Jobs Act repeals a key provision of the ACA known as the "individual mandate" beginning January 1, 2019. It is not possible to predict the effect of the individual mandate repeal on the Obligated Group or the health care industry generally. On December 14, 2018, a federal U.S. District Court judge in Texas ruled the entire ACA is unconstitutional because of the repeal of the individual mandate. While such ruling has been appealed to the Fifth Circuit, it has caused greater uncertainty regarding the status of the ACA. It is not possible to predict whether the ACA will be further modified in any significant respect, wholly repealed or ultimately be declared unconstitutional by the United States Supreme Court. However, the administration and Congress could enact legislation, withdraw, modify or promulgate rules, regulations and policies, or make determinations affecting the health care industry and the Obligated Group Members, any of which individually or collectively could have a material adverse effect on the Obligated Group. In particular, any legal, legislative or executive action that reduces federal health care program spending, increases the number of individuals without health insurance, reduces the number of people seeking health care, or otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on the Obligated Group.

In May 2019, the Congressional Budget Office (*"CBO"*) estimated that from federal fiscal year 2019 to 2029, the number of consumers under the age of 65 with insurance coverage will stay steady at 242 million, but the number of uninsured consumers is projected to rise from 30 million (or 11% of the population) in 2019 to 35 million (or 13% of the population) in 2029. To the extent all or any of the provisions of the ACA are retained and produce the expected result, an increase in utilization of health care services by those who are currently avoiding or rationing their health care can be expected and bad debt expenses may be reduced. Associated with increased utilization will be increased variable and fixed costs of providing health care services, which may or may not be offset by increased revenues. Any benefit of an expanded Medicaid patient base will not be realized for health care providers operating in states that have chosen not to expand Medicaid.

Medicare Payment

The Obligated Group Members depend significantly on Medicare as a source of revenue. See "SOURCES OF PATIENT SERVICE REVENUE" in APPENDIX A. Because of this dependence, additional Medicare payment reductions may have a material adverse effect on the Obligated Group. Hospitals generally are paid for inpatient and outpatient services provided to Medicare beneficiaries under a prospective payment system (*"PPS"*). Under PPS, a fixed payment is made to hospitals based on the average cost of care incurred in providing various kinds of services. Under a prospective payment system, the amount paid to the provider for an episode of care is established by federal regulation and is not related to the provider's charges or costs of providing that care. Presently, inpatient and outpatient services, skilled nursing care, and home health care are paid on the basis of a prospective payment system.

Hospital Inpatient Payment

Under PPS, acute care hospitals generally are paid for inpatient services provided to Medicare beneficiaries based on established categories of treatments or conditions known as diagnosis related groups (*"DRGs"*). Hospitals also may receive outlier payments for extraordinarily costly cases that exceed a federally established threshold. DRG rates and outlier thresholds are subject to adjustment by CMS. There is no guarantee that hospital inpatient payments will cover actual costs of providing services to Medicare patients. The American Taxpayer Relief Act of 2012 (the *"ATRA"*) required CMS to make adjustments to the standardized DRG payment rates to recoup the $11 billion CMS claims resulted from documentation and coding changes that did not reflect actual changes in the complexity of the cases. CMS originally intended to reduce the standardized amount update percentage by 0.8% each year through fiscal year 2017. Ultimately, CMS applied a 1.5% reduction in fiscal year 2017 to recoup the remainder of the $11 billion. MACRA requires a gradual 0.5% positive adjustment for each fiscal year from 2018 through 2023. While the fiscal year 2018 adjustment was adjusted to 0.4588% by the 21st Century Cures Act, CMS has recently proposed such a 0.5% positive adjustment for fiscal year 2019.

Hospital Outpatient Payment

Hospitals generally are paid for outpatient services provided to Medicare beneficiaries based on established categories of treatments or conditions known as ambulatory payment classifications (*"APC"*). The actual cost of care, including capital costs, may be more or less than the payments based on APCs. There is no guarantee that hospital outpatient payments will cover actual costs of providing services to Medicare patients.

Bipartisan Budget Act of 2015

The Bipartisan Budget Act of 2015 (the *"BBA 2015"*) changed the payment methodology for items and services furnished in certain off-campus hospital outpatient departments (*"HOPDs"*). Beginning January 1, 2017, off-campus HOPDs established on or after November 2, 2015 ("non-excepted HOPDs") are no longer eligible for payment under the hospital outpatient prospective payment system (*"OPPS"*) for non-emergency services. Instead, non-emergency services performed at these facilities will be paid under the Medicare Physician Fee Schedule (*"PFS"*) at a set of PFS payment rates that are specific to hospitals. Effective January 1, 2018, these hospital specific PFS rates are based on 40% of the comparable OPPS rate. Pursuant to the OPPS final rule issued on November 21, 2018, CMS extended this reduced rate through calendar year 2019. CMS also reduced the payment rate for evaluation and management ("E/M") services at all off-campus HOPDs, with the impact being phased in over two years (70% of the OPPS rate in 2019, and 40% of the OPPS rate in 2020). Although CMS did not finalize its proposal that if an excepted off-campus HOPD furnishes any new type of item or service (which it did not furnish and bill for during the period November 1, 2014 through November 1, 2015, and which is identified in a CMS list of 19 families of clinic services), such items or services would be paid at the reduced rate applicable to non-excepted off-campus HOPDs, it signaled that it will continue to explore this issue further. The changes implemented under Section 603 and the recent CMS payment rule further reduce revenues to hospital off campus HOPDs.

Section 340B Drug Pricing Program

Hospitals that serve a high percentage of low income patients are eligible for reduced pricing on certain covered outpatient drugs through the 340B program (*"340B Program"*). President Trump's fiscal year 2020 budget proposes reforms to the 340B Program. In addition to imposing unspecified reporting requirements on the use of 340B proceeds, the President's budget would further change hospitals' Medicare payment for 340B drugs by requiring a minimum level of charity care for hospitals to receive a payment adjustment related to uncompensated care. No details or numbers were provided as part of the 2020 budget proposal.

CMS's calendar year 2018 final OPPS rule, issued on November 13, 2017, substantially reduced Medicare Part B payment for 340B Program drugs paid to hospitals and ASCs. Beginning January 1, 2018, CMS payment for certain separately payable drugs or biologicals that are acquired through the 340B Program by a hospital paid under the OPPS (and not excepted from the payment adjustment policy) was the average sales price (*"ASP"*) of the drug or biological minus 22.5 percent. In calendar year 2018, rural sole community hospitals, children's hospitals, and PPS-exempt cancer hospitals were excepted from the 340B payment adjustment. In the calendar year 2019 OPPS final rule, CMS finalized extension of the policy to pay ASP minus 22.5% for 340B-acquired drugs when those drugs are furnished by non-excepted off campus HOPDs. The American Hospital Association, Association of American Medical Colleges, and America's Essential Hospitals filed a lawsuit in federal district court challenging the reductions for many hospitals in the 340B program, following a federal appeals court ruling on July 17, 2018 dismissing the case for lack of presentment (requiring that claims be first presented to the Secretary of Health and Human Services). In December 2018, a U.S. District Court judge ruled that the HHS Secretary did not have statutory authority to implement the 22.5% reduction. The U.S. District Court judge granted the plaintiffs' motion for a permanent injunction to stop the enforcement of the 22.5% reduction and ordered supplemental briefing on the question of the proper remedy. On February 22, 2019, HHS appealed the December 2018 decision to the U.S. Court of Appeals for the District of Colombia, but upon the request of the agency, the court of appeals is holding the appeal in abeyance until the district court has entered final judgment on the remedies. In early 2019, the plaintiffs amended their complaint to include the 2019 OPPS cuts, and on May 6, 2019, the U.S. District Court judge reaffirmed that the cuts made under the

2018 OPPS were unlawful and extended the ruling to include the 2019 cuts. The judge did not grant the relief requested by the hospital groups (which included the difference between the amount they received under the 2018 and 2019 OPPS rules and the amount to which they are entitled), and instead called for HHS to submit a status report by August 5th on a plan to remedy the issues raised in the 2018 and 2019 OPPS rules. Per HHS' request, the court remanded the issue back to the agency to "consider and adopt an 'appropriate adjustment'", with the judge noting that HHS cannot add to the department's expenses. The 340B Program has also been the subject of scrutiny in government reports and congressional hearings. It is possible that the 340B Program will be further modified, restricted, or even eliminated in the future.

A future decrease in payment for 340B Program drugs or loss of discount procurement opportunities could have an adverse effect on certain members of the Obligated Group. Although Congress has issued fewer calls for 340B reform than in the recent past, the executive branch continues to signal its interest in effecting changes to the 340B Program, and the regulatory environment for the 340B Program remains uncertain. Any reduction in eligibility for, or other further changes to, the 340B Program generally could have a materially adverse effect on the Obligated Group.

Hospital Star Ratings

In 2016, CMS published its overall hospital quality star ratings. The ratings are a composite metric consisting of one to five stars (five being the best) and intended to convey the overall quality of more than 4,000 hospitals in the U.S. Ratings are posting to the CMS website, Hospital Compare. Each rating summarizes up to 57 quality measures reflecting common conditions that hospitals treat, such as heart attacks or pneumonia. Along with the overall rating, Hospital Compare includes information on other aspects of quality, such as rates of infection and complications and patients' experiences. The overall rating shows how well each hospital performed, on average, compared to other hospitals in the U.S. CMS maintains its star ratings will provide consumers an important tool for comparing hospitals both locally and nationwide. In 2017, CMS evaluated and refined the methodology of the star ratings program. CMS announced that it would not update its overall start ratings in July 2018 to allow time for additional analysis of the impact of changes to some of the measures used in the rating and to address stakeholder concerns. In February of 2019, CMS updated its star ratings and issued potential changes to the star ratings methodology for public comment, but a final rule is yet to be issued. It is unclear what impact, if any, such ratings have, or may have in the future, on utilization rates of the Obligated Group Members and the financial condition of the Obligated Group Members.

Medical Education Payments

Medicare currently pays for a portion of the direct and indirect costs of medical education at hospitals that have teaching programs (including the salaries of residents and teachers and other overhead costs directly attributable to approved medical education programs). Payment for the direct costs of medical education (*"GME"*) is made on a "pass-through" basis, not PPS, based on a formula that reflects the hospital's base year per-resident costs adjusted by inflation and the number of current-year reimbursable resident positions. Payment for indirect costs of medical education (*"IME"*) is based on the ratio of a hospital's number of full-time equivalent residents to its number of beds. Currently, the Obligated Group has 6 GME programs in place and another 8 GME programs in development. GME and IME payments have repeatedly emerged as targets in the legislative efforts to reduce the federal budget deficit and are vulnerable to reduction or elimination. There can be no assurance that medical education payments will remain at current levels or that payments to the Obligated Group Members will be sufficient to cover the costs of any associated medical education programs.

Medicare DSH Payments

There are two methods for determining qualification for Medicare DSH payments and the amount of payments. The first, most common, method is based on a hospitals disproportionate patient percentage, which considers the proportion of patients eligible for Medicaid but not Medicare Part A and the proportion of Medicare Part A patients who are also entitled to supplemental security (*"SSI"*) benefits. The second method is

based on a hospital's percentage of revenues attributable to State and local funding (excluding Medicaid and Medicare revenues) for low-income patient care.

The ACA provides for a reduction in Medicare DSH payments, which took effect on October 1, 2013. Instead of the amount that would otherwise be paid as the DSH adjustment, hospitals receive 25% of the amount they would have previously received. The remainder, equal to 75% of what otherwise would have been paid as Medicare DSH, becomes available for an uncompensated care payment after the amount is reduced for changes in the percentage of individuals who are uninsured. CMS is currently using uncompensated care costs reported on Worksheet S-10 in combination with insured low income days (the sum of Medicaid days and Medicare SSI days) to develop hospital uncompensated care payments. Each hospital eligible for Medicare DSH payments receives an uncompensated care payment based on its relative share of total uncompensated care costs and low income days reported by Medicare DSHs. On July 27, 2017, CMS issued a proposed rule that would reduce DSH allotments by $2 billion in federal fiscal year 2018, with reductions increasing by $1 billion per year through federal fiscal year 2024.

A group of healthcare providers filed a lawsuit that challenged the manner by which CMS calculates DSH adjustments. In particular, in 2014, CMS began to include Medicare Advantage enrollees along with traditional Medicare beneficiaries when calculating a hospital's DSH payment. The providers argued that this new method undercounted the number of low-income Medicare beneficiaries hospitals treat, and that the agency implemented the changes without complying with the notice and comment requirements under the Medicare Act. On June 3, 2019, the United States Supreme Court sided with the hospitals, ruling that HHS failed to properly seek public comment before making the DSH payment changes.

Medicare DSH payments will decrease if the number of uninsured decreases. Congress may make changes to the budget in the future and CMS may change its methodology for calculating uncompensated care costs and other elements of the DSH payment in the future. There can be no assurance that the current level of Medicare DSH payment will continue in the future.

Value-Based Payments

The ACA has increased the use of value based payments to incentivize providers to control costs and provide better quality care. These models can seek both vertical and longitudinal alignment of health care providers and payers and can require providers to share in upside and/or downside financial risk. Current models include bundled payment models and accountable care/population health models. Bundled payment models establish a budgeted payment to cover the entire cost of an episode of care (e.g., a hip or knee replacement). Examples of bundled payment models include, among others, Bundled Payments for Care Improvement (*"BPCI"*) Initiative models 2, 3 and 4 (which expired September 30, 2018); BPCI Advanced (which began October 1, 2018); Comprehensive Care for Joint Replacement; and the Oncology Care Model. Population health models incentivize providers to maintain or improve quality while reducing cost through shared savings or shared loss arrangements. Population health models usually involve a form of capitated payment, which is a per patient payment for the cost of care over a set period of time. Population health models include the Medicare Shared Savings Program (*"MSSP"*) and Next Generation Accountable Care Organization (*"ACO"*) model.

CMS has encouraged the use of alternative payment models and it is generally anticipated that CMS will continue to experiment with additional alternative payment models. Additionally, private payers are moving toward value-based purchasing and alternative payment models. Value-based and other alternative payment model initiatives tying health care provider reimbursement to quality, efficiency, or patient outcome measures will increasingly affect health care provider operations and may negatively impact revenues if the provider is unable to meet targeted measures.

In 2015, CMS set a goal of tying 50% of traditional Medicare payments to quality or value through alternative payment models such as accountable care organizations, bundled payment arrangements or integrated care demonstrations by the end of 2018. While CMS has since stated that it is no longer aiming for

these Obama-era goals, it continues to propose new payment models and evaluate the impact of existing ones, which has led to some confusion in the industry.

Physician Payments

Payment for physician fees is covered under Medicare Part B. Under Part B, physician services are paid in an amount equal to the lesser of actual charges or the amount determined under a fee schedule known as the "resource-based relative value scale" (*"RBRVS"*). RBRVS sets a relative value for each physician service; that value is then multiplied by a geographic adjustment factor and then translated into a dollar amount by a nationally-uniform conversion factor to determine the amount Medicare will pay for each service.

In April 2015, MACRA established the Quality Payment Program (*"QPP"*), which repealed the sustainable growth rate methodology for updates to the Medicare PFS, changed the way that Medicare rewards clinicians for services, streamlined existing quality and value programs, and provided for bonus payments to physicians and other clinicians for participating in certain payment models. The QPP provides incentive payments to eligible clinicians participating in Medicare Part B through two tracks: the Merit-based Incentive Payment System (*"MIPS"*) and Advanced Alternative Payment Models (*"Advanced APMs"*). In 2016, CMS released final regulations implementing the QPP. The PFS was scheduled to increase by 0.5% annually from July 2015 through 2018. The Bipartisan Budget Act of 2018 reduced the annual PFS increase in 2019 to 0.25%. The PFS will then remain at the same level (0.0% increase) for five years (2020-2025). Beginning in 2026, the PFS will be increased either by (i) 0.25% annually for providers participating in MIPS, or (ii) 0.75% annually for providers participating in Advanced APMs.

MIPS, which is the "default track" under MACRA, provides eligible clinicians with an adjustment to their Medicare Part B payment based on performance in four categories: Quality, Promoting Interoperability, Improvement Activities and Cost. MIPS combines into a single program aspects of CMS's prior quality and value programs, including the Physician Quality Reporting System, Medicare Electronic Health Records Incentive Program, and the Physician Value-Based Payment Modifier. MIPS eligible clinicians include physicians, physician assistants, nurse practitioners, clinical nurse specialists and certified registered nurse anesthetists. 2017 was the first MIPS performance period. CMS scored and weighted the data reported for performance year 2017, and the performance adjustment is being applied to the 2019 payment year.

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

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

Current or new legislation that reduces Medicare payments could adversely affect the Obligated Group. There is no assurance that the Obligated Group will be paid amounts that will reflect adequately its costs incurred in providing inpatient hospital services to Medicare beneficiaries, as well as any changes in the cost of providing health care or in the cost of health care technology being made available to Medicare beneficiaries. The ultimate effect on the Obligated Group will depend on its ability to control costs involved in providing inpatient hospital services.

Medicaid Payments

Payments made to health care providers under the Medicaid program are subject to changes as a result of federal or state legislative and administrative actions, including further 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 continue to occur in the future, particularly in response to federal and state budgetary constraints coupled with increased costs for covered services.

Hospitals participating in the Medicaid program are subject to numerous requirements and regulations under the program. Failure to remain in compliance with any program requirements may subject the Medicaid provider to civil and/or criminal penalties, including fines and suspension or expulsion from the program, preventing the provider from receiving any funds under the Medicaid program. Noncompliance with Medicaid requirements, and suspension or exclusion from the Medicaid program, can also be a basis for mandatory or permissive suspension or exclusion from the Medicare program.

Significant changes have been and may be made in the Medicaid program which could have a material adverse effect on the Obligated Group. For example, under Medicaid, the federal government provides limited funding to states that have medical assistance programs that meet federal standards, and the ACA provides significantly enhanced federal funding for states to expand their Medicaid program to virtually all non-elderly, non-disabled adults with incomes up to 138% of the federal poverty level. Attempts to balance or reduce the federal and state budgets by decreasing funding of Medicaid may negatively impact spending for Medicaid and other state health care programs spending. Health care providers have been affected significantly in the last several years by changes to federal and state health care laws and regulations, particularly those pertaining to Medicaid. The purpose of much of this statutory and regulatory activity has been to contain the rate of increase in health care costs, particularly costs paid under the Medicaid program. Diverse and complex mechanisms to limit the amount of money paid to health care providers under the Medicaid program have been enacted, and may have a material adverse effect on the Obligated Group.

State Medicaid programs often pay hospitals and other health care providers at levels that are substantially below the actual cost of the care provided. Medicaid is jointly funded by states and the federal government, and adverse economic conditions that reduce state revenues or changes to the federal government's methodology for funding state Medicaid programs may result in lower funding levels and/or payment delays. This could have a material adverse effect on the Obligated Group.

Children's Health Insurance Program

The Children's Health Insurance Program (*"CHIP"*) is a federally funded insurance program for families that are financially ineligible for Medicaid, but cannot afford commercial health insurance. CMS administers CHIP, but each state creates its own program based upon minimum federal guidelines. CHIP insurance is provided through private health plans contracting with the state. Each state must periodically submit its CHIP plan to CMS for review to determine if it meets the federal requirements. If it does not meet the federal requirements, a state can lose its federal funding for the program.

From time to time, Congress and/or the President may seek to expand, reduce or fail to authorize CHIP. MACRA extended the CHIP program through September 30, 2017, and on January 22, 2018, Congress passed a six-year extension of CHIP funding through September 30, 2023 as part of a broader continuing resolution to fund the federal government. On February 9, 2018, another temporary spending bill was signed into law, which further extended CHIP funding/authorization through fiscal year 2027.

Any future reduction in CHIP funding in the State of Connecticut or the State of New York could adversely impact the amount of revenue received by the Obligated Group Members.

New York Medicaid and Other Payment Programs

As of April 14, 2014, the New York State program for mandatory Medicaid enrollment, known as the 1115 Waiver or The Partnership Plan, was amended to allow New York to reinvest over a five-year period up to $8 billion of the $17.1 billion in federal savings generated by State Medicaid reforms. Up to $6.42 billion of this amount will be applied to the Delivery System Reform Incentive Payment ("*DSRIP*") Program, which has a goal of reducing avoidable Medicaid hospitalizations by 25% over the next five years. The DSRIP payments are to be made to providers who collaborate in some fashion to achieve this goal and are to be paid based on performance. The full impact of the 1115 Waiver and the potentially significant loss in revenue from decreased hospitalizations upon the projected financial performance of the Obligated Group cannot be determined at this time.

New York State Medicaid Redesign

In January 2011, Governor Andrew M. Cuomo issued Executive Order No. 5 creating the Medicaid Redesign Team and setting in motion a process of substantial reform of New York's Medicaid program. The Medicaid Redesign Team, comprised of health care professionals, stakeholders in the industry and legislators, was charged with reducing Medicaid costs and improving patient care. On February 24, 2011, the Medicaid Redesign Team issued a report containing findings and recommendations for cost reductions of over $2.3 billion to the Governor for consideration in the budget negotiation process.

All New York State Enacted Budgets since 2011-12 have assumed a targeted growth rate for Medicaid equal to the ten-year average change in the medical component of the Consumer Price Index ("*CPI*"). [The ten-year average change in the medical component of CPI fell from 4.0% in 2011 to rate of 2.9%, and is projected to stay at 2.9% in 2019.] If spending in any fiscal year is projected to exceed this budget cap, the New York State Department of Health ("*NYSDOH*") and the New York State Division of the Budget are authorized to develop and implement a plan of action to bring spending in line with the cap, which could include modifying or reducing payment methods or program benefits.

The effect of the Medicaid redesign process on the Obligated Group depends significantly on participation in new models of integrated care delivery, the ability to collaborate with different types of providers and relationships with Medicaid managed care plans, as those plans will play an increasingly larger role over the next several years. There can be no assurance that the anticipated gap-closing savings will be achieved or that the rate of annual growth in NYSDOH State Funds Medicaid spending will be limited. In addition, many of the cost-saving initiatives are dependent upon timely federal approvals, appropriate amendments to the existing systems and processes and a collaborative working relationship with health care industry stakeholders.

Connecticut Medicaid Program

Medicaid is a program of medical assistance, funded jointly by the federal government and the states, for certain needy individuals and their dependents. Under Medicaid, the federal government provides limited funding to states that have medical assistance programs that meet federal standards. Attempts to balance or reduce federal and state budgets will likely negatively affect Medicaid and other state health care program spending. The Connecticut Medicaid program is an important payor source to many hospitals in the state. This program may pay hospitals at levels that are substantially below the actual cost of care. Therefore, increases in the overall proportion of Medicaid patients pose a risk. Because Medicaid programs are partially funded by the state, the financial condition of the state may result in lower funding levels and/or payment delays, which could have a material adverse impact. In 2014 and 2015, DSS notified Connecticut hospitals of new payment methodologies and amounts for inpatient and outpatient hospital services. Specifically, effective for admissions on or after January 1, 2015, Connecticut Medicaid transitioned from an inpatient hospital reimbursement system based on interim per diem rates and cost settlement to a DRG system where hospital payments are established prospectively. For outpatient services, Connecticut Medicaid transitioned from reimbursement based on revenue center codes, fixed fees, or a ratio of costs to charges, to a prospective payment system for outpatient

services based on the complexity of the services performed. . As a result of the significant financial ramifications of said changes, many Connecticut hospitals filed administrative appeals challenging such amounts and methodologies as further discussed in "Appendix A – State of Connecticut Hospital Tax".

As discussed in "Medicaid Payment" above, the ACA provides significantly enhanced federal funding for states to expand their Medicaid program to virtually all non-elderly, non-disabled adults with incomes up to 138% of the federal poverty level. Connecticut has adopted this expansion. See "Health Insurance Exchanges" below. These additional funds are subject to appropriation and funding each year, and may not be funded in the future.

Medicare/Medicaid Conditions of Participation

Certain health care facilities must comply with standards called "Conditions of Participation" in order to be eligible for Medicare and Medicaid reimbursement. Under Medicare rules, hospitals accredited by an approved accrediting organization (such as The Joint Commission) are deemed to meet most of the Conditions of Participation. However, CMS may request that the state agency responsible for licensing hospitals, on behalf of CMS, conduct a "sample validation survey" of a hospital to determine whether it is complying with the Medicare or Medicaid Conditions of Participation. Failure to maintain The Joint Commission accreditation or to otherwise comply with the Conditions of Participation could have a material adverse effect on the Obligated Group.

Audits, Fines, Withholds and Enforcement Actions

The DOJ, the Federal Bureau of Investigation and the Office of the Inspector General (*"OIG"*) of the U.S. Department of Health and Human Services (*"DHHS"*) have been conducting investigations and audits of the billing practices of many health care providers. The Obligated Group Members may be required to undergo such audits by one or more of these agencies and may be required to make payments to resolve any such audits. It is possible that any such payments may be substantial and could have a material adverse effect on the Obligated Group.

While historically CMS has relied on a network of different private contractors to handle the program integrity functions for the Medicaid and Medicare programs (including Zone Program Integrity Contractors and Medicaid Integrity Contractors), in 2016 these integrity functions were consolidated under the Unified Program Integrity Contractor ("UPIC") program. CMS contracts with UPIC contractors to perform fraud, waste, and abuse detection, deterrence, and prevention activities. CMS contracts with UPICs in five regions to perform program integrity activities associated with Medicare Parts A and B, durable medical equipment, home health, hospice, and Medicaid claims. CMS's UPIC contractors are required to coordinate with each state in their region to identify and investigate providers. At the state level, UPICs may also act to ensure that inappropriate payments are prevented or recouped, whether related to billing for services not rendered, deliberate duplication of services, altering claims through up-coding or unbundling codes, kickbacks or rebates for patient referrals, and billing for non-covered services. The extent to which states participate is at the state's discretion.

With respect to Medicaid, once an overpayment is identified, the state has one year to recover or attempt to recover the overpayment from the provider before adjustment is made in the federal payment to the state on account of such overpayment; provided, however, in the case of fraud, if the state is unable to recover the overpayment from the provider within the one year period because there has not been a final determination of the amount of the overpayment under an administrative or judicial process (as applicable), including as a result of judgment being under appeal, no adjustment shall be made in the federal payment to the state before the date that is 30 days after the final judgment is made.

Medicare and Medicaid audits may result in reduced payment or repayment obligations related to past alleged overpayments and may also delay Medicare or Medicaid payments to providers pending resolution of the appeals process. The ACA explicitly gives DHHS the authority to suspend Medicare and Medicaid payments to a provider or supplier during a pending investigation of fraud. The ACA also amended certain provisions of

the FCA (as defined below) to include retention of overpayments as a false claim. The 2016 Medicare Overpayments Final Rule confirms that a provider or supplier must report and return an overpayment by the later of 60 days after the overpayment was identified, or the date the corresponding cost report is due, if applicable. The provider or supplier is also required to describe in writing the reason for the overpayment. Overpayments must be reported and returned only if a provider or supplier identifies the overpayment within six years of the date the overpayment was received.

RAC Audits

CMS has also implemented a Recovery Audit Contractor (*"RAC"*) program on a nationwide basis pursuant to which CMS contracts with private contractors to conduct post-payment reviews to detect and correct improper payments in the fee-for-service Medicare program. The ACA expands the RAC program's scope to include managed Medicare plans and Medicaid claims. CMS also employs contractors to perform post-payment audits of Medicaid claims and identify overpayments. These programs tend to result in retroactively reduced payment and higher administration costs to hospitals.

Exclusions from Medicare or Medicaid Participation

The government must exclude from Medicare/Medicaid program participation a health care provider that is convicted of a criminal offense relating to the delivery of any item or service paid under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, fraud against any federal, state or locally financed health care program or a felony conviction relating to the illegal manufacture, distribution, prescription or dispensing of a controlled substance. The government also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud 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 effect of an exclusion from the Medicare/Medicaid program is that no program payments can be made. Any exclusion of an Obligated Group Member that is a health care provider could result in a material adverse effect on the Obligated Group.

Health Insurance Exchanges

The ACA imposes over time increased regulation of the industry, the use and availability of state-based exchanges in which health insurance can be purchased by certain groups and segments of the population, the extension of subsidies and tax credits for premium payments by some consumers and employers and the imposition upon commercial insurers of certain terms and conditions that must be included in contracts with providers. In addition, the ACA imposes many new obligations on states related to health care insurance. Additionally, states are also increasingly seeking to regulate the delivery of health care services, including in the managed care industry. The effects of these changes could have a negative effect on the financial condition of any third-party payor that offers health care insurance, which could, in turn, lead to reduced rates paid by third-party payors to providers such as the Members of the Obligated Group.

Connecticut and New York have each established a state-run Health Insurance Exchange (an "Exchange") to satisfy requirements of the ACA (called "AccessHealthCT" and "New York State of Health", respectively). The goals of an Exchange include reducing the number of residents without health insurance in the state and helping individuals and small employers obtain health insurance by, among other things, offering easily comparable and understandable information about health insurance options. Pursuant to the ACA, an Exchange must make qualified health plans (plans meeting certain coverage and cost requirements) available to qualified individuals and employers. The Connecticut and New York Exchanges commenced offering health insurance plans in October 2013 for the plan year starting on January 1, 2014. Although enrollment through these Exchanges is increasing, given its relatively short operating history the precise effect on the Members of the existence of the Exchanges is difficult to predict.

Negative Rankings Based on Clinical Outcomes, Cost, Quality, Patient Satisfaction and Other Performance Measures

Health plans, Medicare, Medicaid, employers, trade groups and other purchasers of health services, private standard-setting organizations and accrediting agencies increasingly are using statistical and other measures in efforts to characterize, publicize, compare, rank and change the quality, safety and cost of health care services provided by hospitals and health care providers. Published rankings such as "score cards," "pay for performance" and other financial and non-financial incentive programs are being introduced to affect the reputation and revenue of hospitals, the members of their medical staffs and other providers and to influence the behavior of consumers and providers such as the Obligated Group. Measures of performance set by others that characterize a hospital or a health care provider negatively may adversely affect its reputation and financial condition.

Settlements Related to Third-Party Payors

There are third-party payment arrangements under which a cost report needs to be completed on an annual basis or there is an annual settlement associated with the terms of a specific contract. An annual cost report is required for both the Medicare and Medicaid programs and both of these cost reports may be subject to an annual audit. For each of the specific payors who have annual settlement activity, reviews are performed to identify any changes in the rules and regulations of various payors, in their interpretation of such rules and regulations, and in the data used to estimate amounts due to third-parties. Based on these reviews, accruals for estimated settlements with Medicare, Medicaid, and other third-party payors are established. The difference between the amount estimated and the actual final settlement is recorded as an adjustment to net patient service revenue. The Obligated Group Members recognize changes in accounting estimates for net patient service revenue and third-party settlements as new events occur or additional information is obtained; however, the interpretation of rules and regulations changes are often retroactively effective and it is therefore difficult to predict accurately the level of net patient service revenue or third-party settlements. The Obligated Group believes that adequate accruals for estimated settlements with third-party payors have been established based on information consistent with the current regulatory environment.

Administrative Enforcement

Administrative regulations may require less proof of a violation than do criminal laws and thus, health care providers may have a higher risk of imposition of monetary penalties as a result of an administrative enforcement action.

Enforcement Activity

Enforcement activity against health care providers has increased and enforcement authorities have adopted aggressive approaches. In the current regulatory climate, it is anticipated that many hospitals and physician groups will be subject to an audit, investigation or other enforcement action regarding the health care fraud laws mentioned above.

Enforcement actions may pertain to not only deliberate violations, but also frequently relate to violations resulting from actions of which management is unaware, from mistakes or from circumstances where the individual participants do not know that their conduct is in violation of law. Enforcement actions may extend to conduct that occurred in the past. The government may seek a wide array of penalties, including withholding essential payments under the Medicare or Medicaid programs or exclusion from those programs.

Enforcement authorities are often 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 and/or similar payments and/or by instituting criminal action. In addition, the cost of defending such an action, the time and management attention consumed, and the facts of a case may dictate settlement. Therefore, regardless of the merits of a particular case, a provider could experience materially adverse settlement costs, as well as

materially adverse costs associated with implementation of any settlement agreement. Prolonged and publicized investigations could be damaging to the reputation and business of a provider, regardless of outcome.

Certain acts or transactions may result in violation or alleged violation of a number of the federal health care fraud laws described below and therefore, penalties or settlement amounts often are compounded. Generally, these risks are not covered by insurance. Enforcement actions may involve multiple providers in a health system, as the government often extends enforcement actions regarding health care fraud to other providers in the same organization. Therefore, Medicare fraud related risks identified as being materially adverse as to a provider could have a materially adverse effect on a health system taken as a whole.

Patient Records and Confidentiality

HIPAA, as amended by the HITECH Act (discussed below), protects the privacy and security of individually identifiable health information through regulations on Standards for Privacy of Individually Identifiable Health Information (the "Privacy Rule"), Security Standards for the Protection of Electronic Protected Health Information (the "Security Rule"), Standards for Notification in the Case of Breach of Unsecured Protected Health Information (the "Breach Notification Rule"), and Rules for Compliance and Investigations, Impositions of Civil Monetary Penalties, and Procedures for Hearings (the "Enforcement Rule"), (the Privacy Rule, the Security Rule, the Breach Notification Rule, and the Enforcement Rule are collectively referred to as the *"HIPAA Rules"*).

The American Recovery and Reinvestment Act of 2009 (*"ARRA"*) includes several provisions that were intended to provide financial relief to the health care sector, including a requirement that states promptly reimburse health care providers under the Medicaid system and subsidiary to the recently unemployed for health care insurance premium costs. The Health Information Technology for Economic and Clinical Health Act (the *"HITECH Act"*), enacted as part of the ARRA, established a framework for the implementation of a nationally-based information technology platform, including incentive payments that commenced in 2011 to eligible health care providers to encourage implementation of health information technology and "meaningful use" of certified electronic health record technology (*"CEHRT"*).

The HIPAA Rules, developed through successive waves of the administrative rulemaking process, are extensive and complex. Violations of HIPAA can result in civil monetary penalties and criminal penalties. Provisions of the HITECH Act amend HIPAA by (i) increasing the maximum civil monetary penalties for violations of HIPAA, (ii) granting limited enforcement authority of HIPAA to state attorneys general, (iii) extending the reach of HIPAA beyond "covered entities," to include "business associates" of covered entities, (iv) imposing a breach notification requirement on HIPAA covered entities and business associates, (v) limiting certain uses and disclosures of individually identifiable health information, (vi) restricting covered entities' marketing communications, and (vii) permitting the imposition of civil monetary penalties for a HIPAA violation even if an entity did not know and would not, by exercising reasonable diligence, have known of a violation. Civil monetary penalties for violations of HIPAA now range from $114 to a maximum $57,051 per violation and/or imprisonment, depending on the violator's degree of intent and the extent of the harm resulting from the violation. The maximum civil monetary penalty for violations of the same HIPAA provision in a calendar year cannot exceed $1,711,533. A state attorney general may bring civil action to protect the interests of one or more of residents of the state who has or is threatened or adversely affected by any person who violates HIPAA. A state attorney general may enjoin further violations by a defendant or obtain damages up to $25,000, in addition to an award of reasonable attorney fees. The HITECH Act also requires the DHHS Office for Civil Rights (*"OCR"*) to conduct periodic audits of covered entity and business associate compliance with the HIPAA Rules.

The Breach Notification Rule requires the notification of each individual whose unsecured protected health information has been, or is reasonably believed to have been accessed, acquired, used, or disclosed as a result of such breach. If a breach involves more than 500 residents prominent media outlets must be notified. In addition, the Secretary of DHHS must be notified promptly following the discovery of a breach involving 500 or more individuals and annually for breaches involving fewer than 500 individuals. The reporting of such

breaches may lead to an investigation by OCR during which OCR could discover other HIPAA violations that may result in fines or other penalties.

In recent years, OCR has enhanced its enforcement efforts that include civil monetary penalties and settlement agreements with some related payments reaching into the multimillion dollar range. Further, OCR has initiated an auditing process to evaluate compliance with HIPAA. It is expected that the future audits may expose many health care providers and their vendors to enforcement actions under HIPAA.

Security Breaches and Unauthorized Releases of Personal Information

Federal, state and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. In addition to the data breach disclosure requirements of HIPAA, 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. In addition, although HIPAA does not allow for a private right of action, in 2018 the Connecticut Supreme Court created a new state law cause of action for violation of a patient's health care privacy (see *Byrne v. Avery Center for Obstetrics & Gynecology, P.C.*, 327 Conn. 540 (Jan. 16, 2018)). Notably, the new standard for a physician's level of care is compliance with HIPAA, meaning that a violation of HIPAA can lead to a state law claim in Connecticut. 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.

Civil and Criminal Fraud and Abuse Laws and Enforcement

The federal Civil Monetary Penalties Law (*"CMP Law"*) provides for administrative sanctions against health care providers for a broad range of billing and other abuses. For example, penalties may be imposed for the knowing presentation of claims that are (i) incorrectly coded for payment, (ii) for services that are known to be medically unnecessary, (iii) for services furnished by an excluded party, or (iv) otherwise false. An entity that offers remuneration to an individual that the entity knows is likely to induce the individual to receive care from a particular provider may also be fined. Under the ACA, Congress amended the CMP Law to authorize civil monetary penalties for a number of additional activities, including (i) knowingly making or using a false record or statement material to a false or fraudulent claim for payment, (ii) failing to grant the OIG timely access for audits, investigations, or evaluations, and (iii) failing to report and return a known overpayment within statutory time limits. The CMP Law authorizes imposition of civil monetary penalties, adjusted yearly for inflation, currently ranging from $20,000 to $100,000 for each item or service improperly claimed and each instance of prohibited conduct, plus three times the amount of damages sustained by the government. Health care providers may be found liable under the CMP Law even when they did not have actual knowledge of the impropriety of the claim. It is sufficient that the provider "should have known" that the claim was false, and ignorance of the Medicare regulations is no defense.

False Claims Act

The federal False Claims Act (*"FCA"*) makes it illegal to knowingly submit or present a false, fictitious or fraudulent claim to the federal government (e.g., the Medicare or Medicaid programs) for payment or approval for payment for which the federal government provides, or pays at least some portion of the requested money or property. Because the term "knowingly" is defined broadly under the law to include not only actual knowledge but also deliberate ignorance or reckless disregard of the facts, the FCA can be used to punish a wide range of conduct. The ACA amended the FCA by expanding the number of activities that are subject to civil

monetary penalties to include, among other things, failure to report and return known overpayments within statutory limits. FCA investigations and cases have become common in the health care field and may cover a range of activity from submission of intentionally inflated billings, to highly technical billing infractions, to allegations of inadequate care. The FCA provides for potentially severe penalties. In June 2016, the DOJ issued a rule that more than doubled civil monetary penalties under the FCA. These increases took effect on August 1, 2016 and apply to FCA violations after November 2, 2015. The penalty amounts are adjusted no later than January 15 of each year to reflect changes in the inflation rate. As of 2019, any person who acts in violation of the FCA is liable for a civil penalty ranging from $11,463 to $22,927 per claim, plus three times the amount of damages sustained by the government. As a result, violation or alleged violation of the FCA frequently results in settlements that require multi-million dollar payments and costly corporate integrity agreements.

The FCA also permits individuals to initiate civil actions on behalf of the government in lawsuits called "qui tam" actions. Qui tam plaintiffs, or "whistleblowers," can share in the damages recovered by the federal government or recover independently if the government does not participate. The FCA has become one of the federal government's primary weapons against health care fraud and suspected fraud. FCA violations or alleged violations could lead to settlements, fines, exclusion or reputation damage that could have a material adverse effect on a hospital and other health care providers. Some regulators and whistleblowers have asserted that claims submitted to governmental payers that do not comply fully with regulations or guidelines come within the scope of the FCA.

In June 2016, the United States Supreme Court announced its decision in Universal Health Services, Inc. v. United States ex rel. Escobar, 136 S. Ct. 1989 (June 16, 2016). Prior to Escobar, lower courts had split on the issue of whether the FCA extended to so-called "implied certification" of compliance with laws, and whether such compliance was limited to express conditions of payment or extended to conditions of participation. The United States Supreme Court affirmed the theory of "implied certification" and rejected the distinction between conditions of payment and conditions of participation for these purposes, ruling that the relevant inquiry is whether the alleged noncompliance, if known to the government, would have in fact been material to the government's determination as to whether to pay the claim. Since Escobar, the U.S. Courts of Appeals have wrestled with analyzing and applying the materiality requirement, and a consensus is yet to emerge among the courts of appeals as to how rigorous and demanding the materiality standard is, which may lead the United States Supreme Court to provide clarification in the future. Given the considerable uncertainty as to the application of the Escobar holding, the future of FCA liability for noncompliance with applicable laws, regulations and subregulatory guidance is unclear.

Under the ACA, the FCA has been expanded to include overpayments that are discovered by a health care provider and are not promptly refunded to the applicable federal health care program, even if the claims relating to the overpayment were initially submitted without any knowledge that they were false. Providers are required to report and return identified overpayments by the later of 60 days after identification, or the date the corresponding cost report is due, if applicable. If the overpayment is not so reported and returned, it becomes an "obligation" under the FCA. This expansion of the FCA exposes hospitals and other health care providers to liability under the FCA for a considerably broader range of claims than in the past. CMS clarified that the 60-day timeframe for report and return begins when either reasonable diligence is completed (including determination of the overpayment amount) or on the day the person received credible information of a potential overpayment (if the person failed to conduct reasonable diligence and the person in fact received an overpayment). Failure to report and return overpayments as described herein may result in false claims liability. That same final rule also established a six-year lookback period, meaning overpayments must be reported and returned only if a person identifies the overpayment within six years of the date the overpayment was received.

Medicare/Medicaid Anti-Kickback Laws

The federal "Anti-Kickback Law" is a criminal statute that prohibits anyone from soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for a referral of a patient (or to induce a referral) or the ordering or recommending of the purchase (or lease) of any item or service that is paid by any federal or state health care program. The Anti-Kickback Law applies to many

common health care transactions between persons and entities with which a hospital does business, including hospital-physician joint ventures, medical director agreements, physician recruitment agreements, physician office leases and other transactions. The ACA amended the Anti-Kickback Law to provide explicitly that a claim that includes items or services resulting from a violation of the Anti-Kickback Law constitutes a false or fraudulent claim for purposes of the FCA. Another amendment provides that an Anti-Kickback Law 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. The new standards could significantly expand criminal and civil fraud exposure for transactions and arrangements where there is no intent to violate the Anti-Kickback Law.

The Anti-Kickback Law can be prosecuted either criminally or civilly. A criminal violation may be prosecuted as a felony, subject to a fine of up to $100,000 for each act (which may be each item or each bill sent to a federal program), imprisonment and exclusion from the Medicare and Medicaid programs, any of which would have a significant detrimental effect on the financial stability of any health care provider. In addition, individuals or entities that violate the Anti-Kickback Law can be liable for civil monetary penalties of $100,000 per item or service that was billed in violation of the Anti-Kickback Law plus three times the amount of damages sustained by the government. Increasingly, the federal government and qui tam relators are prosecuting violations of the Anti-Kickback Law under the FCA, based on the argument that claims resulting from an illegal kickback arrangement are also false claims for FCA purposes. See the discussion under the subheading "False Claims Act" above. The IRS has taken the position that hospitals that are in violation of the Anti-Kickback Law may also be subject to revocation of their tax-exempt status.

The Obligated Group Members have policies and a corporate compliance program (the *"Compliance Program"*) that are expected to effectively reduce exposure to Anti-Kickback Law and False Claims Act violations. However, because the government's enforcement efforts presently are widespread within the industry, there can be no assurance that the Compliance Program will significantly reduce the Obligated Group's exposure.

Medicare/Medicaid Anti-Referral Laws

The Ethics in Patient Referrals Act of 1989 (*"Stark I"*), as amended in the Omnibus Budget Reconciliation Act of 1993 and subsequently amended (*"Stark II"*) (collectively, the *"Stark Law"*), prohibits the referral of Medicare patients for certain designated health services (including inpatient and outpatient hospital services, clinical laboratory services, and radiology and other imaging services) to entities with which the referring physician (or an immediate family member) has a financial relationship unless that relationship fits within an exception to the Stark Law. It also prohibits a hospital, or other provider, furnishing the designated health services from billing Medicare, or any other government health care program for services performed pursuant to a prohibited referral. The government does not need to prove that the entity knew that the referral was prohibited to establish a Stark Law violation. If certain substantive and technical requirements of an applicable exception are not satisfied, an ordinary business arrangement or contract between hospitals and physicians can violate the Stark Law, thus triggering the prohibition on referrals and billing. All providers of designated health services with physician relationships have some exposure to liability under the Stark Law.

Penalties for violation of the Stark Law include denial of payment, recoupment, refunds of amounts paid in violation of the law, exclusion from the Medicare or Medicaid program, and substantial civil monetary penalties (which are inflation-adjusted and, as of the most recent adjustment, are up to $24,748 per service, $164,992 for each arrangement or scheme intended to circumvent or to violate the statute, or $19,639 per day for false reporting or failure to report certain information required under the law). Violation of the Stark Law may also provide the basis for a claim under the FCA.

Medicare may deny payment for all services performed by a provider based on a prohibited referral, and a hospital that has billed for prohibited services is obligated to refund the amounts collected from the Medicare program or to make a self-disclosure to CMS under its Self-Referral Disclosure Protocol (discussed below). As a result, even relatively minor, technical violations of the Stark Law may trigger substantial refund obligations.

Moreover, where there are "knowing" violations of the Stark Law, the government may seek substantial civil monetary penalties under FCA, and in some cases, a hospital may be excluded from the Medicare and Medicaid programs. Potential repayments to CMS, settlements, fines or exclusion for a Stark Law violation or alleged violation could have a material adverse effect on a hospital and other health care providers. Increasingly, the federal government is prosecuting Stark Law violations under the FCA, based on the argument that claims resulting from an illegal referral arrangement are also false claims for FCA purposes. See the discussion under the subheading "False Claims Act" above. The DOJ and others have asserted that Medicaid referrals in which a non-excepted financial arrangement exists under the Stark Law also create FCA exposure, and have had some success with these arguments in certain courts. CMS has established a voluntary Self-Referral Disclosure Protocol under which hospitals and other entities may report Stark Law violations and seek a reduction in potential refund obligations. The Members of the Obligated Group may make self-disclosures under this program as appropriate from time to time. Any submission pursuant to the self-disclosure program does not waive or limit the ability of the OIG or DOJ to seek or prosecute violations of the Anti-Kickback Law or impose civil monetary penalties.

In addition, the OIG has established a Provider Self-Disclosure Protocol ("SDP"), whereby providers may voluntarily disclose self-discovered evidence of potential violations of the Anti-Kickback Statute or other fraud. Self-disclosure gives providers the opportunity to avoid the costs and disruptions associated with a Government-directed investigation and civil or administrative litigation in connection with such matters, but there can be no guarantee of such an outcome should Members of the Obligated Group need to utilize the SDP for any reason in the future.

State Anti-Referral Laws

A number of states have passed statutes that are similar to the Stark Law, although the scope of the entities, individuals and services covered by such statutes vary by state. New York and Connecticut have laws prohibiting health care providers from referring patients to any entity in which the provider is an investor. Violations of these laws can subject health care providers to a range of penalties.

EMTALA

The Emergency Medical Treatment and Labor Act (*"EMTALA"*) is a federal civil statute that requires Medicare-participating hospitals with an emergency department to conduct a medical screening examination to determine the presence or absence of an emergency medical condition and to provide treatment sufficient to stabilize such emergency medical condition before discharging or transferring the patient. Effective October 11, 2018, a hospital that violates EMTALA is subject to civil penalties of up to $106,965 per offense and termination of its Medicare provider agreement. EMTALA also provides for a limited private right of action against hospitals, and as a result a hospital could be subject to claims for personal injury where an individual suffers harm as result of an EMTALA violation.

Over the last few years, the federal government has increased its enforcement of EMTALA. Failure to comply with the law can result in exclusion from the Medicare and/or Medicaid programs, as well as civil and criminal penalties. In addition, a hospital may be held liable to a patient who suffered injuries as a result of a violation of EMTALA and may be liable to the receiving hospital for financial losses suffered as a result of a transfer in violation of EMTALA. Substantial failure of an Obligated Group Member to meet its responsibilities under EMTALA could have a materially adversely effect on the Obligated Group. Outpatient facilities that are included as part of a hospital by virtue of a provider-based status designation are required to adhere to EMTALA's requirements, regardless of whether they are located on or away from the hospital's main campus.

Any sanctions imposed as a result of an EMTALA violation could have a material adverse effect on the Obligated Group.

Increased Enforcement Affecting Academic Research

In addition to increasing enforcement of laws governing payment and reimbursement, the federal government has also stepped up enforcement of laws and regulations governing the conduct of clinical trials at hospitals. DHHS elevated and strengthened its Office for Human Research Protections, one of the agencies with the responsibility for monitoring federally funded research. The 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. Moreover, the Office of Inspector General, in its recent "Work Plans" has included several enforcement initiatives related to reimbursement for experimental drugs and devices (including kickback concerns) and has issued compliance program guidance directed at recipients of extramural research awards from the NIH and other agencies of the U.S. Public Health Service. These agencies' enforcement powers range from substantial fines and penalties to exclusion of researchers and suspension or termination of entire research programs.

LITIGATION

The Authority

To the Authority's knowledge, as of the date of this Official Statement, there is not pending or threatened, any litigation restraining or enjoining the issuance or delivery of the Series 2019A Bonds or questioning or affecting the validity of the Series 2019A Bonds or the proceedings or authority under which they are to be issued or which in any manner questions the right of the Authority to enter into the Series 2019A Indenture or the 2019A Loan Agreement or to secure the Series 2019A Bonds in the manner provided therein.

The Corporation

To the Corporation's knowledge, as of the date of this Official Statement, there is not pending or threatened, any litigation restraining or enjoining the issuance or delivery of the Series 2019B Bonds or questioning or affecting the validity of the Series 2019B Bonds or the proceedings or authority under which they are to be issued or which in any manner questions the right of the Corporation to enter into the Series 2019B Indenture or the 2019B Loan Agreement or to secure the Series 2019B Bonds in the manner provided therein. From time to time the Corporation receives inquiries and requests for documents and information pertaining to unrelated bond issues from various regulatory agencies, including the Securities and Exchange Commission, and in connection with audits by the IRS.

The Obligated Group

The Obligated Group has advised that there is no controversy or litigation of any nature now pending against any Member of the Obligated Group or, to the knowledge of its officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2019 Obligations or either series of the Bonds, or in any way contesting or affecting the validity of the Series 2019 Obligations or either series of the Bonds, any proceedings of the Borrowers or any other Member of the Obligated Group taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds.

As with most health care providers, the Members of the Obligated Group are subject to certain legal actions that, in whole or in part, are not or may not be covered by insurance because of the type of action or amount or types of damages requested (e.g., punitive damages), because of a reservation of rights by an insurance carrier, or because the action has not proceeded to a stage that permits full evaluation. There are certain legal actions currently pending against Members of the Obligated Group known to management of the Obligated Group for which insurance coverage is uncertain for the above reasons. Management does not anticipate that any such suits will ultimately result in punitive damage awards or judgments in excess of applicable insurance limits, or if such awards or judgments were to be entered, that they would have a material adverse impact on the operations or financial condition of the Obligated Group, taken as a whole. The

Members of the Obligated Group are also involved in other litigation and regulatory investigations arising in the course of doing business. After consultation with legal counsel, management of the Obligated Group's estimates that these matters will be resolved without material adverse effect on the Obligated Group's future consolidated financial position or results of operations. See APPENDIX A under the caption "Litigation."

LEGAL MATTERS

The legality of the authorization, issuance, sale and delivery of each series of Bonds is subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority and the Corporation, whose approving opinion will be delivered upon the issuance and delivery of the Bonds.

Certain legal matters will be passed on for the Authority by its counsel, McCarter & English, LLP, for the Corporation by its counsel, Cappillino, Rothschild & Egan LLP, for the Underwriter by its counsel, Pullman & Comley, LLC, and for the Obligated Group by its special counsel, Chapman and Cutler LLP.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the Corporation, the Borrowers, the users of the Projects and others in connection with the Bonds, and Bond Counsel has assumed compliance by the Authority, the Corporation, the Borrowers and the users of the Projects with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code. In addition, in rendering its opinion, Bond Counsel has relied on the opinion of counsel to the Obligated Group regarding, among other matters, the current qualifications of the Members of the Obligated Group as organizations described in Section 501(c)(3) of the Code.

In the opinion of Bond Counsel, under existing statutes, interest on the 2019A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the 2019A Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

In the opinion of Bond Counsel, under existing statutes, interest on the 2019B Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

PROVISIONS RELATING TO THE SERIES 2019A BONDS

Legality of the Series 2019A Bonds for Investment and Deposit

Under the CHEFA Act, the Series 2019A Bonds are securities in which all public officers and public bodies of the State of Connecticut and its political subdivisions, all insurance companies, State of Connecticut bank and trust companies, national banking associations, savings banks, savings and loan associations, investment companies, executors, administrators, trustees and other fiduciaries in the State of Connecticut may properly and legally invest funds, including capital in their control or belonging to them.

The Series 2019A Bonds, under the CHEFA Act, may be deposited with and received by the State of Connecticut or any municipal officer or any agency or political subdivision of the State of Connecticut for any purpose for which the deposit of bonds or obligations of the State of Connecticut may be authorized by law.

Negotiable Instruments

Under the CHEFA Act, the Series 2019A Bonds are, and are deemed to be for all purposes, negotiable instruments, subject only to the provisions for registration and transfer contained in the Series 2019A Indenture and in the Series 2019A Bonds.

State of Connecticut not Liable on the Series 2019A Bonds

The Series 2019A Bonds are special obligations of the Authority payable solely from the sources therefor as set forth in the Series 2019A Indenture, and neither the faith and credit nor the taxing power of the State of Connecticut or any political subdivision thereof, is pledged to the payment of the principal of or interest on the Series 2019A Bonds. The CHEFA Act does not in any way create a so-called moral obligation of the State of Connecticut to pay debt service in the event of default by the Obligated Group or the Authority. The Authority has no taxing power.

Covenant by the State of Connecticut

Under the CHEFA Act, the Authority has included in the Series 2019A Indenture the State of Connecticut's pledge and agreement for the benefit of the owners of the Series 2019A Bonds that the State of Connecticut will not limit or alter the rights vested in the Authority until such obligations, together with the interest thereon, are fully met and discharged, provided that nothing in the CHEFA Act shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the owners of such obligations.

FINANCIAL ADVISOR

Nuvance has retained Kaufman, Hall & Associates, LLC ("Kaufman Hall"), Skokie, Illinois, a municipal advisory firm registered with the U.S. Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"), as financial advisor in connection with the issuance of the Bonds. Although Kaufman Hall has assisted in the preparation of this Official Statement, Kaufman Hall was not and is not obligated to undertake, and has not undertaken to make, an independent verification and assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Kaufman Hall is an independent health care advisory firm and has not been engaged in the underwriting or distribution of the Bonds.

UNDERWRITING

The Series 2019A Bonds are being purchased by BofA Securities, Inc. (the "*Underwriter*") at the purchase price of $388,176,710.95 (representing the principal amount thereof, plus net original issue premium

of $49,478,167.45, less an underwriter's discount of $1,411,456.50). The Series 2019B Bonds are being purchased by the Underwriter at the purchase price of $114,625,853.00 (representing the principal amount thereof, plus net original issue premium of $15,130,479.50, less an underwriter's discount of $414,626.50).

The Underwriter may offer and sell each series of Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside cover page, which may be changed after the initial offering by the Underwriter. The Underwriter will be required to purchase all the Bonds, if any are purchased.

BofA Securities, Inc., as an underwriter of the 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 Bonds.

CERTAIN RELATIONSHIPS

The Underwriter and its 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 Underwriter and its respective affiliates have provided, and may in the future provide, a variety of these services to the Obligated Group and to persons and entities with relationships with the Obligated Group, for which they received or will receive customary fees and expenses. Under certain circumstances, the Underwriter and its respective affiliates may have creditors' and other rights against Nuvance, the Borrowers, the other Members of the Obligated Group or their affiliates in connection with such activities.

In the ordinary course of their various business activities, the Underwriter and its 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 Obligated Group (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Obligated Group. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market 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 the Obligated Group that it should acquire, long and/or short positions in such assets, securities and instruments.

CONTINUING DISCLOSURE

Because the Bonds are special limited obligations of the Authority and the Corporation, payable solely from amounts received from the Obligated Group, financial or operating data concerning the Authority and the Corporation is not material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds. Accordingly, the Authority and the Corporation are not providing any such information. The Obligated Group has undertaken all responsibilities for any continuing disclosure to Holders of the Bonds, as described below, and the Authority and the Corporation shall have no liability to the Holders of the Bonds or any other Person with respect to Rule 15c2-12, referred to in this Official Statement as the "Rule", promulgated under the Securities Exchange Act of 1934 by the Securities and Exchange Commission.

The Obligated Group will covenant pursuant to the Continuing Disclosure Agreement to be entered into in connection with the Bonds (the "Continuing Disclosure Agreement") to provide (a) certain financial information and operating data relating to the Obligated Group by not later than 150 days after the end of Nuvance's fiscal year (which fiscal year currently ends on September 30), commencing with the report for the fiscal year ending September 30, 2019 (the "Annual Report"), (b) certain financial information relating to the

Obligated Group by not later than 60 days after the end of each quarter of Nuvance's fiscal year, commencing in the fiscal quarter ending September 30, 2019 and (c) notices of the occurrence of certain enumerated events. Nuvance will file, or cause to be filed, the Annual Report and quarterly information with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system for municipal securities disclosures. Any notice of an event required to be disclosed as a significant event under Rule 15c2-12 is also required to be filed by the Obligated Group with the MSRB through its EMMA system. The specific nature of the information to be contained in the Annual Report, the quarterly reports and the notices of material events is described in Appendix F – FORM OF CONTINUING DISCLOSURE AGREEMENT. These covenants have been made in order to assist the Underwriter in complying with the Rule.

The Continuing Disclosure Agreement requires the Obligated Group to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Bonds at any particular time.

The Obligated Group may from time to time disclose certain information and data in addition to the requirements of the Continuing Disclosure Agreement. Notwithstanding anything herein to the contrary, the Obligated Group shall not incur any obligation to continue to provide, or to update, such additional information or data.

Members of the Obligated Group have previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its prior indebtedness to provide certain annual financial information and event notices pursuant to Rule 15c2-12. Except as described below, in the past five years, such Members have not failed to comply in any material respect with its undertakings under such agreements.

For the fiscal quarter ending December 31, 2014, HQ filed its required quarterly financial information with the Electronic Municipal Market Access System on April 6, 2015, approximately 35 days after the quarterly financial information was due.

RATINGS

Moody's Investors Services, Inc. and S&P Global Rating have assigned ratings on each series of Bonds of "A3" (negative outlook) and "A-" (stable outlook), respectively. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. Any explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if in the judgment of such rating agencies circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

INDEPENDENT AUDITORS

The consolidated financial statements of Health Quest Systems, Inc. and Subsidiaries as of December 31, 2018 and 2017 and for the years then ended appearing in Appendix B-1 to this Official Statement have been audited by RSM US LLP, independent auditors, as stated in their report appearing in Appendix B-1 to this Official Statement.

The consolidated financial statements of Western Connecticut Health Network, Inc. and Subsidiaries as of September 30, 2018 and 2017 and for the years then ended appearing in Appendix B-2 to this Official Statement have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing in Appendix B-2 to this Official Statement.

AFFILIATES INCLUDED IN AUDITS

The consolidated financial statements of Health Quest Systems, Inc. and Subsidiaries as of December 31, 2018 and 2017 and for the years then ended appearing in Appendix B-1 to this Official Statement and the consolidated financial statements of Western Connecticut Health Network, Inc. and Subsidiaries as of September 30, 2018 and 2017 and for the years then ended appearing in Appendix B-2 to this Official Statement include affiliates of HQ and WCHN which are not Members of the Obligated Group and are not obligated on the Bonds.

The affiliates of HQ that are part of the Obligated Group accounted for approximately $972 million (approximately 84%) of the HQ system's consolidated unrestricted revenue for the fiscal year ended December 31, 2018 and assets of approximately $1.5 billion (or approximately 93% of the HQ system's total consolidated assets) at December 31, 2018. The affiliates of WCHN that are part of the Obligated Group accounted for approximately $1.1 billion (approximately 96%) of the WCHN system's consolidated unrestricted revenue for the fiscal year ended September 30, 2018 and assets of approximately $1.5 billion (or approximately 93% of the WCHN system's total consolidated assets) at September 30, 2018.

OTHER MATTERS

Only the information set forth under "THE AUTHORITY" and "LITIGATION – The Authority" was furnished by the Authority. Only the information set forth under "THE CORPORATION" and "LITIGATION – The Corporation" was furnished by the Corporation.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated as such, are so intended and are not representations of fact. The summaries or descriptions of provisions of the CHEFA Act, the LDC Act, the Bonds, the Loan Agreements, the Indentures, the Master Indenture, the Supplemental Indentures, the Mortgages, and the Continuing Disclosure Agreement, and all references to other materials not purported to be quoted in full, are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Section and table headings and captions are included for convenience only and should not be construed as modifying the text of this Official Statement.

The Authority, the Corporation and the Obligated Group have duly authorized the execution and delivery of this Official Statement.

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

By: */s/ Jeanette W. Weldon*
Name: Jeanette W. Weldon
Title: Executive Director

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION

By: */s/ Sarah Lee*
Name: Sarah Lee
Title: Chief Executive Officer

NUVANCE HEALTH

By: */s/ Steven Rosenberg*
Name: Steven Rosenberg
Title: Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix A

INFORMATION CONCERNING NUVANCE HEALTH AND THE OBLIGATED GROUP

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

INFORMATION CONCERNING NUVANCE HEALTH AND THE OBLIGATED GROUP

The information contained in this Appendix A has been compiled or prepared from information obtained from the Obligated Group and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of the date of this Official Statement. Only the information contained in this Official Statement has been prepared by the Obligated Group. Any statements related to the Obligated Group, including any projections of its financial results, that are not expressly contained in this Official Statement, including without limitation, any third-party reports and/or materials regarding the Obligated Group, have not been prepared or provided by the Obligated Group in connection with the issuance of the Bonds, and the accuracy thereof which has not been verified by the Obligated Group.

CERTAIN STATEMENTS IN THIS OFFICIAL STATEMENT THAT RELATE TO THE OBLIGATED GROUP, INCLUDING, BUT NOT LIMITED TO, STATEMENTS IN THIS APPENDIX A, ARE FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE THE ACTUAL RESULTS OR PERFORMANCE OF THE OBLIGATED GROUP TO BE MATERIALLY DIFFERENT FROM ANY EXPECTED FUTURE RESULTS OR PERFORMANCE. SUCH FACTORS INCLUDE, BUT ARE NOT LIMITED TO, ITEMS DESCRIBED UNDER THE HEADING "BONDHOLDERS' RISKS" AND "REGULATION OF THE HEALTH CARE INDUSTRY" IN THE FOREPART OF THIS OFFICIAL STATEMENT.

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

INTRODUCTION

GENERAL

On April 1, 2019, Health Quest Systems, Inc. ("HQ") and Western Connecticut Health Network, Inc. ("WCHN") affiliated under the newly formed Nuvance Health ("Nuvance Health"), a not-for-profit parent corporation formed under the laws of the State of New York. Nuvance Health is the sole member of HQ and WCHN. By coming together under this new parent corporation, HQ and WCHN, together with their affiliates, form a combined regional integrated delivery system (the "System") that includes each of their respective component hospitals and affiliates, among which are WCHN's Norwalk Hospital, Danbury Hospital, and its campus at New Milford Hospital, and HQ's Sharon Hospital in Connecticut and three hospitals in New York – Putnam Hospital Center, Northern Dutchess Hospital and Vassar Brothers Medical Center.

HQ is a corporation organized under the not-for-profit corporation laws of the State of New York. HQ is the sole member of (i) Vassar Brothers Hospital, d/b/a Vassar Brothers Medical Center ("Vassar Brothers"), a 365-licensed bed acute care hospital located in Poughkeepsie, New York, approximately 80 miles north of New York City, (ii) Northern Dutchess Hospital ("Northern Dutchess"), an 84-licensed bed acute care hospital, located approximately 18 miles to the north of Vassar Brothers in Rhinebeck, New York, (iii) Vassar Health Connecticut, Inc. d/b/a Sharon Hospital ("Sharon Hospital"), a 78 licensed bed located in Sharon, Connecticut, approximately 100 miles north of New York City, and (iv) Putnam Hospital Center ("Putnam Hospital" and, together with Vassar Brothers, Northern Dutchess and Sharon Hospital, the "HQ Hospitals"), a 164-licensed bed acute care hospital, located approximately 34 miles to the south of Vassar Brothers in Carmel, Putnam County. HQ and the HQ Hospitals and their pre-transaction affiliates collectively are referred to herein as the "HQ System." HQ was formed in 1999, with the affiliation of Vassar Brothers and Northern Dutchess. In 2001, Putnam Hospital also affiliated with Health Quest, creating the largest system of nonprofit hospitals in the Mid-Hudson Valley. In 2007, Health Quest further extended the HQ System by establishing a physician employment vehicle, Health Quest Medical Practice, P.C.

WCHN is a corporation organized under the not for profit corporation laws of the State of Connecticut. WCHN is the sole member of (i) The Danbury Hospital ("Danbury Hospital"), a Connecticut nonstock corporation, that owns and operates a 456 licensed bed acute care hospital located in Danbury, Connecticut and the New Milford Hospital ("New Milford Hospital"), a community hospital operating under Danbury Hospital's license, located approximately 16 miles to the north of Danbury Hospital in New Milford, Connecticut and (ii) The Norwalk Hospital Association ("Norwalk Hospital"), a Connecticut nonstock corporation, that owns and operates a 366 licensed bed acute care hospital located approximately 24 miles to the south of Danbury Hospital in Norwalk, Connecticut. Danbury Hospital, New Milford Hospital and Norwalk Hospital are collectively referred to herein as the "WCHN Hospitals"). WCHN and the WCHN Hospitals and their pre-transaction affiliates collectively are referred to herein as the "WCHN System."

THE OBLIGATED GROUP

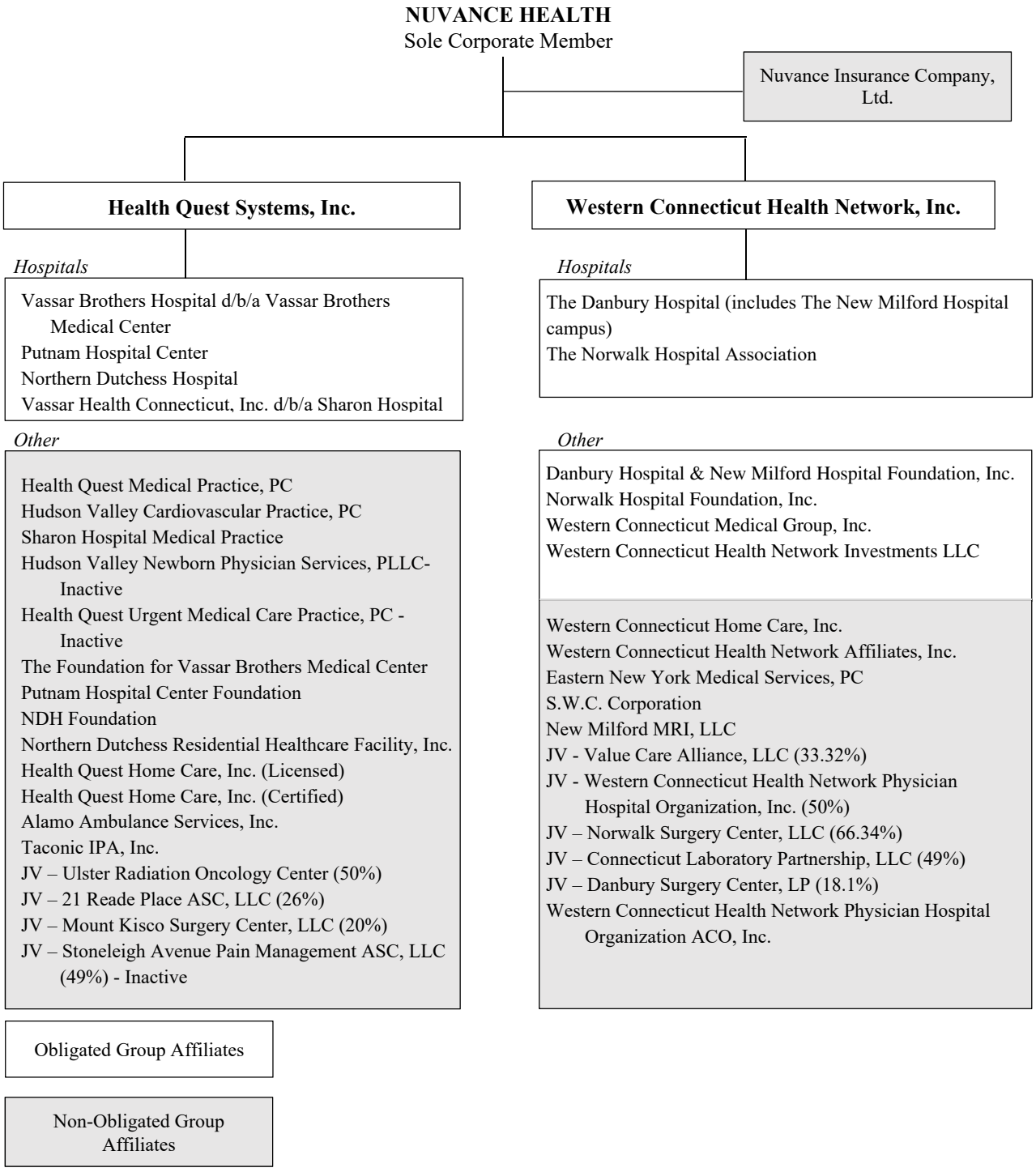
Upon the issuance of the Series 2019 Bonds, the Members of the Obligated Group will include Nuvance Health, HQ, WCHN, Vassar Brothers, Putnam Hospital, Northern Dutchess, Sharon Hospital, Danbury Hospital, Norwalk Hospital, Danbury Hospital & New Milford Hospital Foundation, Inc. ("DNM Foundation"), the Norwalk Hospital Foundation, Inc. ("NH Foundation"), Western Connecticut Health Network Investments LLC ("WCHN Investments"), Western Connecticut Medical Group, Inc. ("WCHN Medical Group" and, collectively, the "Obligated Affiliates"). For more details regarding hospital ownership and operations of the Obligated Affiliates, see a description of the health care facilities and services of the System in "HEALTH CARE SERVICES" below.

None of the remaining HQ or WCHN subsidiaries, affiliates, joint ventures or partnerships in which HQ and WCHN have an interest, are members of the Obligated Group (the "Non-Obligated Affiliates"). The chart on page A-3 sets forth the significant entities comprising the System and indicates which entities are Obligated Affiliates.

The Obligated Affiliates that were part of the HQ System accounted for approximately $972 million (approximately 84%) of the HQ System's consolidated unrestricted revenue for the fiscal year ended December 31, 2018 and assets of approximately $1.5 billion (or approximately 93% of the HQ System's total consolidated assets) at December 31, 2018. The Obligated Affiliates that were part of the WCHN System accounted for approximately $1.1 billion (approximately 96%) of the WCHN System's consolidated unrestricted revenue for the fiscal year ended September 30, 2018 and assets of approximately $1.5 billion (or approximately 93% of the WCHN System's total consolidated assets) at September 30, 2018. The HQ System operates on a December 31 fiscal year end. The WCHN System operates on a September 30 fiscal year end.

When aggregating the System and their disparate fiscal year ends, the Obligated Affiliates accounted for approximately $2.1 billion (approximately 90%) of the System's consolidated fiscal year 2018 unrestricted revenue. Together, the Obligated Affiliates had operating income of $90.3 million in the combined respective 2018 fiscal years. See "FINANCIAL INFORMATION".

THE SYSTEM


NUVANCE HEALTH
Sole Corporate Member
Nuvance Insurance Company, Ltd.
Health Quest Systems, Inc.
Western Connecticut Health Network, Inc.
Hospitals
Vassar Brothers Hospital d/b/a Vassar Brothers Medical Center
Putnam Hospital Center
Northern Dutchess Hospital
Vassar Health Connecticut, Inc. d/b/a Sharon Hospital
Hospitals
The Danbury Hospital (includes The New Milford Hospital campus)
The Norwalk Hospital Association
Other
Health Quest Medical Practice, PC
Hudson Valley Cardiovascular Practice, PC
Sharon Hospital Medical Practice
Hudson Valley Newborn Physician Services, PLLC- Inactive
Health Quest Urgent Medical Care Practice, PC - Inactive
The Foundation for Vassar Brothers Medical Center
Putnam Hospital Center Foundation
NDH Foundation
Northern Dutchess Residential Healthcare Facility, Inc.
Health Quest Home Care, Inc. (Licensed)
Health Quest Home Care, Inc. (Certified)
Alamo Ambulance Services, Inc.
Taconic IPA, Inc.
JV – Ulster Radiation Oncology Center (50%)
JV – 21 Reade Place ASC, LLC (26%)
JV – Mount Kisco Surgery Center, LLC (20%)
JV – Stoneleigh Avenue Pain Management ASC, LLC (49%) - Inactive
Other
Danbury Hospital & New Milford Hospital Foundation, Inc.
Norwalk Hospital Foundation, Inc.
Western Connecticut Medical Group, Inc.
Western Connecticut Health Network Investments LLC
Western Connecticut Home Care, Inc.
Western Connecticut Health Network Affiliates, Inc.
Eastern New York Medical Services, PC
S.W.C. Corporation
New Milford MRI, LLC
JV - Value Care Alliance, LLC (33.32%)
JV - Western Connecticut Health Network Physician Hospital Organization, Inc. (50%)
JV – Norwalk Surgery Center, LLC (66.34%)
JV – Connecticut Laboratory Partnership, LLC (49%)
JV – Danbury Surgery Center, LP (18.1%)
Western Connecticut Health Network Physician Hospital Organization ACO, Inc.
Obligated Group Affiliates
Non-Obligated Group Affiliates

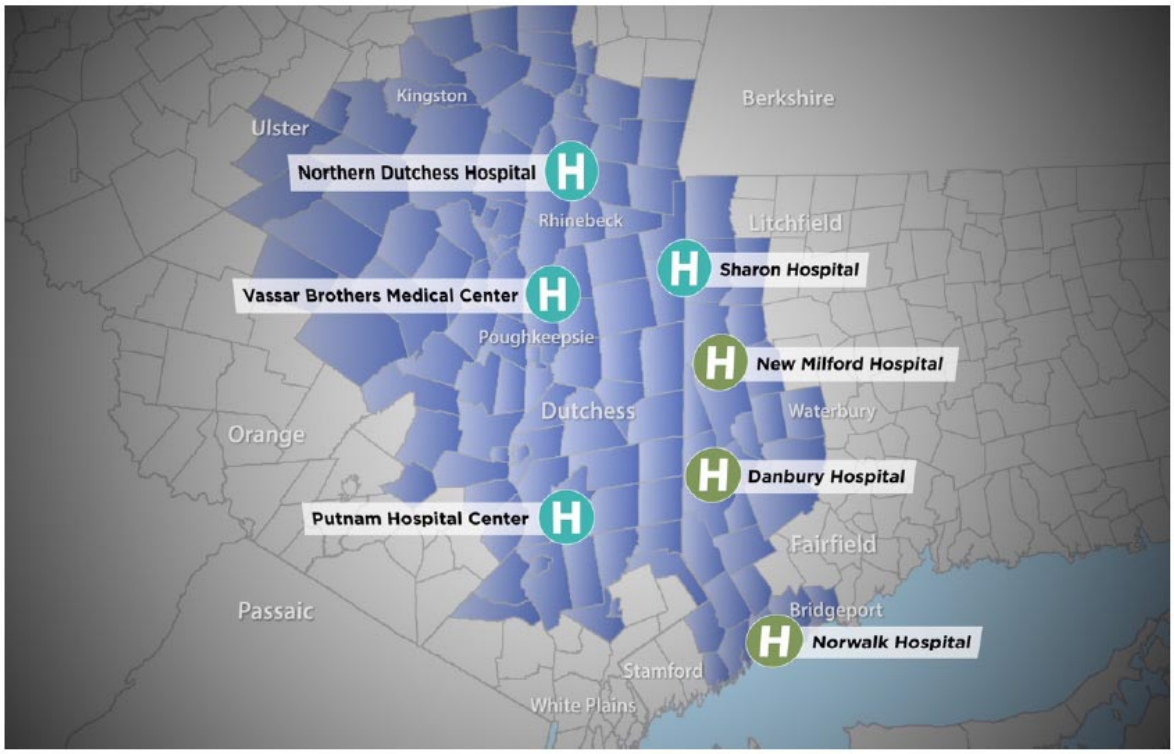
HEALTH CARE SERVICES

The System is an integrated health system based in Eastern New York and Western Connecticut.

HOSPITALS

Effective April 1, 2019, the System owns and operates the following seven hospitals: (i) Vassar Brothers, (ii) Putnam Hospital, (iii) Northern Dutchess, (iv) Danbury Hospital, (v) New Milford Hospital (which campus is operated under the Danbury Hospital license), (vi) Norwalk Hospital and (vii) Sharon Hospital (collectively the "System Hospitals"). As of March 31, 2019, the System Hospitals had a total of 1,513 licensed beds and 1,091 staffed beds.

SERVICE AREA MAP



Licensed

Service	Vassar Brothers	Danbury Hospital	Norwalk Hospital	Putnam Hospital	Northern Dutchess	Sharon Hospital	Total
Medical/Surgical	276	310	202	120	56	48	1,012
Intensive Care	14	21	52	0	7	9	103
Cardiac Care	10	0	0	10	0	0	20
Maternity	32	32	35	10	11	9	129
Neonatal Intensive Care	15	21	18	0	0	0	54
Newborn	0	26	20	0	0	0	46
Pediatrics	18	10	18	4	0	0	50
Rehabilitation	0	14	0	0	10	0	24
Psychiatric	0	22	21	20	0	12	75
Total	365	456	366	164	84	78	1,513

Staffed
(as of March 31, 2019)

Service	Vassar Brothers	Danbury Hospital	Norwalk Hospital	Putnam Hospital	Northern Dutchess	Sharon Hospital	Total
Medical/Surgical	276	204	94	97	56	28	755
Intensive Care	14	15	29	0	7	9	74
Cardiac Care	10	0	0	10	0	0	20
Maternity	32	19	10	10	11	6	88
Neonatal Intensive Care	15	10	4	0	0	0	29
Newborn	0	13	8	0	0	0	21
Pediatrics	18	2	2	0	0	0	22
Rehabilitation	0	12	0	0	10	0	22
Psychiatric	0	16	12	20	0	12	60
Total	365	291	159	137	84	55	1,091

The following is a summary of each System Hospital:

Vassar Brothers Hospital, d/b/a Vassar Brothers Medical Center

Vassar Brothers owns and operates an acute care hospital facility located in Poughkeepsie, New York and is one of two major medical centers situated in Dutchess County, New York. Vassar Brothers provides a full range of primary and secondary, and selected tertiary acute care services on an inpatient and outpatient basis. Vassar Brothers has the following four centers of clinical excellence:

Cardiovascular Services. The Heart Institute, offering open heart surgery, electrophysiology studies, cardiac catheterization, coronary angioplasty, an eight-bed Chest Pain Center and a Heart Failure Unit. The Heart Institute is led by a team of four board certified cardiothoracic surgeons and thirty-six board certified cardiologists. In 2018, the Heart Institute performed 334 cardiothoracic surgeries, 2,569 cardiac catheterization interventions and 1,401 electrophysiological studies.

Women's and Children's Services. The Maternity Center includes the only Level III Neonatal Intensive Care Unit in the Mid-Hudson Valley. Vassar Brothers is also the only hospital in the Mid-Hudson Valley to offer a maternal-fetal medicine department which specializes in high-risk pregnancies. In addition, the Maternity Center is the only dedicated pediatric unit in Dutchess County. Vassar Brothers also offers an OB/GYN Care Center to provide prenatal care for underserved populations. Vassar Brothers had 2,317 newborn discharges in 2018, more than any other hospital in the Mid-Hudson Valley.

Oncology Services. Oncology services are offered through the Dyson Center for Cancer Care (the "Dyson Center"), providing intensity-modulated radiation therapy, inpatient therapy, an infusion center, radiation oncology, and a Breast Center. Vassar Brothers serves more cancer patients than any other hospital in the Mid-Hudson Valley and its cancer program is accredited by the American College of Surgeons as a Community Hospital Comprehensive Cancer Program, the highest designation by the organization that a nonacademic medical center can attain. The Dyson Center is staffed with a dedicated radiologist who specializes in the diagnosis of breast cancer and the only fellowship-trained breast surgeon in the Mid-Hudson Valley. Radiotherapy equipment includes five linear accelerators, computerized tomography-based simulation and brachytherapy. The Dyson Center is also accredited by the American College of Radiologists for its Radiation Oncology program and has received accreditation as a Medical Physics Residency program in Radiation Oncology by the Commission on Accreditation of Medical Physics Educational Programs.

Surgical Services. Surgical services available at Vassar Brothers include general, laparoscopic, hepatobiliary, vascular, thoracic, cardiothoracic, dental, plastic, and reconstructive surgery, neurology,

obstetrics/gynecology, ophthalmology, orthopedics, otolaryngology, podiatry and urology. Vassar Brothers offers expertise in the daVinci® surgical robot in gynecological and urological procedures as well as liver and kidney surgeries. In addition, Vassar Brothers also purchased a MAKOplasty® robot in 2013. MAKOplasty partial knee resurfacing is a minimally invasive treatment option for adults living with early to mid-stage osteoarthritis that has not yet progressed to all three compartments of the knee.

Vassar Brothers also offers a Level II trauma center, ambulatory surgery, imaging, radiation oncology and sleep studies at the Vassar Brothers Medical Mall in Fishkill, New York and ambulatory surgery at the Vassar Ambulatory Surgery Center located on land adjacent to the main hospital, which opened in July, 2012.

Danbury Hospital

Danbury Hospital is an acute care facility located in Danbury, Connecticut. Danbury Hospital provides a full range of primary and secondary, and selected tertiary acute care services on an inpatient and outpatient basis. Danbury Hospital is also a major teaching facility with the following areas of clinical excellence.

Cardiovascular Services (The Praxair Regional Heart and Vascular Center). The cardiac and vascular program provides full-service multidisciplinary cardiac and vascular care including diagnostic testing, medical treatment, interventional and non-interventional cardiac and vascular procedures, electrophysiology and minimally invasive and open-surgical procedures to evaluate and treat cardiovascular diseases.

The Praxair Regional Heart and Vascular Center is fully accredited by the Intersocietal Commission for the Accreditation of Echocardiography Laboratories, Vascular Laboratories and Nuclear Laboratories; and American Association of Cardiovascular and Pulmonary Rehabilitation. In addition, Danbury Hospital holds full Cycle II Chest Pain Accreditation Status, earned the Lifeline Silver Plus Quality Achievement Award for STEMI by American Heart Association, is certified as a Primary Stroke Center from the Joint Commission, and is a Get with The Guidelines Heart Failure Silver Plus Award winner from the American Heart Association/American Stroke Association.

Oncology Services (The Praxair Cancer Center). Danbury Hospital has been providing cancer services to the community for over 30 years and its Praxair Cancer Center is the region's leading provider of cancer services. The Praxair Cancer Center is accredited by the American College of Surgeon's Commission on Cancer, the National Accreditation Program for Breast Centers, is a Breast Imaging Center of Excellence by the American College of Radiology, and has achieved certification in the Quality Oncology Practice Initiative (QOPI) assessment program designed to promote excellence in cancer care. The Praxair Cancer Center provides comprehensive multidisciplinary programs that address the full continuum of cancer care including preventive, screening, diagnostic, surgical, medical and radiation oncology, clinical research, a variety of education and support services and a dedicated inpatient unit. The Praxair Cancer Center has cared for thousands of people diagnosed with cancer, personalizing their treatment plans based on the recommendations of multidisciplinary case review teams. Danbury Hospital's doctors, nurses and support staff are known for their compassion and sensitivity while delivering state-of-the-art care. In 2015, Danbury Hospital earned the Joint Commission Advanced Certification for Palliative Care for hospital inpatient programs that demonstrate exceptional patient and family-centered care in order to optimize the quality of life.

Women's and Children's Services. Danbury Hospital is committed to family and patient-centered care and delivers more than 2,250 babies each year. Danbury Hospital has the only Level IIIB Neonatal Intensive Care Unit ("NICU") in its service area. As a Level IIIB NICU, Danbury Hospital can treat all routine and risk neonates exclusive of those requiring major surgical interventions. Premature babies born as early as 23 weeks or critically ill infants are treated in the Spratt Family NICU 24 hours a day by neonatologists, advanced practice neonatal nurse practitioners, physician assistants and a cadre of specially trained nurses. In 2018, Connecticut Children's Medical Center and Danbury and Norwalk Hospitals joined together to create a pediatric alliance that brings Connecticut Children's distinguishing attributes and highly specialized pediatric care to families throughout western Connecticut. This alliance provides greater access to high quality subspecialty care closer to home.

Emergency Medicine. Danbury Hospital's Anna-Maria and Stephen Kellen Emergency Department is an accredited Level II Trauma Center, a Stroke Center and a Chest Pain Center, and is a receiving hospital for the LIFESTAR helicopter transport service. Danbury Hospital works in partnership with Danbury Emergency Medical Systems (EMS) to provide emergency care and transportation to members of the community and surrounding areas. The EMS/paramedic service provides advanced, pre-hospital care by state-licensed paramedics and certified emergency medical technicians (EMTs). The Emergency Department cares for over 75,000 patients annually.

Surgical Services. Danbury Hospital offers a broad array of surgical services. Programs include robotic assisted urology, gynecology, nephrology and vascular surgery; laparoscopic and minimally invasive surgery; advanced orthopedic and spine surgery; colon and rectal cancer surgery; a breast care program; lung cancer; a comprehensive liver, pancreas and biliary center; and a center for weight loss surgery. Approximately 9,500 surgeries are performed annually. Building on its commitment to provide safe, high-quality surgical care, Danbury Hospital has achieved Bariatric Surgery Center of Excellence status for its weight loss surgery program. The three-year 1A accreditation by the American College of Surgeons recognizes the Center for adherence to quality and safety standards while establishing a track record of excellent outcomes.

Behavioral Health. The Behavioral Health Service Line provides a community psychiatric service and a voluntary and involuntary inpatient service, as well as adolescent and adult programs. The Behavioral Health Service Line also offers a crisis intervention service in coordination with the Emergency Department.

Danbury Hospital offers inpatient psychiatric care for adult and geriatric patients. The Crisis Intervention team provides acute psychiatric and behavioral intervention for patients in the Emergency Department. The inpatient unit offers a variety of services aimed to stabilize acute psychiatric symptoms including: comprehensive psychiatric evaluation, individualized treatment planning, medication management, group and recreational therapy, electroconvulsive therapy, and referral to community resources. Intensive Outpatient and Partial Hospital programs provide intensive treatment for adults living in the community, either independently or in a supported residence, this multidisciplinary care, includes psychiatrists, nurses, and social workers offering group and individual counseling services.

The Community Care Team (CCT) community-based outreach initiative was implemented in 2017 and assists vulnerable residents in receiving the care they need to address their clinical and social needs. In partnership with many community and municipal agencies, the CCT Navigator works to improve outcomes for at-risk residents, many of whom suffer from substance abuse, chronic medical or mental health conditions, are homeless or frequently utilize the emergency department.

Members of the clinical staff work closely with the staffs of regional mental health councils and have been the recipients of numerous grants for the initiation of psychiatric and mental health programs.

Danbury Hospital is an official Branch Campus of University of Vermont's Larner College of Medicine and co-leads a Global Health Program that offers clinical staff, medical residents and allied health professionals unique exposure to more diverse illness in basic healthcare environments around the world. Medical students who work abroad come back with a level of skill and compassion that enables Danbury Hospital to continually advance its quality of care.

In 2017, Danbury Hospital launched Mission Health Day in partnership with Western Connecticut State University. Hospital physicians, nurses and staff members volunteered to help provide free health screenings and supportive services.

Norwalk Hospital

Norwalk Hospital is an acute care facility located in Norwalk, Connecticut. Norwalk Hospital provides a full range of primary and secondary acute care services on an inpatient and outpatient basis. Norwalk Hospital is a Level II trauma center, a stroke center and certified to provide emergency angioplasty for heart attacks. Norwalk Hospital has the following areas of excellence.

Radiation Oncology. The Hospital collaborates with Memorial Sloan Kettering Cancer Center ("MSKCC") to provide MSKCC medical and radiation oncologists onsite at the C. Anthony and Jean Whittingham Cancer Center, leading and delivering team-based care alongside Norwalk Hospital's own cancer experts. It's a collaboration that offers both advanced science and highly personalized care. Patients also benefit from access to MSKCC for more complex cases and clinical trials.

Pediatric Services. For families with young children, Norwalk Hospital offers a special pediatric alliance with Connecticut Children's Medical Center ("Connecticut Children's"), the only hospital in Connecticut dedicated exclusively to the care of children and ranked one of the best children's hospitals in the nation. By teaming with Connecticut Children's, families can rest assured knowing their newborns and children are getting the best possible care ranging from childbirth, specialty care, emergency medicine and hospitalization for more serious illnesses and injuries.

Norwalk Hospital is also an academic medical center. More than 1,300 students, residents and fellows rotate through Norwalk Hospital each year.

Putnam Hospital Center

Putnam Hospital owns and operates a community hospital facility located in Carmel, New York. Putnam Hospital provides a full range of services, including medical, surgical, psychiatric, obstetrical/gynecological care, and 24/7 emergency services. Putnam Hospital also offers expertise in the daVinci® surgical robot in colorectal and urological procedures. In addition, Putnam Hospital owns and operates a MAKOplasty® robot to perform total hip replacements and partial knee resurfacing.

Other services provided by Putnam Hospital include hospitalist coverage; intensivist coverage; ambulatory surgery; bariatric surgery; blood management program; cardiac and pulmonary rehabilitation programs; infusion services; oncology services including radiation oncology; coronary/intensive care; orthopedic services; pain management; renal dialysis; physical, occupational and speech therapy and rehabilitation; neurological, respiratory and cardiac diagnostic and treatment facilities; radiological services including magnetic resonance imaging ("MRI"), computed tomography scan ("CT"), positron emission tomography scan and digital mammography; and a comprehensive birthing center with board certified obstetricians, gynecologists, neonatologists and certified nurse midwives.

Outpatient services include ambulatory surgery, wound care/hyperbaric, sleep disorders, outpatient radiology and physical, occupational and speech therapy.

Northern Dutchess Hospital

Northern Dutchess owns and operates a community hospital facility located in Rhinebeck, New York. Northern Dutchess offers a comprehensive range of emergency, medical and surgical services through various specialty departments including the Bone and Joint Center, Neugarten Family Birth Center (with 878 births in 2018), Emergency Department, Wound Care, Dyson Center for Women's Imaging (an extension of the Dyson Center at Vassar Brothers offering digital mammography, breast MRI, image-guided breast biopsy, sonography/ultrasound and bone mineral density testing), Center for Healthy Aging, Zipser Surgical Center, Sosnoff Cardio-Diagnostic Center, Outpatient Nutrition Department, Spine Center, Northern Dutchess Sleep Disorders Center, Paul Rosenthal Rehabilitation Center, Outpatient Rehabilitation Center, and a medically-based Fitness Center.

The Women's View Montgomery Street Health Annex provides diagnostic, medical and wellness services for women including: obstetrics and gynecology services, women's cardiac care, physical therapy programs, nutritional counseling, lymphedema management, therapeutic massage, acupuncture, Reiki and support and educational programs such as yoga, infant massage, cooking classes and weight management.

The Paul Rosenthal Rehabilitation Center provides comprehensive acute inpatient rehabilitation, accredited by the Commission on Accreditation of Rehabilitation for Facilities, for those who have suffered from stroke, brain injury, degenerative neurological disorders, spinal cord injury, orthopedic impairments, joint replacements, multiple traumas and fractures.

Sharon Hospital

Sharon Hospital owns and operates a community hospital facility located in Sharon, Connecticut. Sharon Hospital provides a full range of services including: bariatric surgery, cardiology, cardiopulmonary, emergency care, imaging, intensive care, neurosciences, orthopedics, pain management, stroke care, surgical, women's services and wound care.

New Milford Hospital

New Milford Hospital is the community hospital campus of Danbury Hospital located in New Milford, Connecticut. New Milford Hospital maintains specialty centers for cancer, orthopedic and spine care, 24/7 emergency care, one day surgery, cardiovascular services, women's imaging and a sleep medicine program. A Primary Care Center was added onsite in 2017, and a Specialty Physician practice will open in 2020.

SYSTEM STRATEGY

The System brings together seven hospital campuses and their affiliated entities, creating a new not-for-profit, community-based network in western Connecticut and New York's Mid-Hudson Valley. Both the HQ System and the WCHN System will remain deeply rooted in their respective communities, dedicated to providing compassionate, high-quality care and committed to improving the health and well-being of those they serve. The HQ System and the WCHN System occupy complementary and contiguous service areas. As a result, there is little overlap or duplication in services but significant opportunities for the System to expand access to specialized care in the areas served through the sharing of resources, talent and broad dissemination of evidence-based best practices. The System will preserve the services currently provided by each health system while leveraging administrative and technological efficiencies to allow the organization to allocate more resources to patient care.

The affiliation represents both a strategic and financial opportunity for the HQ System and the WCHN System to strengthen positions in their various markets and realize synergies. The strategic opportunities include alignment of geographically proximate services and medical education offerings. Financial opportunities include achieving the size and scale to compete with other health systems in Connecticut and New York, integrating and reducing expense structures, increased supply chain savings and a creating larger clinical footprint to deploy capital investments such as a digital strategy and population health management. Key areas of focus include (i) creating a unified structure for managing key service lines across the System's delivery network, including cancer, cardiovascular, musculoskeletal, neurosciences and primary care, (ii) defining an approach for integrating legacy physician platforms of employed, aligned and independent providers, including launching a consolidated physician workforce planning effort, (iii) creating a comprehensive and geographically sufficient ambulatory network and (iv) developing an enterprise plan for the role of digital health.

In order to accomplish its goals, the System will be guided by the following initiatives and principles:

Strategically: The System is committed to consistently delivering the right care in the right place and at the right time to achieve superior outcomes through a distributed, integrated network of facilities. The System intends to:

- Manage patients' episodic care effectively and efficiently and develop the competency and agility to understand how to manage risk, and pivot to a population management model when necessary;

- Build the region's leading multispecialty group practice with primary care and specialty sites accessible to patients in a broad geography;
- Build aligned and integrated medical groups with a population health platform;
- Improve access to primary care physicians through innovative access channels;
- Develop an ambulatory strategy that leverages strategic relationships and an expanded network of affiliated providers;
- Utilize new technologies to grow access and optimize the consumer/patient experience; and
- Expand relationships with medical and other healthcare professional schools and create medical education opportunities for residents and other trainees providing care in System facilities.

Financially: Maintain or improve the financial operations of the System. The System intends to:

- Achieve meaningful affiliation-related cost savings;
- Implement a streamlined revenue cycle that focuses on compliance and revenue at all stages;
- Create innovative models for providing healthcare that add value to payers and employers by reducing costs and improving quality; and
- Develop a System-wide capital plan and ongoing capital improvement process.

Operationally: The System will develop an efficient, effective System-operating model with consistent processes in designated areas. The System intends to:

- Consolidate to one electronic medical record and enterprise resource planning system;
- Create common standards for nursing performance, management, and staffing levels;
- Create a single quality/safety infrastructure;
- Create a comprehensive ambulatory network;
- Maintain a robust compliance program;
- Implement operational model alignment across the System;
- Provide a consistent, seamless patient experience across all sites of care; and
- Meaningfully engage patients and their families as partners in their care.

Organizationally: The System will shape a group of operating entities around a unique brand name and values for effective delivery of integrated health services. The System intends to:

- Implement an aligned and consolidated corporate leadership team;
- Build a common and consolidated infrastructure that supports the needs of the resulting network including its hospitals, a large multispecialty medical group, home care service offerings, population health initiatives, and all the necessary corporate functions;

- Create a common culture and identity, characterized by an emphasis on quality healthcare delivery, exceptional patient experience, financial and operational excellence, cross-discipline collaboration and exceptional caregiver experience;

- Create an environment of continuous learning, discovery and innovation through medical education and research;

- Develop an employee value proposition that will attract, retain, and engage the best and brightest physicians, nurses, ancillary health professionals, and support staff;

- Create a unified employee engagement model; and

- Implement one set of leadership, management and employee competencies, as well as goal-setting and performance management processes and compensation model.

PATIENT SAFETY, QUALITY OUTCOMES AND PATIENT SATISFACTION

The System Hospitals have received numerous awards and recognitions, several of which are detailed below:

VASSAR BROTHERS:

- U.S. News & World Report for being a High Performing Hospital in Aortic Valve Surgery, Heart Failure, Heart Bypass Surgery, and Colon Cancer Surgery (2018-2019).
- Recognized by Health Grades as one of America's 50 Best Hospitals. Additionally, Vassar Brothers received the award for Cardiac Care Excellence, Cardiac Surgery Excellence, Coronary Intervention Excellence, Neurosciences Excellence and Stroke Care Excellence. (2017, 2018, 2019)
- American Heart Association Get with the Guidelines Gold Plus Award for Stroke Care (2019).
- Breast Center for Excellence by The American College of Radiology (2019-2021).

PUTNAM HOSPITAL:

- Health Grades for Outstanding Patient Experience Award (2019).
- Putnam Hospital's outpatient physical therapy, occupational therapy, speech therapy and cardiac rehabilitation services were presented with a Five-Star Excellence in Healthcare Award for Overall Quality of Care from Professional Research Consultants (May 2019).
- American Heart Association Get with the Guidelines Gold Plus Award for Stroke Care (2019).
- Breast Imaging Center of Excellence by the American College of Radiology (2019-2021).

NORTHERN DUTCHESS:

- Northern Dutchess is recognized among the nation's high performing hospitals by U.S. News & World Report (2018-2019). In an evaluation of more than 4,500 hospitals across the United States, Northern Dutchess received high marks for hip replacement in the 2015-16; 2017-18; 2018-19 years.
- Breast Center of Excellence by the American College of Radiology (2019-2021).
- Northern Dutchess is recognized among the region's best hospitals by U.S. News & World Report (2018-2019).
- American Heart Association Get with the Guidelines Silver Plus Award for Stroke Care (2019).
- Awarded the four-star hospital rating for Quality of Care from The Center for Medicare and Medicaid Services (CMS) in 2019.

SHARON HOSPITAL:

- Healogics' Robert A. Warriner III Center for Excellence Award for The Wound Care Center. (2017, 2018)
- Leapfrog Hospital Safety Grade – Received an A rating (2019).
- Awarded the four-star hospital rating for Quality of Care from The Center for Medicare and Medicaid Services (CMS) in 2019.
- The Joint Commission selected Sharon Hospital as Pioneers in Quality Data Contributor for its use of electronic clinical quality measures data reporting to improve quality of care and outcomes for its patients (2017).

DANBURY HOSPITAL:

- High Performance in Hip Replacement, Heart Failure Treatment and COPD Treatment by U.S. News & World Report Best Hospitals Ranking Report (2017).
- Certification and Gold Seal of Distinction for Excellence in Total Joint Replacement and Spine Care by The Joint Commission ("TJC") (2012-2019).
- Praxair Cancer Center accredited with Gold Level with Commendation also with Outstanding Achievement Award by the American College of Surgeons Commission on Cancer (2015-2017).
- Breast Imaging Center of Excellence by American College of Radiology (2018-2021).
- Breast Health Program Accreditation by National Accreditation Program for Breast Centers (2016-2019).
- Advanced Certification for Palliative Care by the TJC (2018-2020).
- 2006-Present – MBSQQIP Accredited Bariatric Center by ACS and American Society for Metabolic & Bariatric Surgery.
- Mission: Lifeline Silver Plus Quality Achievement Award for STEMI by American Heart Association (2018).
- Health Care's Most Wired H&HN in connection with AHA, CHIME and Health Forum (2014-2018).

NORWALK HOSPITAL:

- Healthgrades America's 250 Best Hospital's Award (2018-2019).
- Healthgrades America's Best Hospitals for Pulmonary Care Award (2017-2019).
- Healthgrades Gastrointestinal Care Excellence Award (2019).
- Healthgrades Stroke Care Excellence Award (2019).
- Certification and Gold Seal of Distinction for Excellence in Total Joint Replacement – TJC (2012-2018).
- Whittingham Cancer Center – QOPI Certification American Society of Clinical Oncology (2017-2020).
- Whittingham Cancer Center Approval with Commendation – ACS Commission on Cancer (2014-2017).
- Get with the Guidelines – Stroke Silver Plus Quality Achievement Award – American Heart Association/American Stroke Association (2018).
- MBSAQIP Accredited Bariatric Center – ACS & American Society for Metabolic & Bariatric Surgery (2017-2019).

AFFILIATED ENTITIES

HQ and WCHN are the parent and sole member of many entities. Certain of those material affiliates are described below. Unless otherwise noted, all are not-for-profit corporations exempt from Federal income taxes on related income under Section 501(c)(3) of the Code.

ADDITIONAL OBLIGATED GROUP MEMBERS

WCHN Medical Group has various multi-specialty physician practices serving residents of western Connecticut and adjacent eastern New York communities. It has numerous physician practice locations strategically placed in WCHN's primary, secondary and tertiary service areas. WCHN Medical Group employs over 575 physicians and other providers.

DNM Foundation funds, invests and administers gifts, grants and bequests for distribution to Danbury Hospital, New Milford Hospital and other WCHN subsidiaries, to support their mission. This foundation had $135 million of assets at September 30, 2018.

NH Foundation solicits funds, invests and administers gifts, grants and bequests for distribution to Norwalk Hospital, and other WCHN subsidiaries, to support their mission. This foundation had $135 million of assets at September 30, 2018.

WCHN Investments was created to facilitate the investment of funds held by certain WCHN entities by pooling the investments of these entities.

NON-OBLIGATED AFFILIATES

Nuvance Insurance Company, Ltd. is a captive insurer incorporated under the laws of the Cayman Islands. The shares of both VBH Insurance Co. Ltd. (*"VBHIC"*) and Western Connecticut Health Network Insurance Co. Ltd. (*"WCHNIC")* were transferred effective April 1, 2019 from their respective shareholders (HQ and WCHN) to the System. On May 1, 2019, VBHIC merged into WCHNIC and was renamed Nuvance Health Insurance Co. Ltd. The captive insurer is licensed under the Exempt Insurance Act, Cap. 308A of the laws of the Caymans Islands, provides various levels of medical malpractice insurance and general liability insurance for Vassar Brothers, Putnam Hospital, Northern Dutchess, Sharon Hospital, Danbury Hospital, Norwalk Hospital, New Milford Hospital, Health Quest Medical Practice, PC, Health Quest Urgent Care Medical Practice, PC, Hudson Valley Cardiovascular Practice, PC, WCHN Medical Group and Eastern New York Medical Services, PC.

Alamo Ambulance Services, Inc.'s assets were sold in September 2009. However, Alamo has maintained its license to provide transport and emergency medical services to sick, disabled, or injured persons, generally within Dutchess, Orange, Ulster and Putnam Counties, New York and currently provides transports between medical facilities.

Health Quest Home Care, Inc. (Certified) provides home health care services in Dutchess County to Medicare and Medicaid patients. Health Quest Home Care, Inc. (Licensed) provides home health care services to patients in Dutchess, Putnam and Ulster Counties. While both "certified" home health agencies and "licensed" home health agencies require establishment pursuant to Article 36 of the New York State Public Health Law, "certified" agencies must also be qualified to participate as a "home health agency" under Medicare and Medicaid programs.

Northern Dutchess Residential Health Care Facility, Inc. ("NDRHCF") operates a 100-bed skilled nursing facility in Rhinebeck, New York on the Northern Dutchess campus.

Vassar Brothers Hospital Foundation (d/b/a The Foundation for Vassar Brothers Medical Center) solicits, receives, invests and administers contributions on behalf of Vassar Brothers and its affiliated tax-exempt entities. This foundation had $43 million in assets as of December 31, 2018.

Putnam Hospital Center Foundation promotes the health of the community and solicits, receives and administers funds, gifts, bequests, contributions, grants and all other forms of property for the benefit of Putnam Hospital. This foundation had $15 million in assets as of December 31, 2018.

NDH Foundation promotes the health of the community and solicit, receives and administers funds, gifts, bequests, contributions, grants and all other forms of property for the benefit of Northern Dutchess and NDRHCF. NDH Foundation had $9 million in assets as of December 31, 2018.

Health Quest Medical Practice, PC ("HQMP") owns various physician practices that provide a full range of hospital and outpatient services for residents of the Mid-Hudson Valley.

Health Quest Urgent Medical Care Practice, PC owns and operates two urgent care centers that provide walk-in urgent care services for the residents of the Mid-Hudson Valley. Due to an internal combination of certain medical practices into a single entity, this entity ceased billing for medical services effective April 1, 2018, moved its employees and operations to Health Quest Medical Practice, P.C., and ceased conducting any activities other than the collection of accounts receivable and winding down activities.

Sharon Hospital Medical Practice ("SHMP") is a Connecticut not-for-profit corporation, which provides a limited range of professional medical services through providers leased from HQMP for residents in the northwest Connecticut community.

Hudson Valley Newborn Physician Services, PLLC is a New York professional service limited liability company, which provided neonatal intensivist services for the residents of the Mid-Hudson Valley. Due to an internal combination of certain medical practices into a single entity, this entity ceased billing for medical services effective July 1, 2018, moved its employees and operations to Health Quest Medical Practice, P.C., and ceased conducting any activities other than the collection of accounts receivable and winding down activities.

Hudson Valley Cardiovascular Practice, PC is a professional services corporation providing invasive and noninvasive cardiovascular, diagnostic and therapeutic services throughout Dutchess and Orange counties.

Ulster Radiation Oncology Center is a joint venture with St. Mary's Campus of Health Alliance of the Hudson Valley ("Health Alliance") that owns and operates a radiation oncology extension clinic. Vassar Brothers and Health Alliance each own 50% interest in the joint venture.

21 Reade Place ASC, LLC is an endoscopy joint venture with KVBDA, LLC located in Poughkeepsie, New York. Vassar Brothers owns a 26% interest in the joint venture, and KVBDA, LLC, a for-profit physician limited liability company, owns the remainder.

Taconic IPA, Inc. contracts with independent physicians and works on their behalf with managed care organizations.

Mount Kisco Surgery Center, LLC (a/k/a Ambulatory Surgery Center of Westchester) is a multi-specialty, ambulatory surgery center joint venture with 34 South Bedford Road Associates, LLC, established approximately 20 years ago. Putnam Hospital owns a 20% interest in the joint venture, and 34 South Bedford Road Associates, LLC is the manager of the joint venture and owns the remaining 80% interest.

Eastern New York Medical Services, PC is a tax-exempt New York professional corporation established under the General Statutes of the State of New York. It provides medical services through physicians and other licensed health care providers to the general public from offices located in Putnam County, New York.

Western Connecticut Home Care, Inc. provides both therapeutic and preventive health care services to patients who can be cared for at home.

Western Connecticut Health Network Affiliates, Inc. owns and operates various health related business interests supporting the residents of western Connecticut and adjacent eastern New York. It operates health care programs which complement WCHN's services. Programs include: Corporate Workers Compensation, Emergency Medical Services, Ambulance and Imaging.

S.W.C. Corporation ("SWC") is a for profit Connecticut corporation with WCHN as its sole shareholder. SWC is a pharmacy on the premises of Norwalk Hospital that provides medications for patients being discharged, those visiting outpatient areas, and members of the local community.

New Milford MRI, LLC is a wholly-controlled entity of New Milford Hospital that owns and operates an MRI.

Western Connecticut Health Network Physician Hospital Organization, Inc. ("PHO") is a Connecticut taxable corporation formed jointly by WCHN and physicians. PHO was established to clinically integrate WCHN's hospitals, physicians, and community physicians. PHO provides various management, purchasing, administrative, and other services.

Western Connecticut Health Network Physician Hospital Organization, ACO, Inc. is a Connecticut taxable corporation formed to participate in the CMS Medicare Shared Savings Program as an accountable care organization with the goal of accelerating clinical integration strategies of WCHN's hospitals, physicians, community physicians and other healthcare providers across the continuum of care.

Value Care Alliance, LLC is a Connecticut limited liability company consisting of certain Connecticut hospital/health system members which was created as a network of providers committed to (i) providing clinically integrated care that reduces costs, improves quality and enhances patient experience; (ii) developing network products or participating in network products offered by third party payors; and (iii) developing risk-sharing arrangements that are competitive in the market place.

Danbury Surgery Center, LP owns and operates an ambulatory surgery center; its owners include Danbury Hospital, certain surgeons on the Medical Staff of Danbury Hospital and a national healthcare company that specializes in ambulatory surgery center management. Danbury Hospital owns 18.1% of this company.

Connecticut Laboratory Partnership, LLC is a joint venture between Sunrise Medical Laboratories, Inc. and Danbury Hospital, formed to arrange and manage the delivery of outreach testing services rendered by clinical laboratories owned and operated for the benefit of community physicians and other providers and their patients.

Norwalk Surgery Center, LLC owns and operates an ambulatory surgery center formed jointly by Norwalk Hospital and certain surgeons on the Medical Staff of Norwalk Hospital. Norwalk Hospital owns 66.34% of this company.

The Non-Obligated Affiliates are not obligated in any respect for payment of debt service on any Bonds or the Series 2019 Obligations (as such terms are defined in the front part of Official Statement).

GOVERNANCE AND MANAGEMENT

Pursuant to its bylaws, Nuvance Health appoints all members of the Board of Directors (the "Board") for the affiliate organizations (except for certain ex officio, or as may otherwise be provided for by agreement with respect to joint ventures or as otherwise may be required by applicable law). The Nuvance Board of Directors presently consists of eighteen voting members, of which sixteen were appointed equally from HQ and WCHN legacy Boards and two are ex-officio (the Chief Executive Officer and the President of Nuvance Health).

NAME/OFFICE	OCCUPATION
Gregory Rakow – Chair*	Retired/Former President, Fraleigh-Rakow Insurance and Real Estate
Andrew Whittingham – Vice Chair	President & CEO, CAWL Developments, Inc.
John Murphy, MD	Chief Executive Officer, Nuvance Health
Robert Friedberg	President, Nuvance Health
David Cyganowski	Managing Director, Kaufman Hall
Joseph DiVestea	Managing Director, SVP Investments, Raymond James

NAME/OFFICE	OCCUPATION
Robert R. Dyson	Chairman/Chief Executive Officer, Dyson Kissner Moran Corp.
Carla Gude*	Retired/Former IBM Executive
Mark Gudis*	Partner, Backcast Partners, LLC
Richard Jabara	President, Meyer Jabara Hotels
Steven V. Lant*	Retired/Former CEO, CH Energy Corp.
Luke McGuinness	Retired/Former CEO, Health Quest
Mary Madden	President – Hudson Valley Federal Credit Union
Daniel McCarthy*	CEO, Frontier Communications
Michael Nesheiwat, MD	Physician, Primary Care/Putnam Hospital
Anne Roby	Senior Vice President, Linde Corporation
Syed Shahid, MD	Practicing Neurosurgeon, Neurosurgical Associates
Ervin Shames	Retired/Former CEO of Borden Corp.

* Indicates member of the Audit & Compliance Committee

The following four members of the Nuvance Health senior management team serve as officers to the Board but are not members of the Board:

NAME/OFFICE	OCCUPATION
Steven Rosenberg – Treasurer	Chief Financial Officer, Nuvance Health
Michael Holzhueter – Secretary	Chief Administrative and Chief Legal Officer, Nuvance Health
Katherine Bacher – Asst. Treasurer	Chief Financial Officer, Health Quest
Carolyn McKenna – Asst. Secretary	General Counsel, Nuvance Health

CONFLICT OF INTEREST POLICY

Nuvance Health has a conflict of interest policy which requires any duality of interest or possible conflict of interest on the part of any governing board member, senior administrative staff member or influencing person to be disclosed to the Board and made a matter of record. If a Board member has a duality of interest or possible conflict of interest on any matter, the member is not permitted to vote or use personal influence on the matter.

AUDIT & COMPLIANCE COMMITTEE

Nuvance Health has developed an audit program which is based upon a risk-based audit plan approved by management and the Audit Committee. The program monitors and evaluates Nuvance Health's internal controls. Upon execution of internal audits, the internal audit departments provide management and the Audit & Compliance Committee with an independent assessment of internal controls, including recommendations for enhancement of controls where necessary. At the present time, HQ internally staffs its internal audit function and WCHN outsources its internal audit to an external firm.

MANAGEMENT

Nuvance Health's senior management team is comprised of top executives from both the HQ and WCHN organizations. Summary biographical information is listed below:

John Murphy, MD, Chief Executive Officer, Nuvance Health. Dr. Murphy, age 61, has more than 40 years of experience in healthcare management and medicine, most recently serving as President and Chief Executive Officer of WCHN from 2010 to 2019. Dr. Murphy led the formation of WCHN in 2010. Prior to that, he was President and Chief Executive Officer of Danbury Hospital from 2008 to 2010. Prior to taking on an administrative role, Dr. Murphy practiced neurology in the Danbury, Connecticut, area for 20 years. Dr. Murphy earned his bachelor's degree from Fordham University in the Bronx, New York and his medical degree from the Rutgers New Jersey Medical School in Newark, New Jersey. He completed his residency in internal medicine and neurology at Rutgers New Jersey Medical School Hospital system.

Robert Friedberg, President, Nuvance Health. Mr. Friedberg, age 57, has more than 25 years of healthcare management experience, most recently serving as President and Chief Executive Officer of HQ from 2014 to 2019. Prior to joining HQ in 2014, Mr. Friedberg was the executive vice president of operations for Cadence Health in Winfield, Illinois from 2004 to 2013, and president of Delnor Hospital in Geneva, Illinois from 2012 to 2013, then an affiliate of Cadence Health. He earned a bachelor's degree from the University of Rochester in Rochester, New York, and a Master of Health Administration degree from Cornell University in Ithaca, New York.

Steven Rosenberg, Chief Financial Officer, Nuvance Health. Mr. Rosenberg, age 66, has more than 37 years of experience in healthcare finance. He most recently served as Chief Financial Officer for WCHN from 2010 to 2019. Prior to joining WCHN in 2010, Mr. Rosenberg was senior vice president and chief financial officer for Saint Francis Hospital and Medical Center in Hartford, Connecticut. He earned his bachelor's degree from the University of Connecticut in Storrs, Connecticut, and an MBA from the University of New Haven in West Haven, Connecticut.

Michael Holzhueter, JD, Chief Administrative and Chief Legal Officer. Mr. Holzhueter, age 54, oversees legal services, risk management, insurance, facility support services, and procurement for the health system. He has more than 23 years of general healthcare and corporate legal management experience. He most recently served as Chief Administrative Officer and Chief Legal Officer for HQ from 2017 to 2019. Before his appointment, Mr. Holzhueter was senior vice president and general counsel for HQ. Prior to joining Health Quest in 2014, Mr. Holzhueter served as vice president and general counsel for Cadence Health in Winfield, Illinois from 2004 to 2014. He received his bachelor's degree and law degree from Loyola University in Chicago, Illinois.

Kerry Eaton, Chief Operating Officer, Nuvance Health, Interim President, Vassar Brothers Medical Center. Ms. Eaton, age 61, oversees the New York hospitals, Sharon Hospital, the skilled nursing facilities, and is responsible for hospital quality for the health system. She has more than 25 years of acute care leadership experience. She most recently served as Chief Operating Officer for HQ from 2017 to 2019. In late 2018, Ms. Eaton was also named interim president of Vassar Brothers Medical Center. Prior to joining HQ in 2017, Ms. Eaton served as chief operating officer for the Gulf Coast market of Ascension Health from 2012 to 2017, which is comprised of Sacred Heart Health System in Pensacola, Florida, and Providence Health System in Mobile, Alabama. Ms. Eaton earned her bachelor's degree in nursing from Central Connecticut State University in New Britain, Connecticut, and her master's degree in nursing administration from the University of Connecticut in Storrs, Connecticut.

Wayne A. McNulty, JD, CIPP, CHC, Chief Compliance, Audit and Privacy Officer. Mr. McNulty, age 50, is responsible for organizational-wide compliance, audit and privacy oversight activities. In this role, he ensures that Nuvance Health carries out its patient care activities and business operations in a manner that is consistent with applicable Federal and State law, Federal healthcare program requirements, and its own internal standards of conduct and ethical values. He has nearly 30 years of clinical, administrative, compliance and legal experience in the healthcare arena. He most recently served as Senior Vice President and Chief Compliance, Audit and Privacy Officer for WCHN from 2018 to 2019. Prior to joining WCHN in 2018, Mr. McNulty served as senior assistant vice president and chief corporate compliance officer at NYC Health + Hospitals in New York, New York. He earned his bachelor's degree in Allied Health Studies from the State University of New York at Empire State College in New York, New York, a Master of Science in Health Services Administration degree from Iona College in New Rochelle, New York, and a Doctor of Law (J.D.) degree from Fordham University School of Law in New York, New York. Mr. McNulty is a Certified Information Privacy Professional ("CIPP" designation) by International Association of Privacy Professionals and Certified in Healthcare Compliance ("CHC" designation) by the Compliance Certification Board. In addition to the foregoing, Mr. McNulty serves as an Adjunct Professor of Law at Fordham University School of Law, where he lectures on Health Law Compliance.

Robert Diamond, Chief Information Officer, Nuvance Health. Mr. Diamond, age 57, directs all information technology strategy and operations, business intelligence/analytics and clinical engineering across the health system. He has more than 20 years of experience in the field of healthcare technology and health operational and revenue cycle leadership. He most recently served as Senior Vice President and Chief Information Officer for HQ from 2007 to 2019. Mr. Diamond was also the executive leader of biomedical services for HQ from 2013 to 2019. Prior

to joining HQ in 2007, Mr. Diamond was vice president of information systems and chief information officer for Orange Regional Medical Center in Middletown, New York from 2003 to 2007. He earned a bachelor's degree in computer science from the State University of New York at New Paltz, New York.

Sharon Adams, President, Danbury Hospital, New Milford Hospital. Ms. Adams, age 53, is accountable for all operations at Danbury and New Milford Hospitals as well as home care for the System. She has more than 30 years of experience in nursing and operations management. She most recently served as Chief Operating Officer and Chief Nursing Officer for WCHN from 2016 to 2019. Prior to joining WCHN in 2015, Ms. Adams was senior vice president, chief nursing officer and chief quality officer for Sisters of Providence Health System and its affiliate, Mercy Medical Center in Springfield, Massachusetts from 2004 to 2015. She earned her bachelor's degree in nursing from Elms College in Chicopee, Massachusetts, a master's degree in human resources and development from American International College in Springfield, Massachusetts, and a Master of Healthcare Administration degree from Bellevue University in Bellevue, Nebraska.

Peter Cordeau, President, Norwalk Hospital. Mr. Cordeau, age 55, administers all operations at Norwalk Hospital, and has more than 32 years of nursing and management experience. Before his appointment to Norwalk Hospital in 2019, Mr. Cordeau served as President of Sharon Hospital in Sharon, Connecticut from 2015 to 2019. He was previously the chief nursing officer and chief operating officer of Sharon Hospital from 2013 to 2015. Mr. Cordeau spent more than 17 years at St. Mary's Hospital in Waterbury, Connecticut in a variety of nursing leadership positions. He earned his bachelor's degree in nursing from the University of Connecticut in Storrs, Connecticut and a Masters of Business Administration from the University of Hartford in Hartford, Connecticut.

Peter Kelly, President, Putnam Hospital Center. Mr. Kelly, age 72, directs all operations at Putnam Hospital. He has more than 33 years of experience in healthcare. Before joining Putnam Hospital Center in 2016, Mr. Kelly served as senior adviser of external affairs for CarePoint Health in Hudson County, New Jersey from 2005 to 2016. Mr. Kelly also served as chief operating officer of Beth Israel Medical Center in Manhattan, New York and as president and chief executive officer for Continuum Health Partners, Inc. in Manhattan, New York, from 1985 to 2003. He earned a bachelor's degree from St. Bonaventure University in Allegany, New York, and a Master of Healthcare Administration degree from Long Island University in Brookville, New York.

Denise George, RN, MPA, President, Northern Dutchess Hospital and Interim President of Sharon Hospital. Ms. George, age 64, is responsible for all operations at Northern Dutchess Hospital and Sharon Hospital. She joined Northern Dutchess Hospital in 1999 and has more than 20 years of healthcare management experience. In 2019, she was named interim president of Sharon Hospital in Sharon, Connecticut. She also served as senior vice president of clinical services for HQ from 2007 to 2017. Ms. George began her career at Northern Dutchess Hospital as vice president of clinical services and chief nursing officer. Prior to joining Northern Dutchess Hospital, Ms. George was the Hudson Valley region's operations and quality manager at Kaiser Permanente. Ms. George earned her bachelor's degree from Hunter College in Manhattan, New York, and her Master of Public Administration from New York University.

Cathy Frierson, Chief Human Resources Officer. Ms. Frierson, age 58, works across all entities of the System to develop a comprehensive approach to managing and engaging talent and to establish a common culture. She has more than 35 years of human resources and leadership experience. She most recently served as Senior Vice President and Chief Human Resources Officer for WCHN from 2016 to 2019. She joined WCHN in 2016 from General Electric, where she was a senior human resources manager for GE Capital Americas, in Norwalk, Connecticut from 1992 to 2016. Ms. Frierson earned her bachelor's degree from Boston College in Boston, Massachusetts, a master's in clinical/medical social work from Boston College and a Master's of Business Administration from Columbia University in New York, New York.

Grace Linhard, Chief Development Officer. Ms. Linhard, age 48, is accountable for the strategic engagement of the broader community in the philanthropic support of the System. She has 26 years of fundraising experience. She most recently served as Chief Development Officer for WCHN from 2014 to 2019. Prior to joining WCHN in 2004, Ms. Linhard was the chief development officer of Waterbury Hospital in Waterbury, Connecticut from 1998 to 2004. She earned her bachelor's degree from Stonehill College in Easton, Massachusetts.

MEDICAL STAFF

The System maintains separate medical and dental staffs for each of the System Hospitals. As of March 31, 2019, approximately 94% of such staffs are Board Certified and their average age was 53.

The following tables set forth the composition of the active staffs by clinical department for each System Hospital. Some physicians have staff privileges at more than one System Hospital.

Vassar Brothers Medical Staff Profile
Active Staff Composition as of March 2019

CLINICAL DEPARTMENT	NUMBER OF PHYSICIANS	AVERAGE AGE	PERCENT BOARD CERTIFIED
Allergy and Immunology	2	67	100%
Anesthesiology	31	52	90
Bariatric Surgery	2	39	50
Cardiology	39	51	97
Critical Care	6	55	100
Dermatology	2	67	100
Emergency Medicine	47	46	91
Endocrinology	4	50	75
Family Medicine	28	51	79
Gastroenterology	20	54	90
Infectious Disease	8	56	75
Internal Medicine	77	48	94
Neonatology	5	57	100
Neurology	13	55	85
Obstetrics & Gynecology	32	54	88
Oncology	16	44	88
Ophthalmology	20	56	100
Orthopedic Surgery	22	49	82
Otolaryngology (ENT)	8	50	88
Pain Management	3	43	33
Pathology	5	52	100
Pediatrics	77	53	95
Physical Medicine and Rehabilitation	6	52	83
Podiatry	17	52	65
Psychiatry	3	49	100
Pulmonary Diseases	10	53	80
Radiation Oncology	4	59	100
Radiology	24	46	96
Rheumatology	3	46	67
Sleep Medicine	2	53	100
Surgery	44	52	84
Urology	12	49	83
TOTALS	592	51	95%

Putnam Hospital Medical Staff Profile
Active Staff Composition as of March 2019

Clinical Department	Number of Physicians	Average Age	Percent Board Certified
Anesthesiology	32	50	97%
Bariatric Surgery	4	50	100
Cardiology	11	51	100
Critical Care	33	49	100
Dermatology	6	60	100
Emergency Medicine	24	45	96
Endocrinology	2	43	100
Family Medicine	6	54	83
Gastroenterology	8	54	100
Infectious Disease	3	54	100
Internal Medicine	41	51	98
Neonatology	7	54	100
Neurology	25	49	96
Obstetrics & Gynecology	7	53	100
Oncology	8	53	100
Ophthalmology	7	59	100
Orthopedic Surgery	10	55	100
Otolaryngology (ENT)	2	69	50
Pain Management	2	47	100
Pathology	5	53	100
Pediatrics	11	59	73
Physical Medicine & Rehab	2	52	100
Psychiatry	6	53	83
Pulmonary Diseases	5	56	100
Radiation Oncology	4	59	100
Radiology	26	47	88
Rheumatology	3	59	100
Sleep Medicine	1	55	100
Surgery	19	53	89
Urology	7	59	100
Totals	327	52	98%

Northern Dutchess Medical Staff Profile
Active Staff Composition as of March 2019

Clinical Department	Number of Physicians	Average Age	Percent Board Certified
Anesthesiology	15	50	100%
Bariatric Surgery	2	39	50%
Cardiology	25	52	96%
Critical Care	35	49	97%
Emergency Medicine	15	52	80%
Family Medicine	8	54	88%
Gastroenterology	2	48	100%
Geriatric Medicine	1	48	100%
Hematology/Oncology	6	56	100%
Infectious Diseases	6	54	67%
Internal Medicine	14	51	79%
Intraoperative Neuromonitoring	4	43	100%
Neonatology	3	58	100%
Neurology	10	44	80%
Obstetrics & Gynecology	13	50	85%
Oncology	1	47	100%
Ophthalmology	4	46	75%
Orthopedic Surgery	20	52	85%
Otolaryngology (ENT)	5	50	100%
Pain Management	2	42	50%
Pathology	5	52	100%
Physical Medicine and Rehabilitation	1	54	100%
Podiatry	7	48	57%
Psychiatry	1	55	100%
Radiation Oncology	4	59	100%
Radiology	24	49	96%
Sleep Medicine	2	53	100%
Surgery	14	49	93%
Urology	11	49	82%
Totals	260	50	94%

Sharon Hospital Medical Staff Profile
Active Staff Composition as of March 2019

Clinical Department	Number of Physicians	Average Age	Percent Board Certified
Allergy	1	66	100%
Anesthesia	8	52	100
Cardiology	15	51	93
Dermatology	1	63	100
Emergency Medicine	11	46	73
Family Medicine	4	60	75
Gastroenterology	6	59	100
General Surgery	7	58	100
Infectious Disease	1	51	100
Internal Medicine	15	53	93
Nephrology	2	55	100
Neurology	12	47	100
OB/GYN	6	52	83
Ophthalmology	2	57	100
Orthopedic Surgery	6	52	100
Otolaryngology	1	64	100
Pain Management	1	40	100
Pathology	6	50	100
Pediatric Medicine	5	52	100
Podiatry	2	52	100
Psychiatry	3	53	100
Pulmonary	1	62	100
Radiation Oncology	1	57	100
Radiology	24	49	100
Rheumatology	1	57	100
Spinal Surgery	1	54	100
Urology	4	59	100
Wound Care	1	65	100
Totals	148	52	95%

Danbury Hospital/New Milford Hospital Active Medical Staff Profile

Clinical Department	Number of Physicians	Average Age	Percent Board Certified
Allergy and Immunology	4	57	100%
Anesthesiology	35	51	100
Cardiology	27	56	96
Dentistry	28	56	N/A
Dermatology	16	56	94
Emergency Medicine	32	49	97
Endocrinology	6	54	67
Family Medicine	27	56	96
Gastroenterology	21	60	95
Geriatric Medicine	2	52	100
Hospital Medicine	48	41	88
Infectious Disease	4	59	100
Internal Medicine	87	55	89
Medical Oncology	7	59	100
Neonatal-Perinatal Medicine	14	44	86
Nephrology	4	46	100
Neurology	17	56	100
Obstetrics & Gynecology	37	53	95
Ophthalmology	21	55	90
Oral and Maxillofacial Surgery	5	50	100
Orthopedic Surgery	28	52	86
Otolaryngology	6	54	100
Pain Medicine	5	45	100
Palliative Medicine	2	49	100
Pathology and Laboratory Medicine	11	52	100
Pediatrics	74	52	96
Physical Medicine & Rehab	6	57	100
Podiatry	18	51	94
Psychiatry	22	52	100
Pulmonary Diseases	13	51	100
Radiation Oncology	7	56	100
Radiology	42	53	98
Rheumatology	6	50	83
Surgery	49	51	94
Urology	9	54	100
Totals	740	53	95%

Norwalk Hospital Active Medical Staff Profile

Clinical Department	Number of Physicians	Average Age	Percent Board Certified
Allergy and Immunology	6	57	100%
Anesthesiology	26	52	100
Cardiology	31	53	94
Dentistry	7	59	N/A
Dermatology	11	55	100
Emergency Medicine	26	48	96
Endocrinology	6	51	100
Family Medicine	9	43	100
Gastroenterology	11	57	73
Hospital Medicine	45	42	93
Infectious Disease	4	40	100
Internal Medicine	59	55	88
Medical Oncology	7	53	100
Neonatal-Perinatal Medicine	16	45	88
Nephrology	3	51	100
Neurology	13	57	92
Obstetrics & Gynecology	33	49	94
Ophthalmology	9	55	100
Oral and Maxillofacial Surgery	4	51	75
Orthopedic Surgery	13	55	92
Otolaryngology	16	54	100
Palliative Medicine	2	38	100
Pathology and Laboratory Medicine	9	57	100
Pediatrics	69	52	94
Physical Medicine & Rehab	5	56	100
Podiatry	7	56	100
Psychiatry	23	51	100
Pulmonary Diseases	12	55	100
Radiation Oncology	6	54	100
Radiology	25	53	100
Rheumatology	5	66	80
Surgery	67	53	93
Urology	5	56	100
Totals	590	52	95%

Service Area and Competition

The System serves residents in both eastern New York and western Connecticut. Its service area includes the legacy service areas of the HQ System and WCHN System. In New York, its service area includes zip codes in Dutchess, Putnam, Columbia, Westchester, Orange and Ulster Counties. In Connecticut, its service area includes zip codes in Fairfield, Litchfield and New Haven Counties. The New York and Connecticut service areas are contiguous in nature, and many facilities within the system treat patients from both Connecticut and New York. The below table represents population statistics for Nuvance Health's comprehensive service area.

Service Area	2018 Population	Projected Population – 2023	% Growth: 2018-2023	2018 Avg. Household Income
Nuvance Health	1,300,734	1,307,611	0.5%	$125,980

Source: The Claritas Company, IBM Corporation 2019.

In 2018, System Hospitals discharged more than 68,000 patients. Only two competitor hospitals, with fewer than 18,000 combined inpatient discharges in 2017, are located within 10 miles of a System Hospital.

Hospital	Nearest Nuvance Hospital	Available Licensed Beds	FY 17 Discharges	Occupancy Rate (%)
Vassar Brothers Medical Center	N/A	365	23,264	74
Danbury Hospital	N/A	430	18,455	57
Norwalk Hospital	N/A	328	11,651	52
Putnam Hospital Center	N/A	164	7,143	44
Northern Dutchess Hospital	N/A	84	5,865	70
New Milford Hospital*	N/A	N/A	N/A	N/A
Sharon Hospital**	N/A	78	N/A	28
Mid-Hudson Regional Hospital of WMC	2	243	5,941	47
Stamford Hospital	9	305	12,611	61
Health Alliance – Broadway Campus	11	150	6,933	56
Health Alliance – Mary's Ave Campus	12	150	2,881	38
Greenwich Hospital	14	206	10,512	73
Hudson Valley Hospital	17	128	9,252	82
Northern Westchester Hospital	17	245	9,933	45
Bridgeport Hospital	17	357	19,489	80
St. Vincent's Hospital	18	473	14,745	63
St. Luke's Cornwall Hospital, Newburgh	23	242	10,425	53
Charlotte Hungerford Hospital	23	109	5,174	53
Waterbury Hospital	24	357	10,455	49
Saint Mary's Hospital	25	347	10,917	72
Westchester Medical Center	26	652	21,696	81
Yale New Haven Hospital	34	1,541	71,359	80

* New Milford Hospital is a campus of Danbury Hospital and included in Danbury Hospital statistics.

** FY 17 discharge data from Sharon Hospital is currently unavailable.

Source: Chime, SPARCS, and "Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals for Fiscal year 2017", State of Connecticut Office of Health Strategy, September 2018.

NUVANCE HEALTH INPATIENT MARKET SHARE

During the most recent years for which integrated market share data are available, System Hospitals captured nearly 50% of the inpatient market in the system's core service area. Below is a breakout of that data by Nuvance Health's seven service area regions. These regions reflect a consolidation of the historical service regions for the legacy organizations and represent the combined geography:

Nuvance Core Service Area	2017 IP Market Share
CT – North	65.5%
CT – Central	76.4
CT – South	49.4
NY – North	73.4
NY – Central	65.3
NY – West	26.3
NY – South	25.4

Source: ChimeSparcs. Time Period: FY17. Patient Type: In-Patient

The following table describes the market share of the top System Hospital and its two principal competitors in each region.

CT - North

		Market Share
Top Nuvance Health Hospital	Sharon Hospital	49.3%
Top Competitor	The Charlotte Hungerford Hospital	9.5%
#2 Competitor	Saint Francis Hospital	7.1%

CT - Central

		Market Share
Top Nuvance Health Hospital	Danbury Hospital	75.2%
Top Competitor	Yale New Haven Hospital	5.0%
#2 Competitor	Waterbury Hospital	3.9%

CT - South

		Market Share
Top Nuvance Health Hospital	Norwalk Hospital	47.8%
Top Competitor	Stamford Hospital	11.3%
#2 Competitor	St. Vincent's Medical Center	10.5%

NY - North

		Market Share
Top Nuvance Health Hospital	Northern Dutchess Hospital	45.2%
Top Competitor	St. Francis Hospital - Poughkeepsie	7.3%
#2 Competitor	Albany Medical Center	3.4%

NY - Central

		Market Share
Top Nuvance Health Hospital	Vassar Brothers Medical Center	55.8%
Top Competitor	St. Francis Hospital - Poughkeepsie	14.8%
#2 Competitor	Westchester Medical Center	5.4%

NY - South

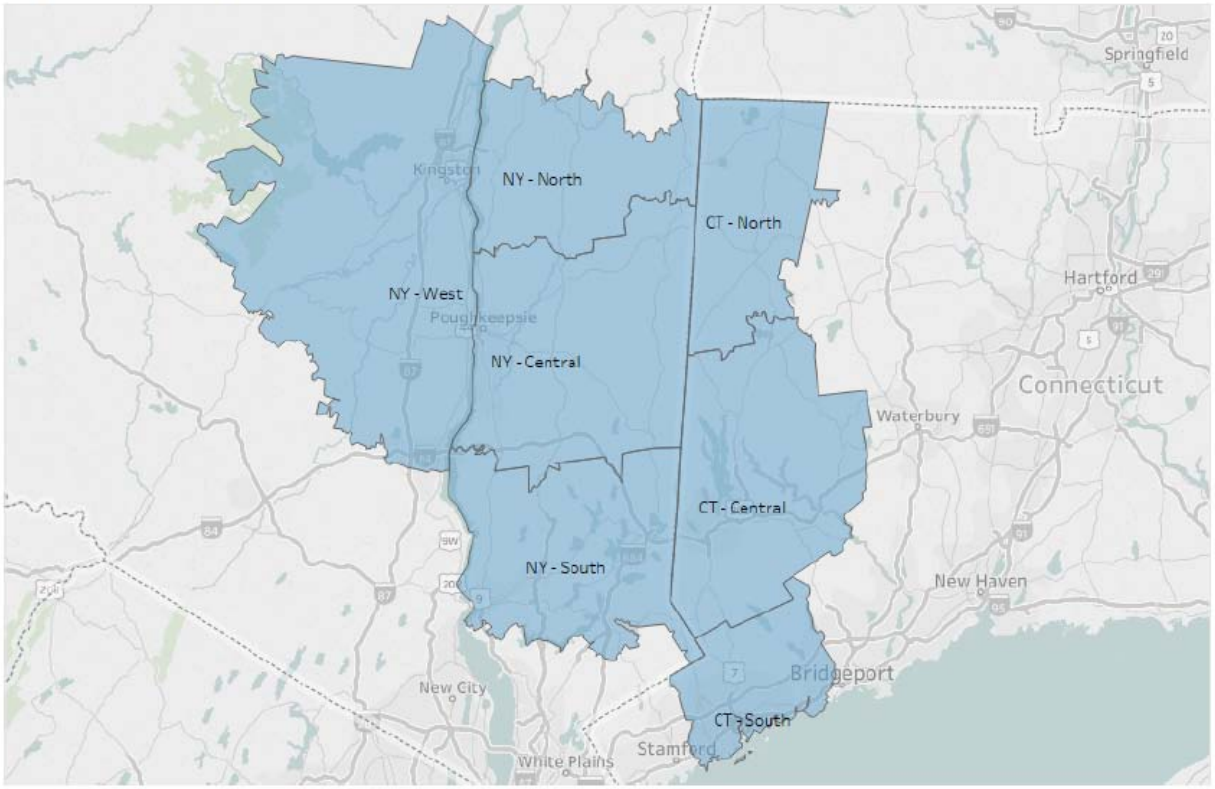
		Market Share
Top Nuvance Health Hospital	Putnam Hospital Center	17.3%
Top Competitor	Hudson Valley Hospital	24.6%
#2 Competitor	Northern Westchester Hospital Center	17.1%

NY - West

		Market Share
Top Nuvance Health Hospital	Vassar Brothers Medical Center	17.4%
Top Competitor	Health Alliance Hospital Broadway Campus	21.6%
#2 Competitor	St. Luke's Cornwall Hospital/Newburgh	19.7%

Source: ChimeSparcs, Sharon Hospital Data sourced from Electronic Health Record System via The Chartis Group. Time Period: FY17. Patient Type: In-Patient

Nuvance Core Regions



UTILIZATION

The following tables show certain operating statistics of the HQ System for the years ended December 31, 2016, 2017, and 2018 and for the three month periods ended March 31, 2018 and 2019 and for the six month periods ended March 31, 2018 and 2019, as if the HQ System operated on a fiscal year that ends on September 30, and certain operating statistics of the WCHN System for the years ended September 30, 2016, 2017, and 2018, and for the six month periods ended March 31, 2018 and 2019.

The HQ System currently operates on a fiscal year that ends December 31 of each year and the WCHN System operates on a fiscal year that ends September 30 of each year. As of October 1, 2019, the System will have a fiscal year end of September 30.

The combined proforma operating statistics for the System shown below for the fiscal years ended 2016, 2017, and 2018 and for the respective six month period presents the information of the HQ System and WCHN System as if each had the same fiscal year ending on September 30 and has not been adjusted to account for any differences that may result from the differing fiscal years. The combined proforma operating statistics for the System for the years ended 2016, 2017 and 2018 and the six month periods ended March 31, 2018 and 2019 is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the HQ System and WCHN System affiliated prior to April 1, 2019, or that may be achieved in the future.

HQ System	Year Ended December 31,			Three Months Ended March 31,		Six Months Ended March 31,*	
	2016	2017	2018	2018	2019	2018	2019
Licensed beds (at year end)	597	691	691	691	691	691	691
Total Discharges[1]	32,211	35,244	34,859	8,862	8,554	17,751	17,212
Medical/Surgical	26,184	28,597	28,502	7,366	7,037	14,591	14,106
Maternity	3,890	4,194	4,184	942	973	1,980	2,009
All Other	2,147	2,453	2,173	554	544	1,180	1,097
Patient Days[1]	153,411	154,802	152,837	39,225	39,483	77,285	78,062
Average length of stay	4.8	4.4	4.4	4.4	4.6	4.4	4.5
Average % Occ (cert beds)	70.2%	61.4%	60.6%	15.6%	15.7%	30.6%	31.0%
Emergency Room Visits[2]	97,128	113,524	116,875	28,740	26,625	56,779	54,958
Ambulatory Surgery Procedures[3]	20,166	22,118	21,662	5,455	5,399	10,990	10,428
Observation Patients	5,504	7,413	7,955	1,995	1,608	3,942	3,424
Newborns	3,444	3,725	3,815	860	894	1,789	1,857
Cardiothoracic Surgeries	362	250	334	75	90	120	171

* Represents the six month periods ended March 31, 2018 and 2019 as if the HQ System operated on a fiscal year that ends on September 30.

WCHN System	Year Ended September 30,			Six Months Ended March 31,	
	2016	2017	2018	2018	2019
Licensed beds (at year end)	822	822	822	822	822
Total Discharges[1]	30,617	30,347	30,748	15,560	15,385
Medical/Surgical	24,750	24,699	25,359	12,886	12,718
Maternity	3,477	3,376	3,260	1,559	1,575
All Other	2,390	2,272	2,129	1,115	1,092
Patient Days[1]	142,538	140,877	144,412	75,557	67,554
Average length of stay	4.7	4.6	4.7	4.9	4.4
Average % Occ (cert beds)	47.4%	47.0%	48.1%	50.5%	45.2%
Emergency Room Visits[2]	107,980	109,274	112,711	53,872	54,483
Ambulatory Surgery Procedures[3]	37,267	36,521	34,903	17,229	17,064
Observation Patients	7,659	7,106	6,309	3,039	3,556
Newborns	3,040	2,918	2,898	1,368	1,380
Cardiothoracic Surgeries	243	281	258	125	149

(1) Excluding Newborn.
(2) Treated and released without admission.
(3) Includes Outpatient Endoscopy, Cystoscopy, Minor Surgery and Same Day Surgeries.

Combined Proforma	For the Fiscal Year Ended			Six Months Ended March 31,	
Total System	2016	2017	2018	2018	2019
Licensed beds (at year end)	1,419	1,513	1,513	1,513	1,513
Total Discharges[(1)]	62,828	65,591	65,607	33,311	32,597
Medical/Surgical	50,934	53,296	53,861	27,477	26,824
Maternity	7,367	7,570	7,444	3,539	3,584
All Other	4,537	4,725	4,302	2,295	2,189
Patient Days[(1)]	295,949	295,679	297,249	152,842	145,616
Average length of stay	4.7	4.5	4.5	4.6	4.47
Average % Occ (cert beds)	57.0%	53.5%	53.8%	55.5%	52.9%
Emergency Room Visits[(2)]	205,108	222,798	229,586	110,651	109,441
Ambulatory Surgery Procedures[(3)]	57,433	58,639	56,565	28,219	27,492
Observation Patients	13,163	14,519	14,264	6,981	6,980
Newborns	6,484	6,643	6,713	3,157	3,237
Cardiothoracic Surgeries	605	531	592	245	320

(1) Excluding Newborn.
(2) Treated and released without admission.
(3) Includes Outpatient Endoscopy, Cystoscopy, Minor Surgery and Same Day Surgeries.

SOURCES OF PATIENT SERVICE REVENUE

Payments are made to the System Hospitals on behalf of patients under the Medicare program, the Medicaid program, certain commercial insurers, health maintenance organizations ("HMOs") and other managed care programs, third party administrators, and by patients on their own behalf.

The following tables summarizes the payer mix based on gross charges for the System Hospitals for the periods indicated. Such tables separately show the HQ System's and the WCHN System's payer mix then show the proforma payer mix as if the two Systems were combined for the fiscal years ended 2016, 2017 and 2018.

The HQ System currently operates on a fiscal year that ends December 31 of each year and the WCHN System operates on a fiscal year that ends September 30 of each year.

In combining the WCHN System results with the HQ System results, the HQ System's December 31, 2016, 2017 and 2018 results were aggregated with the WCHN System's September 30, 2016, 2017 and 2018 results, respectively.

	DECEMBER 31,		
HQ	2016	2017	2018
Medicare	51%	50%	52%
Blue Cross	14	13	13
Commercial/Managed Care	18	19	18
Medicaid	13	13	13
Other	4	5	4
Total	100%	100%	100%

WCHN	SEPTEMBER 30, 2016	2017	2018
Medicare	44%	45%	47%
Blue Cross	10	10	9
Commercial/Managed Care	25	24	24
Medicaid	15	16	15
Other	6	5	5
Total	100%	100%	100%

Combined Proforma Total System	FISCAL YEAR 2016	2017	2018
Medicare	47%	47%	49%
Blue Cross	12	12	11
Commercial/Managed Care	22	22	21
Medicaid	14	14	14
Other	5	5	5
Total	100%	100%	100%

FINANCIAL INFORMATION

HISTORICAL FINANCIAL INFORMATION

The full year financial information and other full year data included under this caption are derived from (i) the audited consolidated financial statements of the HQ System, which have been audited by RSM US LLP, as of and for the years ended December 31, 2016, 2017 and 2018, and (ii) the audited consolidated financial statements of the WCHN System, which have been audited by Ernst & Young LLP, as of and for the years ended September 30, 2016, 2017, and 2018. The financial data for the fiscal years ending in 2017 and 2018 should be read in conjunction with each such audited consolidated financial statements of the entities and related notes thereto included in Appendix B-1 and Appendix B-2, respectively, to this Official Statement.

The consolidated financial information for the three months ended March 31, 2018 and 2019 is unaudited and was derived by the HQ System's unaudited consolidated financial statements. The HQ System's unaudited consolidated financial statements for the three month periods ended March 31, 2018 and 2019 are available on the Electronic Municipal Market Access (EMMA) website. Such information on EMMA shall not be incorporated by reference as part of this Official Statement. The financial data for the HQ System's six month periods ended March 31, 2018 and 2019 are derived from the unaudited consolidated financial statements and other records of the HQ System and have been presented as if the HQ System operated with a fiscal year end of September 30. The consolidated financial information for the six months ended March 31, 2018 and 2019 is unaudited and was derived by the WCHN System's unaudited consolidated financial statements. The WCHN System's unaudited consolidated financial statements for the six month periods ended March 31, 2018 and 2019 are available on the EMMA website. Such information on EMMA shall not be incorporated by reference as part of this Official Statement. The HQ System currently operates on a fiscal year that ends December 31 of each year and the WCHN System operates on a fiscal year that ends September 30 of each year.

The unaudited consolidated financial statements for these periods include all adjustments, consisting of normal recurring and other accruals, which management of the System considers necessary for a fair presentation of financial position, results of operations and changes in net assets for such periods in conformity with accounting principles generally accepted in the United States. The results for the interim periods of the HQ System and the WCHN System are not necessarily indicative of the results for the entities' respective full fiscal years.

The audited consolidated financial statements and unaudited consolidated financial statements of the HQ System and the WCHN System contain information for Non-Obligated Affiliates. The Supplementary Information to the audited consolidated financial statements of each entity in Appendix B-1 and Appendix B-2 contains information relevant to each entity's Obligated Affiliates. When aggregating the System and their disparate fiscal

year ends, the Obligated Affiliates accounted for approximately $2.1 billion (approximately 90%) of the System's consolidated fiscal year 2018 unrestricted revenue.

The following tables separately show the HQ System's and the WCHN System's Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Operations. Subsequent tables then illustrate proforma combined financial information as if the HQ System and WCHN System were combined for fiscal years 2016, 2017 and 2018 and for the six month periods ended March 31, 2018 and 2019. In combining the WCHN System fiscal year results with the HQ System fiscal year results, the HQ System's December 31, 2016, 2017 and 2018 results were aggregated with the WCHN System's September 30, 2016, 2017 and 2018 results, respectively. The proforma combined financial information for the System shown below presents the information of the HQ System and WCHN System as if each had the same fiscal year and has not been adjusted to account for any differences that may exist from the actual differing fiscal periods or inconsistent accounting standards. Had adjustments been made to such proforma combined financial information for the System, the results shown below would be different. The proforma combined financial information for the System for fiscal years 2016, 2017 and 2018 and the six month periods ended March 31, 2018 and 2019 is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the HQ System and the WCHN System affiliated prior to April 1, 2019, or that may be achieved in the future. As of October 1, 2019, the System will have a fiscal year end of September 30.

HQ System
Condensed Consolidated Balance Sheets
(in thousands)

	As of December 31,			As of March 31, (Unaudited)
	2016	2017	2018	2019
Assets				
Cash and investments	$362,387	$420,801	$421,330	$434,252
Patient accounts receivable	115,671	167,003	180,388	190,467
Assets whose use is limited	426,040	341,313	192,533	170,869
Supplies and prepaid expenses	30,552	34,657	37,051	36,094
Property, plant and equipment, net	461,242	553,486	740,257	785,906
Goodwill and intangibles	30,585	40,695	40,345	40,427
Other assets	42,554	38,988	48,453	51,251
Total assets	$1,469,031	$1,596,943	$1,660,357	$1,709,266
Liabilities				
Accounts payable and accrued expenses	$139,920	$151,439	$172,333	$179,434
Amounts due to third party payors and other liabilities	134,629	127,225	117,518	125,048
Debt payable[2]	584,360	565,190	546,427	546,540
Post-retirement benefit obligations	79,515	88,486	80,219	82,435
Total liabilities	938,424	932,340	916,497	933,457
Net Assets[1]				
Without donor restrictions	504,368	637,536	712,574	744,119
With donor restrictions	26,239	27,067	31,286	31,690
Total liabilities and net assets	$1,469,031	$1,596,943	$1,660,357	$1,709,266

(1) HQ System adopted Accounting Standards Update (ASU) 2016-14, *Not-for-profit Financial Statement Presentation,* on January 1, 2018 and applied its provisions retrospectively to prior periods as presented. As a result, amounts previously reported as unrestricted net assets as of December 31, 2016 and 2017 are classified as net assets without donor restrictions, and temporarily and permanently restricted net assets as of December 31, 2016 and 2017 have been combined and reported as net assets with donor restrictions to conform to the presentation used as of December 31, 2018.

(2) HQ System adopted (ASU) 2016-02, *Leases,* on January 1, 2019 utilizing the modified retrospective approach. Under the modified retrospective approach, prior period amounts were not required to be adjusted.

HQ System
Condensed Consolidated Statements of Operations
(in thousands)

	For the Years Ended December 31,			For the Three Months Ended March 31, (Unaudited)		For the Six Months Ended March 31, (Unaudited)	
	2016	2017	2018	2018	2019	2018	2019
Operating Revenue							
Net patient service revenue	$964,770	$1,049,223	$1,115,092	$272,362	$277,103	$545,103	$564,375
Other revenue	34,632	34,313	41,703	11,536	7,816	22,164	20,641
Net assets released from restrictions used for operations	440	409	628	-	-	-	-
Total operating revenue	999,842	1,083,945	1,157,423	283,898	284,919	567,267	585,016
Operating Expenses							
Salaries, benefits and fees	564,364	631,884	678,563	162,825	175,437	329,716	350,754
Supplies and other expenses	305,806	326,329	343,475	90,665	93,277	174,750	171,177
Interest	9,313	8,293	7,842	2,012	1,909	4,189	3,870
Depreciation and amortization	51,113	49,178	47,989	11,761	11,949	23,435	25,770
Loss on extinguishment of debt	1,119	-	-	-	-	-	-
Total operating expenses	931,715	1,015,684	1,077,869	267,263	282,572	532,090	551,571
Operating income	68,127	68,261	79,554	16,635	2,347	35,177	33,445
Investment income (loss) and other	13,259	44,885	(17,812)	(755)	29,197	13,193	(713)
Excess of revenue over expenses	$81,386	$113,146	$ 61,742	$ 15,880	$ 31,544	$48,370	$ 32,732

WCHN System
Condensed Consolidated Balance Sheets
(in thousands)

	As of September 30,			As of March 31 (Unaudited)
	2016	2017	2018	2019
Assets				
Cash and investments	$383,124	$341,706	$321,374	$309,114
Patient accounts receivable	135,583	136,518	146,758	135,431
Assets whose use is limited	290,555	328,065	319,347	286,574
Supplies and prepaid expenses	50,381	60,343	49,521	71,259
Property, plant and equipment, net	684,911	693,399	689,329	680,389
Other assets	50,120	57,118	79,257	80,138
Total assets	$1,594,674	$1,617,149	$1,605,586	$1,562,905
Liabilities				
Accounts payable and accrued expenses	$132,082	$138,264	$157,823	$118,155
Amounts due to third party payors and other liabilities	106,835	92,661	101,840	107,941
Debt payable[2]	350,987	343,571	335,287	330,090
Post-retirement benefit obligations	260,205	159,413	69,921	52,806
Total liabilities	850,109	733,909	664,871	608,992
Net Assets[1]				
Unrestricted	613,859	737,569	770,108	779,501
Temporarily restricted	85,290	96,960	116,935	119,744
Permanently restricted	45,416	48,711	53,672	54,668
Total liabilities and net assets	$1,594,674	$1,617,149	$1,605,586	$1,562,905

(1) WCHN System is not required to adopt ASU 2016-14 until September 30, 2019. As such, amounts are reported as unrestricted, temporarily and permanently restricted net assets as of September 30, 2016, 2017 and 2018 and March 31, 2019.

(2) WCHN System is not required to adopt ASU 2016-02 until October 1, 2019. As such, the unaudited consolidated financial statements as of March 31, 2019 are not reflective of the impact of this adoption.

WCHN System
Condensed Consolidated Statements of Operations
(in thousands)

	For the Years Ended September 30,			For the Six Months Ended March 31, (Unaudited)	
	2016	2017	2018	2018	2019
Operating Revenue					
Net patient service revenue	$1,126,231	$1,138,735	$1,162,421	$590,097	$607,726
Other revenue	30,201	37,799	29,857	16,506	18,547
Net assets released from restrictions used for operations	5,386	2,909	3,156	1,738	1,057
Total operating revenue	1,161,818	1,179,443	1,195,434	608,341	627,330
Operating Expenses					
Salaries, benefits and fees	703,650	691,801	713,988	358,033	364,477
Supplies and other expenses	366,026	397,358	422,316	215,658	204,335
Interest	9,442	9,229	10,237	4,934	5,474
Depreciation and amortization	73,667	76,775	75,951	37,070	37,573
Loss on extinguishment of debt	-	1,278	-	-	-
Total operating expenses	1,152,785	1,176,441	1,222,492	615,695	611,859
Operating income (loss)	9,033	3,002	(27,058)	(7,354)	15,471
Investment (loss) income and other	54,095	46,427	13,699	5,219	(6,262)
Excess (deficiency) of revenue over expenses, before non-controlling interest in joint venture	63,128	49,429	(13,359)	(2,135)	9,209
Less: net income attributable to noncontrolling interest in joint venture	(2,019)	(1,809)	(1,274)	(690)	(633)
Excess (deficiency) of revenue over expenses	$61,109	$47,620	$(14,633)	$(2,825)	$8,576

The System
Proforma Condensed Combined Balance Sheets
(in thousands)

	As of Fiscal Years End (Unaudited)			As of March 31, (Unaudited)
	2016	2017	2018	2019
Assets				
Cash and investments	$745,511	$762,507	$742,704	$743,366
Patient accounts receivable	251,254	303,521	327,146	325,898
Assets whose use is limited	716,595	669,378	511,880	457,443
Supplies and prepaid expenses	80,933	95,000	86,572	107,353
Property, plant and equipment, net	1,146,153	1,246,885	1,429,586	1,466,295
Goodwill and intangibles	30,585	40,695	40,345	40,427
Other assets	92,674	96,106	127,710	131,389
Total assets	$3,063,705	$3,214,092	$3,265,943	$3,272,171
Liabilities				
Accounts payable and accrued expenses	$272,002	$289,703	$330,156	$297,589
Amounts due to third party payors and other liabilities	241,464	219,886	219,358	232,989
Debt payable	935,347	908,761	881,714	876,630
Post-retirement benefit obligations	339,720	247,899	150,140	135,241
Total liabilities	1,788,533	1,666,249	1,581,368	1,542,449
Net Assets				
Total net assets	1,275,172	1,547,843	1,684,575	1,729,722
Total liabilities and net assets	$3,063,705	$3,214,092	$3,265,943	$3,272,171

The System
Proforma Condensed Combined Statements of Operations
(in thousands)

	For the Fiscal Years Ended (Unaudited)			For the Six Months Ended March 31, (Unaudited)	
	2016	2017	2018	2018	2019
Operating Revenue					
Net patient service revenue	$2,091,001	$2,187,958	$2,277,513	$1,135,200	$1,172,101
Other revenue	64,833	72,112	71,560	38,670	39,188
Net assets released from restrictions used for operations	5,826	3,318	3,784	1,738	1,057
Total operating revenue	2,161,660	2,263,388	2,352,857	1,175,608	1,212,346
Operating Expenses					
Salaries, benefits and fees	1,268,014	1,323,685	1,392,551	687,749	715,231
Supplies and other expenses	671,832	723,687	765,791	390,408	375,512
Interest	18,755	17,522	18,079	9,123	9,344
Depreciation and amortization	124,780	125,953	123,940	60,505	63,343
Loss on extinguishment of debt	1,119	1,278	-	-	-
Total operating expenses	2,084,500	2,192,125	2,300,361	1,147,785	1,163,430
Operating income	77,160	71,263	52,496	27,823	48,916
Investment income (loss) and other	67,354	91,312	(4,113)	18,412	(6,975)
Excess of revenue over expenses, before non-controlling interest in joint venture	144,514	162,575	48,383	46,235	41,941
Less: net income attributable to noncontrolling interest in joint venture	(2,019)	(1,809)	(1,274)	(690)	(633)
Excess of revenue over expenses	$142,495	$160,766	$47,109	$45,545	$41,308

HQ System

Three Month Period Ended March 31, 2019 Compared to the Three Month Period Ended March 31, 2018

For the three month period ended March 31, 2019, operating income for the HQ System was $2.3 million, a decrease of $14.3 million (-85.9%) over the comparable prior year period. Total operating revenue increased $1.0 million (0.4%), whereas, operating expenses increased by $15.3 million (5.7%). Net patient service revenue for the HQ System grew by $4.7 million (1.7%) driven by heart and vascular volume at Vassar Brothers, inclusive of an increase of 4.3% in Medicare case mix. Northern Dutchess saw an increase of discharges by 30 (2.4%) compared to prior year, mainly in medical surgical. Offsetting these increases, was a decrease in Vassar Brothers discharges by 67 (-1.2%). The less severe flu season was a factor in the decrease, along with a decline in pediatrics. Putnam Hospital has seen a continued decline in volume due to additional competition entering the market. Sharon Hospital saw a decrease in discharges related to a decline in admissions from emergency room visits.

Other operating revenue decreased by $3.7 million (-32.2%) compared to the prior year period due to a decline in grant income and non-recurring income associated with the sale of an ownership interest in a joint venture.

Salaries, benefits and fees expense increased by $12.6 million (7.7%) due to the impact of newly acquired practices, the addition of new services and increased agency fees to provide coverage associated with higher volumes. Supplies and other expenses increased by $2.6 million (2.9%) due to higher costs associated with cardiac implants and orthopedic implants. Offsetting increased supply costs was a decline in other expenses, specifically service contracts and consulting fees. Depreciation and amortization expense increased by $0.2 million (1.6%).

Investment income and other increased by $29.9 million. This increase is associated with unrealized gains in investments associated with the recent increase in the market. The HQ System reported an excess of revenue over expenses in the three month period ended March 31, 2019 of $31.5 million, an increase of $15.6 million compared to $15.9 million in comparable prior year period due to the gain in investment income, offset by the above-described decline in operating income.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

In 2018, operating income for the HQ System was $79.6 million, an increase of $11.3 million (16.5%) over the comparable prior year period. Total operating revenue increased $73.5 million (6.8%) and operating expenses increased $62.2 million (6.1%). Net patient service revenue for HQ grew by $65.9 million (6.3%) driven by increased volume at Northern Dutchess (6.3% in acute discharges), increased heart and vascular volume at Vassar Brothers (Cardiothoracic surgeries increased by 34%), increased orthopedics at Vassar Brothers and Putnam Hospital and increased revenue associated with new physicians at HQMP. Vassar Brothers and Northern Dutchess recognized an increase in emergency room visits (3.3% and 4.0%, respectively) and an increase in observation patients (10.7% and 16.1%, respectively). Offsetting these positive variances, was the decline in Putnam Hospital discharges (8.0%).

Other operating revenue increased by $7.4 million (21.5%) due to increased grant income, the sale of ownership interest in a joint venture and increased rental income.

Salaries, benefits and fees expense increased by $46.7 million (7.4%) due to the full year impact of newly acquired practices and the addition of new services provided, along with an increase in FTE's associated with higher volumes at Northern Dutchess. Supplies and other expenses increased by $17.1 million (5.3%) due to increased cardiac and orthopedic implants and higher pharmaceutical and lab expenses, offset by renegotiated supply contracts resulting in lower costs. Interest expense decreased by $0.5 million (-5.4%). While total debt increased, interest

associated with the additional debt incurred for the expansion at Vassar Brothers is being capitalized until the project is completed. Depreciation and amortization expense decreased by $1.2 million (-2.4%) as a result of decreased capital spending.

Investment income and other income decreased by $62.7 million. This decrease is associated with unrealized losses in investments ($40.7 million) associated with market volatility in December of 2018. The HQ System reported an excess of revenue over expenses in 2018 of $61.7 million, a decrease of 51.4 million compared to $113.1 million in the comparable prior year period.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

In 2017, operating income for the HQ System was $68.3 million, an increase of $0.1 million (0.2%) over 2016. Total operating revenue increased $84.1 million (8.4%) and operating expenses increased $84.0 million (9.0%). Net patient service revenue for the HQ System grew by $84.5 million (8.8%) driven by increased volume at the HQ Hospitals and the acquisition of Sharon Hospital in August of 2017. Inpatient discharges increased by 3,033 (9.4%), of which 2,000 were associated with Sharon Hospital. Emergency room visits increased by 16,396 (16.9%), ambulatory surgery procedures increased by 1,952 (9.7%) and observation patients increase by 1,909 (34.7%).

Salaries, benefits and fees expense increased by $67.5 million (12.0%) reflecting an increase primarily due to the acquisition of Sharon Hospital and cardiology, neurology and oncology physicians. Supplies and other expenses increased by $20.5 million (6.7%) due to increased implant expenses associated with increased orthopedic volume and higher pharmaceutical expenses. Interest expense decreased by $1.0 million (-11.0%) due to refinancing of debt to lower interest rates. Depreciation and amortization expense decreased by $1.9 million (-3.8%), as a result of decreased capital spending.

Investment income and other income increased by $31.6 million (238.5%). This increase is associated with unrealized gains of $27.2 million in 2017, associated with a positive market. The HQ System reported an excess of revenue over expenses in 2017 of $113.1 million, an increase of $31.7 million compared to $81.4 million in comparable prior year period.

WCHN System

WCHN experienced a significant number of one-time, non-recurring expenses that impacted the financial operating results for the year ended September 30, 2018. In 2018, a complete system conversion of its Enterprise Resource Planning (ERP) systems and its Electronic Health Record (EHR), Revenue, Billing and Accounts Receivables systems were implemented resulting in additional costs above budgeted amounts that totaled $19.1 million. Additionally, due to the planned conversion of its EHR and anticipated impacts on our ambulatory practices, reduced schedules were created during the first 4 weeks of post go-live to allow providers and staff to become proficient on the new system, resulting in a one-time $5.9 million reduction in WCHN Medical Group's net patient service revenue. Other one-time expenses were incurred, specific to consulting for special projects totaling $12.0 million.

WCHN has fully implemented its ERP and EHR systems and has recognized operating income of $15.5 million for the six month period ended March 31, 2019, consistent with budget expectations.

Six Month Period Ended March 31, 2019 Compared to the Six Month Period Ended March 31, 2018

For the six month period ended March 31, 2019, operating income for the WCHN System was $15.5 million, an increase of $22.8 million over the comparable prior year period. Total operating revenue increased $19.0 million (3.1%), whereas, operating expenses decreased by $3.8 million (-0.6%). Net patient service revenue for the WCHN System increased by $17.6 million (3.0%) driven by new service offerings at WCHN Medical Group for Neurosurgery and Anesthesia on the Norwalk Hospital campus, an annual rate increase of 5% and an increase of 6% in Medicare case mix. Danbury Hospital experienced an increase of discharges by 86 (0.9%) compared to the

comparable prior year period, mainly in medical surgical. Offsetting these increases, was a decrease in Norwalk Hospital discharges by 261 (-4.4%). The less severe flu season was a factor in the decrease, along with a decline in psychiatry discharges.

Other revenue increased by $2.0 million (12.4%) due to increased rental income of $0.2 million, investment income of $0.6 million from Western Connecticut Health Network Insurance Company, Ltd ("WCHNIC"), a wholly owned subsidiary captive, and income from investment in Danbury Surgery Center of $0.3 million.

Salaries, benefits and fees expense increased by $6.4 million (1.8%) due to wage inflation and the impact of the addition of services at WCHN Medical Group for Neurosurgery and Anesthesia (Norwalk Hospital). Supplies and other expenses decreased by $11.3 million (-5.3%) due to the elimination of many one-time expenditures incurred in fiscal year 2018. Depreciation and amortization increased by $0.5 million (1.4%) as a result of the capitalization of projects during the year ended September 30, 2018.

Investment income and other decreased by $11.5 million. This decrease is a result of realized losses on the sale of investments. The sale of investments was primarily to pay for the operating and capital costs of the EHR and ERP systems. The WCHN System reported an excess of revenue over expenses for the six month period ended March 31, 2019 of $8.6 million, an increase of $11.4 million compared to a deficiency of revenue over expenses of $2.8 million in the comparable prior year period.

Year Ended September 30, 2018 Compared to Year Ended September 30, 2017

For the year ended September 30, 2018, the WCHN System has an operating loss of $27.1 million, representing a decrease in operating results of $30.1 million from the comparable prior year period. Total operating revenue increased $16.0 million (1.4%) whereas operating expenses increased $46.1 million (3.9%). Net patient service revenue for the WCHN System increased by $23.7 million (2.1%) driven by increased volume at Danbury Hospital (2.4% in acute medical surgical discharges), offset by a decrease in volumes at Norwalk Hospital (-0.5%), primarily in pediatrics, maternity and psychiatry. Danbury Hospital and Norwalk Hospital recognized an increase in emergency room visits (3.4% and 2.7%, respectively). In addition, the WCHN System converted its EHR, which resulted in reduced patient revenues for WCHN Medical Group of $5.9 million.

Other revenue for the year ended September 30, 2018 decreased by $7.9 million (-21%) due to decreased income from the Connecticut Laboratory Partnership, LLC joint venture of $13.5 million (described more fully in 2017 below) and offset by an increase in WCHNIC income of $7.0 million, associated with realized gains on the sale of investments.

Salaries, benefits and fees expense increased by $22.2 million (3.2%) due to wage inflation and staff training associated with the EHR and ERP systems implementations. Supplies and other expenses increased by $25.0 million (6.3%) due to a significant number of one-time expenditures during the year ended September 30, 2018. During the year ended September 30, 2018, the WCHN System successfully implemented new financial and clinical systems across the organization. This initiative was imperative to bring all entities onto a common and contemporary information systems platform and position itself for the future. The WCHN System selected INFOR (formerly Lawson) as its foundational ERP system. Cerner Millennium was selected as the EHR for both inpatient and ambulatory services to ensure an enterprise wide, patient centered system. Cerner Soarian was selected as the billing and accounts receivable system for scheduling, registration, billing and patient accounts receivable management. Initial planning was for an October 1, 2017 go-live for all systems. A decision was made to delay the ERP go-live until January 1, 2018 to better align timing with respect to payroll taxes and benefits to minimize disruption for employees. The Cerner/Soarian go-live was delayed until March 3, 2018 to mitigate risk across the organization and allow adequate time for the ERP system to stabilize. The decisions to delay the projects resulted in one-time costs of $19.1 million for consulting. The WCHN System incurred several additional non-recurring expenditures that contributed to the growth in supplies and other expenses, including affiliation expenditures of $3.8 million, a settlement with Norwalk Surgery Center ("NSC") of $3.1 million, and a final payment to Berkley Research Group, ("BRG") of $4.3 million. The NSC settlement was to buy out the restricted covenant which prohibited WCHN System from proceeding with its broader ambulatory surgery strategy in the Danbury markets.

The BRG project, initiated in fiscal year 2016, focused on performance improvement in response to the unprecedented hospital tax implemented by the State of Connecticut that would result in an annual loss of revenues to the WCHN System. The multi-year project focused on sustainable and implementable expense savings and revenue enhancements across the enterprise. The costs of the project in each of the fiscal years 2017 and 2018 were $13.6 million and $4.3 million respectively. The WCHN System adopted tools and changed processes to ensure sustainability of these improvements. Revenue enhances included focused efforts on clinical documentation, referral management, service line optimization while expense savings impacted labor, supplies, purchased services and improved care coordination and workflow.

Interest expense increased by $1.0 million (10.9%) due primarily to interest on the Series O Bonds which increased due to the decline of corporate tax rates.

Investment income and other decreased by $32.7 million. This decrease is associated with unrealized losses in investments which totaled $28.4 million, associated with market volatility. The WCHN System reported a deficiency of revenue over expenses in 2018 of ($14.6 million), a decrease of $62.3 million, compared to $47.6 million excess of revenues over expenses in comparable the prior year period.

Year Ended September 30, 2017 Compared to Year Ended September 30, 2016

For the year ended September 30, 2017, operating income for the WCHN System was $3.0 million, a decrease of $6.0 million from the comparable prior year period. Total operating revenue increased $17.6 million (1.5%) whereas operating expenses increased $23.7 million (2.1%). Net patient service revenue for the WCHN System increased by $12.5 million (1.1%) driven by rate increases. Inpatient discharges decreased by 270 (-0.9%), primarily due to a decrease of 487 at Danbury Hospital (-2.5%), which was offset by an increase of 217 discharges (1.9%) at Norwalk Hospital, with changes primarily in the medical surgical volumes. Emergency room visits increased by 1,294 (1.2%) and ambulatory surgery procedures decreased by 746 (-2%).

Other revenue for the year ended September 30, 2017 includes a $13.5 million gain as a result of the sale of certain intangible assets associated with the operation of its existing outreach laboratory business to Sunrise Medical Laboratories, Inc. (“Sunrise”). Together, Danbury Hospital and Sunrise have formed a joint venture, Connecticut Laboratory Partnership, LLC. for the purpose of arranging, managing and optimizing the provision, delivery and billing of each of the WCHN System’s hospitals’ outreach laboratory testing services.

Salaries, benefits and fees expense decreased by $11.8 million (-1.7%) reflecting a decrease in medical and dental benefit costs of $4.9 million and reduced pension costs of $6.2 million. Supplies and other expenses increased by $31.3 million (8.6%) due to higher costs incurred for the BRG project ($8.3 million), increased implant expenses ($2.7 million) associated with increased orthopedic volume, higher pharmaceutical expenses ($8.0 million) and increased software costs ($3.8 million). Depreciation and amortization increased by $3.1 million (4.2%), as a result of Norwalk Hospital Cancer Center project completion.

Investment income and other decreased by $7.7 million (-14.2%). This decrease is associated with a shift from unrestricted gifts to restricted gifts, associated with capital campaigns, offset by market gains (realized and unrealized), associated with a positive market and unfavorable market valuation on a swap. The WCHN System reported an excess of revenue over expenses for the year ended September 30, 2017 of $47.6 million, a decrease of $13.5 million compared to $61.1 million in the comparable prior period.

CAPITAL EXPENDITURES

In 2016, 2017 and 2018, the HQ System incurred capital expenditures of approximately $82.3 million, $126.4 million and $211.3 million, respectively, for the acquisition of plant, buildings, systems and equipment. The increase in capital spend in 2017 and 2018 was related to the construction of the Vassar Brothers Patient Pavilion described below.

In 2016, 2017 and 2018, the WCHN System incurred capital expenditures of approximately $78.6 million, $85.3 million, and $71.9 million respectively, for the acquisition of plant, buildings, systems and equipment. As of September 30, 2017, $97.7 million in capital projects were in progress, including the ERP and EHR systems as well as the McGraw Pavilion at Norwalk Hospital. These projects were completed and capitalized in fiscal year 2018. The System is financing certain of its future capital expenditures with the proceeds of the Bonds. See "PLAN OF FINANCE" in the front part of this Official Statement.

The System has three major capital projects that are either under way or about to commence: (i) the Vassar Brothers Patient Pavilion; (ii) the New Patient Tower at Norwalk Hospital; and (iii) a new medical school.

Vassar Brothers Patient Pavilion. The new Patient Pavilion at Vassar Brothers is an eight floor, approximately 752,000 square foot patient pavilion (additional floor added during construction due to expected growth needs). The project also includes the renovation of approximately 13,800 square feet of the existing hospital building at Vassar Brothers. The new Patient Pavilion will house 294 private patient rooms (264 medical/surgical beds and 30 intensive care beds), a 66 bay emergency department, a 12 room operating suite, loading dock, central plant expansion, interventional suite, conference center, cafeteria, helipad and a new hospital inpatient lobby. The existing space renovation will be for the operating room supportive space, waiting rooms and a post-anesthesia care unit. Management expects to complete the new Patient Pavilion and related renovation by March, 2020. The total cost of this project, with the addition of the eighth floor, is expected to be approximately $569 million, $335 million of which has already been spent. The HQ System financed $361 million of the new Patient Pavilion and related renovation with the proceeds of the Series 2016 Bonds, with the remainder of the project funded with the HQ System's cash and investments and $35 million of planned proceeds from the Series 2019B Bonds, to fund the additional floor.

Norwalk Hospital Patient Tower. The proposed New Patient Tower at Norwalk Hospital will be an approximately 200,000 square foot patient tower that will provide a 32 bed Intensive Care and Progressive Care floor, a 36 bed Medical Surgical floor and one floor for Women's and Infants Services including Labor Delivery/C Section, Postpartum, and NICU. Additional shell floors will be reserved for future development, one at the first floor for diagnostic services and one at the sixth floor for development of an additional 36 bed Medical/Surgical patient floor to allow for transfer of those beds from the existing Main Pavilion at Norwalk Hospital to the New Patient Tower. When the project is completed all inpatient rooms throughout the hospital will be single bed with an appropriate allocation of patient, family and support space. An overall project schedule has been developed that defines a five-year process through design, construction and occupancy to be completed by mid-year 2023. The cost of the New Patient Tower is currently estimated to be $150 million. Management expects to fund the New Patient Tower through a combination of cash and investments, donor gifts, operating revenues and, possibly, additional debt.

Medical School. The System also plans to open its own Medical School in association with Marist College, which includes building an approximately 100,000 square foot, three story building to house the Medical School. This building will be located on the Vassar Brothers campus. The total building cost is approximately $50 million; with a total Medical School project cost of approximately $85 million. While construction of the building has not yet commenced, management of the System expects to complete construction of the building and the first enrollment of students in July 2023. Management expects to fund the Medical School through a combination of cash and investments, donor gifts, operating revenues and, possibly, additional debt.

CHARITY CARE

The System accepts all patients regardless of their ability to pay. A patient is classified as a charity care patient by reference to established policies of the System. Essentially, these policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the System utilizes the generally recognized federal poverty income guidelines, but also includes certain cases where incurred charges are significant when compared to a responsible party's income. Those charges are not included in net patient service revenue for financial reporting purposes.

The estimated proforma cost of charity care provided by the System was $32 million and $29 million for the fiscal years ended 2018 and 2017, respectively. The estimated cost of charity care is based on the ratio of cost to charges, as determined by the System's entity specific data.

STATE OF CONNECTICUT HOSPITAL TAX

In 2012, the State of Connecticut imposed a provider tax on hospitals, including the WCHN System hospitals, effective July 1, 2011. The tax was originally intended, consistent with federal requirements, to generate revenue for the State by accessing federal matching funds for payments to hospitals for services provided to Medicaid recipients. These payments were to "supplement" payments that hospitals were already receiving based on inpatient and outpatient Medicaid rates. Shortly after enactment of the provider tax, however, the State reduced the level of funding for supplemental payments to hospitals, and in 2015 the State increased the provider tax. This has resulted in a situation where hospitals, including the WCHN System hospitals, paid significantly more in provider tax payments than they received in supplemental payments. Meanwhile, the State continued to freeze inpatient and outpatient Medicaid rates at levels set in 2008. The combined effect of an increasing provider tax, Medicaid rate freeze and diminished supplemental payments negatively impacted margins for nearly all Connecticut hospitals.

In response, the WCHN System and other Connecticut hospitals, along with the Connecticut Hospital Association ("CHA"), engaged in a coordinated effort to challenge the provider tax and inadequate Medicaid reimbursement. In 2015, CHA and its member hospitals, including the WCHN System hospitals, filed a petition for declaratory ruling with the administrative agencies responsible for Medicaid and taxation to challenge the constitutionality of the provider tax, as well as the State's compliance with applicable federal requirements governing the breadth of taxation. The agencies issued a ruling adverse to CHA and the hospitals, and that decision is pending on appeal in the Connecticut Superior Court. The WCHN System hospitals, along with nearly all other Connecticut hospitals, have also been filing administrative appeals challenging the adequacy of Medicaid rates, each year since 2014 and presented extensive evidence on these issues as well as compliance with applicable state and federal laws by the Department of Social Services, the state agency charged with administering Connecticut's Medicaid program, at an administrative hearing in December 2018 and January 2019.

Although the Connecticut legislature authorized funding for increased Medicaid payments to hospitals in 2017, hospitals continued to experience losses overall due to the tax. Shortly after Governor Ned Lamont took office in January 2019, CHA and the hospitals entered into negotiations with the new administration to reach a global settlement of the hospital challenges. In May, Governor Lamont and CHA announced that they had reached a tentative settlement. The Lamont administration, CHA and the hospitals are currently engaged in negotiating the settlement details, which must be approved by CHA and the individual hospitals and ratified by the Connecticut legislature, as well as the Centers for Medicare and Medicaid Services, before being finalized. Once finalized and approved, the settlement agreement is expected to resolve all outstanding litigation through certain retroactive payments to hospitals as well as annual Medicaid rate increases and establish levels of taxation and supplemental payments for future years covered under the agreement.

Pursuant to Connecticut General Statutes, the State of Connecticut Hospital Tax is based on a percentage of the WCHN System hospitals' and Sharon Hospital's net patient service revenue. Inpatient service revenue is taxed at 6% for the period October 1, 2016 through September 30, 2019. Outpatient service revenue was taxed at 6% for the period October 1, 2016 through June 30, 2017. For the period July 1, 2017 through September 30, 2019, the rate of tax for the provision of outpatient hospital services is 12.3325%. As of July 2018, Sharon Hospital is exempt from the outpatient portion of the assessed tax and is assessed approximately $1 million in tax each year on inpatient revenue.

The table below summarizes the financial impact of the State of Connecticut tax on the WCHN System hospitals' results. These amounts are netted against net patient service revenues in the tables that separately show the WCHN System's Condensed Consolidated Statements of Operations included within this document.

FY19 YTD March	Tax	Supplemental Payment	Net	Tax Credits	Total
Danbury Hospital	$(28,908,783)	$16,033,608	$(12,875,175)	-	$(12,875,175)
Norwalk Hospital	(16,562,729)	15,532,625	(1,030,104)	-	(1,030,104)
WCHN Total	$(45,471,512)	$31,566,233	$(13,905,279)	-	$(13,905,279)

FY18	Tax	Supplemental Payment	Net	Tax Credits	Total
Danbury Hospital	$(57,274,788)	$35,058,767	$(22,216,021)	-	$(22,216,021)
Norwalk Hospital	(32,555,135)	33,848,800	1,293,665	-	1,293,665
WCHN Total	$(89,829,923)	$68,907,567	$(20,922,356)	-	$(20,922,356)

FY17	Tax	Supplemental Payment	Net	Tax Credits	Total
Danbury Hospital	$(41,296,339)	$11,969,703	$(29,326,636)	$120,000	$(29,206,636)
Norwalk Hospital	(23,967,006)	11,811,420	(12,155,586)	120,000	(12,035,586)
WCHN Total	$(65,263,345)	$23,781,123	$(41,482,222)	$240,000	$(41,242,222)

FY 16	Tax	Supplemental Payment	Net	Tax Credits	Total
Danbury Hospital	$(35,065,556)	$7,199,518	$(27,866,038)	-	$(27,866,038)
Norwalk Hospital	$(20,153,762)	$6,311,354	$(13,842,408)	-	$(13,842,408)
WCHN Total	$(55,219,318)	$13,510,872	$(41,708,446)	-	$(41,708,446)

LIQUIDITY POSITION

The following tables set forth the liquidity position of the HQ System, the WCHN System and the System (proforma) for their respective year ends as of 2016, 2017, 2018 and the six month period ended March 31, 2019. The six month period ended March 31, 2019 for the HQ system is reported as if HQ System had a fiscal year of September 30. The HQ System's December 31, 2016, 2017 and 2018 and March 31, 2019 financial data was aggregated with the WCHN System's September 30, 2016, 2017 and 2018 and March 3, 2019 financial data to derive the System's liquidity position. The System table shows how the proforma liquidity position as if the two Systems were combined as of the fiscal years ended 2016, 2017 and 2018 and as of March 31, 2019.

The HQ System currently operates on a fiscal year that ends December 31 of each year and the WCHN System operates on a fiscal year that ends September 30 of each year.

In combining the liquidity positions, the HQ System's December 31, 2016, 2017 and 2018 results were aggregated with the WCHN System's September 30, 2016, 2017 and 2018 results, respectively. As of March 31, the liquidity positions for the HQ System and the WCHN System were combined together.

HQ System	As of December 31,			As of March 31, (Unaudited)
(in thousands)	2016	2017	2018	2019
Unrestricted Cash and Investments[(1)]	$362,387	$420,801	$421,330	$434,252
Total Expenses	931,715	1,015,684	1,077,869	551,571
Less: Depreciation and Amortization	51,113	49,178	47,989	25,770
Subtotal	$880,602	$966,506	$1,029,880	$525,801
Average Daily Operating Expenses[(2)]	$2,406	$2,648	$2,822	$2,889
Days Cash on Hand[(3)]	150.6	158.9	149.3	150.3

WCHN System	As of September 30,			As of March 31, (Unaudited)
(in thousands)	2016	2017	2018	2019
Unrestricted Cash and Investments[(1)]	$444,814	$407,430	$387,607	$370,726
Total Expenses	1,152,785	1,176,441	1,222,492	611,859
Less: Depreciation and Amortization	73,667	76,775	75,951	37,573
Subtotal	$1,079,118	$1,099,666	$1,146,541	$574,286
Average Daily Operating Expenses[(2)]	$2,948	$3,013	$3,141	$3,155
Days Cash on Hand[(3)]	150.9	135.2	123.4	117.5

(1) Includes all cash and cash equivalents, investments, and Board designated investments that are not restricted by donors or other third parties.

(2) Annual expenses exclusive of depreciation and amortization divided by number of days in the year (366 days for the year 2016, 365 days for the years 2017 and 2018 and 182 days for the period ended March 31, 2019).

(3) Unrestricted cash and investments divided by average daily operating expenses.

The System (proforma) (in thousands)	As of Fiscal Years Ended (Unaudited) 2016	2017	2018	As of March 31, (Unaudited) 2019
Unrestricted Cash and Investments[(1)]	$807,201	$828,231	$808,937	$804,978
Total Expenses	2,084,500	2,192,125	2,300,361	1,163,430
Less: Depreciation and Amortization	124,780	125,953	123,940	63,343
Subtotal	$1,959,720	$2,066,172	$2,176,421	$1,100,087
Average Daily Operating Expenses[(2)]	$5,354	$5,661	$5,963	$6,044
Days Cash on Hand[(3)]	150.8	146.3	135.7	133.2

(1) Includes all cash and cash equivalents, investments, and Board designated investments that are not restricted by donors or other third parties.

(2) Annual expenses exclusive of depreciation and amortization divided by number of days in the year (366 days for the year 2016, 365 days for the years 2017 and 2018 and 182 days for the period ended March 31, 2019).

(3) Unrestricted cash and investments divided by average daily operating expenses.

INVESTMENT POLICY

The funds of the HQ System, consisting of excess operating, plant replacement and long-term funds, are invested with the goal of achieving long-term capital appreciation rather than a focus on annual investment income for meeting its operating needs. HQ used the Finance Committee of the HQ Board to establish portfolio guidelines, including asset allocation and performance standards and to monitor investment results. HQ engaged SEI investments for active management of the portfolio.

WCHN Investments functions as a partnership whose membership interests are owned by WCHN. WCHN Investments was formed for the purpose of pooling the long-term investments of Danbury Hospital, Norwalk Hospital, DNM Foundation and NH Foundation. The long-term investments of Danbury Hospital, Norwalk Hospital, DNM Foundation and NH Foundation were transferred to WCHN Investments in exchange for a pro rata share of the combined investments and investment returns of WCHN Investments.

The funds of WCHN Investments, consisting of excess operating, plant replacement and long-term funds, are invested with the primary goal to provide opportunity for consistent growth without undue loss and secondarily to build purchasing power. WCHN's Investment Committee of the Board established portfolio guidelines, including asset allocation and performance standards and monitors investment results. WCHN engaged Vantage Consulting Group, Inc. to serve as the independent Investment Advisor to assist in carrying out its investment objectives.

The following tables set forth the long-term targets of the HQ System and the WCHN System investment allocation portfolios, each of which are currently maintained on a separate basis.

HQ System

Asset Class	Minimum	Maximum	Long-Term Target
Domestic Equities	25%	45%	32%
International Equities	10%	35%	29%
Fixed Income	25%	50%	33%
Asset Allocation	0%	15%	6%
Cash	0%	10%	0%

WCHN System

Asset Class	Minimum	Maximum	Long-Term Target
Domestic Equities	20%	45%	33%
International Equities	5%	20%	12%
Emerging Equities	2%	8%	5%
Fixed Income	15%	35%	25%
Alternatives - Liquid	10%	20%	15%
Alternatives - Non Marketable	5%	15%	10%

The following table sets forth the composition of the HQ System investments and Board designated and donor restricted funds as of December 31, 2016, 2017 and 2018.

HQ System (in thousands)	As of December 31, 2016	2017	2018
Cash and cash equivalents	$349	$392	$2,003
Mutual Funds – Equity Securities	145,488	173,731	143,396
Mutual Funds – Bonds	118,046	129,809	142,488
Short term investments	15	4,700	4,140
Total	$263,898	$308,632	$292,027

The following table sets forth the composition of the WCHN System investments and Board designated and donor restricted funds as of September 30, 2016, 2017 and 2018.

WCHN System	As of September 30,		
(in thousands)	2016	2017	2018
Cash and cash equivalents	$ 50,281	$ 41,189	$ 41,834
Common collective funds	111,419	87,305	62,990
Fixed income securities	38	31	14
Mutual funds	242,073	236,380	197,113
Real estate/commodities	903	803	721
Alternative investments	72,741	87,760	102,830
Total	$477,455	$453,468	$405,502

The following table sets forth the proforma composition of the System's investments and Board designated and donor restricted funds. In combining the HQ System with the WCHN System, the HQ System's December 31, 2016, 2017, 2018 composition of investments and Board designated and donor restricted funds were aggregated with the WCHN System's September 30, 2016, 2017, and 2018 composition of investments and Board designated and donor restricted funds.

The System (proforma)	As of fiscal years ended (Unaudited)		
(in thousands)	2016	2017	2018
Cash and cash equivalents	$50,630	$41,581	$43,837
Common collective funds	111,419	87,305	62,990
Fixed income securities	38	31	14
Mutual funds	242,073	236,380	197,113
Mutual Funds – Equity Securities	145,488	173,731	143,396
Mutual Funds – Bonds	118,046	129,809	142,488
Short term investments	15	4,700	4,140
Real estate/commodities	903	803	721
Alternative investments	72,741	87,760	102,830
Total	$741,353	$762,100	$697,529

MAXIMUM ANNUAL DEBT SERVICE COVERAGE

The first two tables below set forth the HQ System's and the WCHN System's income available for debt service for the years ended December 31, 2016, 2017 and 2018 and September 30, 2016, 2017 and 2018, respectively, and their historical coverage of the maximum annual debt service requirement on debt outstanding as of the end of those years. The final table shows the proforma income available for debt service as if the two systems were combined for the fiscal years ended 2016, 2017 and 2018 and what the pro forma maximum annual debt service coverage could have looked for the System for those years assuming that the Bonds had been outstanding in such year in an aggregate principal amount of $440,020,000. In combining funds available for debt service, the HQ System's December 31, 2016, 2017 and 2018 results were aggregated with the WCHN System's September 30, 2016, 2017 and 2018 results, respectively.

HQ System	As of December 31,		
(in thousands)	2016	2017	2018
Excess of revenue over expenses	$81,386	$113,146	$61,742
Unrealized (Gains)/Losses	22,075	(27,277)	40,699
Depreciation	51,113	49,178	47,989
Interest	9,313	8,293	7,842
Funds available for debt service	$163,887	$143,340	$158,272
Historical maximum annual debt service[(1)]	$40,785	$40,222	$38,419
Historical maximum annual debt service coverage ratio	4.0x	3.6x	4.1x

WCHN System	As of September 30,		
(in thousands)	2016	2017	2018
Excess (deficiency) of revenue over expenses	$61,109	$47,620	($14,633)
Unrealized (Gains)/Losses	(22,783)	(17,211)	28,364
Depreciation	73,667	76,775	75,951
Interest	9,442	9,229	10,237
Funds available for debt service	$121,435	$116,413	$99,919
Historical maximum annual debt service[(2)]	$21,343	$21,488	$22,104
Historical maximum annual debt service coverage ratio	5.7x	5.4x	4.5x

The System (in thousands)	Fiscal Year 2016	2017	2018
Excess of revenue over expenses	$142,495	$160,766	$47,109
Unrealized (Gains)/Losses	(708)	(44,488)	69,063
Depreciation	124,780	125,953	123,940
Interest	18,755	17,522	18,079
Funds available for debt service	$285,322	$259,753	$258,191
Pro forma maximum annual debt service[3]	$54,907	$54,907	$54,907
Pro forma maximum annual debt service coverage ratio	5.20x	4.73x	4.70x

(1) Fiscal years ended December 31, 2016, 2017 and 2018, includes debt service on the Series 2005 Bonds, the Series 2007A Bonds, the Series 2007C Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2012 Bonds, the Series 2014A Bonds, the Series 2014B Bonds, the Series 2016A Bonds, and the Series 2016B Bonds.

(2) Fiscal year ended September 30, 2016, includes debt service on the Series G Bonds, the Series H Bonds, the Series I Bonds, the Series J Bonds, the Series M Bonds, the Series N Bonds, and the Series O Bonds. Fiscal years ended September 30, 2017 and 2018, includes debt service on the Series G Bonds, the Series H Bonds, the Series I Bonds, the Series J Bonds, the Series M Bonds, the Series N Bonds, the Series O Bonds and the Series P Bonds. For fiscal years ended September 2016, 2017, and 2018, the interest rate on the Series J Bonds is assumed to be the rate paid on a related interest rate swap. For fiscal years ended September 2016, 2017, and 2018, the Series O Bonds interest rate is assumed at its actual rate as of each fiscal year end date.

(3) Includes debt service on the Series 2010B Bonds, the Series 2012 Bonds, the Series 2014B Bonds, the Series 2016A, the Series 2016B Bonds and the Series 2019 Bonds. The pro forma maximum annual debt service takes into account the issuance of the Series 2019 Bonds.

CAPITALIZATION

The following tables sets forth the HQ System's and the WCHN System's capitalization as of December 31, 2018 and September 30, 2018, respectively and as adjusted to include the issuance of the Series 2019 Bonds, including the refunding of the Series 2005 Bonds, the Series 2007 Bonds, the Series 2010A Bonds, the Series 2014A Bond and all of the WCHN System's outstanding bonds, all as shown below.

HQ System
(in thousands)

	December 31, 2018
Series 2016 Bonds	$428,420
Series 2014A Bonds	33,146
Series 2014B Bonds	16,256
Series 2012 Bonds	14,679
Series 2010A Bonds	23,941
Series 2010B Bonds	5,198
Series 2007 Bonds	10,632
Series 2005 Bonds	13,656
Other Long Term Debt	6,463
Total Long Term Debt	552,391
Less: Current Portion	(17,577)
Net Long Term Debt	534,814
Total Net assets without donor restrictions[1]	712,574
Total Capitalization	$1,247,388
Net Long Term Debt as a Percentage of Total Capitalization	42.88%

WCHN System
(in thousands)

	September 30, 2018
Series G Bonds	$16,080
Series H Bonds	3,460
Series I Bonds	4,052
Series J Bonds	73,455
Series M Bonds	46,030
Series N Bonds	32,155
Series O Bonds	122,120
Series P Bonds	40,390
Total Long Term Debt	337,742
Less: Current Portion	(8,180)
Net Long Term Debt	329,562
Total Unrestricted Net Assets	770,108
Total Capitalization	$1,099,670
Net Long Term Debt as a Percentage of Total Capitalization	29.97%

The System
(in thousands)

	Pro Forma
Series 2019 Bonds	$504,629
Series 2016 Bonds	428,420
Series 2014B Bonds	16,256
Series 2012 Bonds	14,679
Series 2010B Bonds	5,198
Other Long-Term Debt	6,463
Total Long Term Debt	975,645
Less: Current Portion	(14,437)
Net Long Term Debt	961,208
Total Unrestricted Net Assets[(1)]	1,482,682
Total Capitalization	$2,443,890
Net Long Term Debt as a Percentage of Total Capitalization	39.33%

[(1)] HQ System adopted (ASU) 2016-14, *Not-for-profit Financial Statement Presentation,* on January 1, 2018 and applied its provisions retrospectively to prior periods as presented. As a result, amounts reported in the FINANCIAL INFORMATION section as net assets without donor restriction are equivalent to unrestricted net assets. For comparison ease, language was kept consistent with WCHN reporting.

EMPLOYEES

As of December 31, 2018, the HQ System employed 4,878 FTEs. Non-union employees who work 36 hours per week receive full-time benefits that include health insurance covering hospitalization, major medical expenses, prescription drugs and dental care, life insurance, a tuition reimbursement program, and a defined benefit pension plan for certain employees of Vassar Brothers and Putnam Hospital and a defined contribution plan for other employees. Employees may also participate in a voluntary tax-deferred annuity program.

The HQ System has collective bargaining agreements with The New York State Nurses Association ("NYSNA") that represents approximately 814 registered nurses employed at Vassar Brothers pursuant to a contract that expired on April 30, 2019 and 264 registered nurses employed at Putnam Hospital pursuant to a contract that expires on December 31, 2022 and with Local 1199, National Health and Human Service Employees Union, which represents approximately 473 employees at Putnam Hospital pursuant to a contract that expires September 30, 2021, approximately 1,071 employees at Vassar Brothers pursuant to a contract that expires September 30, 2021, and approximately 67 lab employees at HQ pursuant to a contract that expires December 31, 2021 HQ is currently in active negotiations to renew the NYSNA contract.

As of September 30, 2018, the WCHN System employed 5,390 FTEs. Non-union employees who work 36 hours per week receive full-time benefits that include health insurance covering hospitalization, major medical expenses, prescription drugs and dental care, life insurance, a tuition reimbursement program, and a defined contribution plan.

The WCHN System has collective bargaining agreements with the American Federation of Teachers ("AFT") that represents approximately 622 registered nurses employed at Danbury Hospital pursuant to a contract that expires March 31, 2020; with Connecticut Health Care Associates ("CHCA"), which represents approximately 351 registered nurses at Norwalk Hospital pursuant to a contract that expires September 30, 2021; with the AFT representing approximately 77 registered nurses at New Milford Hospital pursuant to a contract that expires September 30, 2020; with CHCA representing approximately 863 service employees at Danbury and New Milford Hospitals pursuant to a contract that expires March 1, 2021; with CHCA representing approximately 529 service employees at Norwalk Hospital pursuant to a contract that expires May 1, 2022; with CHCA representing approximately 24 skilled maintenance employees at Norwalk Hospital pursuant to a contract that expires April 1, 2022; and with the AFT representing approximately 276 technical employees at Danbury and New Milford Hospitals pursuant to a contract that expires December 31, 2021.

NURSING

As of December 31, 2018, the HQ System employed 1,130 FTEs on its nursing staff, including registered nurses, licensed practical nurses, nurse supervisors, nurse practitioners, nurse's aides and technicians. Of the nursing staff, 892 FTEs were registered nurses at December 31, 2018. As of March 31, 2019, the turnover rate for registered nurses was approximately 3.4% at Vassar Brothers, 2.7% at Putnam Hospital, 2.8% at Northern Dutchess and 5.8% at Sharon Hospital and the nursing staff vacancy rate was 9.3% at Vassar Brothers, 2.4% at Putnam Hospital, 3.6% at Northern Dutchess and 10.5% at Sharon Hospital.

As of September 30, 2018, the WCHN System employed 1,308 FTEs on its nursing staff, including registered nurses, licensed practical nurses, nurse supervisors, nurse practitioners, nurse's aides and technicians. Of the nursing staff, 1,058 FTEs were registered nurses at September 30, 2018. As of March 31, 2019, the turnover rate for registered nurses was 10.5% at Danbury Hospital and 13.9% at Norwalk Hospital. The nursing staff vacancy rate was 4% at Danbury Hospital and 6% at Norwalk Hospital.

PENSION PLANS

Vassar Brothers maintains a noncontributory defined benefit plan (the "Vassar Brothers Plan") covering employees of Vassar Brothers who are part of the collective bargaining unit with NYSNA who have completed 5 years of service and attained 21 years of age. Contributions to the Vassar Brothers Plan are based on actuarial valuations. Benefits under the Vassar Brothers Plan are based on years of service and compensation. Vassar Brothers' policy is to contribute amounts sufficient to meet funding requirements under the Employee Retirement Income Security Act of 1974. As of December 31, 2018, Vassar Brothers' pension was funded at 59.23%.

Putnam Hospital maintains a noncontributory defined benefit plan (the "Putnam Plan") covering substantially all employees who have completed 5 years of service and attained 21 years of age. The Putnam Plan provides benefits based on the participants' year of service and compensation. Putnam Hospital's policy is to fund

amounts intended to provide for benefits attributed to service to date and those expected to be earned in the future. Effective December 31, 2007, the Putnam Plan was frozen. As of December 31, 2018, Putnam Hospital's pension was funded at 75.49%.

For all other non-union employees, the HQ System maintains a defined contribution plan covering all full-time employees who have completed two years of service. The HQ System's pension contribution is up to 6% of eligible payroll.

The WCHN System maintains a noncontributory defined benefit plan (the "Western Connecticut Health Network Pension Plan") which is frozen and covers certain eligible active employees (both union and non-union) who are vested, terminated employees who are vested and have a right to future benefits, and retirees currently receiving benefits. Benefits under the Western Connecticut Health Network Pension Plan are based on years of service and compensation. Contributions to the Western Connecticut Health Network Pension Plan are based on actuarial valuations. Western Connecticut Health Network's policy is to contribute amounts sufficient to meet funding requirements under the Employee Retirement Income Security Act of 1974. As of September 30, 2018, the Western Connecticut Health Network Pension Plan was funded at 99.15%.

For all active Norwalk Hospital nurses covered under the current CHCA CBA, the WCHN System maintains a defined contribution plan (the "Norwalk Hospital ESP 401(k) Plan"). The WCHN System makes a 2% Core contribution to all eligible employees, and Matching Contributions up to 3% of eligible pay, on an annual basis.

For all other the WCHN System employees, the WCHN System maintains a defined contribution plan (the "Western Connecticut Health Network 401(k) Plan"). WCHN makes a 2-5% Core contribution to all eligible employees, and Matching Contributions up to 5% of eligible pay, on an annual basis.

The WCHN System maintains two frozen defined contribution plans (the "Western Connecticut Health Network 403(b), and Norwalk Hospital RSVP 403(b) Plans"). There are no employee or employer contributions made to these Plans.

The System pension plans funding levels, as of each respective fiscal year end, upon aggregation, is 92.39%

LICENSE AND ACCREDITATION

All HQ Hospitals (with HQ also listed as an operator) have received operating certificates from the New York State Department of Health and are accredited by The Joint Commission for a three-year period, expiring in July 2022 for Putnam Hospital, April 2020 for Northern Dutchess, November 2020 for Sharon Hospital and in November 2020 for Vassar Brothers.

All WCHN Hospitals have received licenses from the Connecticut State Department of Public Health and are accredited by The Joint Commission for a three-year period, expiring in November 2019 for Danbury Hospital and August 2019 for Norwalk Hospital. The Joint Commission was onsite at Norwalk Hospital in June and July of 2019 for accreditation renewal. All requirements have been met to date. The final due date for the plan of corrections is September 17, 2019.

INSURANCE

The System maintains comprehensive all risk property insurance, general liability and hospital professional liability coverage. The property insurance is purchased from a commercial carrier and is subject to a $50,000 deductible with various limits. The professional and general liability coverage is self-insured through a wholly owned subsidiary captive, Nuvance Insurance Company, Ltd. on a claims-made basis for professional liability and on an occurrence basis for general liability. The primary professional liability and general liability coverage

provided by Nuvance Insurance Company, Ltd. provides for $6,000,000 each claim with a $38,000,000 aggregate limit for professional liability and $1,000,000 each claim and a $4,500,000 aggregate limit for general liability. Excess coverage is purchased by Nuvance Insurance Company, Ltd. with total limits of $50,000,000 each claim/$50,000,000 aggregate for professional and general liability including employee benefits liability. Nuvance Insurance Company, Ltd. purchases commercial reinsurance for 100% of the $50,000,000/$50,000,000 excess coverage that is provided to the System. The captive program is funded substantially in accordance with actuarial funding recommendations.

All medical staff members with admitting privileges are required to maintain professional liability insurance coverage from companies approved by the System. Hospitals in the amounts of $1,300,000 per occurrence and $3,900,000 in the aggregate (New York) and $1,000,000 per occurrence and $3,000,000 in the aggregate (Connecticut).

LITIGATION

The System is involved in litigation arising in the course of its business. While the outcome of these suits cannot be determined at this time, management, based on the advice from legal counsel, currently believes, except as described below that any loss which may arise from these actions will not have a material adverse effect on the System's financial position or results of operations. The liabilities, if accrued, might be subject to change in the future based on new developments, or changes in circumstances, which could have a material impact on the System's results of operations, financial position, and cash flows.

2018 FEDERAL SETTLEMENT AND CORPORATE INTEGRITY AGREEMENT

On June 29, 2018, HQ, HQMP, Health Quest Urgent Medical Care Practice, P.C. (collectively, the "HQ Entities"), and Putnam Hospital entered into a Settlement Agreement ("Settlement Agreement") with the United States Department of Justice, various other federal agencies, and certain former employee whistleblowers. Pursuant to the Settlement Agreement, the HQ Entities and Putnam Hospital agreed to pay approximately $14.7 million to the federal government and $895,000 to the State of New York Medicaid program to resolve three lawsuits brought by former employees under the qui tam, or whistleblower, provisions of the federal False Claims Act. The Settlement Agreement amounts have been paid in full. In connection with the Settlement Agreement, the HQ Entities and Health Quest Home Health Care, Inc. (collectively, "Health Quest") also entered into a 5-year Corporate Integrity Agreement dated June 29, 2018 ("CIA") with the Office of the Inspector General of the United States Department of Health and Human Services. In order to promote compliance with the statutes, regulations, and written directives of Medicare, Medicaid and the other Federal health care programs, Health Quest agreed to various compliance obligations under the CIA, including (1) appointing a compliance officer and compliance committee, (2) implementing written compliance policies and procedures and providing compliance training and education with respect to CIA requirements, the compliance program, and applicable Federal health care program requirements, and (3) engaging an "independent review organization" to perform claims reviews. Failure to comply with CIA obligations can lead to the monetary penalties, and in the event of an uncured material breach, exclusion from the Federal health care programs. Health Quest is in material compliance with all CIA obligations to date. See "REGULATION OF THE HEALTH CARE INDUSTRY – False Claims Act" in the forepart of this Official Statement for more information regarding the False Claims Act.

STARK LAW SELF-REFERRAL DISCLOSURE PROTOCOL

The CMS Stark Law Self-Referral Disclosure Protocol ("SRDP") established by the Affordable Care Act sets forth a voluntary process that enables health care providers to self-disclose actual or potential violations of the Stark Law. The SRDP is intended to facilitate the resolution of matters that, in the disclosing party's reasonable assessment, are actual or potential violations of the Stark Law. Providers are incentivized to use the SRDP process to resolve compliance issues as the Affordable Care Act grants CMS the authority to reduce any overpayment amounts due and owning for the self-disclosed Stark Law violations. In addition, once CMS receives an electronic SRDP submission, the provider's obligation to return any potential overpayment within 60 days is suspended until a

settlement is reached. CMS is not obligated to reduce any amounts due and owing and SRDP submission does not waive or limit the ability of the government to prosecute violations or impose civil monetary penalties.

Members of the Obligated Group have SRDP submissions pending with CMS which were made in 2014, 2017 and 2018 ("Pending SRDP Submissions"). These self-disclosures deal with potential noncompliance with the applicable office space rental and personal services arrangements exceptions of the Stark Law for which the Obligated Group Members have instituted remedial measures. The Obligated Group may supplement or amend the Pending SRDP Submissions or make additional self-disclosures through the SRDP from time to time as is deemed necessary. The amount and timing of any monetary settlements resulting from the Pending SRDP Submissions cannot be predicted, but could be in an amount (individually or cumulatively) which would materially adversely affect the business or financial condition of the Obligated Group. See "REGULATION OF THE HEALTH CARE INDUSTRY - Medicare/Medicaid Anti-Referral Laws" in the forepart of this Official Statement for more information regarding the Stark Law and SRDP.

CYBER ATTACK

In April 2019 potential outsiders gained access to over 300,000 emails of the System with attachments that may have included patient information. On May 31, 2019, the System notified approximately 28,000 individuals whose protected health information was contained in two documents that may have been subject to unauthorized access as a result of this incident. Notice was also provided to the United States Department of Health and Human Services Office for Civil Rights ("OCR"), the Illinois Attorney General, and the Montana Attorney General. The OCR contacted HQ regarding the incident and asked for additional information, but has not issued a formal data request. To date, there have been no significant expressions of concern or litigation from patients or investigations from federal or state regulators. The System anticipates providing notification of this incident to additional individuals once the manual review of 282,000 emails and attachments that may have been subject to unauthorized access has been completed. Any damage resulting from this cyber attack cannot be predicted, but could be in an amount which would materially adversely affect the business or financial condition of the Obligated Group. See "BONDHOLDERS' RISKS – Cyber Attacks" in the forepart of this Official Statement.

Appendix B-1

AUDITED FINANCIAL STATEMENTS OF HEALTH QUEST SYSTEMS, INC. AND SUBSIDIARIES

[THIS PAGE INTENTIONALLY LEFT BLANK]

Health Quest Systems, Inc. and Subsidiaries

Consolidated Financial Report
December 31, 2018

Contents

RSM US LLP

Independent Auditor's Report

To the Audit Committee of Nuvance Health Board of Directors
Health Quest Systems, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Health Quest Systems, Inc. and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Quest Systems, Inc. and Subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies 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 consolidating 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.

RSM US LLP

New York, New York
April 30, 2019

Health Quest Systems, Inc. and Subsidiaries

Consolidated Balance Sheets
December 31, 2018 and 2017
(in thousands)

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	**$ 129,303**	$ 112,169
Restricted cash	**80**	708
Investments	**281,588**	297,597
Assets whose use is limited, required for current liabilities:		
Externally restricted	**1,772**	1,881
Patient accounts receivable	**180,388**	167,003
Supplies and prepaid expenses	**37,051**	34,657
Other current assets	**18,922**	9,141
Amounts due from third-party payors	**2,993**	2,927
Total current assets	**652,097**	626,083
Assets whose use is limited, net of current portion:		
Externally restricted	**145,606**	305,163
Investments held by captive	**45,155**	34,269
Long-term investments	**10,439**	11,035
Property, plant and equipment, net	**740,257**	553,486
Goodwill and intangible assets, net	**40,345**	40,695
Other assets	**26,458**	26,212
Total assets	**$ 1,660,357**	$ 1,596,943
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	**$ 17,577**	$ 18,809
Accounts payable and accrued expenses	**172,333**	151,439
Current amounts due to third-party payors and other liabilities	**19,411**	11,868
Captive insurance loss reserve payable	**9,786**	8,954
Total current liabilities	**219,107**	191,070
Long-term debt, net of current portion	**528,850**	546,381
Post-retirement benefit obligations	**80,219**	88,486
Amounts due to third-party payors and other liabilities	**88,321**	106,403
Total liabilities	**916,497**	932,340
Net assets:		
Without donor restrictions	**712,574**	637,536
With donor restrictions	**31,286**	27,067
Total net assets	**743,860**	664,603
Total liabilities and net assets	**$ 1,660,357**	$ 1,596,943

See notes to consolidated financial statements.

Health Quest Systems, Inc. and Subsidiaries

Consolidated Statements of Operations
Years Ended December 31, 2018 and 2017
(in thousands)

	2018	2017
Operating revenue:		
Net patient service revenue	**$ 1,115,092**	$ 1,079,786
Provision for bad debts	**-**	(30,563)
Patient service revenue	**1,115,092**	1,049,223
Other revenue	**41,703**	34,313
Net assets released from restrictions used for operations	**628**	409
Total operating revenue	**1,157,423**	1,083,945
Operating expenses:		
Salaries and fees	**526,596**	492,428
Employee benefits	**151,967**	139,456
Supplies	**185,771**	162,655
Other	**157,704**	163,674
Interest	**7,842**	8,293
Depreciation and amortization	**47,989**	49,178
Total operating expenses	**1,077,869**	1,015,684
Operating income	**79,554**	68,261
Investment (loss) income	**(17,822)**	44,797
Gain on sale of property, plant and equipment	**10**	88
Excess of revenue over expenses	**61,742**	113,146
Pension related changes other than net periodic pension cost	**10,722**	(11,157)
Grant revenue for capital expenditures	**192**	3,064
Net assets released from restrictions for capital expenditures	**2,382**	1,505
Excess of fair value of net assets acquired over consideration paid in acquisition of Sharon Hospital	**-**	26,610
Increase in net assets without donor restrictions	**$ 75,038**	$ 133,168

See notes to consolidated financial statements.

Health Quest Systems, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2018 and 2017
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Balance, January 1, 2017	$ 504,368	$ 26,239	$ 530,607
Excess of revenue over expenses	113,146	-	113,146
Pension related changes other than net periodic pension cost	(11,157)	-	(11,157)
Contributions	-	3,656	3,656
Grant revenue for capital expenditures	3,064	159	3,223
Net assets released from restrictions used for operations and capital expenditures	1,505	(2,987)	(1,482)
Excess of fair value of net assets acquired over consideration paid in acquisition of Sharon Hospital	26,610	-	26,610
Balance, December 31, 2017	637,536	27,067	664,603
Excess of revenue over expenses	61,742	-	61,742
Pension related changes other than net periodic pension cost	10,722	-	10,722
Contributions	-	7,199	7,199
Grant revenue for capital expenditures	192	167	359
Net assets released from restrictions used for operations and capital expenditures	2,382	(3,147)	(765)
Balance, December 31, 2018	**$ 712,574**	**$ 31,286**	**$ 743,860**

See notes to consolidated financial statements.

Health Quest Systems, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017
(in thousands)

	2018	2017
Cash flows from operating activities:		
Increase in net assets	**$ 79,257**	$ 133,996
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**47,989**	49,178
Provision for bad debts	**-**	30,563
Restricted contributions for capital	**(7,199)**	(3,653)
Pension related changes other than net periodic pension cost	**(10,722)**	11,157
Change in realized and unrealized gain on investments	**38,787**	(28,499)
Excess of fair value of net assets acquired over consideration paid in acquisition of Sharon Hospital	**-**	(26,610)
Changes in operating assets and liabilities:		
Patient accounts receivable	**(13,385)**	(81,895)
Supplies and prepaid expenses	**(2,394)**	(2,507)
Other current assets	**(9,153)**	(1,375)
Other assets	**(723)**	2,664
Accounts payable and accrued expenses	**(1,774)**	15,767
Amounts due to third-party payors and other liabilities	**(10,605)**	(4,910)
Post-retirement benefit obligations	**2,455**	(2,186)
Captive insurance loss reserve payable	**832**	424
Net cash provided by operating activities	**113,365**	92,114
Cash flows from investing activities:		
Acquisitions of property, plant and equipment	**(211,265)**	(126,409)
Purchases of investments and assets whose use is limited	**(342,250)**	(916,782)
Sales of investments and assets whose use is limited	**468,848**	985,274
Cash paid for acquisition of Sharon Hospital	**-**	(5,000)
Net cash used in investing activities	**(84,667)**	(62,917)
Cash flows from financing activities:		
Repayments of long-term debt	**(18,763)**	(19,170)
Restricted contributions for capital	**7,199**	3,653
Net cash used in by financing activities	**(11,564)**	(15,517)
Net increase in cash and cash equivalents	**17,134**	13,680
Cash and cash equivalents:		
Beginning of year	**112,169**	98,489
End of year	**$ 129,303**	$ 112,169

(Continued)

Health Quest Systems, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2018 and 2017
(in thousands)

	2018	2017
Schedule of noncash investing and financing activities:		
Cash paid for interest, net of amounts capitalized	**$ 23,466**	$ 23,622
Acquisitions of property, plant and equipment within accounts payable	**$ 38,043**	$ 15,375
Acquisitions of property, plant and equipment from purchase of Sharon Hospital	**$ -**	$ 21,356
Intangible assets acquired in excess of cash paid for purchase of Sharon Hospital	**$ -**	$ 5,254

See notes to consolidated financial statements.

Note 1. Organization

Health Quest Systems, Inc. (the Company or Health Quest) is a not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

A summary of subsidiaries, in which the Company is the sole member, is as follows:

Vassar Brothers Medical Center (VBMC) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. VBMC provides general acute care with a full range of inpatient and outpatient services for residents of the Mid-Hudson Valley.

The Foundation for Vassar Brothers Medical Center (the Foundation for VBMC) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation for VBMC's principal activity is the solicitation, receipt, holding, investment and administration of contributions on behalf of VBMC and other Section 501(c)(3) entities affiliated with VBMC.

Putnam Hospital Center (PHC) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. PHC provides general acute care with a full range of inpatient and outpatient services for residents of the Mid-Hudson Valley.

Putnam Hospital Center Foundation, Inc. (PHC Foundation) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation's principal activity is the solicitation, receipt, holding, investment, and administration of contributions on behalf of PHC. The Foundation actively solicits contributions from the public through direct mailings, fund-raising programs and other activities.

Northern Dutchess Hospital (NDH) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. NDH provides general acute care with a full range of inpatient and outpatient services for residents of the Mid-Hudson Valley.

NDH Foundation (NDH Foundation) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. NDH Foundation's principal activity is the solicitation, receipt, holding, investment and administration of contributions on behalf of NDH, Northern Dutchess Residential Health Care Facility, Inc. and other community organizations. NDH Foundation actively solicits contributions from the public through direct mailings, fund-raising programs and other activities.

Vassar Health Connecticut, Inc. d.b.a. Sharon Hospital (SH) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. SH provides general acute care with a range of inpatient and outpatient services for residents in the northwest Connecticut community.

VBH Insurance Co. Ltd. (the VBH Insurance) is a captive insurer incorporated under the laws of the Cayman Islands. The captive insurer, licensed under the Exempt Insurance Act, Cap. 308A of the laws of the Cayman Islands, provides various levels of medical malpractice insurance for VBMC, PHC, NDH, SH, Health Quest Medical Practice, Health Quest Urgent Care Practice and Hudson Valley Cardiovascular Practice, PC.

Note 1. Organization (Continued)

Northern Dutchess Residential Health Care Facility, Inc. (the Nursing Home) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Nursing Home operates and maintains a residential healthcare facility for the care and treatment of persons who require medical care and related services.

Riverside Diversified Services, Inc. (RDSI) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. RDSI is currently dormant.

Health Quest Medical Practice, P.C. (HQMP) is a not-for-profit corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. HQMP is the beneficial owner of various physician practices that provide a full range of hospital-based and outpatient services for residents of the Mid-Hudson Valley and in the northwest Connecticut community.

Health Quest Urgent Medical Care Practice, P.C. (HQUMCP) is a not-for-profit corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. HQUMCP is the beneficial owner of two urgent care centers that provide walk-in urgent care services for the residents of the Mid-Hudson Valley. These physician practices were transferred into HQMP in April 2018.

Hudson Valley Cardiovascular Practice, P.C. (HVCP) is a not-for-profit corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. HVCP provides invasive and noninvasive cardiovascular, diagnostic and therapeutic services and is located throughout the Mid-Hudson Valley and northwest Connecticut community.

Health Quest Medical Practice of Connecticut, P.C. (SHMP) is pending not-for-profit corporation status for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. SHMP is the beneficial owner of various physician practices that provide a range of hospital and outpatient services for residents in the northwest Connecticut community.

Health Quest Home Care, Inc. (Licensed) and Health Quest Home Care, Inc. (Certified) (together, HQHC) are not-for-profit corporations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. HQHC was formed to operate a home health care services business, serving residents of the Mid-Hudson Valley.

Wells Manor Housing Development Fund Corporation (Wells Manor) is a private foundation incorporated as a 501(c)(3) organization and is exempt from federal income taxes under Section 509(a) of the Internal Revenue Code. Wells Manor operates an apartment complex of 75 units under Section 202 of the National Housing Act of 1959 and Section 8 of the National Housing Act of 1937, regulated by the U.S. Department of Housing and Urban Development.

Alamo Ambulance Service, Inc. (Alamo) is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Alamo's assets were sold in September 2009, however, it has maintained its license to provide transport and emergency medical services to sick, disabled, or injured persons, generally within Dutchess, Orange, Ulster and Putnam Counties, New York.

Obligated Group: During 2007, the Company formed the Health Quest Systems, Inc. Obligated Group (Obligated Group), which consists of Health Quest, VBMC, PHC and NDH.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. The Obligated Group is responsible for the collective liabilities of one another. The consolidation of all other entities is not necessarily indicative of the legal extent of assets available to settle the liabilities of the other consolidating individual entities.

Use of estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of patient revenues and expenses during the reported period. The most significant estimates relate to patient accounts receivable allowances, amounts due from or due to third-party payors, self-insurance reserves and assumptions related to post-retirement benefit obligations. Actual results may differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents include investments in highly liquid financial instruments with original maturities of three months or less from the date of acquisition, excluding amounts whose use is limited and amounts are held for reinvestment.

Restricted cash: In October 2005, PHC terminated its agreement with DaVita, Inc. for renal dialysis services. As part of the termination agreement, PHC agreed to set aside all cash received for renal dialysis services provided prior to the termination of the agreement into a separate cash account, to be used to pay any costs associated with the program. These funds were released from restriction during 2018. The nursing home and Wells Manor holds cash on behalf of its residents, which is separately segregated for their use.

Inventories: The Company values its inventories, included in supplies and prepaid expenses, at current cost.

Investments: The Company has determined that all investments reported in the consolidated balance sheets are considered trading securities. Investments in equity securities with readily determinable fair values and investments in debt securities are measured at fair value in the consolidated balance sheets. Fair value is determined based on the closing price on the primary market or quotes of similar securities. Investments in equity and bond mutual funds are measured at fair value based on the net asset value per share at year-end. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law.

Long-term investments: Long-term investments include donor-restricted endowment gifts, other restricted funds and accumulated investment income on those funds.

Assets whose use is limited: Assets whose use is limited includes externally controlled funds under bond indenture agreements and investments held by the Company’s insurance captive. Amounts required to meet current liabilities of the Company have been classified as current assets in the consolidated balance sheets at December 31, 2018 and 2017.

(Amounts in Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Property, plant and equipment: Property, plant and equipment are carried at cost and those acquired by gifts and bequests are carried at appraised or fair market value established at date of contribution. Depreciation is provided on the straight-line method over the estimated useful lives of the assets:

Land improvements	20 years
Building and building improvements	40 years
Major movable and other equipment	3-15 years

Equipment under capital leases is recorded at present value at the inception of the leases and is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. The amortization of assets recorded under capital leases is included in depreciation and amortization expense in the accompanying consolidated statements of operations. When assets are retired or otherwise disposed of, the cost and the related depreciation are reversed from the accounts, and any gain or loss is reflected in current operations. Repairs and maintenance expenditures are expensed as incurred.

Asset retirement obligations: The Company accounts for asset retirement obligations, including asbestos related removal costs, in accordance with authoritative guidance. The Company accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the Company will recognize a gain or loss for any difference between the settlement amount and liability recorded. As of December 31, 2018 and 2017, $9,397 and $9,110, respectively, of conditional asset retirement obligations are included within amounts due to third-party payors and other liabilities in the consolidated balance sheets.

Capitalized interest: Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. These costs are amortized over the life of the related capital assets constructed.

Deferred financing costs: Deferred financing costs of $5,964 and $6,441 at December 31, 2018 and 2017, respectively (included within liabilities in the consolidated balance sheets), represent costs incurred to obtain financing for construction and renovation projects at VBMC, PHC and NDH. These costs are amortized over the life of the related debt. Amortization expense was $477 and $497 for the years ended December 31, 2018 and 2017, respectively.

Net assets with donor restrictions: Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported within net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

Net assets without donor restrictions: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. These net assets are available for use in general operations and not subject to donor restrictions or have already accomplished the donor stipulations.

Note 2. Summary of Significant Accounting Policies (Continued)

Income taxes: The Internal Revenue Service has determined that the Company and certain affiliated entities are tax-exempt organizations, as defined in Section 501(c)(3) of the Internal Revenue Code. Certain subsidiaries of the Company are taxable entities, the tax expense and liabilities of which are not material to the consolidated financial statements.

The Company and its tax-exempt affiliated entities each file a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to health systems include such matters as the tax-exempt status of each entity, the continued tax-exempt status of bonds, the nature, characterization and taxability of joint venture income, and various positions relating to potential sources of unrelated business taxable income (reported on Form 990T). As of December 31, 2018 and 2017, there are no unrecognized tax benefits resulting from uncertain tax positions.

Forms 990 and 990T filed by the Company and its tax-exempt affiliated entities are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 and 990T filed by the Company and its tax-exempt affiliated entities are no longer subject to examination for the year 2015 and prior.

Charity care: Effective January 1, 2007, the New York State Public Health Law required all hospitals to implement financial aid policies and procedures. The law also requires hospitals to develop a summary of their financial aid policies and procedures that must be made publicly available. All standards set forth in the law are minimum standards.

The Company provides a significant amount of partially or totally uncompensated patient care to patients who are unable to compensate the Company for their treatment either through third-party coverage or their own resources. Patients who meet certain criteria under the Company's charity care policy are provided care without charge or at amounts less than established rates. Because charity care amounts are not expected to be paid, they are not reported as revenue.

Performance indicator: The consolidated statements of operations include excess of revenue over expenses, which is the performance indicator. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses include pension related changes other than net periodic pension cost, net assets released from restriction for capital expenditures, contributions of long-lived assets and contributions from the acquisition of Sharon Hospital.

The Company differentiates its operating activities through the use of operating income as an intermediate measure of operations. For the purposes of display, investment income and other transactions, which management does not consider to be components of the Company's operating activities, are excluded from operating income and reported as non-operating revenue in the consolidated statements of operations.

(Amounts in Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Acquisitions: On October 16, 2015, VBMC entered into an asset purchase agreement with DRA Imaging, P.C., to purchase the technical side of their business, in order to enhance the Radiology Department within VBMC. The total purchase price for the acquisition was $31,000 payable to DRA Imaging, P.C. over five years. The first installment of $6,500 was paid at the closing date of the transaction. As of December 31, 2018 and 2017, the remaining note payable balance was $5,000 and $11,500, respectively. The fair value of the assets acquired was property, plant and equipment for $4,000 and inventory for $50. The remainder of the consideration paid was allocated to goodwill as there were no other intangible assets identified. The goodwill arising from the acquisition consists largely of the synergies from including the technical side of radiology within VBMC.

On August 1, 2017, Health Quest Systems, Inc. purchased SH from Tennessee-based RCCH Healthcare Partners. The total purchase price was $5,000, paid at closing. As SH was a financially distressed hospital, a contribution (gain on bargain purchase) of $26,610 was recorded for the excess of fair value of net assets acquired over consideration paid.

The table below summarizes the estimated fair value of the SH net assets acquired:

Assets acquired:		
Cash	$	2
Prepaid expenses		226
Inventory		1,370
Trade name		2,800
Goodwill		7,454
Land		940
Land improvements		361
Hospital building		15,478
Movable equipment		3,906
Construction in progress		671
Total assets acquired		33,208
Liabilities assumed:		
Accrued expenses		1,598
Net assets acquired	$	31,610

Goodwill and intangible assets, net: Intangible assets with indefinite useful lives, including goodwill, are not amortized, but are tested for impairment at least annually and more frequently if events or changes in circumstances indicate that an asset may be impaired. If fair value is less than carrying value, an impairment loss is recorded in the consolidated statements of operations. Management tested goodwill for impairment and concluded that no impairment existed as of December 31, 2018 and 2017. In August 2017, the Company acquired SH and goodwill of $7,454 and intangible assets of $2,800 were recorded.

Note 2. Summary of Significant Accounting Policies (Continued)

Recently adopted accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company has selected the modified retrospective method of transition effective January 1, 2018. As a result, at the adoption of the ASU 2014-09, the majority of what was previously reported as the provision for bad debts is now reflected as an implicit price concession (as defined in ASU 2014-09) and, therefore, is included as a reduction to patient service revenue in the consolidated statements of operations. For the periods prior to the adoption of ASU 2014-09, the provision for bad debts has been presented consistent with the previous revenue recognition standards that required it to be presented as a separate component of patient service revenue. The adoption of ASU 2014-09 did not have a material impact on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958)*: *Presentation of Financial Statements for Not-for-Profit Entitie*s, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions and expands disclosure about the nature and amount of any donor restrictions. ASU 2016-14 was adopted by the Company for the year ended December 31, 2018, and applied retrospectively, except as permitted by the ASU for the disclosure of expenses by both natural and functional classification.

New accounting pronouncements: In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10)*: *Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance supersedes the guidance to classify equity securities with readily determinable fair values into different categories, and requires equity securities to be measured at fair value with changes in the fair value recognized through net income. This guidance, among other things, removes the requirement to disclose the methods used to calculate the fair value of debt and allows equity investments without readily determinable fair values to be remeasured at fair value either upon the occurrence of an observable price change or upon identification of an impairment and requires additional disclosures regarding these investments. This guidance is effective for fiscal years beginning after December 15, 2018. The Company is evaluating the impact of adopting this guidance on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, with further amendments issued in August 2018. Under this guidance, lessees will need to recognize virtually all of their leases on the consolidated balance sheet by recording a right-of-use asset and lease liability. This new standard is effective for fiscal years beginning after December 15, 2018. The Company adopted this ASU effective January 1, 2019, using the modified retrospective approach. This adoption is expected to increase the Company's total assets and total liabilities on the consolidated balance sheet, with no significant cumulative effect adjustment to its consolidated balance sheet as of January 1, 2019. It is not expected to result in a material impact on the Company's consolidated statements of operations or cash flows.

Note 2. Summary of Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*: *Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods beginning after December 15, 2018, and therefore, will be adopted by the Company for the year ending December 31, 2019. The Company is currently evaluating the impact that adoption will have on the consolidated statements of cash flows.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force),* which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. These amendments are effective for fiscal years beginning after December 15, 2018. ASU 2016-18 is effective for annual periods beginning after December 15, 2018, and therefore, will be adopted by the Company for the year ending December 31, 2019. ASU 2016-18 must be applied using a retrospective transition method. The Company is currently evaluating the impact that adoption will have on the consolidated statements of cash flows.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. ASU 2017-07 addresses how employers that sponsor defined benefit pension and/or other postretirement benefit plans present the net periodic benefit cost in the income statement. Employers will be required to present the service cost component of net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. Employers will present the other components of the net periodic benefit cost separately from the line item that includes the service cost and outside of any subtotal of operating income, if one is presented. The standard is effective for the Company for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. Adoption of ASU 2017-07 will require the Company to include the service cost component of net periodic benefit cost related to its defined benefit plan and other postretirement benefit plan within salaries and wages expense on the consolidated statements of operations and to present all other components in a separate line item excluded from the subtotal for operating income.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. As the Company is a resource recipient, the ASU is applicable to contributions received for annual periods beginning after June 15, 2018, including interim periods within those annual periods. The Company is currently evaluating the impact that adoption will have on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*, which modifies the disclosure requirements for defined benefit pension plans and other post-retirement plans. This ASU is effective for the Company for fiscal years ending after December 15, 2020, and must be applied on a retrospective basis. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Reclassifications: Certain items in the 2017 consolidated financial statements have been reclassified to conform to the 2018 presentation. These reclassifications had no impact on total assets, total liabilities, and increase in net assets or total cash flows as previously reported.

Note 3. Patient Service Revenue and Patient Accounts Receivable

Patient accounts receivable and patient service revenue result from the healthcare services provided by the Company and are reported at the amount that reflects the consideration to which the Company expects to be entitled to in exchange for providing patient care. The Company has agreements with third-party payors that provide for payments to the Company at amounts different from its established rates (i.e., gross charges). Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments.

The Company utilizes a portfolio approach as a practical expedient to account for categories of patient contracts as collective groups, rather than recognizing revenue on an individual contract basis. The portfolios consist of major payor classes for inpatient revenue, and major payor classes and types of services for outpatient revenue. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

The Company has elected the practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Company's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payor pays for that service will be one year or less. However, the Company does, in some circumstances, enter into payment agreement with patients that allow payments in excess of one year. In these cases, the financing component is not deemed to be material to the contract.

A summary of the payment arrangements with major third-party payors follows:

- ***Medicare:*** Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors.

- ***Non-Medicare payments:*** The New York Health Care Reform Act of 1996, as updated, governs payments to hospitals in New York State. Under this system, hospitals and all non-Medicare payors, except Medicaid, workers' compensation and no-fault insurance programs, negotiate hospital payment rates. If negotiated rates are not established, payors are billed at the hospital's established charges. Medicaid, workers' compensation and no-fault payors pay hospital rates promulgated by the New York State Department of Health on a prospective basis. Adjustment to current and prior years' rates for these payors will continue to be made in the future.

Note 3. Patient Service Revenue and Patient Accounts Receivable (Continued)

There are also various other proposals at the federal and state level that could, among other things, reduce payment rates. The ultimate outcome of these proposals, regulatory changes and other market conditions cannot presently be determined.

The Company has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and hospital-specific data. Additionally, certain payors' payment rates for various years have been appealed by the Company. If the appeals are successful, additional revenue applicable to those years will be realized.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Revenue from the Medicare and Medicaid programs accounted for approximately 51% and 15%, respectively, of the Company's patient service revenue for the year ended December 31, 2018, and 50% and 15%, respectively, of the Company's patient service revenue for the year ended December 31, 2017.

VBMC's Medicare cost reports have been finalized by the Medicare fiscal intermediary through December 31, 2015. PHC's Medicare cost reports have been finalized by the Medicare fiscal intermediary through December 31, 2015. NDH's Medicare cost reports have been finalized by the Medicare fiscal intermediary through December 31, 2015.

Billings relating to services rendered are recorded as patient service revenue in the period in which a performance obligation is satisfied, net of explicit price concessions that represent differences between gross charges and the estimated receipts under such programs. Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors due to future audits, reviews and investigations. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as additional information becomes available or final settlements are determined. The consolidated statements of operations for the years ended December 31, 2018 and 2017, reflect an (decrease) increase in revenue related to changes in estimates of $(2,778) and $6,044, respectively.

Performance obligations are determined based on the nature of the services provided by the Company. Some of the Company's patient service revenue relates to performance obligations satisfied over time, and is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Company believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. For patients receiving inpatient acute care services, the Company measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. For outpatient and physician services, the patient simultaneously receives and consumes the benefits of the services as the services are provided.

(Amounts in Thousands)

Note 3. Patient Service Revenue and Accounts Receivable (Continued)

As the majority of the Company's performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption provided in FASB Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Patient accounts receivable has been adjusted to the estimated amounts expected to be collected. In evaluating the collectability of accounts receivable, the Company analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate implicit price concessions. The difference between the standard rates (or the discounted rates if negotiated) and the amounts expected to be collected are recorded as implicit price concessions.

The Company has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payor type and line of service. Details of these factors are presented below.

Patient service revenue disaggregated by payor for the year ended December 31, 2018, is as follows:

Medicare (including managed care)	$	412,385
Medicaid (including managed care)		94,538
Commercial and managed care		592,479
Self-pay		15,690
	$	1,115,092

Patient service revenue by line of service for the year ended December 31, 2018, is as follows:

Inpatient services	$	597,282
Outpatient services		517,810
	$	1,115,092

The Company has implemented a discount policy and provides financial assistance discounts to uninsured patients. Under this policy, the discount offered to uninsured patients is reflected as a reduction to patient service revenue at the time the uninsured billings are recorded.

Federal and state law requires that hospitals provide emergency services regardless of a patient's ability to pay. Uninsured patients seen in the emergency department, including patients subsequently admitted for inpatient services, often do not provide information necessary to allow the Company to qualify such patients for charity care. Uncollectible amounts due from such uninsured patients represent implicit price concessions, which are reflected in patient service revenue in the accompanying consolidated statements of operations.

(Amounts in Thousands)

Note 3. Patient Service Revenue and Accounts Receivable (Continued)

The estimated costs of providing charity services for the years ended December 31, 2018 and 2017, are $15,196 and $14,359, respectively. These are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Company's total expenses divided by gross patient service revenue.

The Company grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor arrangements. The mix of receivables (net of price concessions and advances from certain third-parties) from patients and third-party payors at December 31, 2018 and 2017, is as follows:

	2018	2017
Medicare	30%	28%
Medicaid	5%	4%
Blue Cross	19%	14%
Managed care and other	38%	51%
Patients	8%	3%
	100%	100%

Note 4. Promises to Give

Unconditional promises to give that are expected to be collected in more than one year are discounted to the net present value of their estimated future cash flows. The discount rate on new pledges was 2.51% and 2.20% at December 31, 2018 and 2017, respectively. These amounts are included in other current assets and other assets in the consolidated balance sheets as of December 31, 2018 and 2017.

The composition of unconditional promises to give, at December 31, 2018 and 2017, is as follows:

	2018	2017
Pledges due in less than one year	$ 2,376	$ 2,008
Pledges due in one to five years	4,154	3,416
Pledges due in more than five years	2,518	2,023
	9,048	7,447
Unamortized discount	(547)	(389)
	8,501	7,058
Allowance for uncollected pledges	(651)	(844)
	$ 7,850	$ 6,214

Note 5. Concentration of Credit Risk

The Company routinely invests its surplus operating funds in money market funds. These funds generally invest in highly liquid U.S. government and agency obligations. Investments in money market funds are not insured or guaranteed by the U.S. government.

(Amounts in Thousands)

Note 5. Concentration of Credit Risk (Continued)

At December 31, 2018 and 2017, the Company had cash and investment balances in financial institutions that exceeded Federal depository insurance limits. Management believes that the credit risk related to these deposits is minimal. The investment balances are held at primarily one institution.

Note 6. Investments and Assets Whose Use is Limited

Investments, stated at fair value at December 31, 2018 and 2017, consist of the following:

	2018	2017
Cash and cash equivalents	$ 2,003	$ 392
Mutual funds – equity securities	143,396	173,731
Mutual funds – bonds	142,488	129,809
Short-term investments	4,140	4,700
	292,027	308,632
Less current portion	(281,588)	(297,597)
	$ 10,439	$ 11,035

The composition of assets whose use is limited, stated at fair value at December 31, 2018 and 2017, consists of the following:

	2018	2017
Externally restricted by bond indenture agreements:		
Cash and cash equivalents	$ 313	$ 214
Short-term government investments	136,577	245,366
U.S. treasury obligations	10,488	61,464
	147,378	307,044
Less current portion	(1,772)	(1,881)
	$ 145,606	$ 305,163

	2018	2017
Externally restricted by captive insurer:		
Mutual funds – equity securities	$ 18,611	$ 13,633
Mutual funds – bonds	26,544	20,636
	$ 45,155	$ 34,269

Investment income for the years ended December 31, 2018 and 2017, consists of the following:

	2018	2017
Interest and dividend income	$ 21,779	$ 16,709
Net realized gains on sale of securities	1,912	1,222
Unrealized (losses) gains	(40,699)	27,277
Management fees	(814)	(411)
Investment (loss) income	$ (17,822)	$ 44,797

Note 6. Investments and Assets Whose Use is Limited (Continued)

The Company follows accounting guidance for fair value measurements. This guidance defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and requires disclosures about fair value measurements. Fair value is defined under this guidance as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement data.

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under the guidance must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Company for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the whole term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques noted in the guidance. The three valuation techniques are as follows:

- **Market approach:** Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities

- **Cost approach:** Amount that would be required to replace the service capacity of an asset (i.e., replacement cost)

- **Income approach:** Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models and lattice models)

Categorization in the hierarchy is based on the lowest level of input that is significant to the determination of fair value.

(Amounts in Thousands)

Note 6. Investments and Assets Whose Use is Limited (Continued)

The categorization of investments and assets whose use is limited within the fair value hierarchy defined by the accounting guidance is as follows at December 31, 2018 and 2017:

	Fair Value at December 31, 2018				Valuation
	Total	Level 1	Level 2	Level 3	Technique
Cash and cash equivalents	$ 2,316	$ 2,316	$ -	$ -	Market
Mutual funds – equity securities	162,007	162,007	-	-	Market
Mutual funds – bond funds	169,032	169,032	-	-	Market
U.S. Treasury obligations	10,488	10,488	-	-	Market
Short-term investments	140,717	140,717	-	-	Market
Total	$ 484,560	$ 484,560	$ -	$ -	

	Fair Value at December 31, 2017				Valuation
	Total	Level 1	Level 2	Level 3	Technique
Cash and cash equivalents	$ 606	$ 606	$ -	$ -	Market
Mutual funds – equity securities	187,364	187,364	-	-	Market
Mutual funds – bond funds	150,445	150,445	-	-	Market
U.S. Treasury obligations	61,464	61,464	-	-	Market
Short-term investments	250,066	250,066	-	-	Market
Total	$ 649,945	$ 649,945	$ -	$ -	

Note 7. Property, Plant and Equipment

Property, plant and equipment, at cost, and accumulated depreciation and amortization at December 31, 2018 and 2017, consist of the following:

	2018	2017
Land	$ 21,219	$ 19,615
Land improvements	11,171	11,090
Buildings and fixed equipment	551,350	504,288
Major movable equipment	533,915	513,620
	1,117,655	1,048,613
Accumulated depreciation and amortization	(700,037)	(653,152)
	417,618	395,461
Construction in progress	322,639	158,025
Net property, plant and equipment	$ 740,257	$ 553,486

Depreciation and amortization expense for the years ended December 31, 2018 and 2017, was $47,989 and $49,178, respectively. Interest cost of $12,054 and $13,316 in 2018 and 2017, respectively, was capitalized as part of the cost of construction.

Note 7. Property, Plant and Equipment (Continued)

Construction in progress is comprised of certain projects started but not completed at December 31, 2018. The estimated cost to complete these projects is $302,000 at December 31, 2018. Included in construction in progress is a building project for VBMC. VBMC's patient pavilion project is for the construction of a new 696,000 square foot patient bed tower for the adult patient population and will replace its current adult medical surgical beds and its adult critical care units. The project will also include the replacement and expansion of the emergency department and the replacement of the operating rooms and interventional suites. Additionally, an expanded and modernized central plant and appropriate conference rooms and capabilities will provide enhanced physician, visitor and employee amenities within the new building. This project started in September 2016, and is expected to be completed in April 2020. The total estimated cost of the project was increased to $569,200, due to an additional floor added to provide flexibility for future needs. The cost of this project is being funded through cash and proceeds from the Series 2016 bonds.

(Amounts in Thousands)

Note 8. Long-term Debt

A summary of long-term debt and capital lease obligations at December 31, 2018 and 2017, is as follows:

	2018	2017
Health Quest Systems, Inc. Obligated Group, Dormitory Authority of the State of New York, Revenue Bonds, Series 2007, varying rates from 5.0% to 6.25% at December 31, 2018, principal payments due in varying annual payments until 2030, collateralized by a lien on a facility mortgage and gross receipts. (Series 2007B bonds were refunded in 2017) (a)	$ 10,632	$ 12,056
Health Quest Systems, Inc. Obligated Group, Dutchess County Local Development Corporation, Revenue Bonds Series 2010, varying rates from 5.0% to 6.82% at December 31, 2018, principal payments due in varying annual payments until 2040, collateralized by a lien facility mortgage and gross receipts. (b)	29,139	33,055
Health Quest Systems, Inc. Obligated Group, Dutchess County Local Development Corporation, Series 2012, a refinancing of the VBH 1997 Series bonds varying rates from 2.50% to 3.80% at December 31, 2018, principal payments due in varying annual payments until 2025, collateralized by a lien facility mortgage and gross receipts. (c)	14,679	16,538
Health Quest Systems, Inc. Obligated Group, Dutchess County Local Development Corporation, Revenue Bonds Series 2014, varying rates from 3.6% to 5.9% at December 31, 2018, principal payments due in varying annual payments until 2044, collateralized by a lien facility mortgage and gross receipts. (d)	49,402	51,261
Health Quest Systems, Inc. Obligated Group, Dutchess County Local Development Corporation, Revenue Bonds Series 2016, varying rates from 2.0% to 5.0% at December 31, 2018, principal payments due in varying annual payments until 2046, collateralized by a lien facility mortgage and gross receipts. (e)	428,420	431,697
Vassar Brothers Medical Center Civic, Facility Bonds, Series 2011, a refinancing of the 2005 Series bonds, varying rates of 5.0% to 5.5% at December 31, 2018, principal payments due in varying annual payments until 2034, collateralized by a lien on a facility mortgage and gross receipts. (f)	13,656	14,188
Vassar Brothers Medical Center note payable, payable in four annual installments, until October 2019.	4,806	11,049
PHC's 6% mortgage note, monthly installments due until April 2021, collateralized by the Romolan building located on PHC's property.	74	106
Wells Manor mortgage note payable in monthly installments through 2027, interest at 9.25%, collateralized by the Wells Manor project and insured by HUD.	1,536	1,681
Capital lease obligation, collateralized by leased equipment	47	-
	552,391	571,631
Current portion	(17,577)	(18,809)
Subtotal	534,814	552,822
Unamortized deferred financing costs	(5,964)	(6,441)
Long-term debt, net of unamortized deferred financing costs	$ 528,850	$ 546,381

Note 8. Long-term Debt (Continued)

a. During 2007, the Company formed the Health Quest Systems, Inc. Obligated Group (Obligated Group), which consists of Health Quest, VBMC, PHC and NDH. On September 5, 2007, the Obligated Group issued $69,335 in debt through the Dormitory Authority of the State of New York (DASNY) as Revenue Bonds, insured by Assured Guaranty Corp. These bonds were allocated as follows: VBMC – $17,980; PHC – $35,740; NDH – $15,615. The purpose of the bonds was to refund certain existing debt for VBMC and NDH, fund the PHC building project and to purchase certain medical equipment.

b. On December 14, 2010, the Dutchess County Local Development Corporation issued $55,055 Health Quest Systems, Inc. Obligated Group Revenue Bonds, Series 2010 for the purpose of providing funds to the Obligated Group for construction, furnishing, installation, equipping and improvement of new facilities and to refinance existing VBMC Series 2004 debt. These bonds were allocated 100% to VBMC.

c. On October 1, 1997, Vassar Brothers Hospital Insured Revenue Bonds, Series 1997 (Series 1997), with proceeds of $58,500 were issued to VBMC to refund outstanding debt and to finance a major renovation and construction project. The Dormitory Authority of the State of New York sponsored the issuance of the Series 1997. On December 5, 2012, these bonds were refinanced, Series 2012, for the balance of $27,320 with the Dutchess County Local Development Corporation.

d. On May 14, 2014, the Dutchess County Local Development Corporation issued $54,615 Health Quest Systems, Inc. Obligated Group Revenue Bonds, Series 2014 for the purpose of providing funds to the Obligated Group for construction, furnishing, installation, equipping and improvement of new facilities and to refinance existing VBMC debt. These bonds were allocated as follows: VBMC – $18,045 and NDH – $36,570.

e. On July 7, 2016, the Dutchess County Local Development Corporation issued $378,080 Health Quest Systems, Inc. Obligated Group Revenue Bonds, Series 2016, for the purpose of providing funds to the Obligated Group for construction, furnishing, installation and equipping of a new patient pavilion for VBMC, and the refunding of the DASNY Series 2007B bonds.

f. On June 28, 2005, the Dutchess County Industrial Development Agency issued $19,975 Civic Facility Revenue Bonds, Series 2005 bonds to VBMC for the purpose of providing funds for the construction, acquisition, furnishing, installation, equipping and improvement of new and existing facilities. These bonds were refinanced in 2011 with the Dutchess County Local Development Corporation.

In accordance with certain bond agreements, the Obligated Group is required to maintain specified amounts in a debt service reserve fund, a renewal fund and a bond fund. These assets, along with the unspent proceeds from the issuances of other debt issued by VBMC, PHC and NDH, are recorded in assets whose use is limited, and externally restricted in the accompanying consolidated balance sheets.

These debt agreements also place limits on the incurrence of additional borrowing and requires that the Obligated Group satisfy certain measures of financial requirements (i.e., day's cash on hand, debt to capitalization, debt service coverage) as long as the debt remains outstanding. Under the Obligated Group, there is a cross guaranteed repayment of the outstanding debt in the event any of the members default.

(Amounts in Thousands)

Note 8. Long-term Debt (Continued)

Health Quest has three letters of credit with JP Morgan Chase, $4,800 associated with workers' compensation self-insurance, $1,522 associated with a workers' compensation policy for the years 2009-2011 and $5,000 associated with the purchase of a radiology practice.

Scheduled principal payments on all long-term debt for the next five years and thereafter, are as follows:

Years ending December 31:		
2019	$	15,445
2020		11,622
2021		9,708
2022		10,145
2023		10,621
Thereafter		441,635
		499,176
Unamortized discounts and premiums, net		53,215
Unamortized deferred financing costs		(5,964)
Total debt	$	546,427

The Company estimates the fair value of long-term debt using quoted market prices or estimates using discounted cash flow analyses, based on the Company's incremental borrowing rates for similar types of borrowing arrangements. The fair value of the Company's long-term debt, based on quoted market prices, at December 31, 2018 and 2017, was $532,769 and $569,348, respectively, compared to the carrying value of $546,427 and $565,190, respectively, and is classified as Level 1 in the fair value hierarchy, as defined in Note 6.

Note 9. Benefit Plans

Vassar Brothers Medical Center: VBMC maintains a noncontributory defined benefit plan (the Vassar Brothers Plan) covering employees of VBMC who are part of the collective bargaining unit with New York State Nurses Association (NYSNA) who have completed five years of service and attained 21 years of age. Contributions to the Vassar Brothers Plan are based on actuarial valuations. Benefits under the Vassar Brothers Plan are based on years of service and compensation. VBMC's policy is to contribute amounts sufficient to meet funding requirements under the Employee Retirement Income Security Act of 1974.

VBMC sponsors a health care plan that provides post-retirement medical benefits to its nonunion retired employees. Nonunion employees hired prior to January 1, 1993, retiring from VBMC on or after attaining age 60 who have rendered at least 20 years of service, are entitled to post-retirement health care coverage. VBMC funds post-retirement benefit costs on a cash basis. The liability that relates to this plan, included in post-retirement benefit obligations, was $373 as of December 31, 2018 and 2017.

(Amounts in Thousands)

Note 9. Benefit Plans (Continued)

The measurement date for the noncontributory defined benefit plan is December 31. The following tables provide a reconciliation of the changes in the plan's benefit obligations and fair value of assets for the years ended December 31, 2018 and 2017, and a statement of the funded status of the plan as of December 31, 2018 and 2017:

	2018	2017
Changes in benefit obligation:		
Benefit obligation, beginning of year	$ (160,417)	$ (130,770)
Service cost	(8,879)	(7,649)
Interest cost	(5,695)	(5,643)
Actuarial gain (loss)	20,807	(20,266)
Benefits paid	4,304	3,911
Benefit obligation, end of year	(149,880)	(160,417)
Changes in plan assets:		
Fair value of plan assets, beginning of year	90,678	74,236
Actual return on plan assets	(5,245)	11,403
Contributions	7,588	8,972
Benefit payments	(4,251)	(3,933)
Fair value of plan assets, end of year	88,770	90,678
Funded status	$ (61,110)	$ (69,739)

As of December 31, 2018 and 2017, amounts recognized in post-retirement benefit obligations in the consolidated balance sheets consist of:

	2018	2017
Noncurrent liabilities	$ (61,110)	$ (69,739)

As of December 31, 2018 and 2017, amounts recognized in net assets without donor restrictions consist of:

	2018	2017
Loss	$ (22,828)	$ (34,374)

As of December 31, 2018 and 2017, the accumulated benefit obligation with respect to the defined benefit plan is $125,317 and $129,738, respectively.

(Amounts in Thousands)

Note 9. Benefit Plans (Continued)

The following table provides the components of the net periodic benefit cost for the noncontributory defined benefit plan for the years ended December 31, 2018 and 2017:

	2018	2017
Net periodic benefit cost:		
Service cost	$ 8,879	$ 7,649
Interest cost	5,695	5,643
Expected return on plan assets	(5,698)	(4,704)
Amortization of net loss	1,629	1,407
Net periodic benefit cost	10,505	9,995
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions:		
Net (gain) loss	(9,917)	13,589
Less amortization of net loss	1,629	1,407
Total recognized in net assets without donor restrictions	(11,546)	12,182
Total recognized in net periodic benefit cost and net assets without donor restrictions	$ (1,041)	$ 22,177

The calculation of the VBMC plan's funded status and amounts recognized in the consolidated balance sheets as of December 31, 2018 and 2017, respectively, were based upon actuarial assumptions as follows:

	2018	2017
Discount rate	4.30%	3.66%
Average rate of salary increases	3.50%	3.50%

Amount in net assets without donor restrictions expected to be recognized in 2019:

Amortization of net loss	$ 797

The calculation of the net benefit cost for the years ended December 31, 2018 and 2017, respectively, was based upon actuarial assumptions as follows:

	2018	2017
Discount rate	3.66%	4.22%
Expected return on plan assets	6.25%	6.25%
Average rate of salary increases	3.50%	3.50%

(Amounts in Thousands)

Note 9. Benefit Plans (Continued)

The expected long-term rate of return on plan assets assumption is based upon a building-block method, whereby the expected rate of return on each asset class is broken down into three components: (1) inflation, (2) the real risk-free rate of return (i.e., the long-term estimate of future returns on default-free U.S. government securities) and (3) the risk premium for each asset class (i.e., the expected return in excess of the risk-free rate). All three components are based primarily on historical data, with modest adjustments to take into account additional relevant information that is currently available. For the inflation and risk-free return components, the most significant additional information is that provided by the market for nominal and inflation-indexed U.S. treasury securities. That market provides implied forecasts of both the inflation rate and risk-free rate for the period over which currently-available securities mature. The historical data on risk premiums for each asset class is adjusted to reflect any systemic changes that have occurred in the relevant markets; e.g., the higher current valuations for equities, as a multiple of earnings, relative to the longer-term average for such valuations.

Contributions: VBMC expects to contribute approximately $3,135 to the defined benefit pension plan for fiscal year 2019.

Benefit payments: The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid out of the noncontributory defined benefit plan as follows:

Years ending December 31:	
2019	$ 4,088
2020	4,435
2021	4,727
2022	5,274
2023	5,820
2024-2028	36,753

Plan assets: Defined benefit plan assets are held in a trust fund. The weighted-average asset allocation at December 31, 2018 and 2017, by asset category are as follows:

	2018	2017
Asset category:		
Cash and cash equivalents	1%	0%
Mutual funds – equity securities	50%	57%
Mutual funds – bond funds	49%	43%
	100%	100%

Objective: The plan's investment objectives seek a positive long-term total rate of return after inflation to meet VBMC's current and future plan obligations. The asset allocations for the plan combine tested theory and informed market judgments to balance investment risks with the need for high returns. The target allocation of plan investments is approximately 60% equity and 40% bonds.

(Amounts in Thousands)

Note 9. Benefit Plans (Continued)

The following tables present the VBMC plan's financial instruments as of December 31, 2018 and 2017, measured at fair value on a recurring basis using the fair value hierarchy defined in Note 6:

	Fair Value at December 31, 2018				Valuation
	Total	Level 1	Level 2	Level 3	Technique
Cash and cash equivalents	$ 591	$ 591	$ -	$ -	Market
Mutual funds – equity securities	44,179	44,179	-	-	Market
Mutual funds – bond funds	43,904	43,904	-	-	Market
Short-term investments	96	96	-	-	Market
Total	$ 88,770	$ 88,770	$ -	$ -	

	Fair Value at December 31, 2017				Valuation
	Total	Level 1	Level 2	Level 3	Technique
Cash and cash equivalents	$ 91	$ 91	$ -	$ -	Market
Mutual funds – equity securities	51,773	51,773	-	-	Market
Mutual funds – bond funds	38,672	38,672	-	-	Market
Short-term investments	142	142	-	-	Market
Total	$ 90,678	$ 90,678	$ -	$ -	

Certain employees of VBMC, who have completed two years of service, participate in a defined contribution retirement plan whereby contributions are made on an annual basis equal to 6% of the employees' qualifying salary. Costs related to this plan were approximately $1,322 and $1,348 for the years ended December 31, 2018 and 2017, respectively.

Putnam Hospital Center: PHC maintains a noncontributory defined benefit plan (the Putnam Plan) covering substantially all employees who have completed five years of service and attained 21 years of age. The Putnam Plan provides benefits based on the participants' year of service and compensation. PHC's policy is to fund amounts intended to provide for benefits attributed to service to date and those expected to be earned in the future. Effective December 31, 2007, the Putnam Plan was frozen.

(Amounts in Thousands)

Note 9. Benefit Plans (Continued)

The measurement date for the Putnam Plan is December 31. The following table provides a reconciliation of the changes in the Putnam Plan's benefit obligation and fair value of assets for the years ended December 31, 2018 and 2017, and a statement of the funded status of the Putnam Plan as of December 31, 2018 and 2017:

	2018	2017
Changes in benefit obligation:		
Benefit obligation, beginning of year:	$ (86,152)	$ (81,789)
Service cost	(681)	(779)
Interest cost	(2,948)	(3,152)
Actuarial gain (loss)	5,697	(4,558)
Benefits paid and expected expenses	4,324	4,126
Benefit obligation, at end of year	(79,760)	(86,152)
Changes in plan assets:		
Fair value of plan assets, beginning of year:	67,761	59,164
Actual return on plan assets	(3,281)	8,448
Contributions	801	4,276
Benefits paid and actual expenses	(4,274)	(4,127)
Fair value of plan assets, end of year	61,007	67,761
Funded status	$ (18,753)	$ (18,391)

As of December 31, 2018 and 2017, amounts recognized in post-retirement benefit obligations in the consolidated balance sheets consist of:

	2018	2017
Noncurrent liabilities	$ (18,753)	$ (18,391)

As of December 31, 2018 and 2017, amounts recognized in net assets without donor restrictions consist of:

	2018	2017
Loss	$ (28,133)	$ (27,308)

At December 31, 2018 and 2017, the accumulated benefit obligation with respect to the Putnam Plan is $79,760 and $86,152, respectively.

(Amounts in Thousands)

Note 9. Benefit Plans (Continued)

The following table provides the components of the net periodic benefit cost for the Putnam Plan for the years ended December 31, 2018 and 2017:

	2018	2017
Net periodic benefit cost:		
Service cost	$ 681	$ 779
Interest cost	2,948	3,152
Expected return on assets	(4,115)	(3,668)
Amortization of net loss	824	804
Net periodic benefit cost	338	1,067
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions:		
Net loss (gain)	1,649	(221)
Less amortization of net loss	824	804
Total recognized in net assets without donor restrictions	825	(1,025)
Total recognized in net periodic benefit cost and net assets without donor restrictions	$ 1,163	$ 42

The calculation of the Putnam Plan's funded status and amounts recognized in the consolidated balance sheets as of December 31, 2018 and 2017, was based upon the actuarial assumptions as follows:

	2018	2017
Discount rate	4.15%	3.49%

The calculation of the net periodic benefit cost for the years ended December 31, 2018 and 2017 was based upon actuarial assumptions as follows:

	2018	2017
Discount rate	3.49%	3.98%

Amount in net assets without donor restrictions expected to be recognized in 2019:

Amortization of net loss	$ 862

(Amounts in Thousands)

Note 9. Benefit Plans (Continued)

The expected long-term rate of return on plan assets assumption is based upon a building-block method, whereby the expected rate of return on each asset class is broken down into three components: (1) inflation, (2) the real risk-free rate of return, (i.e., the long-term estimate of future returns on default-free U.S. government securities) and (3) the risk premium for each asset class (i.e., the expected return in excess of the risk-free rate). All three components are based primarily on historical data, with modest adjustments to take into account additional relevant information that is currently available. For the inflation and risk-free return components, the most significant additional information is that provided by the market for nominal and inflation-indexed U.S. Treasury securities. That market provides implied forecasts of both the inflation rate and risk-free rate for the period over which currently-available securities mature. The historical data on risk premiums for each asset class is adjusted to reflect any systemic changes that have occurred in the relevant markets; e.g., the higher current valuations for equities, as a multiple of earnings, relative to the longer-term average for such valuations.

Contributions: Expected contributions to the Putnam Plan for fiscal year 2019 are $669.

Benefit payments: The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid out of the Putnam Plan as follows:

Years ending December 31:	
2019	$ 4,404
2020	4,708
2021	4,775
2022	4,938
2023	5,037
2024-2028	25,519

Plan assets: PHC's weighted-average asset allocation at December 31, 2018 and 2017, by asset category are as follows:

	2018	2017
Asset category:		
Cash and cash equivalents	1%	1%
Mutual funds – equity securities	47%	54%
Met Life assets	5%	5%
Mutual funds – bond funds	47%	40%
	100%	100%

Objective: The Putnam Plan's investment objectives seek a positive long-term total rate of return after inflation to meet PHC's current and future obligations. The asset allocations for the plan combines tested theory and informed market judgment to balance investment risks with the need for higher returns. The target allocation is approximately 60% equity and 40% fixed income securities.

(Amounts in Thousands)

Note 9. Benefit Plans (Continued)

The following table presents the Putnam Plan's financial instruments as of December 31, 2018 and 2017, measured at fair value on a recurring basis using the fair value hierarchy defined in Note 6:

	Fair Value at December 31, 2018				Valuation
	Total	Level 1	Level 2	Level 3	Technique
Cash and cash equivalents	$ 396	$ 396	$ -	$ -	Market
Mutual funds – equity securities	28,692	28,692	-	-	Market
Mutual funds – bond funds	28,518	28,518	-	-	Market
Met Life assets	3,223	-	3,223	-	Market
Short-term investments	178	178	-	-	Market
Total	$ 61,007	$ 57,784	$ 3,223	$ -	

	Fair Value at December 31, 2017				Valuation
	Total	Level 1	Level 2	Level 3	Technique
Cash and cash equivalents	$ 106	$ 106	$ -	$ -	Market
Mutual funds – equity securities	36,651	36,651	-	-	Market
Mutual funds – bond funds	27,324	27,324	-	-	Market
Met Life assets	3,460	-	3,460	-	Market
Short-term investments	220	220	-	-	Market
Total	$ 67,761	$ 64,301	$ 3,460	$ -	

Certain employees of PHC, who have completed two years of service, participate in a defined contribution retirement plan whereby contributions are made on an annual basis equal to 6% of the employees' qualifying salary. Costs related to this plan were approximately $2,117 and $2,207 for the years ended December 31, 2018 and 2017, respectively.

Multi-employer benefit plan: VBMC and PHC participate in multi-employer defined benefit pension plans. VBMC and PHC make cash contributions to these plans under the terms of collective-bargaining agreements that cover its union employees based on a fixed rate and hours of service per week worked by the covered employees. The risks of participating in these multi-employer plans are different from other single-employer plans in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and (3) if VBMC or PHC chooses to stop participating in some of its multiemployer plans, VBMC or PHC may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. VBMC or PHC has contributed cash and recorded expenses for the multi-employer plans noted in the table below. The measurement dates for the following plans are as of December 31.

Pension fund:

	2018	2017
1199 SEIU Health Care Employees Pension Fund	$ 6,492	$ 5,946

(Amounts in Thousands)

Note 9. Benefit Plans (Continued)

VBMC and PHC contributions to the 1199 SEIU Health Care Employees Pension Fund represent approximately 0.4% of total plan contributions.

The 1199 SEIU Health Care Employees Pension Fund covers employees of both VBMC and PHC and while it is only one plan, VBMC and PHC each have a separate EIN/Pension Plan Number. The following table includes additional disclosure information as it relates to the Pension Funds for VBMC and PHC, respectively:

EIN/Pension Plan Number	Pension Protection Act Zone Status 2018	Pension Protection Act Zone Status 2017	FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
14-1338586	Green	Green	No	No	September 30, 2021
14-6019179	Green	Green	No	No	September 30, 2021

The Pension Protection Act zone status indicates the plan's funded status of either at least 80% funded (green) or less than 80% funded (red). A zone status of red requires the plan sponsor to implement a Funding Improvement Plan (FIP) or Rehabilitation Plan (RP).

Northern Dutchess Hospital: NDH maintains a defined contribution plan covering all full-time employees who have completed two years of service. NDH's pension contribution is 6% of eligible payroll for 2018 and 2017. Pension expense for the years ended December 31, 2018 and 2017, was $1,417 and $1,345, respectively.

Health Quest: Health Quest maintains a defined contribution plan covering all full-time employees who have completed two years of service. Health Quest's pension contribution is 6% of eligible payroll for 2018 and 2017. Pension expense for the years ended December 31, 2018 and 2017, was $8,106 and $7,142, respectively.

Health Quest has active 457B and 457F deferred compensation plans which are offered to select management based on title (Physicians and AVP or higher level). The employee contributions are capped at the annual federal limit for deferred compensation and the employer portion does not carry a limit, however there are substantial risk of forfeitures which apply. NDH made the final payment in 2018 for a deferred compensation plan for the previous administrators prior to the formation of Health Quest. The assets related to these plans are included in other assets and amounted to $5,553 and $4,789 as of December 31, 2018 and 2017, respectively. The assets primarily consist of money market funds and other marketable securities which are considered Level 1 based on the fair value hierarchy described in Note 6. The liabilities that relate to these plans are included in estimated amounts due to third-party payors and other liabilities and are $5,602 and $4,826 as of December 31, 2018 and 2017, respectively.

Note 10. Professional Liabilities

During 1988, Health Quest (then known as VBH Corporation) established VBH Insurance, a captive insurance company (the Captive) to provide and augment the professional liability coverage for VBMC. Beginning August 1, 2005, PHC and NDH purchased insurance from the Captive. The Captive has provided various levels of coverage since inception to the four hospitals (SH as of August 1, 2017). On July 1, 2013, the Captive began to provide professional liability coverage for employed physicians. The hospitals and HQMP purchase commercial insurance to supplement the coverage provided by the Captive.

The hospitals purchased primary coverage through a commercial insurer through July 31, 2011. Effective August 1, 2011, the primary coverage is through the Captive with excess coverage through a commercial insurer. VBMC, PHC, NDH and SH accrue premiums payable to the Captive based on the estimated ultimate cost of losses payable by the Captive at a discount rate of 2.5% at December 31, 2018 and 2017.

VBH Insurance loss reserves comprise estimates for known reported losses and loss expenses, plus a provision for losses incurred but not reported. Losses are valued by an independent actuary retained by VBH Insurance and are based on the loss experience of the insured. In management's opinion recorded reserves are adequate to cover the ultimate net cost of losses incurred to date, however, the provision is based on estimates and may ultimately be settled for a significantly greater or lesser amount. The actuarially determined estimated loss reserve payable at December 31, 2018 and 2017, was $41,115 and $38,212, respectively.

The Nursing Home purchases commercial insurance for professional liabilities on a claims made basis and HQHC purchases coverage through a commercial insurer on an occurrence basis. The balance of employed physicians is covered under an individual policy purchased through commercial carriers.

Total amounts accrued under these programs approximate $47,539 and $47,363 at December 31, 2018 and 2017, respectively, and are included in estimated amounts due to third-party payors and other liabilities in the consolidated balance sheets. Amounts recognized as anticipated insurance recoveries related to the claims approximate $13,802 and $16,056 at December 31, 2018 and 2017, respectively, and are included in other assets in the consolidated balance sheets. Insurance recoveries are measured on the same basis as the liability subject to the need for valuation allowance for uncollectible amounts.

Note 11. Workers' Compensation Insurance

The Company is self-insured for workers' compensation claim losses and expenses effective April 1, 2006. Included in current amounts due to third-party payors and other liabilities at December 31, 2018 and 2017, are accruals of $8,529 and $7,971, respectively, and included in amounts due to third-party payors and other liabilities are accruals of $4,592 and $4,291, respectively, for specific incidents to the extent that they have been asserted or are probable of assertion and can be reasonably estimated. This liability has been discounted at 2.5% at December 31, 2018 and 2017.

Note 12. Medical Benefits

Effective January 1, 2006, the Company provides employee health and welfare benefits under a self-insured program. Included in current amounts due to third-party payors and other liabilities at December 31, 2018 and 2017, are accruals of $5,131 and $5,122, respectively, for claims that have been incurred but not reported.

(Amounts in Thousands)

Note 13. Functional Expenses

The Company provides health care services to residents within their geographic areas including general acute care with a full range of inpatient and outpatient services. The Company allocates expenses between health care services and program support and general services based on an allocation of expenses by department. Direct clinical department expenses are allocated to health care services and indirect clinical department expenses and back office functions are categorized in program support and general services. Expenses related to providing these services for the year ended December 31, 2018, are as follows:

	Health Care and Related Services	Program Support and General Services	Total
Salaries and fees	$ 422,280	$ 103,328	$ 525,608
Employee benefits	120,654	31,313	151,967
Supplies	148,209	37,562	185,771
Other	118,896	39,796	158,692
Interest	6,125	1,717	7,842
Depreciation and amortization	37,992	9,997	47,989
	$ 854,156	$ 223,713	$ 1,077,869

Prior to adoption of ASU 2016-14, expenses related to providing health care services to residents for the year ended December 31, 2017 were as follows:

	2017
Health care services	$ 790,054
General and administrative	226,945
	$ 1,016,999

Note 14. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2018 and 2017, are restricted for the following purposes:

	2018	2017
Capital asset acquisition	$ 22,298	$ 18,261
Health care services	3,809	3,638
Health education	240	227
Other	4,939	4,941
	$ 31,286	$ 27,067

(Amounts in Thousands)

Note 15. Liquidity and Availability

Financial assets available for general expenditure within one year of the balance sheet date, comprise the following as of December 31:

	2018	2017
Cash and cash equivalents, including investments	$ 131,306	$ 112,560
Short-term investments	4,140	4,700
Patient accounts receivable	180,388	167,003
Investments, excluding donor-restricted assets	265,037	287,508
Pledge receivables	2,021	1,657
Other receivables	15,101	7,484
	$ 597,993	$ 580,912

The Company maintains a line of credit, which it has the ability to draw upon, of $15,000, of which no amounts are outstanding as of December 31, 2018.

Note 16. Commitments and Contingencies

In June 2015, the United States Attorney's Office for the Northern District of New York (DOJ) served a Civil Investigative Demand (CID) on Health Quest Systems, Inc. and Health Quest Medical Practice, P.C. (collectively, Health Quest), seeking information relating to nine topics. Health Quest responded to the CID and has cooperated with the investigation. In connection with the issues raised in the CID, and before receipt of the CID, Health Quest had made self-disclosures as to several of the issues in the CID and had refunded several hundred thousand dollars in overpayments. DOJ has continued to seek information and documents from Health Quest and related Health Quest entities regarding the issues identified in the CID and other matters, and Health Quest continues to cooperate with DOJ's investigation. As is common in DOJ investigations, the New York State Medicaid Fraud Unit also is working on the investigation with DOJ, and Health Quest also is cooperating with their inquiries, which are joint with DOJ. The Company settled with the DOJ in July 2018.

In addition, in the ordinary course of auditing payment and complying with the law, Health Quest, its outside counsel, and its outside claims auditors have been auditing, refunding overpayments, making self-disclosures, and implementing corrective action plans in connection with claims billed to payors. Health Quest continues to evaluate any additional potential overpayment amount, but any such amount is unknown at this time.

The Company is involved in litigations arising in the course of business. While the outcome of these suits cannot be determined at this time, management, based on the advice from legal counsel, currently believes that any loss which may arise from these actions will not have a material adverse effect on the Company's financial position or results of operations. The liabilities, if accrued, might be subject to change in the future based on new developments, or changes in circumstances, which could have a material impact on the Company's results of operations, financial position and cash flows.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Recently, government activity has increased with respect to investigations concerning possible violations by health care providers of fraud and abuse statutes and regulations. Compliance with such laws and regulations are subject to future government review and interpretations as well as potential regulatory actions.

(Amounts in Thousands)

Note 16. Commitments and Contingencies (Continued)

The Company leases various equipment and facilities under operating leases. Total rent expense in 2018 and 2017 for all operating leases was approximately $10,532 and $10,801, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of December 31, 2018, that have initial or remaining lease terms in excess of one year.

	Amount
Years ending December 31:	
2019	$ 7,916
2020	6,803
2021	5,342
2022	4,531
2023	4,563
Thereafter	12,408
	$ 41,563

Note 17. Subsequent Events

On April 1, 2019, Health Quest finalized its affiliation with Western Connecticut Health Network, Inc. (WCHN). WCHN is a nonprofit healthcare system that includes two hospitals in the state of Connecticut (Danbury Hospital and Norwalk Hospital). Certificate of Need applications with respect to the affiliation were approved by the New York State Department of Health on February 11, 2019, and by the Connecticut Department of Public Health Office of Health Care Access on April 1, 2019.

Also on April 1, 2019, a new New York not-for-profit active parent corporation was formed and named HQ-WCHN Health System, Inc. This new parent corporation is the sole member and parent of Health Quest and WCHN. In connection with the affiliation, there will be no transfer of direct ownership of any of the hospitals. Health Quest will continue to be the sole member of its four hospitals and WCHN will continue to be the sole member of its two hospitals (Danbury Hospital and Norwalk Hospital).

Subsequent events have been evaluated through April 30, 2019, the date the consolidated financial statements were issued.

Health Quest Systems, Inc. and Subsidiaries

Consolidating Balance Sheet
December 31, 2018
(in thousands)

	HQ Obligated Group	VBH Insurance	Foundation for VBMC	PHC Foundation	NDH Foundation	NDRHCF	Sharon Hospital	HQ Med Practice	HQUMCP	HV Cardio Practice	Alamo	HQ Homecare	Wells Manor	SHMP	Total	Total Eliminations	Consolidated
Assets																	
Current assets:																	
Cash and cash equivalents	$ 94,597	$ 259	$ 5,974	$ 7,884	$ 3,425	$ 1,257	$ 2,590	$ 2,519	$ 522	$ 2,699	$ -	$ 672	$ 47	$ 6,858	$ 129,303	$ -	$ 129,303
Restricted cash	-	-	-	-	27	27	-	-	-	-	-	-	26	-	80	-	80
Investments	240,944	-	29,782	6,750	4,112	-	-	-	-	-	-	-	-	-	281,588	-	281,588
Assets whose use is limited and required for current liabilities:																	
Externally restricted	1,772	-	-	-	-	-	-	-	-	-	-	-	-	-	1,772	-	1,772
Patient accounts receivable	158,645	-	-	-	-	2,153	8,420	7,297	-	2,394	-	529	-	950	180,388	-	180,388
Supplies and prepaid expenses	31,251	-	3	3	3	13	1,779	3,378	10	452	-	15	-	144	37,051	-	37,051
Other current assets	7,280	14,955	1,252	96	673	1	18	647	2	2,195	-	-	2	1,828	28,949	(10,027)	18,922
Amounts due from third-party payors	2,964	-	-	-	-	-	29	-	-	-	-	-	-	-	2,993	-	2,993
Interest in Foundation, current	2,021	-	-	-	-	-	-	-	-	-	-	-	-	-	2,021	(2,021)	-
Due from affiliates, current portion	45,836	-	260	3	-	3,446	38	15,600	1,900	4	-	15	-	7,287	74,389	(74,389)	-
Total current assets	585,310	15,214	37,271	14,736	8,240	6,897	12,874	29,441	2,434	7,744	-	1,231	75	17,067	738,534	(86,437)	652,097
Interest in Foundation	28,697	-	-	-	-	-	-	-	-	-	-	-	-	-	28,697	(28,697)	-
Assets whose use is limited:																	
Externally restricted	145,606	-	-	-	-	-	-	-	-	-	-	-	-	-	145,606	-	145,606
Investments held by captive	-	45,155	-	-	-	-	-	-	-	-	-	-	-	-	45,155	-	45,155
Long-term investments	9,961	-	-	-	478	-	-	-	-	-	-	-	-	-	10,439	-	10,439
Property, plant and equipment, net	698,020	-	42	10	6	1,708	22,086	15,282	-	2,095	-	23	950	35	740,257	-	740,257
Goodwill and intangible assets, net	25,962	-	-	-	-	-	9,758	985	-	3,342	-	298	-	-	40,345	-	40,345
Other assets	7,946	-	5,325	164	341	-	-	10,166	-	1,801	-	-	715	-	26,458	-	26,458
Due from affiliates, net of current	44,259	-	-	-	-	53	1,848	-	-	-	-	-	-	-	46,160	(46,160)	-
Total assets	$ 1,545,761	$ 60,369	$ 42,638	$ 14,910	$ 9,065	$ 8,658	$ 46,566	$ 55,874	$ 2,434	$ 14,982	$ -	$ 1,552	$ 1,740	$ 17,102	$ 1,821,651	$ (161,294)	$ 1,660,357
Liabilities and Net Assets																	
Current liabilities:																	
Current portion of long-term debt	$ 17,392	$ -	$ -	$ -	$ -	$ -	$ 24	$ -	$ -	$ -	$ -	$ -	$ 161	$ -	$ 17,577	$ -	$ 17,577
Accounts payable and accrued expenses	143,785	133	159	13	3	1,079	6,076	16,924	(1)	4,510	37	447	133	183	173,481	(1,148)	172,333
Current amounts due to third-party payors and other liabilities	18,960	-	-	-	-	161	6	284	-	-	-	-	-	-	19,411	-	19,411
Captive insurance loss reserve payable	-	9,786	-	-	-	-	-	-	-	-	-	-	-	-	9,786	-	9,786
Due to affiliates, current portion	6,203	-	531	3,370	2,828	5,570	13,920	15,677	166	16,425	484	1,193	-	16,931	83,298	(83,298)	-
Total current liabilities	186,340	9,919	690	3,383	2,831	6,810	20,026	32,885	165	20,935	521	1,640	294	17,114	303,553	(84,446)	219,107
Long-term debt, net of current portion	527,454	-	-	-	-	-	23	-	-	-	-	-	1,373	-	528,850	-	528,850
Postretirement benefit obligations	80,219	-	-	-	-	-	-	-	-	-	-	-	-	-	80,219	-	80,219
Amounts due to third-party payors and other liabilities	66,958	41,155	-	-	-	-	1,929	10,182	-	1,824	-	10	-	-	122,058	(33,737)	88,321
Due to affiliates, net of current portion	9,613	-	-	-	-	260	8	1,564	776	23	107	18	-	-	12,369	(12,369)	-
Total liabilities	870,584	51,074	690	3,383	2,831	7,070	21,986	44,631	941	22,782	628	1,668	1,667	17,114	1,047,049	(130,552)	916,497
Net assets:																	
Net assets without donor restrictions	645,109	9,295	27,273	7,688	744	1,398	24,565	11,180	1,493	(7,800)	(628)	(116)	73	(12)	720,262	(7,688)	712,574
Net assets with donor restrictions	30,068	-	14,675	3,839	5,490	190	15	63	-	-	-	-	-	-	54,340	(23,054)	31,286
Total net assets	675,177	9,295	41,948	11,527	6,234	1,588	24,580	11,243	1,493	(7,800)	(628)	(116)	73	(12)	774,602	(30,742)	743,860
Total liabilities and net assets	$ 1,545,761	$ 60,369	$ 42,638	$ 14,910	$ 9,065	$ 8,658	$ 46,566	$ 55,874	$ 2,434	$ 14,982	$ -	$ 1,552	$ 1,740	$ 17,102	$ 1,821,651	$ (161,294)	$ 1,660,357

See note to supplementary information

Health Quest Systems, Inc. and Subsidiaries

Consolidating Balance Sheet – Obligated Group
December 31, 2018
(in thousands)

	VBMC	PHC	NDH	Health Quest	Total	Eliminations	HQ Obligated Group
Assets							
Current assets:							
Cash and cash equivalents	$ 18,461	$ 31,040	$ 37,716	$ 7,380	$ 94,597	$ -	$ 94,597
Investments	179,508	43,431	18,005	-	240,944	-	240,944
Assets whose use is limited and required for current liabilities:							
Externally restricted	553	1,048	171	-	1,772	-	1,772
Patient accounts receivable	110,456	23,858	24,331	-	158,645	-	158,645
Supplies and prepaid expenses	15,306	4,461	2,901	8,583	31,251	-	31,251
Other current assets	5,179	1,019	706	376	7,280	-	7,280
Amounts due from third-party payors	1,982	603	379	-	2,964	-	2,964
Interest in Foundation, current	1,252	96	673	-	2,021	-	2,021
Due from affiliates, current portion	24,559	3,645	15,979	12,113	56,296	(10,460)	45,836
Total current assets	357,256	109,201	100,861	28,452	595,770	(10,460)	585,310
Interest in Foundation	12,909	11,432	4,356	-	28,697	-	28,697
Assets whose use is limited:							
Externally restricted	143,548	1,012	1,046	-	145,606	-	145,606
Long-term investments	9,961	-	-	-	9,961	-	9,961
Property, plant and equipment, net	533,733	58,889	76,953	28,445	698,020	-	698,020
Goodwill and intangible assets, net	25,916	46	-	-	25,962	-	25,962
Other assets	1,404	-	138	6,404	7,946	-	7,946
Due from affiliates, net of current	22,634	7,609	6,703	40,376	77,322	(33,063)	44,259
Total assets	$ 1,107,361	$ 188,189	$ 190,057	$ 103,677	$ 1,589,284	$ (43,523)	$ 1,545,761
Liabilities and Net Assets							
Current liabilities:							
Current portion of long-term debt	$ 15,890	$ 1,239	$ 263	$ -	$ 17,392	$ -	$ 17,392
Accounts payable and accrued expenses	78,509	13,396	10,760	41,120	143,785	-	143,785
Current amounts due to third-party payors and other liabilities	2,159	1,523	1,618	13,660	18,960	-	18,960
Due to affiliates, current portion	200	-	3,366	13,097	16,663	(10,460)	6,203
Total current liabilities	96,758	16,158	16,007	67,877	196,800	(10,460)	186,340
Long-term debt, net of current portion	462,621	20,938	43,895	-	527,454	-	527,454
Postretirement benefit obligations	61,466	18,753	-	-	80,219	-	80,219
Amounts due to third-party payors and other liabilities	38,146	11,782	10,507	6,523	66,958	-	66,958
Due to affiliates, net of current portion	2,493	995	395	38,793	42,676	(33,063)	9,613
Total liabilities	661,484	68,626	70,804	113,193	914,107	(43,523)	870,584
Net assets:							
Net assets without donor restrictions	427,355	114,727	112,543	(9,516)	645,109	-	645,109
Net assets with donor restrictions	18,522	4,836	6,710	-	30,068	-	30,068
Total net assets	445,877	119,563	119,253	(9,516)	675,177	-	675,177
Total liabilities and net assets	$ 1,107,361	$ 188,189	$ 190,057	$ 103,677	$ 1,589,284	$ (43,523)	$ 1,545,761

See note to supplementary information

Health Quest Systems, Inc. and Subsidiaries

Consolidating Balance Sheet
December 31, 2017
(in thousands)

	HQ Obligated Group	VBH Insurance	Foundation for VBMC	PHC Foundation	NDH Foundation	NDRHCF	Sharon Hospital	HQ Med Practice	HQUMCP	HV Cardio Practice	Alamo	HQ Homecare	Wells Manor	SHMP	Total	Total Eliminations	Consolidated
Assets																	
Current assets:																	
Cash and cash equivalents	$ 84,378	$ 5,236	$ 4,727	$ 6,567	$ 2,675	$ 1,784	$ 2,779	$ 2,880	$ 282	$ 38	$ -	$ 477	$ 26	$ 320	$ 112,169	$ -	$ 112,169
Restricted cash	635	-	-	-	27	21	-	-	-	-	-	-	25	-	708	-	708
Investments	254,664	-	31,457	7,132	4,344	-	-	-	-	-	-	-	-	-	297,597	-	297,597
Assets whose use is limited and required for current liabilities:																	
Externally restricted	1,881	-	-	-	-	-	-	-	-	-	-	-	-	-	1,881	-	1,881
Patient accounts receivable	142,027	-	-	-	-	1,519	12,971	6,563	394	1,637	-	651	-	1,241	167,003	-	167,003
Supplies and prepaid expenses	29,046	5	3	3	4	16	1,526	3,310	111	443	-	18	-	172	34,657	-	34,657
Other current assets	865	16,139	806	202	649	1	162	87	-	726	-	-	14	28	19,679	(10,538)	9,141
Amounts due from third-party payors	2,927	-	-	-	-	-	-	-	-	-	-	-	-	-	2,927	-	2,927
Interest in Foundation, current	1,657	-	-	-	-	-	-	-	-	-	-	-	-	-	1,657	(1,657)	-
Due from affiliates, current portion	52,609	-	93	3	-	-	26	5,471	361	2,796	38	6	-	2,393	63,796	(63,796)	-
Total current assets	570,689	21,380	37,086	13,907	7,699	3,341	17,464	18,311	1,148	5,640	38	1,152	65	4,154	702,074	(75,991)	626,083
Interest in Foundation	25,218	-	-	-	-	-	-	-	-	-	-	-	-	-	25,218	(25,218)	-
Assets whose use is limited:																	
Externally restricted	305,163	-	-	-	-	-	-	-	-	-	-	-	-	-	305,163	-	305,163
Investments held by captive	-	34,269	-	-	-	-	-	-	-	-	-	-	-	-	34,269	-	34,269
Long-term investments	10,529	-	-	-	506	-	-	-	-	-	-	-	-	-	11,035	-	11,035
Property, plant and equipment, net	515,787	-	49	12	8	1,912	21,881	9,704	1,529	1,516	-	33	1,042	13	553,486	-	553,486
Goodwill and intangible assets, net	25,962	-	-	-	-	-	10,108	985	-	3,342	-	298	-	-	40,695	-	40,695
Other assets	8,014	-	3,335	10	1,213	-	-	11,357	-	1,635	-	-	648	-	26,212	-	26,212
Due from affiliates, net of current	41,322	-	-	-	-	51	1,822	-	-	-	-	-	-	-	43,195	(43,195)	-
Total assets	$ 1,502,684	$ 55,649	$ 40,470	$ 13,929	$ 9,426	$ 5,304	$ 51,275	$ 40,357	$ 2,677	$ 12,133	$ 38	$ 1,483	$ 1,755	$ 4,167	$ 1,741,347	$ (144,404)	$ 1,596,943
Liabilities and Net Assets																	
Current liabilities:																	
Current portion of long-term debt	$ 18,662	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 147	$ -	$ 18,809	$ -	$ 18,809
Accounts payable and accrued expenses	117,401	2,164	94	22	12	1,065	6,920	17,118	163	6,591	38	419	159	328	152,494	(1,055)	151,439
Current amounts due to third-party payors and other liabilities	11,707	-	-	-	-	161	-	-	-	-	-	-	-	-	11,868	-	11,868
Captive insurance loss reserve payable	-	8,954	-	-	-	-	-	-	-	-	-	-	-	-	8,954	-	8,954
Due to affiliates, current portion	6,783	-	1,566	2,336	1,839	6,358	14,274	12,263	282	11,667	492	11,596	-	3,851	73,307	(73,307)	-
Total current liabilities	154,553	11,118	1,660	2,358	1,851	7,584	21,194	29,381	445	18,258	530	12,015	306	4,179	265,432	(74,362)	191,070
Long-term debt, net of current portion	544,847	-	-	-	-	-	-	-	-	-	-	-	1,534	-	546,381	-	546,381
Postretirement benefit obligations	88,486	-	-	-	-	-	-	-	-	-	-	-	-	-	88,486	-	88,486
Amounts due to third-party payors and other liabilities	74,949	38,212	-	-	-	-	1,822	18,436	-	1,655	-	2,637	-	-	137,711	(31,308)	106,403
Due to affiliates, net of current portion	9,135	-	-	-	-	285	-	1,522	766	20	100	8	-	-	11,836	(11,836)	-
Total liabilities	871,970	49,330	1,660	2,358	1,851	7,869	23,016	49,339	1,211	19,933	630	14,660	1,840	4,179	1,049,846	(117,506)	932,340
Net assets:																	
Net assets without donor restrictions	604,825	6,319	29,059	7,897	1,056	(2,753)	28,259	(9,029)	1,466	(7,800)	(592)	(13,177)	(85)	(12)	645,433	(7,897)	637,536
Net assets with donor restrictions	25,889	-	9,751	3,674	6,519	188	-	47	-	-	-	-	-	-	46,068	(19,001)	27,067
Total net assets	630,714	6,319	38,810	11,571	7,575	(2,565)	28,259	(8,982)	1,466	(7,800)	(592)	(13,177)	(85)	(12)	691,501	(26,898)	664,603
Total liabilities and net assets	$ 1,502,684	$ 55,649	$ 40,470	$ 13,929	$ 9,426	$ 5,304	$ 51,275	$ 40,357	$ 2,677	$ 12,133	$ 38	$ 1,483	$ 1,755	$ 4,167	$ 1,741,347	$ (144,404)	$ 1,596,943

See note to supplementary information

Health Quest Systems, Inc. and Subsidiaries

Consolidating Balance Sheet – Obligated Group
December 31, 2017
(in thousands)

	VBMC	PHC	NDH	Health Quest	Total	Eliminations	HQ Obligated Group
Assets							
Current assets:							
Cash and cash equivalents	$ 26,908	$ 11,528	$ 36,007	$ 9,935	$ 84,378	$ -	$ 84,378
Restricted cash	-	635	-	-	635	-	635
Investments	189,729	45,904	19,031	-	254,664	-	254,664
Assets whose use is limited and required for current liabilities:							
Externally restricted	551	1,132	198	-	1,881	-	1,881
Patient accounts receivable	100,037	24,226	17,764	-	142,027	-	142,027
Supplies and prepaid expenses	13,499	4,595	2,720	8,232	29,046	-	29,046
Other current assets	387	251	54	173	865	-	865
Amounts due from third-party payors	1,851	655	421	-	2,927	-	2,927
Interest in Foundation, current	806	202	649	-	1,657	-	1,657
Due from affiliates, current portion	14,999	31,222	8,099	40,413	94,733	(42,124)	52,609
Total current assets	348,767	120,350	84,943	58,753	612,813	(42,124)	570,689
Interest in Foundation	8,438	11,369	5,411	-	25,218	-	25,218
Assets whose use is limited:							
Externally restricted	303,124	1,008	1,031	-	305,163	-	305,163
Long-term investments	10,529	-	-	-	10,529	-	10,529
Property, plant and equipment, net	361,220	58,593	77,588	18,386	515,787	-	515,787
Goodwill and intangible assets, net	25,916	46	-	-	25,962	-	25,962
Other assets	1,029	-	220	6,765	8,014	-	8,014
Due from affiliates, net of current	22,564	7,011	5,783	37,666	73,024	(31,702)	41,322
Total assets	$ 1,081,587	$ 198,377	$ 174,976	$ 121,570	$ 1,576,510	$ (73,826)	$ 1,502,684
Liabilities and Net Assets							
Current liabilities:							
Current portion of long-term debt	$ 16,942	$ 1,390	$ 330	$ -	$ 18,662	$ -	$ 18,662
Accounts payable and accrued expenses	57,423	14,790	9,800	35,388	117,401	-	117,401
Current amounts due to third-party payors and other liabilities	2,441	1,157	138	7,971	11,707	-	11,707
Due to affiliates, current portion	3,725	3,089	2,819	39,274	48,907	(42,124)	6,783
Total current liabilities	80,531	20,426	13,087	82,633	196,677	(42,124)	154,553
Long-term debt, net of current portion	478,512	22,177	44,158	-	544,847	-	544,847
Postretirement benefit obligations	70,095	18,391	-	-	88,486	-	88,486
Amounts due to third-party payors and other liabilities	37,277	16,952	9,801	10,919	74,949	-	74,949
Due to affiliates, net of current portion	2,331	941	384	37,181	40,837	(31,702)	9,135
Total liabilities	668,746	78,887	67,430	130,733	945,796	(73,826)	871,970
Net assets:							
Net assets without donor restrictions	399,259	114,930	99,799	(9,163)	604,825	-	604,825
Net assets with donor restrictions	13,582	4,560	7,747	-	25,889	-	25,889
Total net assets	412,841	119,490	107,546	(9,163)	630,714	-	630,714
Total liabilities and net assets	$ 1,081,587	$ 198,377	$ 174,976	$ 121,570	$ 1,576,510	$ (73,826)	$ 1,502,684

See note to supplementary information

Health Quest Systems, Inc. and Subsidiaries

Consolidating Statement of Operations
Year Ended December 31, 2018
(in thousands)

	HQ Obligated Group	VBH Insurance	Foundation for VBMC	PHC Foundation	NDH Foundation	NDRHCF	Sharon Hospital	HQ Med Practice	HQUMCP	HV Cardio Practice	Alamo	HQ Homecare	Wells Manor	SHMP	Total	Eliminations	Consolidated
Operating revenue:																	
Patient service revenue	$ 936,950	$ -	$ -	$ -	$ -	$ 11,942	$ 49,720	$ 77,563	$ 1,334	$ 27,655	$ -	$ 3,788	$ -	$ 6,140	$ 1,115,092	$ -	$ 1,115,092
Other revenue	34,921	11,571	3,341	1,204	831	24	1,301	62,626	1	2,009	-	2	962	3,616	122,409	(80,706)	41,703
Net assets released from restriction used for operations	628	-	-	-	-	-	-	-	-	-	-	-	-	-	628	-	628
Total operating revenue	972,499	11,571	3,341	1,204	831	11,966	51,021	140,189	1,335	29,664	-	3,790	962	9,756	1,238,129	(80,706)	1,157,423
Operating expenses:																	
Salaries and fees	349,926	-	563	192	201	6,438	21,724	110,150	245	33,604	-	3,553	-	-	526,596	-	526,596
Employee benefits	120,198	-	119	50	53	2,248	6,503	17,593	114	4,029	21	1,039	-	-	151,967	-	151,967
Supplies	173,572	-	1	-	-	1,306	6,985	2,941	38	401	-	85	-	442	185,771	-	185,771
Other	169,594	6,954	522	289	287	2,630	13,506	26,084	1,062	3,515	15	846	565	12,541	238,410	(80,706)	157,704
Interest	7,693	-	-	-	-	-	1	-	-	-	-	-	148	-	7,842	-	7,842
Depreciation and amortization	42,617	-	6	2	2	225	2,800	1,852	25	353	-	10	91	6	47,989	-	47,989
Total operating expenses	863,600	6,954	1,211	533	543	12,847	51,519	158,620	1,484	41,902	36	5,533	804	12,989	1,158,575	(80,706)	1,077,869
Operating income (loss)	108,899	4,617	2,130	671	288	(881)	(498)	(18,431)	(149)	(12,238)	(36)	(1,743)	158	(3,233)	79,554	-	79,554
Investment (loss) income	(10,831)	(1,641)	(3,916)	(880)	(600)	32	1	9	-	-	-	4	-	-	(17,822)	-	(17,822)
Gain on sale of property, plant and equipment	(15)	-	-	-	-	-	25	-	-	-	-	-	-	-	10	-	10
Excess (deficiency) of revenue over expenses	98,053	2,976	(1,786)	(209)	(312)	(849)	(472)	(18,422)	(149)	(12,238)	(36)	(1,739)	158	(3,233)	61,742	-	61,742
Pension related changes other than net periodic pension costs	10,722	-	-	-	-	-	-	-	-	-	-	-	-	-	10,722	-	10,722
Grant revenue for capital expenditures	192	-	-	-	-	-	-	-	-	-	-	-	-	-	192	-	192
Net assets released from restrictions for capital expenditures	2,382	-	-	-	-	-	-	-	-	-	-	-	-	-	2,382	-	2,382
Change in interest in Foundation	(209)	-	-	-	-	-	-	-	-	-	-	-	-	-	(209)	209	-
Transfers of equity	(70,856)	-	-	-	-	5,000	(3,222)	38,631	176	12,238	-	14,800	-	3,233	-	-	-
Increase (decrease) in net assets without donor restrictions	$ 40,284	$ 2,976	$ (1,786)	$ (209)	$ (312)	$ 4,151	$ (3,694)	$ 20,209	$ 27	$ -	$ (36)	$ 13,061	$ 158	$ -	$ 74,829	$ 209	$ 75,038

See note to supplementary information

Health Quest Systems, Inc. and Subsidiaries

Consolidating Statement of Operations – Obligated Group
Year Ended December 31, 2018
(in thousands)

	VBMC	PHC	NDH	Health Quest	Eliminations	HQ Obligated Group
Operating revenue:						
Patient service revenue	$ 645,237	$ 154,115	$ 137,598	$ -	$ -	$ 936,950
Other revenue	12,919	4,425	2,399	184,916	(169,738)	34,921
Net assets released from restriction used for operations	293	246	89	-	-	628
Total operating revenue	658,449	158,786	140,086	184,916	(169,738)	972,499
Operating expenses:						
Salaries and fees	162,208	52,811	40,148	94,759	-	349,926
Employee benefits	65,601	18,733	11,846	24,018	-	120,198
Supplies	113,835	25,751	25,399	8,587	-	173,572
Other	203,006	49,768	33,315	53,243	(169,738)	169,594
Interest	4,623	934	2,011	125	-	7,693
Depreciation and amortization	24,347	7,305	6,428	4,537	-	42,617
Total operating expenses	573,620	155,302	119,147	185,269	(169,738)	863,600
Operating income	84,829	3,484	20,939	(353)	-	108,899
Investment loss	(7,571)	(2,289)	(971)	-	-	(10,831)
Gain (loss) on sale of property, plant and equipment	(18)	3	-	-	-	(15)
Excess of revenue over expenses	77,240	1,198	19,968	(353)	-	98,053
Pension related changes other than net periodic pension costs	11,546	(824)	-	-	-	10,722
Grant revenue for capital expenditures	-	-	192	-	-	192
Net assets released from restrictions for capital expenditures	757	158	1,467	-	-	2,382
Change in interest in Foundation	-	(209)	-	-	-	(209)
Transfers of equity	(61,447)	(526)	(8,883)	-	-	(70,856)
Increase in net assets without donor restrictions	$ 28,096	$ (203)	$ 12,744	$ (353)	$ -	$ 40,284

See note to supplementary information

Health Quest Systems, Inc. and Subsidiaries

Consolidating Statement of Operations
Year Ended December 31, 2017
(in thousands)

	HQ Obligated Group	VBH Insurance	Foundation for VBMC	PHC Foundation	NDH Foundation	NDRHCF	Sharon Hospital	HQ Med Practice	HQUMCP	HV Cardio Practice	Alamo	HQ Homecare	Wells Manor	SHMP	Total	Eliminations	Consolidated
Operating revenue:																	
Net patient service revenue	$ 938,082	$ -	$ -	$ -	$ -	$ 10,631	$ 20,972	$ 69,850	$ 5,030	$ 26,822	$ -	$ 6,812	$ -	$ 1,587	$ 1,079,786	$ -	$ 1,079,786
Provision for bad debts	(23,062)	-	-	-	-	(143)	(1,117)	(4,896)	(248)	(1,029)	-	(24)	-	(44)	(30,563)	-	(30,563)
Net patient service revenue less provisions for bad debts	915,020	-	-	-	-	10,488	19,855	64,954	4,782	25,793	-	6,788	-	1,543	1,049,223	-	1,049,223
Other revenue	34,770	10,228	2,242	886	545	20	350	55,083	11	399	-	2	948	788	106,272	(71,959)	34,313
Net assets released from restriction used for operations	409	-	-	-	-	-	-	-	-	-	-	-	-	-	409	-	409
Total operating revenue	950,199	10,228	2,242	886	545	10,508	20,205	120,037	4,793	26,192	-	6,790	948	2,331	1,155,904	(71,959)	1,083,945
Operating expenses:																	
Salaries and fees	342,929	-	559	187	178	6,262	8,387	99,942	1,209	29,510	-	3,256	-	9	492,428	-	492,428
Employee benefits	113,962	-	118	49	46	2,606	1,975	15,744	394	3,629	-	933	-	-	139,456	-	139,456
Supplies	154,472	-	1	1	2	1,250	3,446	2,581	170	420	-	81	-	231	162,655	-	162,655
Other	176,606	9,067	496	324	328	2,706	5,813	24,903	4,059	6,092	15	894	574	3,756	235,633	(71,959)	163,674
Interest	8,132	-	-	-	-	-	-	-	-	-	-	-	161	-	8,293	-	8,293
Depreciation and amortization	46,187	-	7	2	3	230	281	1,875	122	357	-	22	91	1	49,178	-	49,178
Total operating expenses	842,288	9,067	1,181	563	557	13,054	19,902	145,045	5,954	40,008	15	5,186	826	3,997	1,087,643	(71,959)	1,015,684
Operating income (loss)	107,911	1,161	1,061	323	(12)	(2,546)	303	(25,008)	(1,161)	(13,816)	(15)	1,604	122	(1,666)	68,261	-	68,261
Investment income	37,779	3,150	2,800	630	430	7	-	-	-	-	-	1	-	-	44,797	-	44,797
Gain on sale of property, plant and equipment	87	-	-	-	-	1	-	-	-	-	-	-	-	-	88	-	88
Excess (deficiency) of revenue over expenses	145,777	4,311	3,861	953	418	(2,538)	303	(25,008)	(1,161)	(13,816)	(15)	1,605	122	(1,666)	113,146	-	113,146
Pension related changes other than net periodic pension costs	(11,157)	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,157)	-	(11,157)
Grant revenue for capital expenditures	64	-	-	-	-	-	3,000	-	-	-	-	-	-	-	3,064	-	3,064
Contribution received from acquisitions	-	-	-	-	-	-	26,610	-	-	-	-	-	-	-	26,610	-	26,610
Net assets released from restrictions for capital expenditures	1,505	-	-	-	-	-	-	-	-	-	-	-	-	-	1,505	-	1,505
Change in interest in Foundation	953	-	-	-	-	-	-	-	-	-	-	-	-	-	953	(953)	-
Transfers of equity	(34,880)	-	-	-	-	-	(1,654)	19,964	1,100	13,816	-	-	-	1,654	-	-	-
Increase (decrease) in net assets without donor restrictions	$ 102,262	$ 4,311	$ 3,861	$ 953	$ 418	$ (2,538)	$ 28,259	$ (5,044)	$ (61)	$ -	$ (15)	$ 1,605	$ 122	$ (12)	$ 134,121	$ (953)	$ 133,168

See note to supplementary information

Health Quest Systems, Inc. and Subsidiaries

Consolidating Statement of Operations – Obligated Group
Year Ended December 31, 2017
(in thousands)

	VBMC	PHC	NDH	Health Quest	Eliminations	HQ Obligated Group
Operating revenue:						
Net patient service revenue	$ 647,352	$ 162,739	$ 127,991	$ -	$ -	$ 938,082
Provision for bad debts	(16,950)	(3,825)	(2,287)	-	-	(23,062)
Net patient service revenue less provisions for bad debts	630,402	158,914	125,704	-	-	915,020
Other revenue	11,412	3,466	2,275	182,724	(165,107)	34,770
Net assets released from restriction used for operations	315	26	68	-	-	409
Total operating revenue	642,129	162,406	128,047	182,724	(165,107)	950,199
Operating expenses:						
Salaries and fees	163,597	53,436	37,634	88,262	-	342,929
Employee benefits	60,302	19,191	11,051	23,418	-	113,962
Supplies	101,714	25,412	19,157	8,189	-	154,472
Other	203,060	49,800	30,712	58,141	(165,107)	176,606
Interest	4,986	996	2,015	135	-	8,132
Depreciation and amortization	27,216	8,163	6,685	4,123	-	46,187
Total operating expenses	560,875	156,998	107,254	182,268	(165,107)	842,288
Operating income	81,254	5,408	20,793	456	-	107,911
Investment income	29,290	6,022	2,467	-	-	37,779
Gain (loss) on sale of property, plant and equipment	(20)	107	-	-	-	87
Excess of revenue over expenses	110,524	11,537	23,260	456	-	145,777
Pension related changes other than net periodic pension costs	(12,182)	1,025	-	-	-	(11,157)
Grant revenue for capital expenditures	-	-	64	-	-	64
Net assets released from restrictions for capital expenditures	843	135	527	-	-	1,505
Change in interest in Foundation	-	953	-	-	-	953
Transfers of equity	(29,044)	(1,191)	(4,645)	-	-	(34,880)
Increase in net assets without donor restrictions	$ 70,141	$ 12,459	$ 19,206	$ 456	$ -	$ 102,262

See note to supplementary information

Health Quest Systems, Inc. and Subsidiaries

Note to Supplementary Information
(Amounts in Thousands)

Note 1. Summary of Significant Accounting Policies

Basis of presentation: The accompanying consolidating balance sheets and consolidating statements of operations by business unit as of and for the years ended December 31, 2018 and 2017, are provided for purposes of additional analysis and are not required as part of the basic consolidated financial statements. The information is presented on the accrual basis of accounting and is prepared net of related eliminations. These schedules are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America (GAAP) as a result of the exclusion of the changes in net assets with donor restrictions.

The accompanying obligated group information has been prepared to satisfy debt covenant requirements and is not required as part of the basic consolidated financial statements. The Obligated Group consists of VBMC, PHC, NDH and Health Quest. The information is prepared on the accrual basis of accounting and is prepared net of related eliminations. These schedules are not intended to be a presentation in accordance with GAAP as a result of the exclusion of entities that would otherwise be required to be consolidated under GAAP.

Appendix B-2

AUDITED FINANCIAL STATEMENTS OF WESTERN CONNECTICUT HEALTH NETWORK, INC. AND SUBSIDIARIES

[THIS PAGE INTENTIONALLY LEFT BLANK]

Consolidated Financial Statements and Supplementary Information

Western Connecticut Health Network, Inc. and Subsidiaries
Years Ended September 30, 2018 and 2017
With Report of Independent Auditors

Ernst & Young LLP

Building a better working world

Western Connecticut Health Network, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

Years Ended September 30, 2018 and 2017

Contents

Ernst & Young LLP
20 Church Street
Hartford, CT 06103

Tel: +1 860 247 3100
Fax: +1 860 725 6040
ey.com

Report of Independent Auditors

The Board of Directors
Western Connecticut Health Network, Inc.

We have audited the accompanying consolidated financial statements of Western Connecticut Health Network, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of September 30, 2018 and 2017, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Western Connecticut Health Network Insurance Co., Ltd. (the Company), a wholly-owned subsidiary, which statements reflect total assets constituting 7% and 9% as of September 30, 2018 and 2017, respectively, and total revenues constituting 1% in 2018 and 2017, of the consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Company, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Western Connecticut Health Network, Inc. and Subsidiaries at September 30, 2018 and 2017, and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating balance sheets and consolidating statements of operations are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Ernst & Young LLP

February 4, 2019

Western Connecticut Health Network, Inc. and Subsidiaries

Consolidated Balance Sheets

(In Thousands)

	September 30	
	2018	**2017**
Assets		
Current assets:		
Cash and cash equivalents	**$ 103,056**	$ 62,579
Investments, current portion	**35,960**	35,783
Assets limited as to use, current portion	**1,437**	10,015
Patient accounts receivable, less allowance for uncollectible accounts of approximately $45,318 in 2018 and $37,914 in 2017	**146,758**	136,518
Pledges receivable, current portion	**9,890**	8,218
Inventories	**21,299**	17,474
Prepaid expenses and other	**28,222**	42,869
Total current assets	**346,622**	313,456
Investments	**182,358**	243,344
Assets limited as to use:		
Funds restricted by donor	**120,715**	108,611
Board designated funds	**66,233**	65,724
Beneficial interests in trusts held by others and charitable remainder trusts	**19,239**	16,088
Investments held by Western Connecticut Health Network Insurance Co., Ltd.	**111,723**	127,627
Total noncurrent assets limited as to use	**317,910**	318,050
Other assets	**41,067**	34,288
Property, plant, and equipment:		
Land and land improvements	**42,796**	41,289
Buildings and building improvements	**902,599**	853,530
Equipment and other	**673,918**	587,501
Construction-in-progress (estimated cost to complete at September 30, 2018: $72,995)	**13,043**	97,743
	1,632,356	1,580,063
Less accumulated depreciation	**943,027**	886,664
	689,329	693,399
Pledges receivable, less current portion	**28,300**	14,612
Total assets	**$ 1,605,586**	$ 1,617,149

	September 30	
	2018	**2017**
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 82,200**	$ 75,204
Payroll-related accruals	**62,836**	51,307
Due to third-party payors	**31,832**	17,597
Interest payable	**1,876**	1,863
Other accrued expenses	**10,911**	9,890
Current portion of long-term debt	**8,180**	8,306
Total current liabilities	**197,835**	164,167
Self-insurance liabilities	**70,008**	75,064
Accrued pension liabilities and other	**69,921**	159,413
Long-term debt, less current portion	**327,107**	335,265
Total liabilities	**664,871**	733,909
Net assets:		
Unrestricted	**767,824**	735,314
Unrestricted attributable to noncontrolling interest	**2,284**	2,255
Temporarily restricted	**116,935**	96,960
Permanently restricted	**53,672**	48,711
Total net assets	**940,715**	883,240
Total liabilities and net assets	**$ 1,605,586**	$ 1,617,149

See accompanying notes.

Western Connecticut Health Network, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

(In Thousands)

	Year Ended September 30	
	2018	**2017**
Unrestricted revenues:		
Net patient service revenue	**$ 1,214,403**	$ 1,181,592
Provision for uncollectible accounts	**51,982**	42,857
Net patient service revenue, less provision for uncollectible accounts	**1,162,421**	1,138,735
Net assets released from restriction	**3,156**	2,909
Other operating revenues	**29,857**	37,799
	1,195,434	1,179,443
Expenses:		
Salaries, benefits and fees	**713,988**	691,801
Supplies and other	**406,398**	383,134
Insurance	**15,918**	14,224
Depreciation and amortization	**75,951**	76,775
Interest	**10,237**	9,229
	1,222,492	1,175,163
(Loss) income from operations before net loss on extinguishment of long-term debt	**(27,058)**	4,280
Net loss on extinguishment of long-term debt	**–**	(1,278)
(Loss) income from operations	**(27,058)**	3,002
Nonoperating gains and (losses):		
Contributions	**2,117**	5,432
Investment income, net	**42,824**	26,498
Change in unrealized gains and losses on investments	**(28,364)**	17,211
Operating expenses of the Danbury Hospital and New Milford Hospital Foundation, Inc. and Norwalk Hospital Foundation, Inc.	**(4,321)**	(4,274)
Net research operations	**(826)**	(856)
Interest rate swap activity:		
Interest cost on interest rate swap	**(22)**	(473)
Change in value of interest rate swap	**2,291**	2,889
	2,269	2,416
	13,699	46,427
(Deficiency) excess of revenues over expenses, before noncontrolling interest in joint venture	**(13,359)**	49,429
Less: net income attributable to noncontrolling interest in joint venture	**(1,274)**	(1,809)
(Deficiency) excess of revenues over expenses	**(14,633)**	47,620

Western Connecticut Health Network, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)

(In Thousands)

	Year Ended September 30	
	2018	**2017**
Unrestricted net assets:		
(Deficiency) excess of revenues over expenses (continued)	**$ (14,633)**	$ 47,620
Net assets released from restrictions for property, plant, and equipment	**1,308**	5,926
Transfer from temporarily restricted net assets	**519**	–
Change in pension obligation	**45,332**	69,690
Net unrestricted other changes in joint venture	**(1,245)**	(1,335)
Net income attributable to noncontrolling interest in joint venture	**1,274**	1,809
Other	**(16)**	–
Increase in unrestricted net assets	**32,539**	123,710
Temporarily restricted net assets:		
Contributions and other	**24,997**	13,730
Investment income, net	**6,819**	5,901
Change in unrealized gains and losses on investments	**(3,608)**	3,419
Change in fair value of beneficial interest in charitable remainder trusts	**319**	677
Assets released from restriction:		
Operations	**(3,156)**	(2,909)
Net assets released from restrictions for property, plant, and equipment	**(1,308)**	(5,926)
Non-operating activities	**(2,420)**	(3,084)
Transfer to unrestricted and permanently restricted net assets	**(1,668)**	(138)
Increase in temporarily restricted net assets	**19,975**	11,670
Permanently restricted net assets:		
Change in fair value of beneficial interest in trusts held by others	**164**	246
Contributions and other	**3,648**	2,911
Transfer from temporarily restricted net assets	**1,149**	138
Increase in permanently restricted net assets	**4,961**	3,295
Increase in net assets	**57,475**	138,675
Net assets at beginning of year	**883,240**	744,565
Net assets at end of year	**$ 940,715**	$ 883,240

See accompanying notes.

Western Connecticut Health Network, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended September 30	
	2018	**2017**
Operating activities		
Increase in net assets	**$ 57,475**	$ 138,675
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**75,951**	76,775
Change in unrealized gains and losses on investments	**31,972**	(20,630)
Change in pension obligation	**(45,332)**	(69,690)
Other changes in net assets	**16**	–
Restricted contributions and investment income	**(35,464)**	(22,542)
Net loss on extinguishment of long-term debt	**–**	(1,278)
Change in fair value of beneficial interest in trusts held by others and charitable remainder trusts	**(483)**	(923)
Provision for uncollectible accounts	**51,982**	42,857
Changes in operating assets and liabilities *(see Note 12)*	**(88,961)**	(99,846)
Net cash provided by operating activities	**47,156**	43,398
Investing activities		
Additions to property, plant, and equipment	**(71,881)**	(85,263)
Purchases and sales of investments, net	**38,022**	26,970
Net cash used in investing activities	**(33,859)**	(58,293)
Financing activities		
Proceeds from issuance of bonds	**–**	40,390
Payments of long-term debt	**(8,284)**	(46,528)
Restricted contributions and investment income	**35,464**	22,542
Net cash provided by financing activities	**27,180**	16,404
Net increase in cash and cash equivalents	**40,477**	1,509
Cash and cash equivalents at beginning of year	**62,579**	61,070
Cash and cash equivalents at end of year	**$ 103,056**	$ 62,579

See accompanying notes.

Western Connecticut Health Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
(Dollars in Thousands)

September 30, 2018

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

Western Connecticut Health Network, Inc. (the Network) was established under the statutes of the State of Connecticut and is the parent company of the following subsidiaries: The Danbury Hospital (Danbury Hospital); Danbury Hospital and New Milford Hospital Foundation, Inc. (DH/NMH Foundation); Western Connecticut Health Network Affiliates, Inc. (WCHNA); Western Connecticut Home Care, Inc. (WCHC); Western Connecticut Medical Group, Inc. (WCMG); Eastern New York Medical Services, P.C. (ENYMS); Western Connecticut Health Network Insurance Co., Ltd (WCHNIC); The Norwalk Hospital Association (Norwalk Hospital); Norwalk Hospital Foundation, Inc. (NHF); SWC Corporation (SWC); and Western Connecticut Health Network Investments, LLC (WCHN Investments).

Danbury Hospital is a voluntary, not-for-profit organization incorporated under the General Statutes of the State of Connecticut. The Board of Danbury Hospital is appointed by the Network. Danbury Hospital has a single provider license to include New Milford Hospital and operates as one licensed facility with two campuses.

WCHNIC is a captive insurance company domiciled in the Cayman Islands. WCHNIC provides alternative general and professional liability insurance to Danbury Hospital, WCMG and Norwalk Hospital, as well as providing community doctors with a competitive professional liability insurance option. Effective January 1, 2016, no community physicians were covered by WCHNIC.

Norwalk Hospital is a voluntary, not-for-profit organization incorporated under the General Statutes of the State of Connecticut. Norwalk Hospital includes its majority interest in Norwalk Surgery Center, LLC.

WCMG is a tax-exempt organization established under the General Statutes of the State of Connecticut and provides physician services to patients primarily from Western Connecticut and Southeastern New York. WCMG also provides physician support to various Network affiliates.

ENYMS is a tax-exempt New York professional corporation established under the General Statutes of the State of New York. It provides medical services through physicians and other licensed health care providers to the general public from offices located in Westchester County, New York.

1. Summary of Significant Accounting Policies (continued)

DH/NMH Foundation is a 501(c)(3) organization whose tax-exempt status is based upon its support of the Network and the health care providers affiliated with it, including Danbury Hospital and other health care organizations from time to time associated with the Network which qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code.

NHF is a 501(c)(3) organization whose tax-exempt status is based on its support of the Network and the health care providers affiliated with it, including Norwalk Hospital and other health care organizations from time to time associated with the Network which qualify as exempt organizations under 501(c)(3) of the Internal Revenue Code.

WCHN Investments is a partnership whose membership interests are owned by the Network. WHCN Investments was formed for the purpose of pooling the long-term investments of Danbury Hospital, Norwalk Hospital, DH/NMH Foundation and NHF. The long-term investments of Danbury Hospital, Norwalk Hospital, DH/NMH Foundation and NHF were transferred to WCHN Investments in exchange for a pro rata share of the combined investments and investment returns of WCHN Investments. WCHN Investments is a member of the Network Obligated Group (see Note 6).

The consolidated financial statements include the accounts of the Network, Danbury Hospital, DH/NMH Foundation, WCHNA, WCHC, WCMG, ENYMS, WCHNIC, Norwalk Hospital, SWC and WCHN Investments. All material intercompany transactions have been eliminated in consolidation.

On April 3, 2017, Danbury Hospital and Sunrise Medical Laboratories, Inc. (Sunrise) formed Connecticut Laboratory Partnership, LLC (the joint venture) to serve as a management services organization. In conjunction with the formation of the joint venture, Danbury Hospital and Norwalk Hospital sold certain intangible assets associated with the operation of its existing outreach laboratory businesses to Sunrise in fiscal year 2017. Total consideration received by the Network was approximately $13,500 and is recorded in other operating revenues on the consolidated statement of operations and changes in net assets for the year ended September 30, 2017. In addition to the joint venture arrangement, Danbury Hospital and Norwalk Hospital entered into a separate management agreement with Sunrise for the provision of management services by Sunrise to each of these entities with respect to their inpatient and outpatient laboratory businesses.

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates. Significant estimates reflected in the consolidated financial statements include the contractual allowances and allowance for uncollectible accounts for patient service revenue and the related patient accounts receivable, estimated revenue settlements due to or from third parties, reserves for malpractice, workers' compensation and other self-insured liabilities, and benefit plan assumptions.

Regulatory Matters

The Network is required to file annual operating information with the State of Connecticut Office of Health Care Access.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less at date of purchase, other than amounts held in the investment portfolio and assets limited as to use. The carrying value of cash equivalents approximates its fair value. Cash and cash equivalents are maintained with domestic financial institutions with deposits that exceed federally insured limits. It is the Network's policy to monitor the financial strength of these institutions.

Investments

The Network's investment portfolio reported in the accompanying consolidated balance sheets is designated as trading. Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value, based upon quoted market prices, on the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the (deficiency) excess of revenues over expenses, unless the income or loss is restricted by donor or by law.

1. Summary of Significant Accounting Policies (continued)

Alternative investments (nontraditional, not-readily-marketable assets), some of which are structured such that the Network holds limited partnership interests, are reported based upon net asset values derived from the application of the equity method of accounting. Individual investment holdings within the alternative investments may, in turn, include investments in both nonmarketable and market-traded securities. Valuations of these investments and, therefore, the Network's holdings, may be determined by the investment manager or general partner, and "fund of funds" investments are primarily based on financial data supplied by the underlying investee funds. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. The Network accounts for these investments using the equity method of accounting, except for investments held by the defined benefit pension plans, and reports its share of the increase or decrease in the funds' value as investment gain or loss. Alternative investments held by the defined benefit pension plan are reported at fair value as estimated in an unquoted market using net asset value as a practical expedient, as permitted under GAAP. The financial statements of the investees are audited annually by independent auditors, although the timing for reporting the results of such audits does not coincide with the Network's annual consolidated financial statement reporting.

Fair Value of Financial Instruments

The carrying values of financial instruments classified as current assets and current liabilities as of September 30, 2018 and 2017, approximate fair value based on current market conditions. The fair values of other financial instruments are disclosed in the respective notes and/or in Note 4. Investments include certificates of deposit with original maturities in excess of three months.

Assets Limited as to Use

Assets limited as to use represent investments with donor restrictions; unrestricted assets set aside by the Board of Directors for the purpose of providing for future improvement, expansion and replacement of property, plant and equipment; beneficial interests in trusts held by others in accordance with donor restrictions; beneficial interest in charitable remainder trusts; and investments held by WCHNIC. The portion of amounts required for funding current liabilities is included in current assets.

1. Summary of Significant Accounting Policies (continued)

Patient Accounts Receivable

Patient accounts receivable result from the health care services provided by the Network. Additions to the allowance for uncollectible accounts result from the provision for uncollectible accounts. Accounts written off as uncollectible are deducted from the allowance for uncollectible accounts.

The Network's estimation of the allowance for uncollectible accounts is based primarily upon the type and age of the patient accounts receivable and the effectiveness of the Network's collection efforts. The Network's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as these services are provided. On a monthly basis, the Network reviews its accounts receivable balances and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following:

- Historical write-off and collection experience using a hindsight or look-back approach;
- Revenue and volume trends by payor, particularly the self-pay components;
- Changes in the aging and payor mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients;
- Cash collections as a percentage of net patient revenue less the provision for uncollectible accounts; and
- Trending of days revenue in accounts receivable

The Network regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to assist in determining the reasonableness of its process for estimating the allowance for uncollectible accounts.

The Network's primary concentration of credit risk is patient accounts receivable, which consists of amounts owed by various governmental agencies, insurance companies and private patients.

1. Summary of Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost or net realizable value. The Network values its inventories using the first-in, first-out method.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost, or if acquired through a business combination or received as a donation, at the fair value on the date received. The Network provides for depreciation of property, plant and equipment using the straight-line method in amounts sufficient to depreciate the cost of the assets over their estimated useful lives. The remaining useful lives range from 1–55 years. Included in property, plant, and equipment, net is $86,246 and $64,162 of internally developed software costs at September 30, 2018 and 2017, respectively.

Bond Issuance Costs

Discounts and deferred costs related to the issuance of bonds are amortized over the period the obligation is outstanding, using a method that approximates the effective interest method.

(Deficiency) Excess of Revenues Over Expenses

The accompanying consolidated statements of operations and changes in net assets include (deficiency) excess of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from (deficiency) excess of revenues over expenses include permanent transfers of assets for other than goods and services, contributions of long-lived assets, change in pension obligation, net income attributable to noncontrolling interest in joint venture, and net unrestricted other changes in joint venture.

Transactions deemed by management to be ongoing, major or central to the provision of health care services are reported within (loss) income from operations.

1. Summary of Significant Accounting Policies (continued)

Other Operating Revenues

Other operating revenues consists primarily of the gain on sale of certain intangible assets associated with the operations of the outreach laboratory business to Sunrise in 2017, the equity earnings related to the joint venture, WCHNIC investment income, grant income, education income, cafeteria revenues, ancillary services, rental income and other miscellaneous income of the Network (see Note 14).

Nonoperating Gains and (Losses)

Activities other than in connection with providing health care services are considered to be nonoperating. Nonoperating gains and (losses) primarily consist of contributions, investment income, net, change in unrealized gains and losses on investments, net research operations, interest rate swap activity and the operating expenses of DH/NMH Foundation and NHF. Net research operations represent the activity of the Network's research initiatives which are funded by the Network's foundations and any grants received.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Network has been limited by donors to a specific time frame or purpose. Temporarily restricted net assets primarily consist of contributions restricted for certain health care services (and related investment return) and beneficial interest in charitable remainder trusts. Permanently restricted net assets, which are primarily endowment gifts and beneficial interest in trusts held by others, have been restricted by donors, and are to be maintained in perpetuity.

Contributions

The Network distinguishes between contributions of unrestricted assets, temporarily restricted assets, and permanently restricted assets.

Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions but which stipulations are met within the same reporting period, are reported as unrestricted support. Contributions for which donors have imposed restrictions which limit the use of the donated assets are reported as temporarily restricted net assets if the

1. Summary of Significant Accounting Policies (continued)

restrictions are not met in the same reporting period. When such donor imposed restrictions are met in subsequent reporting periods, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for use, are classified as permanently restricted net assets.

Income Taxes

The Network comprises not-for-profit corporations, with the exception of Norwalk Surgery Center, LLC, WCHN Investments, WCHNIC and SWC, as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Network is also exempt from state and local taxes. SWC is a for-profit corporation and WCHNIC is a foreign corporation exempt from US taxation and is not subject to taxes under the Cayman Islands tax concessions law. Norwalk Surgery Center, LLC and WCHN Investments are limited liability corporations and are treated as partnerships for income tax purposes.

The Network has net operating losses carryforwards from unrelated business activities of $53,144 and $54,079 at September 30, 2018 and 2017, respectively, which will begin expiring in 2019. These losses generate a potential deferred tax asset of $14,349 and $21,631 at September 30, 2018 and 2017, respectively, which is offset by a corresponding valuation allowance of the same amount due to the uncertainty of utilizing the deferred tax asset in future periods.

As a result of the recent federal income tax reform enacted into law under the Tax Cuts and Jobs Act of 2017, certain provisions impact taxable and tax-exempt organizations, including revisions to taxes on unrelated business activities, excise taxes on compensation of certain employees, reduction of corporate income tax rates and various other provisions. Certain regulations necessary to implement the law are expected to be issued in 2019 and the ultimate outcome of these regulations and the impact to the Network's consolidated financial statements cannot presently be determined.

1. Summary of Significant Accounting Policies (continued)

Asset Retirement Obligation

The Network records a liability for legal obligations associated with the retirement of tangible long-lived assets when the timing and/or method of settlement of the obligation is conditional on a future event. The fair value of a liability for a conditional asset retirement obligation is recognized in the period in which the obligation is incurred if a reasonable estimate of fair value can be made. As of September 30, 2018 and 2017, $9,497 and $9,406, respectively, is included in accrued pension liabilities and other, relating to such obligations. There are no assets that are legally restricted for purposes of settling asset retirement obligations. During 2018 and 2017, retirement obligations incurred and settled were minimal.

State of Connecticut Hospital Tax

Pursuant to Connecticut General Statutes, the State of Connecticut Hospital Tax is based on a percentage of the Network's net patient service revenue. Inpatient service revenue was taxed at 6% for the period October 1, 2016 through September 30, 2018. Outpatient service revenue was taxed at 6% for the period October 1, 2016 through June 30, 2017. For the period July 1, 2017 through June 30, 2019, the rate of tax for the provision of outpatient hospital services shall be $900,000 less the total tax imposed on all hospitals for the provision of inpatient hospital services, which sum shall be divided by total net revenue for fiscal year 2016 attributable to outpatient hospital services, of all hospitals that are required to pay such tax. The outpatient taxes are 12% for fiscal year 2018.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. (ASU) 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09). The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in ASU 2014-09 supersedes the FASB's current revenue recognition requirements in Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. The FASB subsequently issued ASU 2015-14, *Revenue from Contracts with Customers,* which

1. Summary of Significant Accounting Policies (continued)

deferred the effective dates of ASU 2014-09. Based on ASU 2015-14, the provisions of ASU 2014-09 are effective for the Network for the fiscal year beginning after December 15, 2017, and interim periods within that fiscal year. In accordance with ASU 2014-09, the Network will analyze revenue streams utilizing the portfolio approach to group patient contracts with similar characteristics, such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. Management will adopt ASU 2014-09 following the modified retrospective method of application. Subsequent to adoption, certain patient activity where collection is uncertain which was previously reported as net patient service revenue and the provision for bad debts in the Network's consolidated statements of operations and changes in net assets will no longer meet the criteria for revenue recognition and, accordingly, the provision for bad debts after the adoption date will be significantly reduced with a corresponding reduction to net patient service revenue. The Network's adoption of ASU 2014-09 will have other impacts to net patient service revenue, which include judgments regarding collection analyses and estimates of variable consideration and the addition of certain qualitative and quantitative disclosures. The impact of the adoption of ASU 2014-09 in relation to other applicable revenue activity is still being evaluated by the Network.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01), which will require business-oriented health care not-for-profit entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in the performance indicator unless the investments qualify for a new practicability exception. Unrealized gains and losses on equity securities currently classified as other than trading will no longer be reported separately from the performance indicator. The provisions of ASU 2016-01 are effective for the Network for annual periods beginning after December 15, 2018, and for interim periods within annual periods beginning a year later. Early adoption of the key provisions is permitted for annual periods beginning after December 15, 2017, and interim periods therein. The Network's consolidated financial statements are not expected to be significantly impacted by the adoption of ASU 2016-01, as all investments in equity securities are currently classified as trading securities with unrealized gains and losses reported in the performance indicator.

In February 2016, the FASB issued ASU 2016-02, Leases (ASU 2016-02), which will require lessees to report most leases on their balance sheet, but recognize expenses on their income statement in a manner similar to current accounting. The guidance also eliminates current real estate-specific provisions. For lessors, the guidance modifies the classification criteria and the

1. Summary of Significant Accounting Policies (continued)

accounting for sales-type and direct financing leases. The provisions of ASU 2016-02 are effective for the Network for annual periods beginning after December 15, 2018, and interim periods within those years. Early adoption is permitted. The Network is in the process of evaluating the impact of ASU 2016-02 on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Financial Statement Presentation* (ASU 2016-14), which eliminates the requirement for not-for-profits (NFPs) to classify net assets as unrestricted, temporarily restricted and permanently restricted. Instead, NFPs will be required to classify net assets as net assets with donor restrictions or without donor restrictions. Entities that use the direct method of presenting operating cash flows will no longer be required to provide a reconciliation of the change in net assets to operating cash flows. The guidance also modifies required disclosures and reporting related to net assets, investment expenses and qualitative information regarding liquidity. NFPs will also be required to report all expenses by both functional and natural classification in one location. The provisions of ASU 2016-14 are effective for the Network for annual periods beginning after December 15, 2017, and interim periods thereafter. Application of ASU 2016-14 to interim periods within the initial year of adoption is permitted, but not required. Early adoption is permitted. The Network is in the process of evaluating the impact of ASU 2016-14 on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows – Classification of Certain Cash Receipts and Cash Payments* (ASU 2016-15), which addresses the following eight specific cash flow issues in order to limit diversity in practice: debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. The provisions of ASU 2016-15 are effective for the Network for annual periods beginning after December 15, 2018, and interim periods thereafter. Early adoption is permitted. The Network is in the process of evaluating the impact of ASU 2016-15 on its consolidated financial statements.

1. Summary of Significant Accounting Policies (continued)

In November 2016, the FASB issued ASU 2016-18, S*tatement of Cash Flows – Restricted Cash* (ASU 2016-18), which requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The provisions of ASU 2016-18 are effective for the Network for annual periods beginning after December 15, 2018, and interim periods thereafter. Early adoption is permitted. The Network is in the process of evaluating the impact of ASU 2016-18 on its consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (ASU 2017-07). ASU 2017-07 addresses how employers that sponsor defined benefit pension and/or other postretirement benefit plans present the net periodic benefit cost in the income statement. Employers will be required to present the service cost component of net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. Employers will present the other components of the net periodic benefit cost separately from the line item that includes the service cost and outside of any subtotal of operating income, if one is presented. The standard is effective for the Network for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. Adoption of ASU 2017-07 will require the Network to include the service cost component of net periodic benefit cost (income) related to its defined benefit plan (cost of $573 for 2018) within salaries, benefits and fees on the consolidated statements of operations and change in net assets and to present all other components (income of $12,616 in 2018) as a separate line item outside of (loss) income from operations. Total net periodic benefit cost (income) is recorded currently as a component of salaries, benefits and fees on the consolidated statements of operations and changes in net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958); Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies existing guidance in order to address diversity in practice in classifying grants (including governmental grants) and contracts received by not-for-profit entities, and requires entities to evaluate whether the resource provider receives commensurate value. In addition, the standard clarifies the guidance on how entities determine when a contribution is

1. Summary of Significant Accounting Policies (continued)

conditional, including whether the agreement includes a barrier (or barriers) that must be overcome for the recipient to be entitled to the transferred assets and a right of return of the transferred assets (or a right of release of the promisor's obligation to transfer the assets). The standard should be applied on a modified prospective basis to agreements that are not completed as of the effective date and to agreements entered into after the effective date. Retrospective application is permitted. ASU 2018-08 applies to all entities that make or receive contributions and is effective for the Network for fiscal years beginning after June 15, 2018, including interim periods within those years. Early adoption is permitted. The Network is in the process of evaluating the impact of ASU 2018-08 on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract* (ASU 2018-15). The standard aligns the requirement 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 this standard. The standard requires the customer in a hosting arrangement that is a service contract to follow the guidance in ASC Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense by determining which project stage an implementation activity relates to and the nature of the costs. The standard also requires the customer to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. ASU 2018-15 is effective for the Network for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted, including adoption in any interim period. Either retrospective or prospective adoption is permitted. The Network is in the process of evaluating the impact of ASU 2018-15 on its consolidated financial statements.

2. Net Patient Service Revenue and Charity Care

The Network has agreements with third-party payors that provide for payments at amounts different from its established rates. The difference is accounted for as allowances. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, fee-for-service, discounted charges and per diem payments. Net patient service revenue is affected by the State of Connecticut Disproportionate Share program and is reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

The Network has established estimates based on information presently available of amounts due to or from Medicare, Medicaid, and third-party payors for adjustments to current and prior year payment rates, based on industry-wide and Network-specific data. Such amounts are included in the accompanying consolidated balance sheets. Additionally, certain payors' payment rates for various years have been appealed by the Network. If the appeals are successful, additional income applicable to those years might be realized.

Approximately 35%, 7%, and 58%; and 36%, 6%, and 58%, of net patient service revenue was received from Medicare, Medicaid and non-governmental payors, respectively, for the years ended September 30, 2018 and 2017, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term.

The Network believes it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Network. Cost reports for the Network, which serve as the basis for the final settlement with government payors, have been settled by final settlement through 2015 for Medicare and 1994 and 1996 for Norwalk Hospital and Danbury Hospital, respectively, for Medicaid. Other years remain open for settlement.

During 2018 and 2017, the Network recorded an increase in net patient service revenue of $3,584 and $1,767, respectively, related to changes in previously estimated third-party payor settlements.

(Dollars in Thousands)

2. Net Patient Service Revenue and Charity Care (continued)

The Network manages patient accounts receivable by regularly reviewing its patient accounts and contracts, and by providing appropriate allowances for uncollectible amounts. Significant concentrations of gross patient accounts receivable include 30%, 10%, and 60% and 33%, 13%, and 54% for Medicare, Medicaid and non-governmental payors, respectively, at September 30, 2018 and 2017, respectively.

The following table summarizes net patient service revenue:

	Year Ended September 30	
	2018	**2017**
Gross patient service revenue	**$ 3,251,997**	$ 3,169,762
Deductions:		
Allowances	**1,993,029**	1,946,033
Charity care (at charges)	**44,565**	42,137
	2,037,594	1,988,170
Net patient service revenue	**1,214,403**	1,181,592
Provision for uncollectible accounts	**51,982**	42,857
Net patient service revenue less provision for uncollectible accounts	**$ 1,162,421**	$ 1,138,735

Patient service revenue, net of contractual allowances and before the provision for uncollectible accounts and charity care, recognized in the period from major payor sources is as follows:

	Year Ended September 30	
	2018	**2017**
Third-party payors	**$ 1,161,005**	$ 1,140,891
Self-pay patients	**53,398**	40,701
	$ 1,214,403	$ 1,181,592

(Dollars in Thousands)

2. Net Patient Service Revenue and Charity Care (continued)

The Network accepts all patients regardless of their ability to pay. A patient is classified as a charity care patient by reference to established policies of the Network. Essentially, these policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the Network utilizes the generally recognized federal poverty income guidelines, but also includes certain cases where incurred charges are significant when compared to a responsible party's income. Those charges are not included in net patient service revenue for financial reporting purposes.

The estimated cost of charity care provided was $16,431 and $14,770 for the years ended September 30, 2018 and 2017, respectively. The estimated cost of charity care is based on the ratio of cost to charges, as determined by Network-specific data.

3. Investments and Assets Limited as to Use

The composition of investments and assets limited as to use is set forth in the following table:

	September 30	
	2018	**2017**
Cash and cash equivalents	**$ 41,836**	$ 49,769
Common collective funds	**70,692**	104,309
Fixed income securities	**14**	31
Mutual funds	**289,678**	336,756
Real estate/commodities	**721**	803
Alternative investments	**114,285**	98,007
	$ 517,226	$ 589,675

The above table does not include $1,200 and $1,429 of land held for sale as of September 30, 2018 and 2017, respectively, which is included within investments and assets limited to use. Also included in assets limited as to use and not in the table above is beneficial interest in trusts held by others and charitable remainder trusts of $19,239 and $16,088 as of September 30, 2018 and 2017, respectively.

(Dollars in Thousands)

3. Investments and Assets Limited as to Use (continued)

Other operating revenues includes captive investment income of $8,286 and $1,338 for the years ended September 30, 2018 and 2017, respectively. Investment income included in nonoperating gains and (losses) for the years ended September 30, 2018 and 2017, consists of:

	2018	2017
Interest and dividend income	**$ 6,754**	$ 6,459
Realized gains and losses, net and equity earnings of alternative investments	**36,070**	20,039
	$ 42,824	$ 26,498

4. Fair Values of Financial Instruments

For assets and liabilities required to be measured at fair value, the Network 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 the Network'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.

The Network follows a valuation hierarchy that is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs that are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

(Dollars in Thousands)

4. 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, the Network 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.

Financial instruments carried at fair value in the accompanying consolidated balance sheets, excluding assets invested in the Network's defined benefit pension plan, are classified in the table below in one of the three categories described above:

	September 30, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 103,056**	**$ –**	**$ –**	**$ 103,056**
Investments and assets limited as to use:				
Cash and cash equivalents	**41,836**	**–**	**–**	**41,836**
Mutual funds:				
Domestic equity	**113,957**	**–**	**–**	**113,957**
International equity	**14,049**	**–**	**–**	**14,049**
Fixed income	**161,672**	**–**	**–**	**161,672**
Fixed income securities	**–**	**14**	**–**	**14**
Real estate/commodities	**103**	**618**	**–**	**721**
Beneficial interests in trusts held by others and charitable remainder trusts	**–**	**19,239**	**–**	**19,239**
Other assets:				
Interest rate swap	**–**	**2,961**	**–**	**2,961**
	$ 434,673	**$ 22,832**	**$ –**	**457,505**
Alternative investments and common collective funds measured at net asset value				**19,157**
				$ 476,662

(Dollars in Thousands)

4. Fair Values of Financial Instruments (continued)

	September 30, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 62,579	$ –	$ –	$ 62,579
Investments and assets limited as to use:				
Cash and cash equivalents	49,769	–	–	49,769
Mutual funds:				
Domestic equity	124,513	–	–	124,513
International equity	36,287	–	–	36,287
Fixed income	175,956	–	–	175,956
Fixed income securities	–	31	–	31
Real estate/commodities	102	701	–	803
Beneficial interests in trusts held by others and charitable remainder trust	–	16,088	–	16,088
Other assets:				
Interest rate swap	–	670	–	670
	$ 449,206	$ 17,490	$ –	466,696
Alternative investments and common collective funds measured at net asset value:				27,252
				$ 493,948

The amounts reported in the tables above do not include alternative investments and common collective funds totaling $165,820 and $175,064 as of September 30, 2018 and 2017, respectively, that are accounted for under the equity method of accounting and are included within investments and assets limited as to use. The above tables do not include $1,200 and $1,429 of land held for sale as of September 30, 2018 and 2017, which is included within investments and assets limited as to use, respectively. The Network has unfunded commitments to alternative investments of $53,805 as of September 30, 2018.

The interest rate swap listed above is classified in the accompanying consolidated balance sheets within other assets at September 30, 2018 and 2017. The fair value of the interest rate swap is based on the present value of future cash flows based on the mid-market gross value for similar financial instruments.

(Dollars in Thousands)

4. Fair Values of Financial Instruments (continued)

Financial assets carried at fair value included in the defined benefit pension plan (see Note 7) are classified in the table below in one of the three categories described above:

	September 30, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 12,849**	**$ –**	**$ –**	**$ 12,849**
Mutual funds:				
Domestic equity	**177,509**	**–**	**–**	**177,509**
International equity	**48,586**	**–**	**–**	**48,586**
Fixed income	**244,767**	**–**	**–**	**244,767**
	$ 483,711	**$ –**	**$ –**	**483,711**
Alternative investments and common collective funds measured at net asset value				**432,262**
				$ 915,973

	September 30, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 10,485	$ –	$ –	$ 10,485
Mutual funds:				
Domestic equity	135,244	–	–	135,244
International equity	48,850	–	–	48,850
Fixed income	236,368	–	–	236,368
	$ 430,947	$ –	$ –	430,947
Alternative investments and common collective funds measured at net asset value				445,829
				$ 876,776

(Dollars in Thousands)

4. Fair Values of Financial Instruments (continued)

Fair value for Level 1 assets is based upon quoted market prices. Fair value for Level 2 assets is based upon model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers. The defined benefit pension plan's common collective trust funds and alternative investments are measured at net asset value. The valuation of alternative investments is described in Note 1. Furthermore, while the Network believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

5. Pledges Receivable

Pledges receivable include the following unconditional promises to give:

	September 30	
	2018	**2017**
Due within one year	**$ 10,245**	$ 8,218
Due within one to five years	**28,734**	14,217
Due within greater than five years	**2,330**	1,901
	41,309	24,336
Allowance and discount for uncollectible pledges	**(3,119)**	(1,506)
Present value of pledges receivable	**$ 38,190**	$ 22,830

The allowance recognizes the estimated uncollectible portion of pledges and the discount of pledges to net present value. Pledges are discounted using an average rate of 2.02% and 1.96% as of September 30, 2018 and 2017, respectively.

(Dollars in Thousands)

6. Long-Term Debt and Credit Facility

Long-term debt consisted of the following:

	September 30	
	2018	**2017**
Network revenue bonds financed with the Connecticut Health & Educational Facilities Authority (CHEFA):		
Series G	**$ 16,080**	$ 17,695
Series H (Norwalk Hospital)	**3,460**	4,543
Series I	**4,052**	5,325
Series J	**73,455**	75,800
Series M	**46,030**	46,030
Series N	**32,155**	33,865
Series O	**122,120**	122,120
Series P	**40,390**	40,390
Norwalk Hospital term and other loans	**–**	416
Bond issuance costs	**(2,455)**	(2,613)
	335,287	343,571
Less current portion	**8,180**	8,306
	$ 327,107	$ 335,265

The following is a summary of the combined aggregate amount of maturities and sinking fund requirements of the aforementioned obligations at September 30, 2018, according to their long-term amortization schedule and excluding a net unamortized fair value adjustment recorded of $618:

2019	$ 8,180
2020	8,500
2021	8,864
2022	11,615
2023	11,975
Thereafter	287,990
	$ 337,124

The fair value of the revenue bonds, as determined by the Network's financing consultant using a discounted cash flow analysis, was $340,505 and $343,773 at September 30, 2018 and 2017, respectively. The revenue bonds are categorized as Level 2 in the fair value hierarchy described in Note 4.

6. Long-Term Debt and Credit Facility (continued)

The Network paid interest of $10,246 and $10,391 in 2018 and 2017, respectively. Debt service funds held under bond indenture agreements were $1,437 and $1,435 at September 30, 2018 and 2017, respectively.

The Network holds eight series of bonds. The Obligated Group includes Danbury Hospital, DH/NMH Foundation, the Network, WCMG, Norwalk Hospital NHF, and WCHN Investments. All members of the Obligated Group are jointly and severally liable under the Master Indenture to make all payments required with respect to obligations under the Master Indenture.

Under the original terms of the previously outstanding Danbury Hospital Series H Bonds financing arrangements between the Obligated Group and CHEFA, the proceeds of the revenue bonds were loaned to the Network. The Network was obligated to provide amounts sufficient to pay the principal and interest due on the Danbury Hospital Series H Bonds. The Master Indentures and Supplemental Master Indentures provide for the potential establishment and maintenance of a Debt Service Reserve Fund and a pledge of gross receipts, as defined. The Master Indentures also establish a debt service coverage ratio requirement and restricts the incurrence of certain indebtedness by the Obligated Group. No violations of financial covenants existed as of September 30, 2018 and 2017. The proceeds of the Danbury Hospital Series H Bonds were used for the construction, renovation and equipping of an outpatient diagnostic building with approximately 28,000 square feet of medical office space, a 381-space parking garage, a 264-space surface parking lot and to fund capitalized interest. In 2017, the Danbury Hospital Series H Bonds were advance refunded in conjunction with the issuance of the Series P revenue bonds (Series P Bonds). The Danbury Hospital Series H Bonds were fully redeemed as of September 30, 2017. The Network recorded a net loss on the extinguishment of long-term debt of $1,278 in the consolidated statement of operations and changes in net assets for the year ended September 30, 2017.

The Series M revenue bonds (Series M Bonds) were issued in the aggregate principal of $46,030, with interest payable initially on January 1, 2012, and semiannually on each January 1 and July 1 thereafter. The Series M Bonds bear interest at rates ranging from 5.000% to 5.375% and are scheduled to mature from July 1, 2031 to July 1, 2041. The Series M Bonds are also subject to annual sinking fund installments commencing in 2024 through scheduled maturity. The Series L

6. Long-Term Debt and Credit Facility (continued)

Revenue Bonds (Series L Bonds) of $96,000 were issued concurrently with Series M Bonds. In 2015, the Series L Bonds were refunded in conjunction with the issuance of the Series O Bonds. The proceeds of the Series L Bonds and Series M Bonds were used for funding the planning, design, acquisition, construction, equipping and furnishing of Danbury Hospital's patient tower, expansion of a parking garage, capital improvements and to fund capitalized interest.

In 2012, the Network issued the Series N revenue bonds (Series N Bonds) in the amount of $39,880 with interest at rates between 3% and 5%. The Series N Bonds mature serially from July 1, 2014 to July 1, 2029. The proceeds of the Series N Bonds were used to refund Danbury Hospital's Series G Bonds.

In 2015, the Network issued Series O Bonds in the amount of $122,120, with interest at a variable rate tied to LIBOR (2.312% and 1.706% at September 30, 2018 and 2017, respectively). The Series O Bonds mature serially from July 1, 2022 to July 1, 2041. The proceeds of the Series O Bonds were used to refund the Network Series K and Series L Bonds.

In 2017, the Network issued Series P Bonds in the amount of $40,390, with interest at the bank's purchase rate of 2.260%. The Series P Bonds mature serially from July 1, 2030 to July 1, 2036. The proceeds of the Series P Bonds were used to advance refund the Network Series H Bonds, as previously described.

On December 7, 2012, Norwalk Hospital financed a portion of the construction of an outpatient pavilion and other equipment through the issuance of the Series J Revenue Bonds (Series J Bonds), in the original principal amount of $82,000. Interest-only payments were required for the first two years of the Series J Bonds. In May 2015, Norwalk Hospital amended the loan agreement associated with the Series J Bonds (with principal then outstanding of $80,935), primarily to reduce the interest rate and amend certain financial covenants. The amended loan terms qualified as an extinguishment of the debt under applicable accounting requirements. The Series J Bonds are subject to mandatory tender on December 1, 2024, and bear interest at a rate per annum equal to 70% of the sum of the one-month LIBOR Rate plus 125 basis points. The interest rate on the Series J Bonds is reset monthly.

On December 7, 2012, Norwalk Hospital entered into an interest rate swap agreement to reduce the interest rate volatility on the Series J Bonds. The swap confirmation has a notional amount of $82,000. Under the terms of the agreement, Norwalk Hospital pays a fixed rate of 1.2343% to

6. Long-Term Debt and Credit Facility (continued)

the counterparty, and the counterparty pays a variable rate of 70% of one-month LIBOR to Norwalk Hospital. The payments under the swap confirmation are based on the outstanding notional amount; the notional amount will amortize at the same rate as the Norwalk Hospital Series J Bonds. The payments under the swap confirmation produce a synthetic fixed rate of 2.1093% on the Series J Bonds through December 1, 2024.

In 2011, Norwalk Hospital financed the construction of the parking garage and other equipment through a private placement of CHEFA Revenue Bonds, Series G, H, and I, in the aggregate principal amount of $46,840. As of May 8, 2015, the repayment of the Series G, H and I Bonds are secured by the Gross Receipts pledged by the Obligated Group under the Network Master Trust Indenture. As a result, the Network is obligated to provide amounts sufficient to pay the principal and interest due on the Series G, H, and I Bonds.

The Series G Bonds totaling $25,000 mature serially through 2025 with interest at an annual rate of 5.12%. Interest on the bonds is payable semi-annually each June and December 1.

The Series H Bonds totaling $10,040 mature serially through 2020 with interest at an annual rate of 3.49%. Interest on the bonds is payable semi-annually each June and December 1.

The Series I Bonds totaling $11,800 mature serially through 2020 with interest at an annual rate of 3.4%. Interest on the bonds is payable semi-annually each June and December 1.

7. Pension Plans

The Network previously sponsored three defined benefit pension plans, for which plan benefits are based on years of service and the employee's compensation (collectively referred to as the Plans). The Plans included the WCHN Retirement Plan (the Network Plan), the New Milford Hospital Retirement Plan (the New Milford Plan) and the Norwalk Hospital Retirement Plan (the Norwalk Hospital Plan). As described below, the New Milford Plan and the Norwalk Hospital Plan have merged into the Network Plan. Additionally, the Network maintains deferred compensation plans for certain executives.

Effective May 26, 2011, the Board of Directors adopted a resolution to freeze the Network Plan for non-union employees effective December 31, 2011, with certain employees continuing to accrue benefits based on age and vesting. Effective September 7, 2012, the Board of Directors adopted a second resolution to freeze benefits for all of those that had been continuing to accrue.

7. Pension Plans (continued)

The New Milford Plan was frozen effective January 31, 2010. The plan was amended effective October 31, 2012, to cease the future accrual of benefits to each highly compensated grandfathered employee as defined by the IRS. Effective September 30, 2015, the New Milford Hospital pension plan merged into the Network's plan.

Effective September 30, 2013, the Norwalk Hospital Plan was frozen for all purposes (except as provided below) for those Participants who are not covered by the collective bargaining agreement between Norwalk Hospital and the Connecticut Health Care Associates, National Union of Hospital and Health Care Employees, AFSCME, AFL-CIO Nurses' Union (Non-Union Participants). Effective December 31, 2015, the Norwalk Hospital Plan merged into the Network's Plan. Effective December 31, 2017, benefit accruals were frozen for the union employees covered by the collective bargaining agreement referred to above. As a result, a curtailment gain of approximately $5,500 was recorded for the year ended September 30, 2017, and is recorded as a component of unrestricted net assets within change in pension obligation.

Contributions to the Network Plan are intended to provide for benefits attributed to services rendered to date. The Network makes contributions in amounts sufficient to meet the required benefits to be paid to the Network Plan's participants as they become due as required by the Employee Retirement Income Security Act of 1974.

The Network established defined contribution pension plans for all eligible employees after freezing the Plans. Pension expense related to the defined contribution plans for the years ended September 30, 2018 and 2017 was $26,108 and $22,748, respectively.

(Dollars in Thousands)

7. Pension Plans (continued)

The following table presents a reconciliation of the beginning and ending balances of the Network Plan's projected benefit obligation and the fair value of plan assets, as well as the funded status of the Network Plan and accrued pension cost included in the consolidated balance sheets:

	September 30	
	2018	**2017**
Change in benefit obligation		
Benefit obligation at beginning of year	**$ (966,140)**	$ (992,970)
Service cost	**(573)**	(2,040)
Actuarial gains and losses, net	**43,394**	26,046
Interest cost	**(36,557)**	(36,380)
Benefits paid	**36,014**	33,699
Curtailment gain	**–**	5,505
Benefit obligation at end of year	**(923,862)**	(966,140)
Change in plan assets		
Fair value of plan assets at beginning of year	**876,776**	802,024
Employer contributions	**24,000**	24,000
Actual return on plan assets	**51,211**	84,451
Benefits paid	**(36,014)**	(33,699)
Fair value of plan assets at end of year	**915,973**	876,776
Unfunded status, included in accrued pension liabilities and other on the accompanying consolidated balance sheets	**$ (7,889)**	$ (89,364)

	Year Ended September 30	
	2018	**2017**
Components of net periodic benefit income		
Service cost	**$ 573**	$ 2,040
Interest cost	**36,557**	36,380
Expected return on plan assets	**(56,584)**	(55,601)
Net amortization and deferral	**7,411**	9,454
Net periodic benefit income	**$ (12,043)**	$ (7,727)

(Dollars in Thousands)

7. Pension Plans (continued)

The actuarial gains and losses, net in 2018 and 2017 primarily relate to changes in the discount rate and mortality table used to measure the benefit obligation.

Assumptions

	2018	2017
Weighted-average assumptions used to determine benefit obligations		
Discount rate	**4.22%**	3.86%
Rate of increase in compensation	**3.00%**	3.00–3.50%
Weighted-average assumptions used to determine net periodic benefit income		
Discount rate	**3.86%**	3.73%
Rate of increase in compensation	**3.00–3.50%**	3.00–3.50%
Expected long-term return on plan assets	**6.50%**	7.00%

The Network's expected long-term rate of return on assets assumption is derived from a review of anticipated future long-term performance of individual asset classes and consideration of the appropriate asset allocation strategy given the anticipated requirements of the Network Plan to determine the average rate of earnings expected on the funds invested to provide for the pension plan benefits. While the review gives appropriate consideration to recent fund performance and historical returns, the assumption is primarily a long-term, prospective rate.

Amounts recorded in unrestricted net assets and not yet amortized as components of net periodic benefit income for the Network Plan total $268,173 and $313,605 as of September 30, 2018 and 2017, respectively, and represent unrecognized actuarial losses. The amortization of these components expected to be recognized in net periodic benefit income for the year ended September 30, 2019, is $6,183.

The accumulated benefit obligation was $923,836 and $966,080 at September 30, 2018 and 2017, respectively. The Plans' measurement date is September 30.

(Dollars in Thousands)

7. Pension Plans (continued)

Plan Assets

The Network maintains target allocation percentages among various asset classes based on an investment policy established for the Network Plan which is designed to achieve long-term objectives of return, while mitigating against downside risk and considering expected cash flows. The target allocations for the Network Plans' assets are 50% in equities, 25% in fixed income securities and 25% in alternative investments. The investment policy is reviewed from time to time to ensure consistency with the long-term objective of funding the Plans to a level sufficient to pay benefits as they become due.

The weighted average asset allocations for the Plans' assets by category are as follows:

	September 30	
Asset Category	**2018**	**2017**
Equity securities	**50%**	56%
Fixed income securities	**27**	27
Other investments	**23**	17
	100%	100%

Contributions

The Network expects to contribute $24,000 to its Network Plan in fiscal year 2019.

(Dollars in Thousands)

7. Pension Plans (continued)

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Fiscal Year	Pension Benefits
2019	$ 41,490
2020	43,690
2021	46,010
2022	48,010
2023	49,760
Years 2024–2028	270,190

8. Self-Insured Liabilities

Effective December 1, 2017, the workers compensation loss portfolio of $9,440 was transferred from the Network to WCHNIC through a Loss Portfolio Transfer Assumption Agreement. Under this agreement all open claims were assumed on an occurrence basis and actuarially valued and discounted at 3.5%. There was no impact to the consolidated financial statements for the year ended September 30, 2018 as a result of this transfer.

Coverage for medical malpractice insurance with WCHNIC is on a claims-made basis. The Network has professional liability coverage through WCHNIC of $5,000 per claim and $30,000 in the aggregate. WCHNIC purchased $40,000 of excess reinsurance coverage above a self-insured retention of $5,000 per claim and $30,000 in the aggregate. The Network has recorded a liability of $12,512 and $13,164 at September 30, 2018 and 2017, respectively, based on a discount rate of 3.5% (as of September 30, 2018 and 2017), for incurred-but-not-reported claims, which is included in accrued pension liabilities and other on the accompanying consolidated balance sheets.

(Dollars in Thousands)

8. Self-Insured Liabilities (continued)

Assets held by WCHNIC approximate $117,736 and $150,049 as of September 30, 2018 and 2017, respectively, of which a majority is reflected as assets limited as to use in the accompanying consolidated balance sheets. Total liabilities recorded by WCHNIC approximate $70,774 and $80,900 as of September 30, 2018 and 2017, respectively, of which a majority is reflected as self-insurance liabilities in the accompanying consolidated balance sheets. The reserve for losses and loss adjustment expenses for WCHNIC are included in self-insurance liabilities in the accompanying consolidated balance sheets. Activity in the reserve for losses and loss adjustment expenses for the years ended September 30, 2018 and 2017 is summarized as follows:

	2018	2017
Balance at the beginning of period	**$ 75,064**	$ 74,660
Incurred related to:		
Current period	**16,510**	13,304
Prior period	**(10,742)**	367
Total incurred	**5,768**	13,671
Paid related to:		
Current period	**(644)**	(76)
Prior period	**(19,620)**	(13,191)
Total paid	**(20,264)**	(13,267)
Add: Transfer of unpaid losses for workers compensation	**9,440**	–
Net provision for losses and loss adjustment expenses	**$ 70,008**	$ 75,064

The actuary estimated the liability for unpaid losses based on industry data, as well as entity-specific data. Management considers the liability to be adequate as of September 30, 2018 and 2017; however, no assurance can be given that the ultimate settlement of losses may not vary materially from the liability recorded. Future adjustments to the amounts recorded resulting from the continual review process, as well as differences between estimates and ultimate payments, will be reflected in the consolidated statements of operations and changes in net assets of future years when such adjustments, if any, become known.

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets of $116,935 and $96,960 as of September 30, 2018 and 2017, respectively, are available to the Network for health care services and capital expenditures and include the Network's beneficial interest in charitable remainder trusts. Permanently restricted net assets total $53,672 and $48,711 as of September 30, 2018 and 2017, respectively, and represent investments to be held in perpetuity and beneficial interest in trusts held by others, the income from which is expendable to support health care services.

10. Endowments

The Network endowments consists of 72 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds are classified and reported in the accompanying consolidated balance sheets based on the existence or absence of donor-imposed restrictions.

The Network classifies net assets of donor-restricted endowment funds pursuant to the requirements for organizations subject to an enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA). Connecticut enacted its UPMIFA statute effective October 1, 2007. This standard requires not-for-profit organizations subject to an enacted version of UPMIFA to classify the portion of the endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets (time and purpose restricted) until appropriated for expenditure by the organization. The portion classified as temporarily restricted consists of accumulated unspent income and appreciation.

The Leadership of the Network has interpreted UPMIFA 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, the Network classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for

10. Endowments (continued)

expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Network considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

(1) The duration and preservation of the fund

(2) The purposes of the Network and 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

(6) Other resources of the Network

(7) The investment policies of the Network

The Network has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Network must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds. Under this policy, as approved by the Network's Board of Directors, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Network relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Network targets a diversified asset allocation to achieve its long-term objective within prudent risk constraints. Each year, the Network's Board of Directors will approve an endowment and similar fund spending rate. The objectives of the portfolio are the enhancement of capital and real purchasing power while limiting exposure to risk of loss. The endowment spending rate will be calculated on the 13 quarter trailing average market value of each portfolio as of the prior May 31. The computed value may be adjusted for large contributions, withdrawals or market value swings as necessary. A default spending cap on appreciation of seven percent in any given year is currently in effect. The Network Board of Directors abides by these regulations and will adjust this rate accordingly.

(Dollars in Thousands)

10. Endowments (continued)

Endowment net asset composition by type of fund as of September 30, 2018 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	**$ –**	**$ 14,585**	**$ 44,840**	**$ 59,425**
Board-designated endowment funds	**21,780**	**–**	**–**	**21,780**
Endowment funds at end of year	**$ 21,780**	**$ 14,585**	**$ 44,840**	**$ 81,205**

Changes in endowment funds for the fiscal year ended September 30, 2018 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds at beginning of the year	**$ 20,338**	**$ 15,621**	**$ 41,195**	**$ 77,154**
Investment return:				
Investment income, net	**2,752**	**6,816**	**–**	**9,568**
Change in unrealized gains and losses	**(1,310)**	**(3,608)**	**–**	**(4,918)**
Total investment return	**1,442**	**3,208**	**–**	**4,650**
Contributions	**–**	**–**	**2,496**	**2,496**
Appropriation of endowment assets for expenditures	**–**	**(3,095)**	**–**	**(3,095)**
Other changes:				
Transfer to permanently restricted endowment	**–**	**(1,149)**	**1,149**	**–**
Endowment funds at end of year	**$ 21,780**	**$ 14,585**	**$ 44,840**	**$ 81,205**

(Dollars in Thousands)

10. Endowments (continued)

Endowment net asset composition by type of fund as of September 30, 2017 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ –	$ 15,621	$ 41,195	$ 56,816
Board-designated endowment funds	20,338	–	–	20,338
Endowment funds at end of year	$ 20,338	$ 15,621	$ 41,195	$ 77,154

Changes in endowment funds for the fiscal year ended September 30, 2017 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds at beginning of the year	$ 19,236	$ 13,284	$ 38,146	$ 70,666
Investment return:				
Investment income, net	1,433	4,140	–	5,573
Change in unrealized gains and losses	(331)	2,035	–	1,704
Total investment return	1,102	6,175	–	7,277
Contributions	–	–	2,911	2,911
Appropriation of endowment assets for expenditures	–	(3,700)	–	(3,700)
Other changes:				
Transfer to permanently restricted endowment	–	(138)	138	–
Endowment funds at end of year	$ 20,338	$ 15,621	$ 41,195	$ 77,154

10. Endowments (continued)

The primary long-term management objective for Network's endowment funds is to maintain the permanent nature of each endowment fund, while providing a predictable, stable, and constant stream of earnings. Consistent with that objective, the primary investment goal is to earn annual interest and dividends.

From time to time, the fair value of assets associated with individual donor-restricted endowments funds may fall below the level fund of the corpus that UPMIFA requires the Network to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. There were no deficiencies of this nature which are reported in unrestricted net assets as of September 30, 2018 and 2017.

Also included within permanently restricted net assets are $8,832 and $7,516 of beneficial interests in trusts held by others as of September 30, 2018 and 2017, respectively.

11. Commitments and Contingencies

The Network is involved in litigation and claims arising in the normal course of operations. While the outcome of the litigation and claims cannot be determined at this time, management believes that any loss that may arise from the litigation and claims will not have a material adverse effect on the financial position or on the net assets of the Network.

The Network has received requests for information from governmental authorities relating to, among other things, patient billings. These requests relate to compliance with certain laws and regulations. Management is cooperating with these governmental authorities in their information requests and ongoing investigations. While management does not believe that any of these inquiries or investigations will result in a material future loss, the ultimate results of these inquiries and investigations, including the impact on the Network, cannot be determined at this time.

(Dollars in Thousands)

11. Commitments and Contingencies (continued)

Operating Leases

The Network leases property and equipment under noncancelable operating leases that expire in various years through 2030. Certain leases may be renewed at the end of their term.

Future minimum payments under noncancelable operating leases, and future receipts under noncancelable subleases where the Network is receiving rental receipts, with initial terms of one year or more consisted of the following at September 30, 2018:

	Operating Lease Payments	Sublease Rental Receipts
2019	$ 25,799	$ 2,068
2020	19,775	1,783
2021	17,690	1,437
2022	15,024	1,442
2023	12,070	661
Thereafter	34,650	–
	$ 125,008	$ 7,391

Rent expense was $31,358 and $29,430 for the years ended September 30, 2018 and 2017, respectively, and is included within supplies and other in the accompanying consolidated statements of operations and changes in net assets. Rental income for the years ended September 30, 2018 and 2017, was approximately $5,098 and $5,261, respectively, and is included within other operating revenues in the accompanying consolidated statements of operations and changes in net assets.

(Dollars in Thousands)

12. Changes in Components of Operating Assets and Liabilities

The changes in operating assets and liabilities as reported on the consolidated statements of cash flows are as follows:

	Year Ended September 30	
	2018	**2017**
(Increase) decrease in operating assets:		
Pledges receivable	**$ (15,360)**	$ (403)
Accounts receivable, net	**(62,222)**	(43,792)
Inventories	**(3,825)**	(1,392)
Prepaid expenses and other assets	**7,868**	(15,165)
	(73,539)	(60,752)
(Decrease) increase in operating liabilities:		
Accounts payable	**6,996**	9,678
Payroll-related accruals	**11,529**	(3,687)
Due to third-party payors	**14,235**	(14,578)
Interest payable	**13**	(690)
Other accrued expenses	**1,021**	881
Self-insurance liabilities	**(5,056)**	404
Accrued pension liabilities and other	**(44,160)**	(31,102)
	(15,422)	(39,094)
Change in operating assets and liabilities	**$ (88,961)**	$ (99,846)

13. Functional Expenses

The Network provides general health care services to residents within its geographic location. Expenses related to providing these services, including the operating expenses of DH/NMH Foundation and NHF, are as follows:

	Year Ended September 30	
	2018	**2017**
Healthcare services	**$ 830,054**	$ 748,867
General and administrative	**392,438**	426,296
Fundraising	**4,321**	4,274
	$ 1,226,813	$ 1,179,437

(Dollars in Thousands)

14. Other Operating Revenues

Other operating revenues consisted of the following:

	Year Ended September 30	
	2018	**2017**
Rental income	**$ 5,098**	$ 5,261
Equity earnings related to joint venture	**1,211**	1,223
Gain on sale of intangible assets to Sunrise	**–**	13,500
Captive malpractice insurance premiums	**–**	305
Captive investment income	**8,286**	1,338
Grants	**4,773**	4,664
Education	**2,257**	3,131
Dietary/nutrition	**291**	613
Ancillary services	**4,579**	1,283
Other income	**3,362**	6,481
	$ 29,857	$ 37,799

15. Subsequent Events

The Network evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date. For the year ended September 30, 2018, the Network evaluated subsequent events through February 4, 2019, which represents the date the consolidated financial statements were issued.

On March 28, 2018, the Network executed an affiliation agreement with Health Quest Systems, Inc. to create a new health system to provide community benefits across the Hudson Valley of New York and Western Connecticut with more convenient, accessible and affordable care. The regulatory approval process is ongoing and anticipated closure is April 1, 2019.

Supplementary Information

Western Connecticut Health Network, Inc. and Subsidiaries

Consolidating Balance Sheet
(In Thousands)

September 30, 2018

	Western Connecticut Health Network, Inc.	Danbury Hospital and New Milford Hospital Foundation, Inc.	Norwalk Hospital Foundation, Inc.	The Danbury Hospital	The Norwalk Hospital Association and Subsidiary	Western Connecticut Health Network Investments, LLC	Western Connecticut Medical Group, Inc.	Eliminations	Subtotal Obligated Group	Western Connecticut Health Network Insurance Co., Ltd.	SWC Corporation	Western Connecticut Health Network Affiliates, Inc.	Western Connecticut Home Care, Inc.	Eastern NY Medical Services, P.C.	Eliminations	Total
Assets																
Current assets:																
Cash and cash equivalents	$ 377	$ 1,184	$ 1,025	$ 57,646	$ 35,825	$ –	$ 1,189	$ –	$ 97,246	$ 127	$ 3,248	$ 765	$ 1,572	$ 98	$ –	$ 103,056
Investments, current portion	–	–	5,352	15,190	15,418	–	–	–	35,960	–	–	–	–	–	–	35,960
Assets limited as to use, current portion	–	–	–	1,437	–	–	–	–	1,437	–	–	–	–	–	–	1,437
Patient accounts receivable, less allowance for uncollectible accounts of approximately $45,318 in 2018	–	–	–	83,829	37,065	–	20,301	–	141,195	–	383	2,813	2,105	262	–	146,758
Due from related parties, current portion	2,114	253	–	2,195	3,082	–	10	(5,543)	2,111	–	–	–	45	–	(2,156)	–
Pledges receivable, current portion	–	3,070	6,820	–	–	–	–	–	9,890	–	–	–	–	–	–	9,890
Inventories	–	–	–	15,650	5,077	–	–	–	20,727	–	419	–	153	–	–	21,299
Prepaid expenses and other	2,619	56	411	15,592	3,515	–	1,069	(1,333)	21,929	5,886	185	103	107	12	–	28,222
Total current assets	5,110	4,563	13,608	191,539	99,982	–	22,569	(6,876)	330,495	6,013	4,235	3,681	3,982	372	(2,156)	346,622
Investments	–	2,530	–	–	–	178,559	–	–	181,089	–	–	–	1,269	–	–	182,358
Interest in investments held by Western Connecticut Health Network Investments, LLC	–	14,264	7,703	39,592	117,000	–	–	(178,559)	–	–	–	–	–	–	–	–
Assets limited as to use:																
Funds restricted by donor	–	–	–	–	–	120,715	–	–	120,715	–	–	–	–	–	–	120,715
Donor restricted interest in investments held by WCHN Investments, LLC	–	84,130	36,585	–	–	–	–	(120,715)	–	–	–	–	–	–	–	–
Board designated funds	–	–	–	–	–	66,233	–	–	66,233	–	–	–	–	–	–	66,233
Board designated interest in investments held by WCHN Investments, LLC	–	9,086	57,147	–	–	–	–	(66,233)	–	–	–	–	–	–	–	–
Beneficial interest in trusts held by others and charitable remainder trusts	–	10,348	–	–	8,891	–	–	–	19,239	–	–	–	–	–	–	19,239
Investments held by Western Connecticut Health Network Insurance Co., Ltd.	–	–	–	–	–	–	–	–	–	111,723	–	–	–	–	–	111,723
Total noncurrent assets limited as to use	–	103,564	93,732	–	8,891	186,948	–	(186,948)	206,187	111,723	–	–	–	–	–	317,910
Other assets	14,512	482	69	9,698	31,081	–	21,977	(37,246)	40,573	–	311	925	363	459	(1,564)	41,067
Investment in NHSC	346,250	–	–	–	–	–	–	(331,171)	15,079	–	–	–	–	–	(15,079)	–
Interest in Danbury Hospital and New Milford Hospital Foundation, Inc. and Norwalk Hospital Foundation, Inc.	–	–	–	107,859	131,653	–	–	(239,512)	–	–	–	–	–	–	–	–
Due from related parties, less current portion	981	–	–	6,625	47	–	36	(7,376)	313	–	–	–	–	–	(313)	–
Property, plant, and equipment:																
Land and land improvements	–	472	–	12,856	29,468	–	–	–	42,796	–	–	–	–	–	–	42,796
Buildings and building improvements	12	705	–	549,532	340,232	–	8,024	–	898,505	–	704	3,349	4	37	–	902,599
Equipment and other	–	239	135	381,469	262,726	–	19,145	–	663,714	–	398	8,609	1,135	62	–	673,918
Construction in progress (estimated cost to complete at September 30, 2018: $72,995)	–	–	–	11,939	962	–	140	–	13,041	–	–	–	2	–	–	13,043
	12	1,416	135	955,796	633,388	–	27,309	–	1,618,056	–	1,102	11,958	1,141	99	–	1,632,356
Less accumulated depreciation	12	503	131	540,985	371,574	–	16,249	–	929,454	–	1,036	11,493	962	82	–	943,027
	–	913	4	414,811	261,814	–	11,060	–	688,602	–	66	465	179	17	–	689,329
Pledges receivable, less current portion	–	8,560	19,740	–	–	–	–	–	28,300	–	–	–	–	–	–	28,300
Total assets	$ 366,853	$ 134,876	$ 134,856	$ 770,124	$ 650,468	$ 365,507	$ 55,642	$ (987,688)	$ 1,490,638	$ 117,736	$ 4,612	$ 5,071	$ 5,793	$ 848	$ (19,112)	$ 1,605,586

Western Connecticut Health Network, Inc. and Subsidiaries

Consolidating Balance Sheet (continued)
(In Thousands)

September 30, 2018

	Western Connecticut Health Network, Inc.	Danbury Hospital and New Milford Hospital Foundation, Inc.	Norwalk Hospital Foundation, Inc,	The Danbury Hospital	The Norwalk Hospital Association and Subsidiary	Western Connecticut Health Network Investments, LLC	Western Connecticut Medical Group, Inc.	Eliminations	Subtotal Obligated Group	Western Connecticut Health Network Insurance Co., Ltd.	SWC Corporation	Western Connecticut Health Network Affiliates, Inc.	Western Connecticut Home Care, Inc.	Eastern NY Medical Services, P.C.	Eliminations	Total
Liabilities and net assets																
Current liabilities:																
Accounts payable	$ 4,043	$ 64	$ 94	$ 56,614	$ 19,211	$ –	$ 1,170	$ (1,333)	$ 79,863	$ 766	$ 121	$ 740	$ 661	$ 49	$ –	$ 82,200
Payroll-related accruals	4,639	104	–	29,825	11,870	–	14,972	–	61,410	–	491	311	531	93	–	62,836
Due to third-party payors	–	–	–	20,176	11,507	–	–	–	31,683	–	–	–	149	–	–	31,832
Due to related parties, current portion	–	2,393	3,046	150	–	–	–	(5,543)	46	–	1,418	–	692	–	(2,156)	–
Interest payable	–	–	–	1,409	467	–	–	–	1,876	–	–	–	–	–	–	1,876
Other accrued expenses	4,791	–	–	2,341	2,821	–	691	–	10,644	–	–	194	73	–	–	10,911
Current portion of long-term debt	–	–	–	1,760	6,420	–	–	–	8,180	–	–	–	–	–	–	8,180
Total current liabilities	13,473	2,561	3,140	112,275	52,296	–	16,833	(6,876)	193,702	766	2,030	1,245	2,106	142	(2,156)	197,835
Self-insurance liabilities	–	–	–	–	–	–	–	–	–	70,008	–	–	–	–	–	70,008
Accrued pension liabilities and other	22,857	36	–	51,012	22,797	–	11,115	(37,246)	70,571	–	–	–	553	361	(1,564)	69,921
Due to related parties, less current portion	6,395	–	–	–	–	–	981	(7,376)	–	–	–	–	–	313	(313)	–
Long-term debt, less current portion	–	–	–	236,686	90,421	–	–	–	327,107	–	–	–	–	–	–	327,107
Total liabilities	42,725	2,597	3,140	399,973	165,514	–	28,929	(51,498)	591,380	70,774	2,030	1,245	2,659	816	(4,033)	664,871
Net assets:																
Unrestricted	274,780	33,736	68,572	293,938	410,698	244,792	26,713	(626,832)	726,397	46,962	2,582	3,826	3,104	32	(15,079)	767,824
Unrestricted attributable to noncontrolling interest	–	–	–	–	2,284	–	–	–	2,284	–	–	–	–	–	–	2,284
Temporarily restricted	39,887	56,847	51,167	34,517	59,995	80,336	–	(205,844)	116,905	–	–	–	30	–	–	116,935
Permanently restricted	9,461	41,696	11,977	41,696	11,977	40,379	–	(103,514)	53,672	–	–	–	–	–	–	53,672
Total net assets	324,128	132,279	131,716	370,151	484,954	365,507	26,713	(936,190)	899,258	46,962	2,582	3,826	3,134	32	(15,079)	940,715
Total liabilities and net assets	$ 366,853	$ 134,876	$ 134,856	$ 770,124	$ 650,468	$ 365,507	$ 55,642	$ (987,688)	$ 1,490,638	$ 117,736	$ 4,612	$ 5,071	$ 5,793	$ 848	$ (19,112)	$ 1,605,586

Western Connecticut Health Network, Inc. and Subsidiaries

Consolidating Statement of Operations
(In Thousands)

Year Ended September 30, 2018

	Western Connecticut Health Network, Inc.	Danbury Hospital and New Milford Hospital Foundation, Inc.	Norwalk Hospital Foundation, Inc.	The Danbury Hospital	The Norwalk Hospital Association and Subsidiary	Western Connecticut Health Network Investments, LLC	Western Connecticut Medical Group, Inc.	Eliminations	Subtotal Obligated Group	Western Connecticut Health Network Insurance Co., Ltd.	SWC Corporation	Western Connecticut Health Network Affiliates, Inc.	Western Connecticut Home Care, Inc.	Eastern NY Medical Services, P.C.	Eliminations	Total
Unrestricted revenues:																
Gross patient service revenue	$ –	$ –	$ –	$ 1,814,301	$ 1,094,093	$ –	$ 285,247	$ (1,835)	$ 3,191,806	$ –	$ 14,511	$ 25,376	$ 17,567	$ 2,737	$ –	$ 3,251,997
Contractual allowances	–	–	–	1,148,023	687,024	–	140,348	–	1,975,395	–	–	14,378	2,074	1,182	–	1,993,029
Charity care	–	–	–	22,296	20,494	–	1,747	–	44,537	–	–	28	–	–	–	44,565
Net patient service revenue	–	–	–	643,982	386,575	–	143,152	(1,835)	1,171,874	–	14,511	10,970	15,493	1,555	–	1,214,403
Provision for uncollectible accounts	–	–	–	25,629	21,759	–	3,878	–	51,266	–	51	396	249	20	–	51,982
Net patient service revenue less provision for uncollectible accounts	–	–	–	618,353	364,816	–	139,274	(1,835)	1,120,608	–	14,460	10,574	15,244	1,535	–	1,162,421
Net assets released from restriction	129	–	–	1,440	1,067	–	504	–	3,140	–	–	1	15	–	–	3,156
Other operating revenues	407	–	–	16,738	9,880	–	107,921	(112,991)	21,955	8,286	–	168	230	417	(1,199)	29,857
	536	–	–	636,531	375,763	–	247,699	(114,826)	1,145,703	8,286	14,460	10,743	15,489	1,952	(1,199)	1,195,434
Expenses:																
Salaries, benefits and fees	2,230	–	–	369,942	203,577	–	221,331	(105,860)	691,220	–	941	7,575	12,566	1,966	(280)	713,988
Supplies and other	7,163	–	–	212,652	137,654	–	38,849	(8,874)	387,444	311	12,946	3,158	2,668	692	(821)	406,398
Insurance	–	–	–	–	–	–	–	–	–	15,918	–	–	–	–	–	15,918
Depreciation and amortization	–	–	–	48,310	24,697	–	2,405	–	75,412	–	49	357	123	10	–	75,951
Interest	–	–	–	7,714	2,523	–	–	–	10,237	–	–	–	–	–	–	10,237
	9,393	–	–	638,618	368,451	–	262,585	(114,734)	1,164,313	16,229	13,936	11,090	15,357	2,668	(1,101)	1,222,492
(Loss) income from operations before loss on extinguishment of long-term debt	(8,857)	–	–	(2,087)	7,312	–	(14,886)	(92)	(18,610)	(7,943)	524	(347)	132	(716)	(98)	(27,058)
Net loss on extinguishment of long-term debt	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(Loss) income from operations	(8,857)	–	–	(2,087)	7,312	–	(14,886)	(92)	(18,610)	(7,943)	524	(347)	132	(716)	(98)	(27,058)
Nonoperating gains and (losses):																
Contributions	–	957	1,159	–	–	–	–	–	2,116	–	–	–	1	–	–	2,117
Investment income, net	(2)	7,788	10,466	7,476	17,094	41,742	(1)	(41,798)	42,765	–	–	–	59	–	–	42,824
Change in unrealized gains and losses on investments	–	(4,123)	(5,643)	(4,620)	(9,178)	(23,628)	–	23,628	(23,564)	(4,805)	–	–	5	–	–	(28,364)
Change in equity interest in unrestricted net assets of the Western Connecticut Health Network Foundation, Inc. and Norwalk Hospital Foundation, Inc.	–	–	–	1,754	965	–	–	(2,719)	–	–	–	–	–	–	–	–
Operating expenses of the Danbury Hospital and New Milford Hospital Foundation, Inc. & Norwalk Hospital Foundation, Inc.	–	(2,010)	(2,557)	–	–	–	–	148	(4,419)	–	–	–	–	–	98	(4,321)
Net research operations	–	–	–	(721)	(105)	–	–	–	(826)	–	–	–	–	–	–	(826)
Interest rate swap activity:																
Interest cost on interest rate swap	–	–	–	–	(22)	–	–	–	(22)	–	–	–	–	–	–	(22)
Change in value of interest rate swap	–	–	–	–	2,291	–	–	–	2,291	–	–	–	–	–	–	2,291
	–	–	–	–	2,269	–	–	–	2,269	–	–	–	–	–	–	2,269
	(2)	2,612	3,425	3,889	11,045	18,114	(1)	(20,741)	18,341	(4,805)	–	–	65	–	98	13,699
(Deficiency) excess of revenues over expense, before noncontrolling interest in joint venture	(8,859)	2,612	3,425	1,802	18,357	18,114	(14,887)	(20,833)	(269)	(12,748)	524	(347)	197	(716)	0	(13,359)
Less: net income attributable to noncontrolling interest in joint venture	–	–	–	–	(1,274)	–	–	–	(1,274)	–	–	–	–	–	–	(1,274)
(Deficiency) excess of revenues over expenses	$ (8,859)	$ 2,612	$ 3,425	$ 1,802	$ 17,083	$ 18,114	$ (14,887)	$ (20,833)	$ (1,543)	$ (12,748)	$ 524	$ (347)	$ 197	$ (716)	$ 0	$ (14,633)

The Norwalk Hospital Association and Subsidiary

Consolidating Balance Sheet
(In Thousands)

September 30, 2018

	Norwalk Hospital Association	Norwalk Surgery Center, LLC	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 34,237	$ 1,588	$ –	$ 35,825
Investments, current portion	15,418	–	–	15,418
Patient accounts receivable, less allowance for uncollectible accounts of approximately $22,735 in 2018	35,814	1,251	–	37,065
Due from related parties, current portion	3,082	–	–	3,082
Inventories	4,797	280	–	5,077
Prepaid expenses and other	3,464	51	–	3,515
Total current assets	96,812	3,170	–	99,982
Interest in investments held by Western Connecticut Health Network Investments, LLC	117,000	–	–	117,000
Assets limited as to use:				
Beneficial interest in charitable remainder trusts	8,891	–	–	8,891
Total assets limited as to use	8,891	–	–	8,891
Other assets	31,081	4,142	(4,142)	31,081
Beneficial interest in Norwalk Hospital Foundation, Inc.	131,653	–	–	131,653
Due from related parties, less current portion	47	–	–	47
Property, plant, and equipment:				
Land and land improvements	29,468	–	–	29,468
Buildings and building improvements	340,232	–	–	340,232
Equipment and other	259,604	2,818	304	262,726
Construction in progress (estimated cost to complete at September 30, 2018: $27,027)	962	–	–	962
	630,266	2,818	304	633,388
Less: accumulated depreciation	369,182	2,392	–	371,574
	261,084	426	304	261,814
Total assets	$ 646,568	$ 7,738	$ (3,838)	$ 650,468

The Norwalk Hospital Association and Subsidiary

Consolidating Balance Sheet (continued)
(In Thousands)

September 30, 2018

	Norwalk Hospital Association	Norwalk Surgery Center, LLC	Eliminations	Total
Liabilities and net assets				
Current liabilities:				
Accounts payable	$ 19,181	$ 30	$ –	$ 19,211
Payroll-related accruals	11,769	101	–	11,870
Due to third-party payors	11,507	–	–	11,507
Interest payable	467	–	–	467
Other accrued expenses	2,189	632	–	2,821
Current portion of long-term debt	6,420	–	–	6,420
Total current liabilities	51,533	763	–	52,296
Accrued pension liability and other	22,605	192	–	22,797
Long-term debt, less current portion	90,421	–	–	90,421
Total liabilities	164,559	955	–	165,514
Net assets:				
Unrestricted	410,037	4,499	(3,838)	410,698
Unrestricted attributable to noncontrolling interest	–	2,284	–	2,284
Temporarily restricted	59,995	–	–	59,995
Permanently restricted	11,977	–	–	11,977
Total net assets	482,009	6,783	(3,838)	484,954
Total liabilities and net assets	$ 646,568	$ 7,738	$ (3,838)	$ 650,468

The Norwalk Hospital Association and Subsidiary

Consolidating Statement of Operations
(In Thousands)

Year Ended September 30, 2018

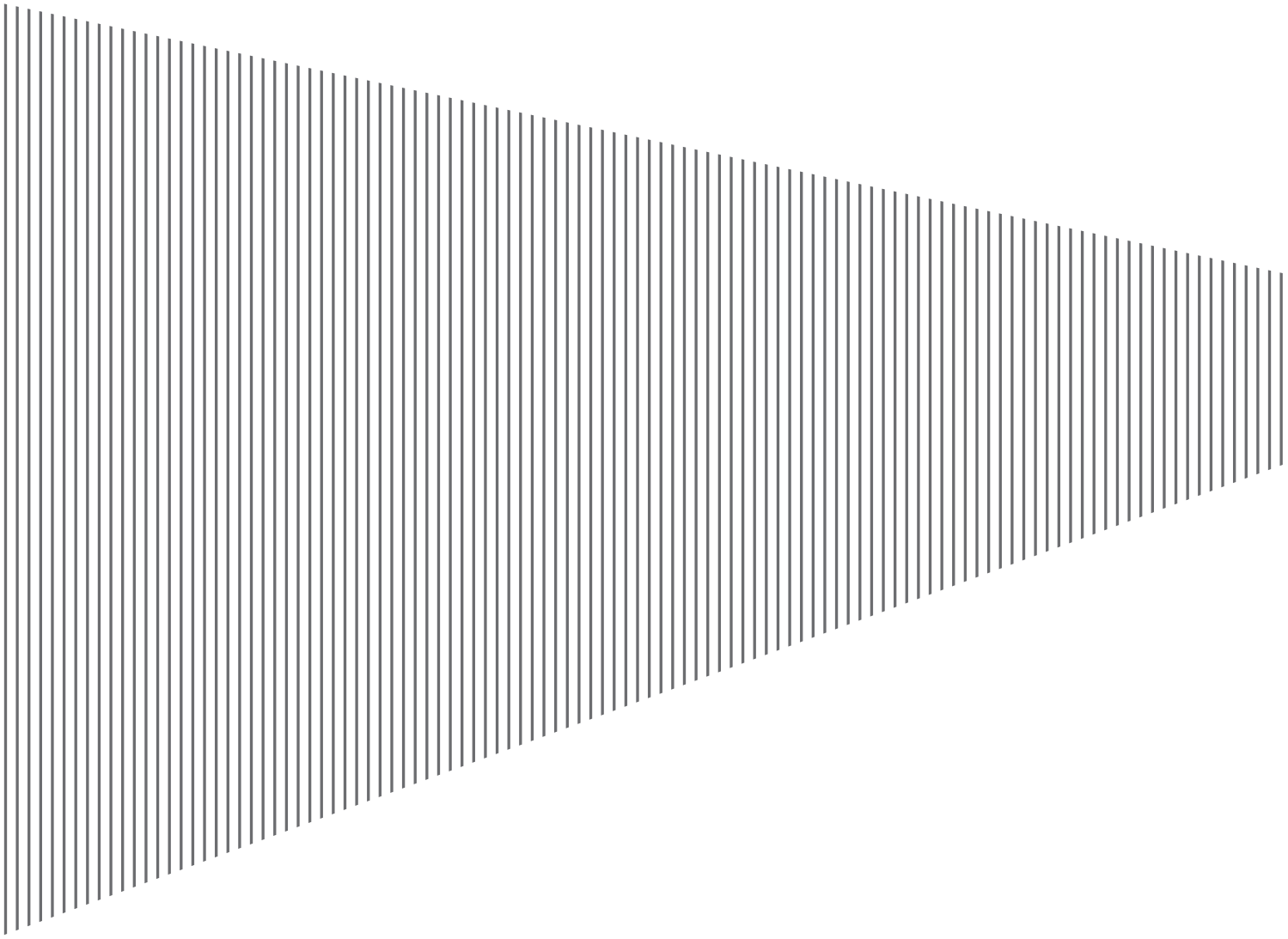
	Norwalk Hospital Association	Norwalk Surgery Center, LLC	Eliminations	Total
Unrestricted revenues:				
Gross patient service revenue	$ 1,060,503	$ 33,590	$ –	$ 1,094,093
Contractual allowances	663,989	23,035	–	687,024
Charity care	20,494	–	–	20,494
Net patient service revenue	376,020	10,555	–	386,575
Provision for uncollectible accounts	21,574	185	–	21,759
Net patient service revenue, less provision for uncollectible accounts	354,446	10,370	–	364,816
Net assets released from restriction	1,067	–	–	1,067
Other operating revenues	9,855	25	–	9,880
	365,368	10,395	–	375,763
Expenses:				
Salaries, benefits, and fees	201,618	1,959	–	203,577
Supplies and other	132,734	4,920	–	137,654
Depreciation and amortization	24,437	260	–	24,697
Interest	2,518	5	–	2,523
	361,307	7,144	–	368,451
Income from operations	4,061	3,251	–	7,312
Nonoperating gains (losses):				
Investment income, net	16,562	532	–	17,094
Change in unrealized gains and losses on investments	(9,178)	–	–	(9,178)
Change in equity interest in unrestricted net assets of Norwalk Hospital Foundation, Inc.	965	–	–	965
Net research operations	(105)	–	–	(105)
Interest rate swap activity:				
Interest cost on interest rate swap	(22)	–	–	(22)
Change in value of interest rate swap	2,291	–	–	2,291
	2,269	–	–	2,269
	10,513	532	–	11,045
Excess of revenues over expenses, before income attributable to noncontrolling interest in joint venture	14,574	3,783	–	18,357
Less: net income attributable to noncontrolling interest in joint venture	–	(1,274)	–	(1,274)
Excess of revenues over expenses	$ 14,574	$ 2,509	$ –	$ 17,083

EY | Assurance | Tax | Transactions | Advisory

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

ey.com



Appendix C

EXCERPTS FROM THE INDENTURES AND THE LOAN AGREEMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

EXCERPTS FROM THE INDENTURES AND THE LOAN AGREEMENTS

The following are excerpts of certain provisions of the State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Nuvance Health Issue, Series 2019A Trust Indenture (the "Series 2019A Indenture") and the Dutchess County Local Development Corporation Revenue Bonds, Nuvance Health Issue, Series 2019B Trust Indenture (the "Series 2019B Trust Indenture" together, with the Series 2019A Indenture, the "Indenture"); the State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Nuvance Health Issue, Series 2019A Loan Agreement (the "Series 2019A Loan Agreement") and the Dutchess County Local Development Corporation Revenue Bonds, Nuvance Health Issue, Series 2019B Loan Agreement (the "Series 2019B Loan Agreement", together, with the Series 2019A Loan Agreement, the "Loan Agreement"), which are not described elsewhere in this Official Statement.

This excerpt does not purport to be comprehensive and reference should be made to each of said documents for a full and complete statement of their provisions.

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in this Appendix. Terms applicable to interest rate modes other than the Initial Fixed Rate Mode are generally excluded from this excerpt. All capitalized terms not defined below or elsewhere in this Official Statement have the meanings set forth in the related Indenture and Loan Agreement.

"Account" or **"Accounts"** means, as the case may be, each or all of the accounts established in Section 5.1 of the Indenture.

"Act" means the State of Connecticut Health and Educational Facilities Authority Act, being Chapter 187 of the General Statutes of Connecticut, Revision of 1958, Sections 10a-176 to 10a-198, inclusive, as amended from time to time, with respect to the Series 2019A Bonds; or Section 1411 of the New York Not-For-Profit Corporation Law, with respect to the Series 2019B Bonds.

"Alternate Credit Facility" means a letter of credit, including, if applicable, a confirming letter of credit, bond insurance policy or similar credit facility issued and delivered to the Bond Trustee or Tender Agent, as appropriate, by a commercial bank, savings institution, insurer, pension fund or other financial institution, which by its terms shall constitute the irrevocable undertaking of the issuer thereof to pay the principal of and interest on the Bonds when due, delivered to the Bond Trustee or Tender Agent, as appropriate, pursuant to Section 2.9 of the Loan Agreement and Section 4.21 of the Indenture which replaces a Credit Facility then in effect, in each case as from time to time amended, supplemented or modified.

"Alternate Liquidity Facility" means a line of credit, letter of credit, standby purchase agreement or similar liquidity facility issued by one or more commercial banks, pension funds or other financial institutions and delivered or otherwise made available to the Tender Agent in accordance with Section 2.10 of the Loan Agreement and Section 4.21 of the Indenture which replaces a Liquidity Facility then in effect, in each case as from time to time amended, supplemented or modified.

"Annual Administrative Fee" means, if applicable, the annual fee for the general administrative expenses of the Authority.

"Applicable Elected Representative" means any Person constituting an "applicable elected representative" within the meaning given to the term in Section 147(f)(2)(E) of the Code.

"Assignment of Note" means the Assignment of Note, dated as of August 1, 2019, from the Authority to the Trustee, assigning the Note securing the Bonds.

"Authority" means for purposes of this Appendix, the State of Connecticut Health and Educational Facilities Authority, a body politic and corporate of the State of Connecticut, constituting a public instrumentality created by the Act, with respect to the Series 2019A Bonds; or (i) the Dutchess County Local Development Corporation, its successors and assigns, and (ii) any local governmental body resulting from or surviving any consolidation or merger to which the Issuer or its successors may be a party, with respect to the Series 2019B Bonds. The Dutchess County Local Development Corporation is identified as the "Issuer" in the Series 2019B Indenture and Series 2019B Loan Agreement.

"Authorized Denomination" means with respect to Bonds in a Long-Term Mode (for purposes of this excerpt defined to include the Initial fixed Rate Period, $5,000 and any integral multiple thereof.

"Authorized Officer" means, with respect to the Series 2019A Bonds: (i) in the case of the Authority, the Chairman, Vice Chairman, Executive Director, General Counsel, any Managing Director, any Assistant Director, or any other duly authorized officer of the Authority, and when used with reference to any act or document also means any other person authorized by Resolution of the Authority to perform such act or execute such document; (ii) in the case of the Borrowers, the chairman, vice chairman, president, vice president for finance, treasurer, chief executive officer, chief financial officer, or chief operating officer of one of the Borrowers and any other person or persons authorized by resolution of the Borrowers or another Member of the Obligated Group to perform any act or execute any document; and (iii) in the case of the Trustee, means any officer in its corporate trust administration department, 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 governing body of the Trustee.

"Authorized Officer" means, with respect to the Series 2019B Bonds: (i) in the case of the Authority, the Chairman, Vice Chairman, Chief Executive Officer, Chief Financial Officer, Treasurer or any other duly authorized officer of the Authority, and when used with reference to any act or document also means any other person authorized by Resolution of the Authority to perform such act or execute such document; (ii) in the case of the Borrowers, the chairman, vice chairman, president, vice president for finance, treasurer, chief executive officer, chief financial officer, or chief operating officer of one of the Borrowers and any other person or persons authorized by resolution of the Borrowers or another Member of the Obligated Group to perform any act or execute any document; and (iii) in the case of the Trustee, means any officer in its corporate trust administration department, 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 governing body of the Trustee.

"Beneficial Owner" shall mean whenever used with respect to a Bond, the Person in whose name such Bond is recorded as the beneficial owner of such Bond by a participant on the records of such participant or such Person's subrogee.

"Bond Counsel" means an attorney or firm of attorneys designated by the Authority and having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Year" means a period of twelve (12) consecutive months beginning on July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

"Bondowner" or **"Owner"** or **"Holder"** or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any Bond.

"Bonds" or **"Series 2019 Bonds"** means, collectively, the Authority's Revenue Bonds, Nuvance Health Issue, Series 2019A, and the Authority's Revenue Bonds, Nuvance Health Issue Series 2019B, authorized, issued and secured pursuant to their respective Indentures.

"Borrower Documents" means, collectively, the Loan Agreement, the Continuing Disclosure Agreement, the Hazardous Substance Agreements (only with respect to the Series 2019A Bonds), the Letter of Representation and Indemnification, the Note, any Credit Facility Documents (not applicable during the Initial Fixed

Rate Period) any Liquidity Facility Documents (not applicable during the Initial Fixed Rate Period), the Remarketing Agreement (not applicable during the Initial Fixed Rate Period), the Tax Regulatory Agreement, and the Master Indenture including all supplements thereto.

"Borrowers" shall mean the Institution and the System.

"Business Day" means any day other than (i) a Saturday or a Sunday; (ii) a day on which the New York Stock Exchange is closed; or (iii) a day on which banking institutions are authorized or required by law or executive order to be closed for commercial banking purposes in New York or Connecticut or such other state where the applicable corporate trust office of the Trustee is located, or where the principal office of the Credit Facility Provider, the Liquidity Facility Provider or the Remarketing Agent (not applicable during the Initial Fixed Rate Period) is located or in which the documents are required to be delivered to draw upon the Credit Facility or the Liquidity Facility (not applicable during the Initial Fixed Rate Period).

"Cash Management System" means a cash management system established and operated by the System or its delegate for the benefit of some or all entities of which the System is (directly or indirectly) a parent, controlling entity, or member.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Construction Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement among the System, Digital Assurance Certification, L.L.C. and the Trustee, dated as of August 1, 2019, relating to the Bonds, pertaining to disclosure of future material events and annual financial information in accordance with Rule 15c2-12 of the Securities Exchange Commission.

"Conversion" has the meaning set forth in Section 2.8(b) of the Indenture.

"Conversion Date" means with respect to the Bonds in a particular Interest Rate Mode, the day on which the interest rate on the Bonds changes to another Interest Rate Mode or from one Term Rate Period to a Term Rate Period of different duration or to another Fixed Rate Period at the end of the Initial Fixed Rate Period.

"Conversion Notice" means the notice from the Credit Group Representative to the other Notice Parties of the Credit Group Representative's intention to change the Interest Rate Mode with respect to the Bonds.

"Cost of Issuance Account" means the account for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Cost of Issuance" means all costs and expenses of the Authority incurred in connection with the authorization, issuance, sale and delivery of the Bonds including, but not limited to, legal fees and expenses, financial advisory fees, trustee's acceptance fees and expenses under the Indenture and initial (including first annual) fees, fiscal or escrow agent fees, printing fees and travel expenses.

"Cost" or **"Costs"** means, as applied to the Project or any portion thereof financed with the proceeds of bonds issued under the provisions of the Act, as approved by the Authority, all or any part of the cost of acquisition of the Premises, but shall not include such items which are customarily deemed to result in a current operating charge

"Credit Facility" means a letter of credit, including, if applicable, a confirming letter of credit, bond insurance policy or similar credit facility issued and delivered to the Bond Trustee or Tender Agent, as appropriate, by a commercial bank, savings institution, insurer, pension fund or other financial institution, which by its terms shall constitute the irrevocable undertaking of the issuer thereof to pay the principal of and interest on the

Bonds when due, delivered to the Bond Trustee or Tender Agent, as appropriate, pursuant to Section 2.9 of the Loan Agreement, or, in the event of the delivery of an Alternate Credit Facility, such Alternate Credit Facility.

"Credit Group" has the meaning set forth in the Master Indenture.

"Credit Group Representative" means the System or any other Person designated as the "Credit Group Representative" pursuant to the Master Indenture.

"Credit/Liquidity Enhancement Fee Account" means the account for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Debt Service Fund" means the fund so designated, created and established pursuant to Section 5.1 of the Indenture.

"Defeasance Obligations" means: (i) non-callable direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America; and (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii) as appropriate, and (d) which are rated "AAA" by Standard & Poor's or "Aaa" by Moody's.

"Determination of Taxability" means, and shall occur when, (i) the Bond Trustee receives written notice from the Credit Group Representative or the Authority, supported by an opinion of Bond Counsel selected and approved by the Credit Group Representative, that interest on the Bonds is includable in the gross income of Bondholders for federal income tax purposes or (ii) the Bond Trustee receives a copy of a written adverse determination sent to the Authority or a bondholder by the Internal Revenue Service asserting that interest on the Bonds is includable in the gross income of Bondholders for federal income tax purposes, which adverse determination results in the right to seek administrative appeal before the IRS Office of Appeals; provided, however, that such a claim shall not be deemed a Determination of Taxability unless the Credit Group Representative and the Authority are afforded reasonable opportunity (at the Obligated Group's sole expense and for a period not to exceed six months) to pursue any judicial or administrative remedy available to the Members of the Obligated Group or the Authority with respect to such claim and such judicial or administrative actions have resulted in a final determination that it is taxable.

"DTC" means The Depository Trust Company, New York, New York, a New York State limited purpose trust company, subject to regulation by the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System and the New York State Banking Department, or its successors appointed under the Indenture.

"Electronic Means" means telecopy, telegraph, facsimile transmission, e-mail, or other similar electronic means of communication, including a telephonic communication confirmed in writing or written transmission.

"Equal Employment Opportunity Laws" means, with respect to the Series 2019A Bonds, Executive Order No. 111246, dated September 28, 1965, as supplemented from time to time, and all of the

regulations, rules and orders promulgated thereunder, and Chapter 814c of the Connecticut General Statutes, the Human Rights and Opportunities Law, as amended from time to time, and all of the regulations, rules and orders promulgated thereunder.

"Event of Default" means, with respect to the Loan Agreement, any of the events of default set forth in Section 8.1 of the Loan Agreement, and, with respect to the Indenture, any of the events of default set forth in Section 8.1 of the Indenture.

"Facility" means the property of the Borrowers and the Project Users financed and refinanced with the proceeds of the Series 2019B Bonds.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel addressed to the Authority, the Borrower(s) and the Bond Trustee to the effect that the action proposed to be taken is authorized or permitted by the Indenture and the Act and will not result in the inclusion of interest on the Bonds in gross income for federal income tax purposes.

"Fiscal Year" means the fiscal year of the System, currently from October 1 to September 30.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation 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 Authority, by notice to the Trustee.

"Fixed Rate Bond" means a Bond in the Fixed Rate Mode.

"Fixed Rate Mode" means the Interest Rate Mode during which the Bonds bear interest at the Fixed Rate.

"Fixed Rate Period" means (i) the period from the Conversion Date upon which the Bonds were converted to the Fixed Rate Mode to but not including the earlier to occur of the Conversion Date and the final Maturity Date for the Bonds, and (ii) the Initial Fixed Rate Period.

"Fixed Rate" means the per annum interest rate on any Bond determined pursuant to Section 2.11(b) of the Indenture.

"Fund" or **"Funds"** means, as the case may be, each or all of the funds established in Section 5.1 of the Indenture.

"Hazardous Substance" means, with respect to the Series 2019B Bonds, without limitation, any flammable, explosive, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum constituents, petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials, pollutants, or toxic pollutants, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. Sections 1251, et seq.), Articles 17 and 27 of the New York State Environmental Conservation Law, or any other applicable Environmental Law and the regulations promulgated thereunder.

"Hazardous Substance Agreements" means, with respect to the Series 2019A Bonds, the Hazardous Substance Certificates and Indemnification Agreements, each dated as of August 1, 2019, from certain Members of the Obligated Group to the Authority.

"Indenture" means the Trust Indenture between the Authority and the Trustee, dated as of August 1, 2019, as the same may from time to time be amended or supplemented by a Supplemental Indenture or Indentures.

"Independent Insurance Consultant" means a person or firm who is not a director, trustee, employee or officer of a Member of the Obligated Group or a director, trustee, employee or member of the Authority, appointed by an Authorized Officer of a Member of the Obligated Group and satisfactory to the Authority, qualified to survey risks and to recommend insurance coverage for healthcare facilities and services and organizations engaged in like operations and having a favorable reputation for skill and experience in such surveys and such recommendations, and who may be a broker or agent with whom the Obligated Group transacts business.

"Initial Fixed Rate Period" means the Fixed Rate Period commencing on the Date of Issuance and ending the earlier to occur of a Conversion Date or the final Maturity Date of the Bonds.

"Institution" means Western Connecticut Health Network, Inc., a nonstock corporation formed under the laws of the State of Connecticut, with respect to the Series 2019A Bonds and Health Quest Systems, Inc., a nonprofit corporation formed under the laws of the State of New York, with respect to the Series 2019B Bonds.

"Institution Purchase Account" means the account by that name created in Section 4.23 of the Indenture.

"Interest Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Interest Accrual Date" means with respect to any period during which Bonds bear interest at an Index Tender Rate, the first day of each Tender Period and, thereafter, each Interest Payment Date during that Tender Period.

"Interest Accrual Period" means the period during which a Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the Date of Issuance) to, but not including, (a) the next Interest Payment Date on which interest is to be paid, or (b) any Redemption Date, as applicable. If, at the time of authentication of any Bond, interest is in default or overdue on the Bonds, such Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

"Interest Payment Date" means each date on which interest is to be paid and is with respect to the Bonds during the Initial Fixed Rate Period, each January 1 and July 1, commencing January 1, 2020.

"Interest Period" means, for the Bonds in a particular Interest Rate Mode, the period of time that the Bonds bear interest at the rate (per annum) which becomes effective at the beginning of such period and ending upon conversion to a different Interest Rate Mode.

"Investment Agreement" means an agreement for the investment of moneys held by the Trustee or the Authority pursuant to the Indenture with a Qualified Financial Institution (which may include the entity acting as Trustee).

"Letter of Representation and Indemnification" means the Letter of Representation and Indemnification of the Borrowers to the Authority and the initial underwriter of the Bonds, dated the date of the sale of the Bonds.

"Liquidity Facility Bonds" means Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) a Liquidity Facility, but excluding Bonds no longer considered to be Liquidity Facility Bonds in accordance with the terms of the Liquidity Facility.

"Liquidity Facility" means a line of credit, a standby bond purchase agreement, letter of credit or similar liquidity facility issued by a commercial bank, savings institution, pension fund or other financial institution which, by its terms, shall provide for the payment of the Purchase Price of Bonds tendered and not remarketed, and delivered to the Bond Trustee pursuant to Section 2.10 of the Loan Agreement, or, in the event of the delivery of an Alternate Liquidity Facility, such Alternate Liquidity Facility.

"Loan Agreement" means the Loan Agreement among the Authority, the Institution and the System, dated as of August 1, 2019, as the same may from time to time be amended or supplemented by a Supplemental Loan Agreement or Agreements.

"Loan Repayments" means the payments so designated and required to be made by the Obligated Group pursuant to Section 2.2 of the Loan Agreement.

"Loan Term" means the duration of the loan term created in the Series 2019B Loan Agreement.

"Master Indenture Obligation" has the meaning of the term "Obligation" as set forth in the Master Indenture.

"Master Indenture" means the Amended and Restated Master Indenture dated as of August 1, 2019, among the Members of the Obligated Group and the Master Trustee as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

"Master Trustee" means The Bank of New York Mellon Trust Company, N.A. and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Master Indenture.

"Maturity Date" means each of the Maturity Dates established for the Bonds or if established pursuant to Section 2.18(c)(v) of the Indenture upon a change to a new Fixed Rate Mode, any Serial Maturity Date established thereunder.

"Members of the Obligated Group" means the System and any other Members of the Obligated Group as defined in the Master Indenture.

"MMI Procedures" means the Securities Depository's Operational Arrangements and the Issuing/Paying Agent General Operating Procedures for Money Market Instruments as the same may be amended and modified from time to time.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Credit Group Representative by notice in writing to the Authority and the Bond Trustee.

"Notice Parties" means the Bond Trustee, the Tender Agent, the Remarketing Agent, the Paying Agent, the Credit Facility Provider, the Liquidity Facility Provider, the Bank, and the Credit Group Representative.

"Obligated Group" means the Members of the Obligated Group from time to time.

"Obligation" means Nuvance Health Obligation Number 21 issued under the Master Indenture and the Supplemental Master Indenture with respect to the Series 2019A Bonds and Nuvance Health Obligation Number 22 issued under the Master Indenture and the Supplemental Master Indenture with respect to the Series 2019B Bonds.

"Officer's Certificate" means a certificate signed by an Authorized Officer of the Borrowers.

"Official Statement" means the Official Statement of the Authority or, as applicable, a Remarketing Memorandum, relating to the Bonds, containing information, data and statistics concerning the Authority, the Obligated Group, the Credit Group, the Bonds and other information, and the appendices thereto, including a letter from the Obligated Group.

"Operating Expenses" means the total operating expenses of the Obligated Group, as determined in accordance with accounting principles generally accepted in the United States of America, consistently applied.

"Operating Revenues" means the total operating revenues of the Obligated Group less applicable deductions from operating revenues, as determined in accordance with accounting principles generally accepted in the United States of America, consistently applied.

"Opinion of Counsel" means an opinion in writing signed by legal counsel acceptable to the Authority and who may be an employee of or counsel to the Obligated Group.

"Outstanding" when used in reference to Bonds, means as of a particular date, all Bonds authenticated and delivered under the Indenture except: (i) any Bond canceled by the Trustee at or before such date; (ii) any Bond or portion thereof paid or deemed paid in accordance with Section 12.1 of the Indenture; (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and (iv) any unsurrendered Bond deemed to have been purchased as provided in the Indenture.

"Parity Debt" means any debt of the Obligated Group evidenced and/or secured by a Master Indenture Obligation.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, any unincorporated organization, a limited liability company, a governmental body or a political subdivision, a municipality, a municipal authority or any other group or organization of individuals.

"Premises" means the Premises of the Members of the Obligated Group described in the Premises Schedule attached to the Loan Agreement and as defined in the Hazardous Substance Agreements (with respect to the Series 2019A Bonds).

"Principal Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Principal Payment Date" means any date upon which the principal amount of Bonds is due hereunder, including each Maturity Date and any Redemption Date, or the date the maturity of any Bond is accelerated pursuant to the terms hereof and otherwise.

"Project Users" means the Members of the Obligated Group that own and operate portions of the Project, being The Danbury Hospital and The Norwalk Hospital Association, with respect to the Series 2019A Bonds and Vassar Brothers Hospital d/b/a Vassar Brothers Medical Center and Northern Dutchess Hospital with respect to the Series 2019B Bonds, and such other parties as may be identified in the Tax Regulatory Agreement.

"Project" means the healthcare and related facilities acquired, constructed, renovated, equipped, installed or provided for the Project Users, including necessary attendant facilities, equipment, site work and utilities thereof financed or refinanced with proceeds of the Bonds as set forth on the Project Schedule attached to the Loan Agreement.

"Purchase Contract" means the Purchase Contract with respect to the Bonds by and between the Authority and the initial underwriter of the Bonds.

"Purchase Fund" means the Purchase Fund so designated, created and established pursuant to Section 5.1 of the Indenture.

"Qualified Financial Institution" means a financial institution that is a domestic corporation, 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 foreign bank acting through a domestic branch or agency 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, or an insurance company or association chartered or organized under the laws of any state of the United States of America; provided that for each such entity its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, guarantee, agreement or surety bond issued by any such organization, directly or by virtue of a guarantee of a corporate parent thereof have been assigned a long-term credit rating by any two Nationally Recognized Statistical Rating Organizations ("NRSRO") which is not lower than the two highest ratings then assigned (i.e., at the time an Investment Agreement or Repurchase Agreement is entered into) by such rating service without qualification by symbols "+" or "-" or a numerical notation.

"**Qualified Investments**" means the obligations described below:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself; mortgage pass-through securities, mortgage-backed securities pools, collateralized mortgage obligations and all mortgage derivative securities trusts shall not constitute Qualified Investments):

1) Direct obligations of or fully guaranteed certificates of beneficial ownership of the Export Import Bank of the United States,

2) Federal Financing Bank,

3) Participation certificates of the General Services Administration,

4) Guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association, and

5) Project Notes, Local Housing Authority Bonds, New Communities Debentures and U.S. public housing notes and bonds fully guaranteed by the U.S. Department of Housing and Urban Development.

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies, provided such agency is rated at least "AA" or equivalent at the time of purchase by at least two of the NRSROs (stripped securities are only permitted if they have been stripped by the agency itself):

1) Federal Home Loan Bank System senior debt obligations,

2) Participation Certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation,

3) Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association, and

4) Consolidated system wide bonds and notes of the Farm Credit System Corporation.

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating of "AAA" or equivalent by at least two of the NRSROs.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above, issued by commercial banks, savings and loan associations or mutual savings banks where the collateral is held by a third party and the Trustee or the Authority has a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC.

G. Unsecured Investment Agreements (subject to approval of the Authority of any Investment Agreement with a term in excess of thirty (30) days); any Investment Agreement with a term greater than three (3) years must be with an issuer rated at least "AA" or equivalent by at least two of the NRSROs unless a lower rating is consented to by the Authority and the Credit Group Representative.

In the event the counterparty is downgraded below either "AA-" or "Aa3" by Standard & Poor's or Moody's, respectively, or equivalent by an NRSRO:

i. The agreement will be transferred to an acceptable institution that meets the ratings requirement described above, or

ii. Collateral consisting of securities outlined in (A) or (B) above shall be posted that has a value equal to at least 102% of the principal plus accrued interest, or collateral consisting of securities outlined in (C) above shall be posted that has a value equal to at least 103% of the principal plus accrued interest, or

iii. The agreement must be converted into a Repurchase Agreement (See clause (L) below), or

iv. The agreement shall terminate at par plus accrued interest within ten (10) business days should (i), (ii) or (iii) above not be accomplished.

H. Collateralized Investment Agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) the same collateral requirements as outlined in (G)(ii) are followed and (ii) if the provider is downgraded below "A-" and "A3", or equivalent by at least two NRSROs, the agreement shall terminate at par plus accrued interest.

I. Commercial paper rated "Prime-1" by Moody's and "A-1+" by Standard & Poor's, or equivalent by at least two NRSROs and which matures no more than 270 days from the date of purchase and subject to the following limitations:

a. Only United States issuers of corporate (issued to provide working capital funding) commercial paper including United States issuers with a foreign parent; and

b. Limited-purpose trusts, structured investment vehicles, asset-backed commercial paper conduits, and any other type of specialty finance company, whose purpose is generally

limited to acquiring and funding a defined pool of assets that are used to repay obligations, shall not constitute Qualified Investments.

J. Bonds or notes issued by any state or municipality which are rated by any two NRSROs in one of the two highest long-term rating categories assigned by such NRSROs (without qualification by symbols "+" or "-" or a numerical notation).

K. Federal funds or bankers' acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" by Moody's and "A-1" by Standard & Poor's, or equivalent by at least two NRSROs.

L. Repurchase Agreements as defined herein.

M. Forward delivery agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) permitted deliverables are limited to securities described in (A), (B) and (C) above and (ii) if the provider is downgraded below "A-" or "A3", or equivalent by an NRSRO, the agreement shall terminate at par plus accrued interest.

N. Any state administered pool investment fund in which the Authority is statutorily permitted or required to invest, rated at least "AA" or equivalent by one of the NRSROs.

"Rating Agency" means Standard & Poor's, Moody's, Fitch or any other nationally recognized securities rating agency acceptable to the Authority. Except as otherwise provided herein, if more than one Rating Agency maintains a credit rating with respect to the Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to all such Rating Agencies.

"Rating Category" means one of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier, plus or minus sign, or otherwise.

"Rating Confirmation Notice" means a notice from Moody's, S&P or Fitch, as appropriate, confirming that the rating on the Bonds will not be lowered or withdrawn (other than a withdrawal of a short-term rating upon a change to a Long-Term Mode) as a result of the action proposed to be taken.

"Rebate Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Rebate Requirement" means the amount of moneys required to be rebated to the United States Department of the Treasury, the method of calculation of which is described in the Tax Regulatory Agreement.

"Record Date" means with respect to Bonds in the Initial Fixed Rate Period, the fifteenth day (whether or not a Business Day) of the month preceding the month in which the Interest Payment Date occurs.

"Redemption Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Redemption Price" when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"Remarketing Agent" means any remarketing agent for the Bonds pursuant to a Remarketing Agreement appointed pursuant to Section 4.26 of the Indenture, and any successor thereto consented to by the Authority.

"Remarketing Agreement" means any remarketing agreement by and between the System, or another member of the Obligated Group, and the Remarketing Agent and consented to by the Authority, as the same may from time to time be amended or supplemented, and if the Remarketing Agent has been replaced by a successor Remarketing Agent, any similar agreement between the Borrowers and such successor Remarketing Agent.

"Repurchase Agreement" means, unless otherwise consented to by the Authority and the Credit Facility Provider, a written repurchase agreement entered into with a Qualified Financial Institution, a bank acting as a primary dealer or a securities dealer approved by the Authority which is listed by the Federal Reserve Bank of New York as a "Primary Dealer" and rated "AA" or "Aa2" or better by at least two of the NRSROs (unless a lower rating is consented to by the Authority) (a "Primary Dealer"), under which securities are transferred from a dealer bank or securities firm for cash with an agreement that the dealer bank or securities firm will repay the cash plus a yield in exchange for the securities on a specified date and under which (i) the Authority is the real party in interest and has the right to proceed against the obligor on the underlying obligations which must be obligations of, or guaranteed by, the United States of America; (ii) the term of which shall not exceed one hundred eighty (180) days, unless the Authority and the Credit Facility Provider shall consent to a longer period; (iii) the collateral must be delivered to the Authority, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) prior to or simultaneous with investment of moneys therein; (iv) such collateral is held free and clear of any lien by the Trustee or an independent third party acceptable by the Authority, acting solely as agent for the Trustee; and (v) the collateral shall be valued weekly, marked to market at current market prices plus accrued interest; provided that at all times the value of the collateral must at least equal the required percentage of the amount invested in the Repurchase Agreement. If the value of such collateral is less than the amount specified, the Qualified Financial Institution or Primary Dealer must invest additional cash or securities such that the collateral value of the amount invested thereafter at least equals as follows: (a) if collateralized by securities described in clause (A) or (B) of the definition of Qualified Investments, at least 102%, or (b) if collateralized by securities described in clause (C) of the definition of Qualified Investments, at least 103%.

"Resolution of the Authority" means a resolution duly adopted by the Authority.

"Revenues" means all amounts paid or payable to the Authority or to the Trustee for the account of the Authority (excluding fees and expenses payable to the Authority and the Trustee and the rights to indemnification of the Authority and the Trustee) under and pursuant to the Loan Agreement and the Note, and as may be further described in a Supplemental Loan Agreement or a Supplemental Indenture.

"Securities Depository" means the securities depository designated as such in Section 2.6 of the Indenture and any successor thereto.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Serial Bonds" means, with respect to the Series 2019A Bonds, other than with respect to the Bonds in the Initial Fixed Rate Period, the Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 2.18(c)(v) of the Series 2019A Indenture; and with respect to the Series 2019B Bonds, the Series 2019B Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 2.18(c)(v) of the Series 2019B Indenture.

"Serial Maturity Dates" means the dates on which the Serial Bonds mature, as determined pursuant to Section 2.18(c)(v) of the Indenture.

"Serial Payments" means the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates with respect to the Series 2019A Bonds; and other than with respect to the Series 2019B Bonds in the Initial Fixed Rate Period, payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates with respect to the Series 2019B Bonds.

"Series 2019A Bonds" means the Authority's Revenue Bonds, Nuvance Health Issue, Series 2019A.

"Series 2019B Bonds" means the Authority's Revenue Bonds, Nuvance Health Issue, Series 2019B.

"Sinking Fund Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Sinking Fund Installment" means the amount of money sufficient to redeem Bonds at the principal amount thereof in the amounts, at the times and in the manner set forth in the Indenture.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

"State" means the State of Connecticut with respect to the Series 2019A Bonds and the State of New York with respect to the Series 2019B Bonds.

"Stated Maturity" shall mean the dates principal becomes due on the Bonds by stated maturity as set forth in Section 2.3 of the Indenture; provided, in any case where the date of maturity of premium of, interest on, or principal of, the Bonds or the date fixed for redemption of any Bonds shall be on a day other than a Business Day, then payment of interest, principal and premium, if any, need not be made on such date but may be made (without additional interest) on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption.

"Supplemental Indenture" means any indenture of the Authority modifying, altering, amending, supplementing or confirming the Indenture for any purpose, in accordance with the terms thereof.

"Supplemental Loan Agreement" means any agreement between the Authority and the Borrowers amending or supplementing the Loan Agreement in accordance with the terms of the Indenture.

"Supplemental Master Indenture" means the Supplemental Master Trust Indenture No. 21 to the Master Indenture, dated as of August 1, 2019, by and among the Members of the Obligated Group, and the Master Trustee, and when amended or supplemented, such Supplemental Master Indenture, as amended or supplemented, with respect to the Series 2019A Bonds; or Supplemental Master Trust Indenture No. 22 to the Master Indenture, dated as of August 1, 2019, by and among the Members of the Obligated Group, and the Master Trustee, and when amended or supplemented, such Supplemental Master Indenture, as amended or supplemented, with respect to the Series 2019B Bonds.

"System" means Nuvance Health, a nonprofit corporation organized under the laws of the State of New York.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement, by and among the Authority, the Institution, and the Project Users named therein, including all appendices, certificates and attachments thereto, executed on the date of issuance and delivery of the Bonds, as it may be amended from time to time.

"Trustee" means the respective Trustee as identified in the forepart of this Official Statement.

"U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading U.S. government securities.

"Upfront Fee" means the fee payable by the Institution to the Authority, upon the application for the issuance of the Bonds.

BOND INDENTURES

The following are excerpts of certain provisions of the Indenture. This following does not purport to be complete or definitive and reference is made to each of the Indentures for the complete terms thereof.

SECTION 1.2. INDENTURE, ANY SUPPLEMENTAL INDENTURE AND BONDS CONSTITUTE A CONTRACT. In consideration of the purchase and acceptance of any and all of the Bonds secured and issued under this Indenture: (i) this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of such Bonds; (ii) the pledge made herein and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Owners from time to time of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof except as expressly provided in or permitted hereby or by the applicable Supplemental Indenture, if any; (iii) the Authority does hereby pledge and assign to the Trustee, for the benefit of the Owners of the Bonds, the trust estate, the Revenues and all moneys and securities from time to time held by the Trustee and the Authority in any of the Funds and Accounts established under the terms of this Indenture (other than the Rebate Fund), and all income and receipts earned thereon, subject to the terms and provisions of this Indenture; (iv) the pledge made hereby shall be valid and binding from the time when the pledge is made and the Revenues and all income and receipts earned on funds held by the Trustee and the Authority hereunder (other than the Rebate Fund) and any further pledge of property under the applicable Supplemental Indenture, if any, shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding 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; and (v) the Bonds shall be special obligations of the Authority payable solely from and secured by a pledge of Revenues and certain moneys and funds as provided hereby and by the applicable Supplemental Indenture, if any.

AUTHORIZATION AND DETAILS OF BONDS

SECTION 2.8. CALCULATION AND PAYMENT OF INTEREST; CHANGE IN INTEREST RATE MODE; MAXIMUM RATE. The Bonds in any Interest Rate Mode may be changed to any Interest Rate Mode or to another Fixed Rate Period at the end of the Initial Fixed Rate Period at the times and under the conditions set forth in the respective Indenture.

PARTICULARS FOR ALL BONDS

SECTION 3.1. SUBORDINATED BONDS. The Authority may also issue revenue bonds for any purpose permitted under the Act secured by a charge and lien on, and payable from, the Revenues which is junior, inferior and subordinate in all respects to the lien of the Revenues which secures the Bonds. Subordinated bonds may be issued pursuant to and in accordance with the provisions of a resolution of the Authority authorizing such bonds or otherwise as determined by the Authority and shall be issued pursuant to an instrument other than this Indenture.

SECTION 3.2. MEDIUM OF PAYMENT OF BONDS. The Bonds shall be payable as to principal and Redemption Price, if any, and interest thereon in lawful money of the United States of America. Payment of the interest on the Bonds shall be made to the person appearing on the registration books of the Authority provided for herein as the Bondowner thereof on the Record Date, by wire or by check or draft mailed by the Trustee to the Bondowner at the address of such Bondowner as shown on such registration books of the Authority, kept by the Trustee unless otherwise set forth in Section 2.3(c) or unless an alternate method of payment is agreed to by the Trustee and the Bondowner, subject to the approval of the Authority, which approval shall not be unreasonably withheld. The principal or Redemption Price of Bonds, together with accrued and unpaid interest, shall be paid to the Bondowner upon presentation and surrender of the Bonds at the designated corporate trust office of the Trustee or in the manner provided in any Supplemental Indenture.

SECTION 3.5. REGISTRATION AND TRANSFER OF BONDS. The Bonds shall be registered as to both principal and interest.

The Authority shall cause to be prepared books for registration of the Bonds, which registration books shall be kept by the Trustee which is hereby designated as the registrar for the purpose of registering the Bonds. The Trustee shall also act as transfer agent for the Bonds.

So long as any of the Bonds shall remain Outstanding, the Trustee shall maintain and keep, at its designated corporate trust office, books for the registration and transfer of such Bonds; and, upon presentation thereof for such purpose at such office, the Trustee shall register or cause to be registered, and permit to be transferred, under such reasonable regulations as the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Trustee shall make all necessary provisions to permit the exchange of such Bonds at its designated corporate trust office.

Each Bond shall be transferable only upon the books of the Authority which shall be kept for that purpose at the designated corporate trust office of the Trustee, at the written request of the Bondowner thereof or the Bondholder's attorney duly authorized in writing, upon surrender thereof at such office, together with a written instrument of transfer satisfactory to the Trustee and such other documents as shall be reasonably required by the Trustee duly executed by the Bondowner or his duly authorized attorney. Upon the transfer of any such Bond or Bonds, the Trustee shall issue in the name of the transferee, in authorized denominations, a new Bond or Bonds, of the same aggregate principal amount, maturity and interest rate as the surrendered Bond or Bonds.

The Authority and the Trustee may deem and treat the Bondowner of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and premium, if any, and interest on such Bond and for all other purposes, and all such payments so made to any such Bondholder or upon the Bondholder's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging or transferring is exercised, the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be obliged to make any such exchange or transfer of Bonds, during the period from each Record Date to the following Interest Payment Date or, in the case of a proposed redemption of Bonds if such Bonds are eligible to be selected or have been selected for redemption, during the forty five (45) days next preceding the date fixed for such redemption.

SECTION 3.6. BONDS MUTILATED, DESTROYED, LOST OR STOLEN. In case any Bond shall become mutilated or be destroyed, lost or stolen, upon request, the Trustee shall authenticate and deliver a new Bond in exchange for the mutilated Bond or in lieu of and substitution for the Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Authority and to the Trustee such security or indemnity as may be required by them to save each of them harmless from all risks, however remote, and the applicant shall also furnish to the Authority and to the Trustee evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond and of the ownership thereof. The Trustee may authenticate any Bond issued upon such exchange or substitution and deliver the same upon the written request or authorization of an Authorized Officer of the Authority. Upon the issuance of any Bond upon such exchange or substitution, the Authority and the Trustee may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees and expenses, of the Authority or the Trustee. In case any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Authority may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Authority and to the Trustee such security or indemnity as they may require to

save them harmless, and evidence to the satisfaction of the Authority and the Trustee of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond which is mutilated, destroyed, lost or stolen shall constitute a contractual obligation of the Authority, whether or not the mutilated, destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all rights or remedies, notwithstanding any law or statute (to the extent permitted under such law or statute) existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

REDEMPTION, TENDER AND REMARKETING OF BONDS

SECTION 4.11. EFFECT OF REDEMPTION. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of the Bonds (or portions thereof) so called for redemption being held by the Bond Trustee, on the date fixed for redemption designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice, interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price.

BOND PROCEEDS, FUNDS, ACCOUNTS, REVENUES AND APPLICATION AND DISBURSEMENT THEREOF

SECTION 5.4. DEPOSIT OF REVENUES AND ALLOCATION THEREOF. The Revenues received pursuant to the Loan Agreement and any other moneys required by any of the provisions of this Indenture to be paid or transferred to the Trustee, shall be promptly paid or transferred to the Trustee.

The Trustee shall deposit the payments received under the Loan Agreement or other money set forth below in the Debt Service Fund and credit the Accounts set forth below in the order set forth below:

The Borrowers shall deposit, or cause to be deposited, the following in immediately available funds with the Trustee as the payments become due under the Loan Agreement unless sufficient amounts are then available in such Accounts to make the required payments therefrom:

(a) Into the Debt Service Fund for credit to the Interest Account an aggregate amount of immediately available funds required for the payment of the interest payable on the Outstanding Bonds on such Interest Payment Date.

(b) Into the Debt Service Fund for credit to the Principal Account an aggregate amount of immediately available funds required for the payment of the principal payable on the Outstanding Bonds on their applicable Stated Maturity.

(c) Into the Debt Service Fund for credit to the Redemption Fund the amount required to pay principal of and premium, if any, and accrued and unpaid interest on any Bonds called for redemption.

Each installment of payments under the Loan Agreement shall be increased as may be necessary to make up any previous deficiency in any of the required payments.

If other monies are received by the Trustee as advance payments of payments under the Loan Agreement to be applied to the redemption of all or a portion of the Bonds, such monies shall be deposited in the Redemption Fund.

Notwithstanding any other provisions of this Indenture, moneys received by the Trustee as an optional prepayment pursuant to Section 2.4 of the Loan Agreement shall be transferred to the Redemption Fund if the Bonds are then subject to redemption, or otherwise in the Debt Service Fund for payment of the next due principal of or interest on the Bonds.

Subject to the prior paragraph of this Section, moneys paid or transferred to the Trustee shall on or before the next Business Day after receipt thereof (but in no event later than the date on which due) be applied as follows and in the following order of priority:

FIRST: To the Interest Account, the amount equal to all of the interest becoming due on the Outstanding Bonds on the next Interest Payment Date for the Bonds after taking into account any amounts on deposit therein available for the payment thereof;

SECOND: To the Principal Account, the amount equal to all of the principal amount becoming due on the Bonds on their applicable Stated Maturity (other than pursuant to a tender), after taking into account any amounts on deposit therein available for the payment thereof;

THIRD: To the Purchase Fund, the amount, if any, necessary to make the amount on deposit therein equal to the purchase price of any Bonds tendered or deemed tendered for purchase; and

FOURTH: To the Rebate Fund to the extent required, amounts necessary in any year so as to meet the Rebate Requirement of the Rebate Fund, as directed in writing by the Authority to the Trustee; and

FIFTH: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditure of the Authority and fees and expenses of the Trustee, all as required by this Indenture and not otherwise paid or caused to be paid or provided for by the Borrowers; (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the loan to the Borrowers and the issuance of the Bonds, including penalties for late payments and all expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement in accordance with the terms thereof; (iii) the Annual Administrative Fee, if applicable; and (iv) any other amounts due and payable by the Borrowers to the Authority pursuant to the Loan Agreement - but only upon receipt by the Trustee from the Authority 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 FIFTH.

After making the payments required by paragraphs FIRST, SECOND, THIRD, FOURTH and FIFTH above, any balance remaining shall be paid, as the Authority may direct, to the Debt Service Fund and credited against the next due payment of debt service from the Borrowers (provided the amount in the Debt Service Fund may not exceed the amount of debt service due on the Bonds during the next twelve months) or to the Redemption Fund and applied by the Trustee to the purchase or redemption of Bonds.

SECTION 5.5. APPLICATION OF MONEYS IN THE DEBT SERVICE FUND. The Trustee shall transfer moneys out of the Interest Account on each Interest Payment Date for the payment of interest then due on the Bonds. The Trustee shall pay out of such Interest Account any amounts required for the payment of accrued interest upon any redemption or purchase of the Bonds.

The Trustee shall transfer moneys out of the Principal Account on their applicable Stated Maturity for the payment of the principal amount of the Bonds then due.

The Trustee shall transfer moneys out of the Purchase Fund on each date that the purchase price of Bonds tendered, deemed tendered or required to be tendered becomes due.

SECTION 5.6. APPLICATION OF MONEYS IN THE REDEMPTION FUND. (a) Moneys in the Redemption Fund derived from optional prepayment of the loan pursuant to Section 2.4 of the Loan Agreement shall, at the written direction of the Authority, at the direction of the Borrowers, be applied to payment of the Redemption Price of Bonds, plus accrued interest, if any, thereon to the date set for redemption.

(b) Moneys in the Redemption Fund derived from insurance or condemnation proceeds pursuant to Section 4.2 of the Loan Agreement or transfers from the Construction Fund pursuant to Section 5.3 hereof shall be applied to payment of the Redemption Price of Bonds, plus accrued interest on any Interest Payment Date, if any, thereon to the date set for redemption, in accordance with Section 4.28 hereof.

(c) Subject to the provisions of paragraphs (a) and (b) hereof, moneys in the Redemption Fund may be applied to the purchase of Bonds at purchase prices not exceeding the Redemption Price applicable to the Bonds to be purchased plus accrued interest due, in such manner as the Authority may direct. Bonds so purchased shall be canceled by the Trustee. If forty-five (45) days prior to any Interest Payment Date on which Bonds are subject to optional redemption, moneys in excess of $25,000 shall then remain on deposit in such Redemption Fund, the Trustee shall apply such moneys to the redemption of such Bonds as provided in Article IV hereof, at the Redemption Prices specified in Article IV hereof with respect to the Bonds.

SECTION 5.8. INVESTMENT OF MONEYS. Any moneys held in any of the Funds or Accounts established hereunder shall be invested by the Trustee, as directed by the Authority, in a written order signed by an Authorized Officer thereof, or by the Authority, but only as follows:

(a) Moneys in the Debt Service Fund only in Qualified Investments, except those listed in items C, I, K, M and N of the definition thereof, maturing in such amounts and on such dates as may be necessary to provide moneys to meet the payments from such Fund;

(b) Moneys in the Redemption Fund only in Qualified Investments, except those listed in items C, I, K, M and N of the definition thereof, maturing or redeemable at the option of the owner not later than the next succeeding date on which the Bonds are subject to redemption;

(c) Notwithstanding anything to the contrary in this Indenture, moneys in the Rebate Fund only in Qualified Investments listed in items A, D, E, F and L of the definition thereof maturing or redeemable at the option of the owner not later than the date the next payment of rebate is due and only in accordance with the Tax Regulatory Agreement; and

(d) Subject to the provisions of the Act, any moneys held by the Authority in the Construction Fund may be invested by an Authorized Officer of the Authority only in Qualified Investments.

Notwithstanding any other provisions of this Indenture concerning the requirement that all investment instructions shall be given to the Trustee or any depository by the Authority, in the event that the Trustee has not received instructions from the Authority to invest any moneys remaining in any Fund or Account hereunder, the Trustee or any such depository shall daily deposit such moneys in Qualified Investments listed in item D of the definition thereof.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

Any securities or investments held by the Trustee shall be transferred by the Trustee, if requested in writing by an Authorized Officer of the Authority, from any of the Funds or Accounts mentioned in this Section to any other of the Funds or Accounts mentioned in this Section at the then current market value thereof without having to be sold and purchased or repurchased; provided, however, that after any such transfer or transfers the investments in each such Fund or Account shall be in accordance with the provisions as stated in this Section.

Unless otherwise directed by the Authority, interest earned, profits realized and losses suffered by reason of any investment shall be credited or charged, as the case may be, to the Fund or Account for which such investment shall have been made.

Notwithstanding the foregoing, the Authority reserves the right to direct the transfer of arbitrage interest earned on Bond proceeds to the Rebate Fund, which amounts shall be applied in accordance with Section 5.7 hereof.

The Trustee and the Authority may sell or redeem any obligations in which moneys shall have been invested, to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys, securities or investments between various Funds and Accounts as may be required or permitted from time to time pursuant to the provisions of this Article.

In computing the value of the assets in any Fund or Account hereunder, the Trustee and the Authority, if required hereunder to value any Fund or Account under its control, shall value such assets at the current market value thereof.

Neither the Trustee nor the Authority shall be liable for any depreciation in the value of any obligations in which moneys of the Funds or Accounts shall be invested, as aforesaid, or for any loss arising from any investment permitted hereunder.

SECTION 5.9. APPLICATION OF MONEYS IN CERTAIN FUNDS FOR RETIREMENT OF BONDS. Notwithstanding any other provisions of this Indenture, if at any time the amounts held in the Debt Service Fund and the Redemption Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accruing on such Bonds to the next date when all such Bonds are redeemable, the Trustee shall so notify the Authority and the Borrowers. Upon receipt of such notice, the Authority may request the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture, and in such event all provisions of Section 12.1 hereof shall be operative.

PARTICULAR COVENANTS

SECTION 6.1. PAYMENT OF PRINCIPAL AND INTEREST. The Authority shall pay or cause to be paid the principal or Redemption Price of and interest on every Bond on the date and at the places and in the manner mentioned in such Bonds according to the true intent and meaning thereof solely from the sources provided herein, and to the extent moneys are available from Revenues.

SECTION 6.2. REVENUES. The Authority covenants that the Loan Agreement shall provide that the Borrowers shall pay amounts sufficient to provide Revenues sufficient at all times: (i) to pay the principal and purchase price of and interest on the Bonds as the same respectively become due and payable by redemption or otherwise; and (ii) to pay the expenditures of the Authority and the Trustee incurred in relation to this Indenture.

SECTION 6.3. ACCOUNTS. The Authority shall keep proper books of records and accounts in which complete and correct entries shall be made of its transactions relating to the Borrowers facilities and this Indenture, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the Trustee, the Borrowers or of any Owner of a Bond or of the Owner's representative duly authorized in writing.

SECTION 6.4. INDEBTEDNESS AND LIENS. The Authority, so long as any Bonds shall be Outstanding, shall not issue any bonds, notes or other evidence of indebtedness, other than Bonds issued in accordance with the provisions of Article III hereof, secured on a parity with the Bonds by any pledge of or other lien or charge on the Revenues or other moneys, securities or funds paid or to be paid to or held or set aside or to be held or set aside by the Authority or the Trustee under this Indenture and any Supplemental Indenture. The Authority shall not create or cause to be created any lien or charge on the Revenues or such moneys or securities or funds, other than the lien and pledge on the Revenues or such moneys, securities or funds created or permitted by

this Indenture and any Supplemental Indenture. Notwithstanding the foregoing and subject to compliance by the Borrowers with the provisions of the Loan Agreement and the Master Indenture relating to the incurrence of Indebtedness, the Authority may issue other bonds, notes and other evidences of indebtedness on behalf of the Borrowers pursuant to one or more trust indentures, other than this Indenture, which are on a parity with or subordinate to the Bonds and any other indebtedness of the Authority issued on behalf of the Borrowers on a parity or subordinate basis therewith.

SECTION 6.5. THE LOAN AGREEMENT; AMENDMENT AND EXECUTION. The Loan Agreement and any supplements or modifications thereto shall be executed in at least three counterparts. An executed counterpart shall be filed in the office of the Authority and in the office of the Trustee, and an executed counterpart delivered to the Borrowers. The Loan Agreement may be amended or supplemented without Bondowner consent provided such amendment or supplement does not cause the Authority to violate any of its covenants and agreements under this Indenture. The Authority agrees not to enter into any amendment or supplement to the Loan Agreement, which amendment or supplement would materially prejudice the rights and interests of the Owners of the Bonds, without the consent of the Owners, obtained as provided in Section 11.2 hereof, of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby; provided, however, that no such amendment or supplement which would change the amount or time as to which loan payments are required to be paid under the Loan Agreement shall be entered into without the consent of the Owners of all of the then Outstanding Bonds who would be affected by such amendment. Notwithstanding the foregoing, the Authority reserves the right to waive any provision of the Loan Agreement provided such waiver does not cause the Authority to violate any of its covenants or agreements under this Indenture. The Authority covenants not to enter into any amendment or modification of the Loan Agreement without filing an executed copy thereof with the Trustee. With respect to the Series 2019A Bonds, the Authority covenants for the benefit of the Bondowners not to void the Loan Agreement or any other Institution Document pursuant to the provisions of Connecticut Public Act No. 07-1.

SECTION 6.6. TAX COVENANTS. (a) The Authority covenants to comply with the Tax Regulatory Agreement.

(b) The Authority covenants that it shall not knowingly make nor direct the Trustee to make any investment or other use of the proceeds of the Bonds issued hereunder that would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code. The Trustee covenants that in those instances after the occurrence of an Event of Default where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with the foregoing covenants.

(c) The Authority covenants that it (i) will take, or use its best efforts to require to be taken, all actions that may be required of the Authority for the interest on the Bonds to be and remain not included in gross income for federal income tax purposes and (ii) will not take or authorize to be taken any actions within its control that would adversely affect such status under the provisions of the Code.

CONCERNING THE TRUSTEE

SECTION 7.8. RESIGNATION OF TRUSTEE. The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days' written notice to the Authority, the Institution and the Bondowners, specifying the date when such resignation shall take effect, provided such resignation shall not take effect until a successor shall have been appointed by the Authority or a court of competent jurisdiction as provided in Section 7.10 and shall have accepted such appointment.

SECTION 7.9. REMOVAL OF TRUSTEE. The Trustee, or any successor thereof, may be removed with or without cause at any time by the Authority, if no Event of Default under this Indenture shall have occurred and be continuing, or upon and during the continuation of an Event of Default under this Indenture, by the Owners of a majority in principal amount of Outstanding Bonds, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys in fact duly authorized and delivered to the Authority, provided that such removal shall not take effect until a successor is appointed. Such removal shall take effect on the date a successor shall have been appointed by the Authority or a court of competent jurisdiction as provided in Section 7.10 and shall have accepted

such appointment. Copies of each instrument providing for any such removal shall be delivered by the Authority to the Borrowers and the Trustee and any successor thereof.

SECTION 7.10. SUCCESSOR TRUSTEE. In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge of control of the Trustee, or of its property or affairs, the Authority shall forthwith appoint a Trustee to act. Notice of any such appointment shall be delivered by the Authority to the Trustee so appointed, the predecessor Trustee and the Borrowers. The Authority shall give or cause to be given written notice of any such appointment to the Bondowners.

If in a proper case no appointment of a successor shall be made within forty five (45) days after the giving of written notice in accordance with Section 7.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondowner may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor.

Any successor appointed under the provisions of this Section shall be a bank or trust company or national banking association, in each case with corporate trust powers, which is able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by this Indenture, which is approved by the Authority (unless an Event of Default under Section 8.1 hereof exists, in which case a successor shall be appointed by the Owners of a majority in principal amount of Outstanding Bonds or by a court pursuant to the above paragraph) and which has a combined capital and surplus aggregating at least $50,000,000 (or such other financial resources acceptable to the Authority in its sole discretion), if there be such a bank or trust company or national banking association willing to serve as Trustee hereunder.

SECTION 7.17. COMPLIANCE WITH CGS SECTIONS 4a-60 AND 4a-60a.

(a) CGS Section 4a-60. With respect to the Series 2019A Bonds, in accordance with Connecticut General Statutes Section 4a-60(a)(1), as amended, and to the extent required by Connecticut law, the Trustee agrees and warrants as follows: (1) in the performance of this Indenture it will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Trustee that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut and further to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Trustee that such disability prevents performance of the work involved; (2) in all solicitations or advertisements for employees placed by or on behalf of the Trustee, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission on Human Rights and Opportunities (the "CHRO"); (3) to provide each labor union or representative of workers with which the Trustee has a collective bargaining agreement or other contract or understanding and each vendor with which the Trustee has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Trustee's commitments under Connecticut General Statutes Section 4a-60, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) to comply with each provision of Connecticut General Statutes Sections 4a-60, 46a-68e and 46a-68f and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Sections 46a-56, 46a-68e, 46a-68f and 46a-86; (5) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Trustee as relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (6) to include provisions (1) through (5) of this Section in every subcontract or purchase order entered into by the Trustee in order to fulfill any obligation of this Indenture, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or order of the CHRO and take such action with respect to any such subcontract or purchase order as the

CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60.

(b) CGS Section 4a-60a. With respect to the Series 2019A Bonds, in accordance with Connecticut General Statutes Section 4a-60a(a)(1), as amended, and to the extent required by Connecticut law, the Trustee agrees and warrants as follows: (1) that in the performance of this Indenture, the Trustee will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) to provide each labor union or representative of workers with which the Trustee has a collective bargaining agreement or other contract or understanding and each vendor with which the Trustee has a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Trustee's commitments under Connecticut General Statutes Section 4a-60a, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) to comply with each provision of Connecticut General Statutes Section 4a-60a and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Section 46a-56; (4) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Trustee which relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (5) to include provisions (1) through (4) of this Section in every subcontract or purchase order entered into by the Trustee in order to fulfill any obligation of this Indenture, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60a.

(c) Required Submissions. With respect to the Series 2019A Bonds, the Trustee agrees and warrants that (1) it has delivered to the Authority an affidavit signed under penalty of false statement by a chief executive officer, president, chairperson, member, or other corporate officer duly authorized to adopt corporate or company policy in the form attached as Attachment A to this Indenture; (2) if there is a change in the information contained in the most recently filed affidavit, the Trustee will submit an updated affidavit not later than the earlier of the execution of a new contract with the State or a political subdivision of the State or thirty days after the effective date of such change; and (3) the Trustee will deliver an affidavit to the Authority annually, not later than fourteen days after the twelve-month anniversary of the most recently filed affidavit, stating that the affidavit on file with the Authority is current and accurate.

SECTION 7.18. COMPLIANCE WITH CGS SECTION 9-612(f)(2). With respect to the Series 2019A Bonds, for all State contracts as defined in P.A. 07-1 having a value in a calendar year of $50,000 or more or a combination or series of such agreements or contracts having a value of $100,000 or more, the Trustee's authorized signatory to this Indenture expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising State contractors of State campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice. See Attachment B to this Indenture - Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations.

EVENTS OF DEFAULT

SECTION 8.1. EVENTS OF DEFAULT. Each of the following events is hereby declared an "Event of Default" hereunder (herein called an "Event of Default"):

(a) Payment of the principal, Redemption Price, or Purchase Price of any of the Bonds, shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or upon tender or otherwise; provided, however, a failure to pay Purchase Price under Section 2.16(z), 4.13 or 4.15(c) hereof (which provisions are not applicable during the Initial Fixed Rate Period) or as may otherwise be provided under this Indenture; or

(b) Payment of an installment of interest on any Bonds, or the purchase price therefor, shall not be made when the same shall become due and payable; or

(c) Any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Revenues; or

(d) The Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the owners of not less than twenty five percent (25%) in principal amount of the Outstanding Bonds; or

(e) An Event of Default shall have occurred under the Loan Agreement or under any other Borrower Document (other than the Continuing Disclosure Agreement).

SECTION 8.2. ACCELERATION OF MATURITY. Upon the happening of any Event of Default specified in Section 8.1 hereof, the Trustee may, and shall upon the written request of the owners of not less than a majority in principal amount of the Outstanding Bonds, declare an acceleration of the payment of principal on the Bonds. All such declarations shall be by a notice in writing to the Authority and the Borrowers, declaring the principal of and accrued interest on all of the Outstanding Bonds to be due and payable immediately. Upon the giving of notice of such declaration of acceleration such principal shall become and be immediately due and payable, and if principal of the Bonds is so paid in full upon acceleration, all interest on the Bonds shall cease to accrue, anything in the Bonds or in this Indenture to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee may, with the written consent of the Owners of not less than a majority in principal amount of the Bonds not then scheduled to be due by their terms and then Outstanding and by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of principal and interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date and the principal of such Bonds then due only because of a declaration under this Section); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee or waived pursuant to Section 8.10. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 8.3. ENFORCEMENT OF REMEDIES. Upon the happening and continuance of any Event of Default specified in Section 8.1 hereof, then and in every such case, the Trustee may proceed, and upon the written request of the Owners of not less than a majority in principal amount of the Outstanding Bonds shall proceed (subject to the provisions of Section 7.2 hereof), to protect and enforce its rights and the rights of the Owners of the Bonds under the laws of the State of Connecticut (with respect to the Series 2019A Bonds) or the State of New York (with respect to the Series 2019B Bonds), or under each respective Indenture, the Bonds, each respective Loan Agreement or each respective Note by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained hereunder or in aid or execution of any power herein granted, or for the enforcement of the Loan Agreement or the Note, 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 this Indenture, the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of this Indenture or of the Bonds, with interest on overdue payments 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 such Bonds, without

prejudice to any other right or remedy of the Trustee or of the Owners of such Bonds, and to recover and enforce any judgment or decree against the Authority but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, cost and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 8.4. PRIORITY OF PAYMENTS AFTER DEFAULT. If at any time the moneys held by the Trustee under this Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of Section 8.2), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in this Article or otherwise, shall be applied (after payment of all amounts owing to the Trustee from moneys under this Indenture other than from moneys in the Rebate Fund or any irrevocable trust or escrow fund established with respect to any defeased Bonds) as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest on any of the Bonds then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption or contracted to be purchased for the payment of which moneys are held pursuant to the provisions of this Indenture) with interest upon such Bonds from the respective dates upon which they shall have become due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular due date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference; and

THIRD: To the payment of the interest on and the principal of the Bonds as the same become due and payable.

(b) If the principal of all the Bonds shall have become due and payable, either by their terms or by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such 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 shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondowner, 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 of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Owner of any unpaid interest or any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

SECTION 8.5. EFFECT OF DISCONTINUANCE OF PROCEEDINGS. In case any proceedings taken by the Trustee on account of any default in respect of Bonds shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

SECTION 8.6. CONTROL OF PROCEEDINGS. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in principal amount of the Outstanding Bonds shall have the right, subject to the provisions of Section 7.2, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Indenture, provided such direction shall not be otherwise than in accordance with law and the provisions of this Indenture.

SECTION 8.7. RESTRICTIONS UPON ACTION BY INDIVIDUAL BONDOWNERS. No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such Owner previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than a majority in principal amount of all Outstanding Bonds shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by this Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee security and indemnity as required by Section 7.2 hereof against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no one or more Owners of the Bonds secured by this Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners of the Outstanding Bonds.

SECTION 8.8. ACTIONS BY TRUSTEE. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee may be enforced by it without the possession of any of such Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Owners of the Bonds, subject to the provisions of this Indenture.

SECTION 8.9. REMEDIES NOT EXCLUSIVE. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 8.10. WAIVER AND NON WAIVER. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by this Article to the Trustee and the Owners of the Bonds, 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 Owners of not less than a majority of the principal amount of the Outstanding Bonds shall, waive any default with respect to the Bonds 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 of this Indenture or before the completion of the enforcement of any other remedy under this Indenture; but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

SECTION 8.11. NOTICE OF DEFAULT. The Trustee shall mail or cause to be mailed to all Bondowners written notice of the occurrence of any Event of Default set forth in Section 8.1 promptly after any such Event of Default shall have occurred of which the Trustee has actual knowledge. If in any Bond Year the total amount of deposits to the credit of the Debt Service Fund shall be less than the amounts required so to have been deposited under the provisions of this Indenture and any Supplemental Indenture, the Trustee, on or before the thirtieth (30th) day of the next succeeding Bond Year, shall mail to all Bondowners a written notice of the failure to make such deposits. The Trustee shall not, however, be subject to any liability to any such Bondowner by reason of its failure to mail or cause to be mailed any notice required by this Section.

CONSENTS TO SUPPLEMENTAL INDENTURES

SECTION 10.1. SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF BONDOWNERS. Notwithstanding any other provisions of this Article X, the Authority and the Trustee may at any time or from time to time enter into a Supplemental Indenture supplementing this Indenture or any Supplemental Indenture so as to modify or amend such indentures, without the consent of any Bondowners, for one or more of the following purposes:

(a) To add to the covenants and agreements of the Authority contained in this Indenture or any Supplemental Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, reconstruction, renovation, equipment, operation, maintenance, development or administration of any project under the Act or relative to the application, custody, use and disposition of the proceeds of the Bonds; or

(b) To confirm, as further assurance, any pledge under and the subjection to any lien on or pledge of the Revenues created or to be created by this Indenture or a Supplemental Indenture; or

(c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or

(d) To grant to or confer on the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority, or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect, including, but not limited to, providing liquidity support or credit support or both for the Bonds; or

(e) To amend any provisions of this Indenture; provided that in the reasonable judgment of the Trustee, such amendment does not adversely affect the interest of Bondholders. In exercising the provisions of this clause, the Trustee shall be entitled to obtain any Opinion of Counsel or any direction and indemnification as it may reasonably request.

SECTION 10.2. SUPPLEMENTAL INDENTURES WITH CONSENT OF BONDOWNERS.

(a) At any time or from time to time but subject to the conditions or restrictions contained in this Indenture and each Supplemental Indenture, a Supplemental Indenture may be entered into by the Authority and the Trustee amending or supplementing this Indenture, any Supplemental Indenture or any of the Bonds or releasing the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained. However, no such Supplemental Indenture shall be effective unless such Supplemental Indenture is approved or consented to by the Owners, obtained as provided in Section 11.2, of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby. In computing any such required percentage there shall be excluded from such consent, and from such Outstanding Bonds, any such Outstanding Bonds owned or held by or for the account of the Authority or the Borrowers.

(b) Notwithstanding the provisions of paragraph (a) of this Section to the contrary, except as provided in Section 10.3, no such modification changing any terms of redemption of Bonds, due date of principal of or interest on Bonds or making any reduction in principal or Redemption Price of and interest on any Bonds shall be made without the consent of the affected Bondowner.

(c) Notwithstanding any other provisions of this Section to the contrary, no Supplemental Indenture shall be entered into by the Authority and the Trustee, except as provided in Section 10.3, reducing the percentage of consent of Bondowners required for any modification of this Indenture or any Supplemental Indenture or diminishing the pledge of the Revenues securing the Bonds.

(d) The provisions of paragraph (a) of this Section shall not be applicable to Supplemental Indentures adopted in accordance with the provisions of Section 10.1.

SECTION 10.3. SUPPLEMENTAL INDENTURES BY UNANIMOUS ACTION. Notwithstanding anything contained in the foregoing provisions of this Article to the contrary, the rights and obligations of the Authority and of the Owners of the Bonds and the terms and provisions of this Indenture, any Supplemental Indenture or the Bonds may be modified or amended in any respect upon the adoption of a Supplemental Indenture by the Authority with the consent of the owners of all the Outstanding Bonds affected by such modification or amendment, such consent to be given as provided in Section 11.2, except that no notice to Bondowners by mailing shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without its written consent thereto in addition to the consent of the Bondowners so affected.

PROCEDURES FOR BONDOWNER CONSENTS

SECTION 11.2. CONSENT OF BONDOWNERS. When the Authority and the Trustee enter into a Supplemental Indenture making a modification or amendment permitted by and requiring the consent of the Bondowners pursuant to the provisions of Sections 10.2 or 10.3, such Supplemental Indenture shall take effect when and as provided in this Section. Upon the execution of such Supplemental Indenture, a copy thereof, certified by an Authorized Officer of the Authority, shall be filed with the Trustee for the inspection of the Bondowners affected. A copy of such Supplemental Indenture (or summary thereof) together with a request to such Bondowners for their consent thereto in form satisfactory to the Trustee, shall be mailed or caused to be mailed by the Authority to such Bondowners. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee the written consents of the percentages of Owners of Outstanding Bonds in accordance with Sections 10.2 or 10.3. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted hereinafter by this Section or Section 13.4. A certificate or certificates by the Trustee, which shall be placed on file, that it examined such proof and that such proof is sufficient, shall be conclusive that the consents have been given by the owners of the Bonds described in such certificate or certificates of the Trustee. Any consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner of such Bonds (whether or not such Owner has notice thereof) unless such consent is revoked in writing by the owner of such Bonds giving such consent or a subsequent Owner by filing revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for is first given. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee which shall be placed on file. At any time after the Owners of the required percentage of Bonds shall have filed their consent to any Supplemental Indenture a notice shall be given or caused to be given to such Bondowners by the Authority by mailing such notice to such Bondowners (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as herein provided). The Authority shall file with the Trustee proof of giving such notice. Such notice shall state in substance that any Supplemental Indenture (which may be referred to as an indenture executed by and between the Authority and the Trustee on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentage of Bonds and shall be effective as provided in this Section. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Upon such notice, such Supplemental Indenture making such amendment or modification shall become effective and conclusively binding upon the Authority, the Trustee, and the Owners of all Bonds.

DEFEASANCE

SECTION 12.1. DEFEASANCE. (a) If the Authority shall pay or cause to be paid, or there shall be otherwise paid, to the Owners of all or any of the Bonds then Outstanding, the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein and in this Indenture and any Supplemental Indenture, and all fees and expenses of the Trustee and the Authority, then the pledge of any

Revenues or other moneys and securities hereby pledged to such Bonds and all other rights granted hereby to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee or other fiduciary shall pay or deliver to the Authority all moneys or securities held by it pursuant to this Indenture and any Supplemental Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to be used by the Authority in any lawful manner including distribution to the Borrowers.

(b) Any Bonds for which moneys shall then be held by a trustee, which may be the Trustee (through deposit by the Authority or the Borrowers of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in this Section. Any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subparagraph (a) of this Section if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to the Trustee, irrevocable instructions to give notice of redemption on such date of such Bonds; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (iii) there shall have been filed with the Trustee and the Authority (x) a report of a firm of certified public accountants, acceptable to the Authority, confirming the arithmetical accuracy of the computations showing the cash or Defeasance Obligations, the principal of and interest on which, together with cash, if any, deposited at the same time will be sufficient to pay when due, the principal or Redemption Price, if applicable, and interest due or to become due on such Bonds, on and prior to the redemption date or maturity date thereof, as the case may be and (y) an Opinion of Bond Counsel, acceptable to the Authority, to the effect that upon provision for the payment of the principal or Redemption Price, if applicable, of, and interest due or to become due on such Bonds, the pledge of Revenues and other moneys and securities hereunder and the grant of all rights to the Owners of such Bonds hereunder shall be discharged and satisfied; and (iv) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 12.1 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds. Neither Defeasance Obligations deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than the payment of the principal or Redemption Price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, may, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Authority to be used by it in any lawful manner including a distribution to the Borrowers provided all amounts owing to the Authority and the Trustee have been satisfied, free and clear of any trust, lien or pledge. Nothing in this paragraph (b) shall be, or be deemed to be, a restriction on the Authority's ability to provide for Defeasance Obligation substitutions or restructuring provided that the Defeasance Obligations shall at all times be in compliance with clause (ii) above, as evidenced by a report of a firm of certified public accountants in compliance with clause (iii)(x) above; and if the interest on Bonds which have been defeased pursuant to this paragraph (b) is excludable from gross income for federal income tax purposes, the Authority shall provide an Opinion of Bond Counsel that the substitution or restructuring will not adversely affect such exclusion. Notwithstanding any provision of this Indenture to the contrary, the Trustee shall have no right of set off against any moneys and securities deposited under this paragraph (b).

(c) Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when all of the Bonds have become due and payable either at their stated maturity dates or by a call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of

deposit of such moneys if deposited with the Trustee after such date when all of the Bonds become due and payable, shall, at the written request of the Authority, be repaid by the Trustee to the Authority as its absolute property and free from trust (to the extent permitted by law) to be used by the Authority in any lawful manner including a distribution to the Borrowers, and the Authority and the Trustee shall thereupon be released and discharged of its obligations with respect to the Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee shall mail to the Bondowners a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than forty (40) nor more than ninety (90) days after the date of mailing of such notice, the balance of such moneys then unclaimed shall be returned to the Authority to be used

MISCELLANEOUS

SECTION 13.1. MISCELLANEOUS POWERS AS TO BONDS AND PLEDGE; STATE AGREEMENT. (a) With respect to the Series 2019A Bonds, the Authority represents that it is duly authorized under the Act and all applicable laws to create and issue the Bonds, to execute this Indenture and any Supplemental Indenture, and to pledge the Revenues and other moneys, securities and funds pledged by this Indenture in the manner and to the extent provided herein and in any Supplemental Indenture. The Authority covenants that the Revenues and other moneys, securities and funds so pledged are and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, prior to, or of equal rank with, the pledge created by this Indenture and any Supplemental Indenture, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Authority further covenants that the Bonds and the provisions of this Indenture and any Supplemental Indenture are and shall be the valid and binding special obligations of the Authority in accordance with their terms and the terms of this Indenture and any Supplemental Indenture. The Authority further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under this Indenture and any Supplemental Indenture, and all of the rights of the Bondowners under this Indenture against all claims and demands of all persons whomsoever.

(b) The Bondowners shall have the benefit of the State's pledge and agreement contained in Sections 10a-187a and 10a-195 of the Act as in effect on the date hereof: "The state of Connecticut does hereby pledge to and agree with the holders of any obligations issued under this chapter, and with those parties who may enter into contracts with the authority pursuant to the provisions of this chapter, that the state will not limit or alter the rights hereby vested in the authority until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the authority, provided nothing herein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such obligations of the authority or those entering into such contracts with the authority."

SECTION 13.1. MISCELLANEOUS POWERS AS TO BONDS AND PLEDGE; STATE AGREEMENT. With respect to the Series 2019B Bonds, the Authority hereby covenants that it is duly authorized under the Constitution and laws of the State of New York, including particularly and without limitation the Act, to issue Bonds authorized hereby, to execute this Indenture and to pledge the revenues and receipts in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds authorized hereby and the execution and delivery of this Indenture has been duly and effectively taken; and that such Bonds in the hands of the Owners thereof are and will be valid and enforceable special obligations of the Authority according to the import thereof. The Authority further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under this Indenture and any Supplemental Indenture, and all of the rights of the Bondowners under this Indenture against all claims and demands of all persons whomsoever.

SECTION 13.4. EVIDENCE OF SIGNATURES OF BONDOWNERS AND OWNERSHIP OF BONDS. Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondowners may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondowners in person or by their attorneys or DTC proxies duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, or the holding by any person of such Bonds, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(a) The fact and date of the execution by any Bondowner or such Bondowner's attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondowner may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(b) The amount of Bonds held by any person executing such request or other instrument as a Bondowner, and the numbers and other identification thereof, and the date of his holding such Bonds, may be proved by a certificate (which need not be acknowledged or verified) satisfactory to the Trustee, executed by an officer or partner of a bank, trust company, or other financial firm or corporation satisfactory to the Trustee, showing that at the date therein mentioned such person exhibited to such officer or partner or had on deposit with such depository the Bonds described in such certificate. Continued ownership after the date stated in such certificate shall be presumed unless and until a certificate complying with the provisions of this paragraph (b), bearing a subsequent date and relating to the same Bonds, shall be delivered to the Trustee.

The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request, consent or vote of the owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done or omitted to be done by the Authority or the Trustee in accordance therewith.

SECTION 13.9. NO RECOURSE ON THE BONDS. No recourse shall be had for the payment of the principal or Redemption Price of and interest on the Bonds or for any claims based thereon or on this Indenture against any member or other officer of the Authority or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Bondowner by the acceptance of the Bond. The Bonds are payable solely from the Revenues and neither the faith and credit nor the taxing power of the State of Connecticut (with respect to the Series 2019A Bonds) or the State of New York (with respect to the Series 2019B Bonds), or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

The Authority shall be conclusively deemed to have complied with all of its covenants and other obligations hereunder, upon requiring the Borrowers in the Loan Agreement to agree to perform such Authority covenants and other obligations (excepting only any approvals or consents permitted or required to be given the Authority hereunder, and any exceptions to the performance by the Borrowers of the Authority's covenants and other obligations hereunder, as may be contained in the Loan Agreement). However, nothing contained in the Loan Agreement shall prevent the Authority from time to time, in its discretion, from performing any such covenants or other obligations. The Authority shall have no liability for any failure to fulfill, or breach by the Borrowers of, the Borrowers' obligations relating to or under, as the case may be, the Bonds, this Indenture, the Loan Agreement or otherwise, including without limitation the Borrowers' obligation to fulfill the Authority's covenants and other obligations under this Indenture.

SECTION 13.14. HOLIDAYS. If the date for making any payment or the last date for performance of any act or the exercising of any right as provided herein, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided herein, and no interest shall accrue for the period after such nominal date.

LOAN AGREEMENTS

THE LOAN; THE BONDS; SECURITY; THE OBLIGATION

The following is an excerpt of certain provisions of the Loan Agreements. This Appendix does not purport to be complete or definitive and reference is made to the Loan Agreements for the complete terms thereof.

2.1. The Loan; Issuance of Bonds and Application of Proceeds. The Authority hereby agrees, upon the delivery of the Bonds, to loan to the Institution the amount thereof to provide funds to refinance the Project, and to pay costs related to the issuance of the Bonds upon the terms and conditions set forth or referred to in this Loan Agreement. The Institution agrees to borrow and the Institution and the System agree to repay such loan upon the terms and conditions set forth or referred to in this Loan Agreement. This Loan Agreement shall constitute a general obligation of the Borrowers. To provide funds to finance the loan to the Institution, the Authority agrees to use its best efforts to issue the Bonds in accordance with the Indenture. The Institution agrees that the proceeds of the Bonds to be made available to finance the loan to the Institution shall be deposited with the Trustee and the Authority and applied as provided in the Indenture. The Institution acknowledges and agrees that it shall have no interest in the proceeds of the Bonds equal to or greater than that of the Bondowners who shall have a first and prior beneficial interest in such money until it is applied in accordance herewith and with the Indenture.

2.2. Payment Obligations. (a) **General.** Notwithstanding any provision of this Loan Agreement or any other Borrower Documents, as and for repayment of the loan made to the Institution by the Authority pursuant to Section 2.1 hereof, the Borrowers shall pay to the Trustee for the account of the Authority the amounts, including without limitation the amounts described in subsections (b) and (c) below, required at all times for the payment of the principal of, and premium if any, and interest on the Bonds when due, whether at maturity, upon redemption, by acceleration or otherwise and including the Purchase Price upon any tender; provided, however, that the obligation of the Borrowers to make any such payment hereunder shall be reduced by any amount held by the Trustee in the Debt Service Fund for such payment of the Bonds pursuant to the terms of the Indenture. All amounts received by the Trustee pursuant to subsections (a), (b) or (c) of this Section shall be deposited into the Debt Service Fund.

(b) **Principal Payments.** The Borrowers shall repay the principal of the loan not later than the second Business Day preceding each July 1, in an amount equal to the principal or Sinking Fund Installment, as the case may be, of the Bonds becoming due on such July 1 after crediting to such amount becoming due any amount in the Principal Account or the Sinking Fund Account, as the case may be, prior to such July 1 available for the payment of such principal or Sinking Fund Installment. To the extent such payments on the Bonds are made with funds provided by the Credit Facility Provider pursuant to a drawing upon the Credit Facility, payments made by the Borrowers to the Trustee pursuant to this paragraph shall be transferred by the Trustee to the Credit Facility Provider in reimbursement for any such drawing.

(c) **Interest Payments.** The Borrowers shall pay the interest on the loan on the second Business Day preceding each Interest Payment Date in an amount equal to 100% of the interest coming due on the Bonds after crediting to such amount becoming due any amount in the Interest Account available for the payment of such interest (provided, however, in all events, the payment due immediately prior to each Interest Payment Date shall provide for sufficient funds necessary to make payment in full of the interest becoming due on the Bonds on such next succeeding Interest Payment Date). To the extent such payments on the Bonds are made with funds provided by the Credit Facility Provider or the Liquidity Facility Provider pursuant to a drawing upon a Credit Facility, payments made by the Borrowers to the Trustee pursuant to this paragraph shall be transferred by the Trustee to the Credit Facility Provider in reimbursement for any such drawing.

(d) **Purchase Price.** The Borrowers agree that (i) if a Liquidity Facility is not in effect (as permitted under Section 4.22 of the Indenture and Section 2.10 of this Loan Agreement), then the Obligated Group shall be obligated to deposit amounts into the Institution Purchase Account sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account are insufficient therefor, except on a Window Optional Tender Date, in connection with an Unscheduled Mandatory Tender in an Index Mode or a

Flexible Index Mode, in connection with a mandatory tender of Fixed Rate Bonds pursuant to Section 4.13 of the Indenture and except as may otherwise be provided with respect to Bank Index Bonds in Section 4.06(b) of the Indenture or the Bank Credit Agreement, and (ii) if a Liquidity Facility is in effect, then the Obligated Group may, but shall not be obligated to, deposit amounts into the Institution Purchase Account sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account are insufficient therefor. Each such payment by the Members of the Obligated Group to the Tender Agent pursuant to this Section shall be in immediately available funds and paid to the Tender Agent at its Designated Office by 2:30 P.M., in the case of payments made pursuant to paragraph (a)(i) of this Section, and by 2:45 P.M., in the case of payments made pursuant to paragraph (a)(ii) of this Section, on each date upon which a payment is to be made pursuant to Section 4.17 of the Indenture; this subclause (d) is not applicable during the Initial Fixed Rate Period.

(e) **Reimbursement of Authority.** The Borrowers agree to pay to the Authority an amount equal to the sum of the following three (3) items: (i) any expenditures of the Authority, and fees and expenses of the Trustee, all as required by the Indenture and not otherwise paid or provided for by the Borrowers; (ii) all other expenditures reasonably and necessarily incurred by the Authority with respect to the loan to the Institution and the issuance of the Bonds, including Cost of Issuance to the extent amounts on deposit in the Cost of Issuance Account are insufficient for the payment thereof and also including interest on overdue payments at the rate or rates of interest specified in the Bonds, penalties for late payments and all expenses incurred by the Authority to compel full and punctual performance of all the provisions of this Loan Agreement, any other Borrower Document, and each other document executed by the Borrower in connection with the Authority's loan to the Institution or the issuance of the Bonds, in accordance with the terms hereof and thereof; and (iii) the Annual Administrative Fee, if applicable. Any expenditures of the Authority made pursuant to items (i) and (ii) of this paragraph shall be billed by the Authority to the Borrowers in writing as soon as practicable and shall be paid or caused to be paid by the Institution within five thirty (30) days of each request for payment. The Borrowers shall pay the Annual Administrative Fee, if applicable, as provided in the Loan Agreement.

(f) **Rebate Fund.** The Borrowers agree to provide amounts that shall be sufficient to meet the Rebate Requirement of the Rebate Fund. The Borrowers agree that this obligation of the Borrowers shall survive the payment in full of the Bonds or the refunding and defeasance of the Bonds pursuant to the provisions of Section 12.1 of the Indenture.

(g) **Other Obligations.** The Borrowers agree to provide, at all times required under the Indenture, such additional amounts as are required to fund or make up any deficiency in the Debt Service Fund on any date on which principal of or interest on the Bonds is due or any deficiency in the Purchase Fund or any account established therein in the event and to the extent that the remarketing proceeds and moneys drawn under a Credit Facility or a Liquidity Facility are insufficient to pay the Purchase Price of Bonds tendered for purchase on a Purchase Date. In the event of any such deficiency in the Debt Service Fund or the Purchase Fund, the Trustee shall notify the Authority and the Borrowers of such deficiency and the Borrowers shall pay the amount of any such deficiency to the Trustee by no later than 2:30 p.m. (New York City time) on the date on which principal of, Purchase Price of, or interest on, the Bonds is due.

(h) **Manner of Payment.** The Borrowers agree to pay to the Authority or to such party as the Authority shall direct in writing the payments required by this Loan Agreement from their general funds or any other moneys legally available to the Borrowers in the manner and at the times provided by this Loan Agreement.

(i) **Survival.** The payment obligations of the Borrowers pursuant to Subsections (a), (b), (c), (d), (e) (i) and (ii), (f) and (g), except to the extent paid from any defeasance escrow for the Bonds, shall survive the expiration of this Loan Agreement.

2.6. Security for Bonds. (a) **Assignment and Pledge.** The Borrowers agree that the principal and Redemption Price of and the interest on, and the Purchase Price of, the Bonds shall be payable in accordance with the Indenture and the right, title and interest of the Authority in and to this Loan Agreement and the Obligation shall be assigned to the Trustee, subject to certain conditions and reservations, and certain payments received by or for the account of the Authority from the Borrowers with respect thereto shall be assigned and pledged by the Authority to the Trustee to secure the payment of the Bonds and any amounts due to the Credit

Facility Provider or the Liquidity Facility Provider. The Borrowers agree that all of the rights accruing to or vested in the Authority with respect to this Loan Agreement and the Obligation may be exercised, protected and enforced by the Trustee for or on behalf of the Bondowners and the Credit Facility Provider or the Liquidity Facility Provider in accordance with the provisions hereof, thereof, and of the Indenture.

(b) **Pledge of Gross Receivables.** In order to secure the prompt payment of the principal of, Redemption Price, if any, and interest on the Bonds and the performance by the Borrowers of the obligations under this Loan Agreement and the performance by the Members of the Obligated Group of their obligations under the Master Indenture and the Obligation, the Borrowers and the other Members of the Obligated Group, pursuant to the Master Indenture, have pledged and assigned to the Master Trustee, and have granted to the Master Trustee a security interest in, for the equal and ratable benefit of the holders from time to time of all Obligations issued under the Master Indenture, all of their Gross Receivables.

(c) **Bondowners,** Credit Facility Provider and Liquidity Facility Provider Beneficiaries. This Loan Agreement is executed in part to induce the purchase by others of the Bonds and the issuance of the Credit Facility by the Credit Facility Provider and the issuance of the Liquidity Facility by the Liquidity Facility Provider, and, accordingly, all covenants and agreements on the part of the Borrowers and the Authority, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the owners from time to time of the Bonds and the Credit Facility Provider and the Liquidity Facility Provider.

(d) **Compliance.** The Borrowers agree to do all things within their power in order to comply with, and to enable the Authority to comply with, all requirements, and to fulfill and to enable the Authority to fulfill all covenants of, the Resolution of the Authority, the Tax Regulatory Agreement and the Indenture.

2.7. Issuance of Obligation. Pursuant to this Loan Agreement and in consideration of the issuance by the Authority of the Bonds and the application of the proceeds thereof as provided herein and in the Indenture, and as security for the loan referred to in Section 2.1 hereof, the Borrowers have caused the Members of the Obligated Group to issue to the Authority and had caused to be delivered to the Trustee (as assignee of the Authority) concurrently with the delivery of the Bonds to the original purchaser(s) thereof, the Obligation, with such necessary and appropriate omissions, insertions and variations as are permitted or required by this Loan Agreement or the Master Indenture. The Authority agrees that the Obligation shall be assigned to the Trustee in trust as security for the Bonds.

INSURANCE; CONDEMNATION PROCEEDS

4.1. Insurance. (a) The Borrowers shall maintain or cause to be maintained at their sole cost and expense, insurance, with financially sound and reputable insurers (which may be self-insurance with affiliates) with respect to their Property, including the Premises, the operation thereof and their business against such casualties, contingencies and risks as may customarily be carried or maintained under similar circumstances by institutions of established reputation engaged in similar businesses or in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as are customary for Institutions similarly situated in the industry and as are determined to be consistent with reasonably prudent business practices, which determination shall be based upon the advice of an Independent Insurance Consultant, except to the extent that their governing body determines in good faith that such annual advice is unreasonable and delivers an Officer's Certificate to the Authority and Trustee setting forth the reasons for such determination.

(b) The Institution shall furnish to the Authority and Trustee annually, within 120 days of each fiscal year end, an Officer's Certificate stating that the insurance coverage maintained by the Institution adequately protects the Institution, its property and operations and is in accordance with paragraph (a) of this section.

(c) If the Authority shall so request in writing, the Institution shall provide to the Authority and Trustee summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Authority.

(d) The Authority, in its sole discretion, reserves the right to waive or amend any provision of this Section without the consent of the Trustee or the Bondowners.

4.2. Application of Property Insurance and Condemnation Proceeds. In case the whole or any part of the Project or the Premises is taken by eminent domain or damaged or destroyed or is otherwise rendered incapable of being used to its fullest extent for the purposes of the Borrowers or any Project User or to meet the Borrowers' obligations under this Loan Agreement and the other Borrower Documents by any cause whatsoever, then and in such event, but subject to the provisions of the Master Indenture:

A. Except as provided in paragraph B, the Borrowers shall proceed to replace or restore or cause to be replaced or restored such part of the Project or the Premises, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible or with such changes and modifications as would not have an adverse effect on the operations of the Borrowers. The moneys required for such replacement or restoration shall be paid from the proceeds of insurance or any award or payment in connection with the condemnation of the Project or the Premises received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Borrowers.

B. If no decision for the restoration or replacement of all or such part of the Project or the Premises shall be reached by the Borrowers within 120 days after such damage or taking, or if the Borrowers fail to proceed with due diligence to restore or replace such part of the Project or the Premises, all respective insurance or condemnation proceeds (after giving appropriate recognition to any similar requirements with respect to any Indebtedness ranking on a parity with the Bonds) shall be paid to the Trustee for deposit in the Redemption Fund for application to the purchase or redemption of Bonds in accordance with the Indenture or used as otherwise agreed to by the Authority and the Borrowers.

Notwithstanding any such taking, or other injury to, or decrease in the value of the Project or the Premises, the Borrowers shall continue to pay interest on the principal payable hereunder and under the other Borrower Documents as provided herein and therein, and to make any and all other payments required by this Loan Agreement and by the other Borrower Documents. Any reduction in the principal payable under this Loan Agreement and under the other Borrower Documents resulting from the application by the Authority of such award or payment to the redemption of Bonds shall be deemed to take effect only on the date of such application.

DUTIES OF THE BORROWERS

5.2. Obligation Absolute. The obligation of the Borrowers to make payments to the Authority or on its order to the Trustee under this Loan Agreement and the Obligation is absolute and unconditional and shall not be subject to setoff, recoupment or counterclaim. The Borrowers agree that payments required by this Loan Agreement and the Obligation shall be paid when due by the Borrowers to the Trustee for deposit in the Debt Service Fund whether or not any patient, occupant or user of the Borrowers are delinquent in the payment of his or her charges, rentals or other charges owed to the Borrowers, whether or not any patient, user or occupant receives either partial or total reimbursement as a credit against such payment, and whether or not the Borrowers receive either partial or total reimbursement as a credit against such payment.

The agreements, covenants, representations and indemnifications of the Borrowers in this Loan Agreement and the other Borrower Documents executed and delivered in connection herewith shall be a full faith and credit obligation of the Borrowers.

5.6. Operation of Borrowers. (a) The Borrowers agree that they shall use their best efforts to operate the Projects and Premises in a prudent and efficient manner. The Borrowers further agree that they shall employ, at all times, administrative personnel experienced and well qualified in the field of hospital administration. The Borrowers shall do (or cause to be done) all things necessary to preserve and keep in full force and effect their legal existence.

(b) The Borrowers agree to operate their facilities properly (as facilities licensed under Article 28 of the New York Public Health Law, with respect to the Series 2019B Bonds) and in a sound and economical manner. The Borrowers agree to maintain, preserve and keep their facilities, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and to make all necessary and proper repairs, replacements and renewals, to the extent necessary, so that at all times the operation of the Borrowers and their facilities may be properly and advantageously conducted.

(c) The Borrowers agree that they will procure and maintain all necessary licenses and permits and maintain accreditation of the hospital facilities (other than those of a type for which accreditation is not then available) by The Joint Commission and the status of their hospital facilities (other than those not currently having such status) as a provider of health care services eligible for reimbursement under any appropriate third-party payor programs and comparable programs, including future governmental programs as long as, in the opinion of the Institution, such accreditation is in the best interests of the Borrowers.

(d) The Borrowers shall correct all deficiencies found by each governmental authority with jurisdiction over the operation of the Project and the Premises, including any inspection in connection with the implementation of the Project and the Premises by the Borrowers in accordance with the requirements of the appropriate governmental or accrediting entity.

(e) The Borrowers covenant that they will comply in all material respects with the terms and conditions set forth in any certificate of need applicable to the Project or the Premises, and any duly approved amendments to such terms and conditions.

5.7. Payment of Obligations, Taxes, Assessments and Charges. The Borrowers agree to pay promptly all charges, judgments and other obligations incurred or imposed on the Borrowers in accordance with the applicable payment terms. The Borrowers shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Borrowers' facilities, or upon any part thereof or upon the Revenues, when the same shall become due, and shall duly comply with all valid requirements of any municipal or governmental authority relative to any part of the Borrowers' facilities. The Borrowers shall pay or cause to be paid or cause to be discharged, or shall make adequate provisions to satisfy and discharge, within one hundred twenty (120) days after the same shall become due and payable, all lawful claims and demands for labor, materials, equipment, supplies or other objects which, if unpaid, might by law become a lien upon the facilities of the Borrowers, the Premises, or the Revenues; provided, however, that nothing in this Section shall require the Borrowers to pay or cause to be paid or cause to be discharged, any such tax, assessment, valid requirement, claim, demand, lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings by the Borrowers.

5.8. Tax Covenant. (a) The Borrowers covenant that they and each person related to them within the meaning of Section 147(a)(2) of the Code, including, but not limited to, each Project User, will comply with each requirement of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(b) In furtherance of the covenant contained in the preceding sentence, the Borrowers agree to comply, and to cause each Project User to comply, with the provisions of the Tax Regulatory Agreement.

(c) The Borrowers covenant that neither they nor any Project User will take any action or fail to take any action with respect to the Bonds which action or failure to act would cause such Bonds to be "arbitrage bonds", within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder, as amended from time to time.

(d) The Institution covenants that: (i) neither them nor any Project User shall perform any acts or enter into any agreements which shall cause any revocation or adverse modification of their status, including the System upon receipt of their 501(c)(3) determination letter, as an organization exempt from Federal income taxes pursuant to Section 501(a) of the Code; and (ii) neither them nor any Project User shall carry on or permit to be carried on any trade or business the conduct of which is not substantially related to the exercise or performance by the Institution or any such Project User of the purposes or functions constituting the basis for its or their

exemption under Section 501 of the Code if such use would result in the loss of the Institution's or any such Project User's exempt status under Section 501 of the Code or would cause the interest on the Bonds to be included in gross income and subject to Federal income taxation.

(e) The Institution agrees that neither the Institution, nor any person related to it within the meaning of Section 147(a)(2) of the Code, including, but not limited to, each Project User, pursuant to an arrangement, formal or informal, shall purchase the Bonds upon their initial issuance in an amount related to the amount of the Bonds secured by this Loan Agreement.

(f) The System represents that it has applied for status as an organization described under Section 501(c)(3) of the Code and agrees that it will use best efforts to obtain such determination letter without delay. The System covenants to operate in a manner consistent with an organization described under Section 501(c)(3) of the Code at all times following the issuance of the Bonds.

(g) Notwithstanding any other provision of the Indenture or this Loan Agreement to the contrary, so long as necessary in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, the covenants contained in this Section shall survive the discharge and satisfaction of the Bonds (in accordance with Section 12.1 of the Indenture) and the termination of this Loan Agreement.

5.9. Premises. The Borrowers covenant that, except as set forth in the Hazardous Substance Agreements (with respect to the Series 2019A Bonds) or Section 10.4 (with respect to the Series 2019B Bonds), the Premises will comply in all material respects with, all applicable restrictive covenants, applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, rules and regulations.

5.10. Securities Law Compliance. The Borrowers covenant that they shall not perform any act or enter into any agreement which shall change the status of the Borrowers' representations set forth in Section 7.2 of this Loan Agreement.

5.11. General Compliance with Law. The Borrowers covenant that they will comply in all material respects with all federal, state and local laws, regulations and ordinances relating to their business, the Project, the Premises, and their facilities, including, but not limited to, the Employee Retirement Income Security Act of 1974, as amended, and all applicable laws and regulations relating to nondiscrimination in employment and employment opportunities, and all applicable Equal Employment and Opportunity Laws (with respect to the Series 2019A Bonds).

5.12. Payment of Expenses. The Borrowers agree that they will pay all expenses, including attorneys' fees and expenses, incurred by the Authority or the Trustee in connection with (i) any amendment, modification or waiver of the provisions of the Borrower Documents or the Indenture, (ii) any merger, consolidation or transfer of assets by the Borrowers, or any person related to them within the meaning of section 147(a)(2) of the Code, or (iii) in connection with the enforcement by the Authority or the Trustee of the rights of the Authority or the Trustee under any of the Borrower Documents or the Indenture.

INFORMATION AND REPORTING REQUIREMENTS

6.3. Continuing Disclosure. (a) The System shall furnish to the Authority, the Trustee and the Municipal Securities Rulemaking Board (the "MSRB") as provided in the Continuing Disclosure Agreement (1) if required by Rule 15c2-12 adopted by the Securities and Exchange Commission (the "Rule"), notice of any of the events described in subsection (b)(5)(i)(C) of the Rule, as such Rule may be amended from time to time, and (2) notice of the failure of the System to provide the financial information in the manner and as described in the next subsection of this Loan Agreement.

(b) The System shall furnish, and shall cause each "obligated person" as defined in the Rule to furnish to the Authority, the Trustee, the MSRB, and upon request, the owners of the Bonds and such other parties as the Authority may designate, at the times required by the Continuing Disclosure Agreement the information set

forth in the Continuing Disclosure Agreement. The System shall take all actions and furnish any other information necessary to comply with the Rule and the Continuing Disclosure Agreement.

REPRESENTATIONS OF THE BORROWERS

7.1. Tax Law Representations. The Borrowers represent that: (i) the Institution and each Project User is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law and that neither the Borrowers nor any Project User is a "private foundation" as defined in the Code; (ii) the Institution and each Project User have received a letter or letters from the Internal Revenue Service to such effect; (iii) such letter or letters have not been modified, limited or revoked; (iv) the Institution and each Project User is in compliance with all terms, conditions and limitations, if any, contained in each such letter; (v) the facts and circumstances which formed the basis of such applicable letter as represented to the Internal Revenue Service continue to substantially exist; (vi) the Institution and each Project User is exempt from Federal income taxes under Section 501(a) of the Code; and (vii) the Borrowers have adopted written procedures or guidelines to ensure that the Bonds will remain in compliance with Federal tax requirements after the issuance of the Bonds.

7.2. Securities Law Representations. The Borrowers represent that they are organizations organized and operated: (i) exclusively for educational or charitable purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended.

7.3. The Premises. The Borrowers represent that as of the date set forth in the Loan Agreement, 2019 the Premises complied (except as set forth in the Hazardous Substance Agreements with respect to the Series 2019A Bonds) in all material respects, with all applicable restrictive covenants, applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, rules and regulations.

7.4. Compliance with Law. The Borrowers represent that they are in compliance in all material respects with all federal, state and local laws, regulations and ordinances relating to its business, the Project, the Premises, and its facilities including, but not limited to, the Employee Retirement Income Security Act of 1974, as amended, and all Equal Employment Opportunity Laws and other applicable laws and regulations relating to nondiscrimination in employment and employment opportunities.

7.6. Compliance with CGS Sections 4a-60 and 4a-60a.

(a) CGS Section 4a-60. With respect to the Series 2019A Bonds, in accordance with Connecticut General Statutes Section 4a 60(a)(1), as amended, and to the extent required by Connecticut law, the Borrowers agree and warrant as follows: (1) in the performance of this Loan Agreement it will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Borrowers that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut and further to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Borrowers that such disability prevents performance of the work involved; (2) in all solicitations or advertisements for employees placed by or on behalf of the Borrowers, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission on Human Rights and Opportunities (the "CHRO"); (3) to provide each labor union or representative of workers with which the Borrowers have a collective bargaining agreement or other contract or understanding and each vendor with which the Borrowers have a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Borrowers' commitments under Connecticut General Statutes Section 4a-60, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) to comply with each provision of Connecticut General Statutes Sections 4a-60, 46a-68e and 46a-68f and with each regulation

or relevant order issued by the CHRO pursuant to Connecticut General Statutes Sections 46a-56, 46a-68e and 46a-68f; (5) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Borrowers as relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a-56; and (6) to include provisions (1) through (5) of this Section in every subcontract or purchase order entered into by the Borrowers in order to fulfill any obligation of this Loan Agreement, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60.

(b) CGS Section 4a-60a. With respect to the Series 2019A Bonds, in accordance with Connecticut General Statutes Section 4a 60a(a)(1), as amended, and to the extent required by Connecticut law, the Borrowers agree and warrant as follows: (1) that in the performance of this Loan Agreement, the Borrowers will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) to provide each labor union or representative of workers with which the Borrowers have a collective bargaining agreement or other contract or understanding and each vendor with which the Borrowers have a contract or understanding, a notice to be provided by the CHRO advising the labor union or workers' representative of the Borrowers' commitments under Connecticut General Statutes Section 4a-60a, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) to comply with each provision of Connecticut General Statutes Section 4a-60a and with each regulation or relevant order issued by the CHRO pursuant to Connecticut General Statutes Section 46a-56; (4) to provide the CHRO with such information requested by the CHRO, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Borrowers which relate to the provisions of Connecticut General Statutes Sections 4a-60a and 46a 56; and (5) to include provisions (1) through (4) of this Section in every subcontract or purchase order entered into by the Borrowers in order to fulfill any obligation of this Loan Agreement, and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the CHRO and take such action with respect to any such subcontract or purchase order as the CHRO may direct as a means of enforcing such provisions in accordance with Connecticut General Statutes Section 4a-60a.

(c) Required Submissions. With respect to the Series 2019A Bonds, the Borrowers agree and warrant that (1) they have delivered to the Authority an affidavit signed under penalty of false statement by a chief executive officer, president, chairperson, member, or other corporate officer duly authorized to adopt a corporate or company policy in the form attached as Attachment B to this Loan Agreement; (2) if there is a change in the information contained in the most recently filed affidavit, the Borrowers will submit an updated affidavit not later than the earlier of the execution of a new contract with the State or a political subdivision of the State or thirty days after the effective date of such change; and (3) the Borrowers will deliver an affidavit to the Authority annually, not later than fourteen days after the twelve-month anniversary of the most recently filed affidavit, stating that the affidavit on file with the Authority is current and accurate.

7.7. Compliance with CGS Section 9-612(f)(2). With respect to the Series 2019A Bonds, for all State contracts as defined in P.A. 07-1 having a value in a calendar year of $50,000 or more or a combination or series of such agreements or contracts having a value of $100,000 or more, the Borrowers' authorized signatories to this Loan Agreement expressly acknowledge receipt of the State Elections Enforcement Commission's notice advising State contractors of State campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice. See Exhibit A to this Loan Agreement - Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations.

EVENTS OF DEFAULT

8.1. Events of Default. As used herein an "Event of Default" exists if any of the following occurs and is continuing:

(a) **Principal, Interest, Premium, etc.** Failure by the Borrowers to make when due any payment required under subsection (a), (b) or (c) of Section 2.2 hereof or failure by the Borrowers to pay in full any payment of principal of or interest on the Obligation when due; or

(b) **Other Payments.** Failure by the Borrowers to pay when due any amount required to be paid under this Loan Agreement (other than any amount referred to in subsection (a), (b) or (c) of Section 2.2 hereof or any amount of principal of or interest due on the Obligation), which failure continues for a period of ten (10) days; or

(c) **Covenants, Representations, etc.** Failure by the Borrowers to observe and perform any covenant, condition or agreement set forth in the Borrower Documents (other than the Continuing Disclosure Agreement or under Section 6.3 hereof, and other than any failure to observe or perform any covenant, condition or agreement of the Institution set forth in the Tax Regulatory Agreement that would not cause the Institution to lose its status as a tax-exempt organization under Section 501(c)(3) of the Code or would not cause the loss of the tax-exempt status of interest on the Bonds) on its part to be observed or performed, or failure of any representation made by the Institution in the Borrower Documents (other than the Continuing Disclosure Agreement or under Section 6.3 hereof) to be correct in all material respects, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Borrowers by the Trustee or to the Borrowers and the Trustee by the Authority; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, in the sole judgment of the Authority, the Borrowers shall in good faith commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(d) **Bankruptcy, Insolvency, etc.** Either of the Borrowers shall make an assignment for the benefit of creditors or be generally unable to pay its debts as they become due; or a decree or order appointing a receiver, custodian or trustee for any Borrower, for the Premises, or for substantially all of the Borrowers' properties shall be entered and, if entered without its consent, remain in effect for more than sixty (60) days; or the Institution shall commence a voluntary case under any law relating to bankruptcy, insolvency, reorganization or other relief of debtors or any such case of an involuntary nature is filed against it and is consented to by it or, if not consented to, is not dismissed within sixty (60) days; or

(e) **Undischarged Final Judgment.** Final judgment for the payment of money in an aggregate amount at least equal to two percent (2%) of the Operating Revenues of the Obligated Group at the end of the most recent Fiscal Year, shall be rendered against the Borrowers and at any time after thirty (30) days from the entry thereof, (a) such judgment shall not have been discharged, or (b) the Borrowers shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and have caused the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal; or

(f) **Liquidation, etc.** The Borrowers shall liquidate or dissolve any of their affairs, or dispose of or transfer all or substantially all of its assets; or

(g) **Default Under Other Agreements.** An event of default shall have occurred under the Master Indenture, or under any agreement or lease (after the expiration of any applicable grace periods) to which the Authority and the Borrowers are parties; or

(h) **Indenture Event of Default.** An Event of Default (as defined in the Indenture) shall have occurred under the Indenture.

8.2. Remedies. (a) Upon the occurrence and continuance of any Event of Default hereunder and further upon the condition that, in accordance with the terms of the Indenture, the Bonds shall have been declared to be immediately due and payable pursuant to any provision of the Indenture, the loan payments required by subsections (a), (b), (c) and (d) of Section 2.2 hereof and the payments required by the Obligation shall, without further action, become and be immediately due and payable.

(b) Upon the occurrence and continuance of any Event of Default hereunder, the Issuer may, and shall at the direction of the Credit Facility Provider but only with respect to the Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Trustee shall at the direction of the Issuer or the Credit Facility Provider, subject to the terms of the Indenture, take any action at law or in equity to collect any payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrowers hereunder or to protect the interests securing the same, and the Issuer may, and shall at the direction of the Credit Facility Provider but only with respect to the Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Trustee shall at the direction of the Issuer or the Credit Facility Provider, without limiting the generality of the foregoing, exercise any or all rights and remedies given hereby or available hereunder and may take any action at law or in equity to collect any payments then due or thereafter to become due, or to enforce performance of any obligation, agreement or covenant of the Borrowers hereunder or under the Obligation.

(c) Any amounts collected from the Borrowers pursuant to this Section 8.2 shall be applied in accordance with the Indenture.

(d) The Issuer and the Borrowers agree that, upon the occurrence of an Event of Default, while the Issuer does not have the right of foreclosure, the Issuer may pursue any such remedies as are available to it hereunder and under Connecticut law.

(e) Upon the occurrence and continuance of any Event of Default hereunder, any and all amounts due hereunder may be declared by the Issuer to be immediately due and payable whether or not the Bonds shall have been declared to be due and payable; provided that if the Bonds have been declared to be due and payable in accordance with the terms of the Indenture, the amounts due hereunder under subsections (a), (b), (c) and (d) of Section 2.2 hereof shall, as provided in Section 8.2(a) above, without further action, become and be immediately due and payable.

8.3. Remedies Not Exclusive. All rights and remedies herein given or granted to the Authority are cumulative, non exclusive and in addition to any and all rights and remedies that the Authority may have or be given by reason of any law, statute, ordinance or otherwise.

MISCELLANEOUS

10.2. Amendment. The Authority hereby reserves the right, together with the Borrowers, with the consent of the Trustee (given at the direction of the Authority, but the Trustee need not consent if the Trustee's duties, obligations or liabilities are affected thereby) and the Credit Facility Provider and to the extent permitted by Section 6.5 of the Indenture: (i) to amend or modify the terms of this Loan Agreement, and the Obligation in any respect consistent with the Act, (ii) to extend the term of the Loan Agreement or the Obligation or the time for making any payment hereunder or thereunder, (iii) to continue to make construction advances after the initial completion date for the Project; provided, however, the Authority shall have the unilateral right to amend or modify any provision of Section 4.1 hereof or (iv) to remove the Institution as a party hereunder upon receipt of a determination letter for the System under Section 501(c)(3) of the Code and delivery of a Favorable Opinion of Bond Counsel. The Borrowers covenant and agree to send a copy of each amendment or modification of this Loan Agreement and the Obligation to the Trustee, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any. Nothing in this Section 10.2 shall be construed to require the consent of the Trustee for any amendment, waiver, consent or action by the Authority that is expressly permitted by this Loan Agreement to be at the sole discretion of the Authority.

10.8. Waivers and Consents by Authority. The Authority reserves the right to give its consent or waiver of any provision of this Loan Agreement, without the consent of the Bondowners, but with the consent of the Credit Facility Provider if the Credit Facility Provider is not in default of its obligations under the Credit Facility, and with the consent of the Liquidity Facility Provider if the Liquidity Facility Provider is not in default of its obligations under the Liquidity Facility, provided such consent or waiver does not cause the Authority to violate any of its covenants or agreements under the Indenture, and provided further that the Authority shall not waive any provision of Section 9.3 of this Loan Agreement without the prior written consent of the Trustee. Any waiver, consent, notice or request authorized to be given by the provisions of this Loan Agreement may only be given by an Authorized Officer of the Authority in writing.

Appendix D

FORM OF THE AMENDED AND RESTATED MASTER INDENTURE

[THIS PAGE INTENTIONALLY LEFT BLANK]

AMENDED AND RESTATED MASTER TRUST INDENTURE

NUVANCE HEALTH
THE DANBURY HOSPITAL
DANBURY HOSPITAL & NEW MILFORD HOSPITAL FOUNDATION, INC.
HEALTH QUEST SYSTEMS, INC.
NORTHERN DUTCHESS HOSPITAL
THE NORWALK HOSPITAL ASSOCIATION
NORWALK HOSPITAL FOUNDATION, INC.
PUTNAM HOSPITAL CENTER
VASSAR HEALTH CONNECTICUT, INC. D/B/A SHARON HOSPITAL
VASSAR BROTHERS HOSPITAL D/B/A VASSAR BROTHERS MEDICAL CENTER
WESTERN CONNECTICUT HEALTH NETWORK, INC.
WESTERN CONNECTICUT HEALTH NETWORK INVESTMENTS LLC
WESTERN CONNECTICUT MEDICAL GROUP, INC.,

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Master Trustee

Dated as of August 1, 2019

Amending and Restating the
Master Trust Indenture, Dated as of September 1, 2007,
as previously Supplemented and Amended

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND INTERPRETATION

ARTICLE II

AUTHORIZATION AND ISSUANCE OF MASTER INDENTURE OBLIGATIONS

ARTICLE III

PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; OBLIGATED GROUP COVENANTS

ARTICLE IV

DEFAULTS

ARTICLE V

THE MASTER TRUSTEE

ARTICLE VI

SUPPLEMENTS AND AMENDMENTS

ARTICLE VII

SATISFACTION AND DISCHARGE

ARTICLE VIII

MISCELLANEOUS PROVISIONS

AMENDED AND RESTATED MASTER TRUST INDENTURE

THIS AMENDED AND RESTATED MASTER TRUST INDENTURE, dated as of August 1, 2019 and effective on the Effective Date as defined herein, (as amended and supplemented, the "Master Indenture" or "Amended and Restated Master Indenture"), by and among NUVANCE HEALTH, a New York nonprofit corporation (the "Corporation"), THE DANBURY HOSPITAL, a Connecticut nonstock corporation ("Danbury Hospital"), DANBURY HOSPITAL & NEW MILFORD HOSPITAL FOUNDATION, INC., a Connecticut nonstock corporation ("DNMF"), HEALTH QUEST SYSTEMS, INC., a New York nonprofit corporation ("Health Quest"), NORTHERN DUTCHESS HOSPITAL, a New York nonprofit corporation ("NDH"), THE NORWALK HOSPITAL ASSOCIATION, a Connecticut nonstock corporation ("Norwalk Hospital"), NORWALK HOSPITAL FOUNDATION, INC., a Connecticut nonstock corporation ("NHF"), PUTNAM HOSPITAL CENTER, a New York nonprofit corporation ("PHC"), VASSAR HEALTH CONNECTICUT, INC. D/B/A SHARON HOSPITAL, a Connecticut nonstock corporation ("Sharon"), VASSAR BROTHERS HOSPITAL D/B/A VASSAR BROTHERS MEDICAL CENTER, a New York nonprofit corporation ("VBH"), WESTERN CONNECTICUT HEALTH NETWORK, INC., a Connecticut nonstock corporation (the "Network"), WESTERN CONNECTICUT HEALTH NETWORK INVESTMENTS LLC, a Connecticut limited liability company ("Investments") and WESTERN CONNECTICUT MEDICAL GROUP, INC., a Connecticut nonstock corporation ("Medical Group") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America and being qualified to accept and administer the trusts hereby created (as more specifically defined herein, the "Master Trustee"),

W I T N E S S E T H:

WHEREAS, as of the date hereof, and after giving effect to the Supplemental Indenture dated the date hereof by and among Health Quest, VBH, PHC and NDH as current members and the Corporation, Danbury Hospital, DNMF, Norwalk Hospital, NHF, Sharon, the Network, Investments and Medical Group as the new members, and the Master Trustee, the Members of the Obligated Group are parties to that certain Master Trust Indenture Agreement dated as of September 1, 2007, between the Members of the Obligated Group, and the Master Trustee, as amended and supplemented (the "Existing Master Indenture"), for the purpose of providing for the issuance from time to time of Obligations (as defined herein) hereunder to provide for the financing or refinancing of health care facilities and for other lawful and proper corporate purposes; and

WHEREAS, the Members of the Obligated Group wish to amend and restate the Existing Master Indenture in its entirety in order to simplify and enhance the clarity of the Existing Master Indenture, and provide additional operational flexibility to the Members of the Obligated Group, consistent with the current and evolving business conditions, and the Existing Master Indenture is permitted to be amended and restated effective on the Effective Date as defined herein to provide for the continued issuance of Obligations of the Members of the Obligated Group; and

WHEREAS, all acts and things necessary to make and to constitute this Amended and Restated Master Indenture a valid indenture and agreement according to its terms have been done and performed, and the execution of the Master Indenture has in all respects been duly authorized, and the Members of the Obligated Group, in the exercise of the legal rights and powers vested in them, execute this Amended and Restated Master Indenture and the Members of the Obligated Group may make, execute, issue and deliver one or more Obligations secured hereunder;

WHEREAS, the Master Trustee has agreed to accept and administer this Master Indenture and the trusts it creates on and after the Effective Date; and

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 the Obligations issued hereunder by the holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which such Obligations are to be issued, authenticated, delivered and accepted by all persons who shall from time to time be or become holders thereof, the Members of the Obligated Group, covenant and agree with the Master Trustee for the equal and proportionate benefit of the respective holders from time to time of Obligations issued hereunder, and do hereby amend and restate the Existing Master Indenture in its entirety to read, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Master Indenture and of any supplemental indenture issued hereafter and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, equally applicable to both singular and plural forms of any of the terms herein defined.

"Accountant" means any independent auditors or certified public accountant or firm of such auditors or accountants selected by the Credit Group Representative.

"Affiliate" means a corporation, limited liability company, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof which controls or which is controlled, directly or indirectly, by the Credit Group Representative or other Credit Group Member, which is controlled by a Person which controls the Credit Group Representative or other Credit Group Member or of which a majority of the members of any governing body are a majority of the members of the Governing Body of the Credit Group Representative or other Credit Group Member.

"Annual Debt Service" means for each Fiscal Year the sum (without duplication) of the aggregate amount of principal and interest scheduled to become due and payable in such Fiscal Year on all Long-Term Indebtedness of the Credit Group then Outstanding (by scheduled maturity, acceleration, mandatory redemption or otherwise, but not including purchase price becoming due as a result of mandatory or optional tender or put), less (1) any amounts of such principal or interest to be paid during such Fiscal Year from (a) the proceeds of Indebtedness or

(b) moneys or Government Obligations subject to an Irrevocable Deposit for the purpose of paying such principal or interest and (2) any Debt Service Subsidy in such Fiscal Year; provided that if an Identified Financial Product Agreement has been entered into by any Credit Group Member with respect to Long-Term Indebtedness and the counterparty thereto has not defaulted in the payment obligations thereunder, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments under an Identified Financial Product Agreement payable in such Fiscal Year minus any Financial Product Receipts under an Identified Financial Product Agreement receivable in such Fiscal Year.

"Authorized Representative" means with respect to each Credit Group Member, its chief executive officer, president, chief financial officer, secretary, assistant secretary, or any other person designated as an Authorized Representative of such Credit Group Member by a Certificate of that Credit Group Member signed by its chief executive officer, president, or chief financial officer and filed with the Master Trustee.

"Balloon Indebtedness" means Long-Term Indebtedness, 20% or more of the principal of which (calculated as of the date of issuance) becomes due during any period of 12 consecutive months, absent acceleration, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such 12-month period.

"Book Value" means, when used in connection with Property, Plant and Equipment or other Property of any Credit Group Member, the value of such property, net of accumulated depreciation, as it is carried on the books of the Credit Group Member in conformity with GAAP, and when used in connection with Property, Plant and Equipment or other Property of the Credit Group, means the aggregate of the values so determined with respect to such Property of each Credit Group Member determined in such a way that no portion of such value of Property of any Credit Group Member is included more than once.

"Capitalization" means the sum of (i) the aggregate principal amount of all outstanding Long-Term Indebtedness of the Credit Group plus (ii) the aggregate Fund Balance of the Credit Group.

"Certificate," "Statement," "Request," "Consent" or "Order" of any Credit Group Member or of the Master Trustee means, respectively, a written certificate, statement, request, consent or order signed in the name of such Credit Group Member by its Authorized Representative or in the name of the Master Trustee by its Responsible Officer. Any such instrument and supporting opinions or certificates, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or certificate and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.04 hereof, each such instrument shall include the statements provided for in Section 1.04.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

"Completion Indebtedness" means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness or Interim Indebtedness has theretofore been incurred in accordance with the provisions hereof, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was incurred, in accordance with the general plans and specifications for such facility as originally prepared in connection with said Long-Term Indebtedness or Interim Indebtedness as such plans and specifications may be modified to deal with budget overruns or exigencies (if any) not anticipated at commencement of construction (or matters encountered beyond budgeted-for contingencies) as certified by an Officer's Certificate.

"Controlling Member" means the Obligated Group Member designated by the Credit Group Representative to establish and maintain control over a Designated Affiliate.

"Corporate Trust Office" means the office of the Master Trustee at which its corporate trust business is conducted, which at the date hereof is located at 240 Greenwich Street, 7E, New York, New York 10286.

"Corporation" means Nuvance Health, a New York nonprofit corporation, and its successors and assignees.

"Credit Group" or "Credit Group Members" means all Obligated Group Members and Designated Affiliates.

"Credit Group Financial Statements" has the meaning set forth in Section 3.13.

"Credit Group Representative" means the Corporation or such other Credit Group Member (or Credit Group Members acting jointly) as may have been designated pursuant to written notice to the Master Trustee executed by all of the Obligated Group Members.

"Danbury Hospital" means The Danbury Hospital, a Connecticut nonstock corporation.

"Debt Service Coverage Ratio" means, for any period of time, the ratio determined by dividing Income Available for Debt Service by Maximum Annual Debt Service.

"Debt Service Subsidy" means direct subsidy payments payable to a Credit Group Member (or a Related Bond Issuer on behalf of a Credit Group Member) pursuant to Section 54AA of the Code with respect to Indebtedness of such Credit Group Member or Related Bonds, or any similar federal or state program providing for payment to a Credit Group Member (or a Related Bond Issuer on behalf of a Credit Group Member) of all or a portion of debt service on Indebtedness of a Credit Group Member.

"Default" means an event that, with the passage of time or the giving of notice or both, would become an Event of Default.

"Designated Affiliate" means any Person which has been so designated by the Credit Group Representative in accordance with Section 3.03 so long as such Person has not been

further designated by the Credit Group Representative as no longer being a Designated Affiliate in accordance with Section 3.03.

"DNMF" means Danbury Hospital & New Milford Hospital Foundation, Inc., a Connecticut nonstock corporation.

"Effective Date" means August 28, 2019.

"Electronic Mail" means a notice, request or other communication sent by email; provided, that for purpose of this Master Indenture, an e-mail does not constitute a notice, request or other communication hereunder, but rather the portable document format or similar attachment to such e-mail shall constitute a notice, request or other communication hereunder.

"Event of Default" means any of the events specified in Section 4.01 hereof.

"Existing Related Supplements" means those supplemental indentures under that certain Master Trust Indenture dated as of September 1, 2007 that are in force and effect on the Effective Date and which are listed in APPENDIX C.

"Fair Market Value," when used in connection with Property, means the fair market value of such Property as determined by either:

(a) an appraisal of the portion of such Property which is real property and the permanent improvements thereof made within five years of the date of determination by a "Member of the Appraisal Institute" and an appraisal of any material portion of such Property which is not real property made within five years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall be performed by an Independent Consultant, adjusted for the period, not in excess of five years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer's Certificate delivered to the Master Trustee;

(b) a bona fide offer for the purchase of such Property made on an arm's- length basis within six months of the date of determination, as established by an Officer's Certificate; or

(c) an Authorized Representative of the Credit Group Representative (whose determination shall be made in good faith and set forth in an Officer's Certificate filed with the Master Trustee) if the fair market value of such Property is less than or equal to the greater of ten million dollars ($10,000,000) or 10% of cash and equivalents as shown on the Credit Group Financial Statements.

"Financial Product Agreement" means any interest rate exchange agreement, hedge or similar arrangement, including*, inter alia*, an interest rate swap, asset swap, a constant maturity swap, a forward or futures contract, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, direct funding transaction or other derivative, however denominated and whether entered into on a current or forward basis, excluding however commodity (including power) forward purchase agreements.

"Financial Product Extraordinary Payments" means any payments required to be paid to a counterparty by a Credit Group Member pursuant to a Financial Product Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payments or indemnification obligations to be paid to a counterparty by a Credit Group Member under a Financial Product Agreement, which payments are not Financial Product Payments.

"Financial Product Payments" means regularly scheduled payments required to be paid to a counterparty by a Credit Group Member pursuant to a Financial Product Agreement and excluding Financial Product Extraordinary Payments.

"Financial Product Receipts" means regularly scheduled payments required to be paid to a Credit Group Member by a counterparty pursuant to a Financial Product Agreement.

"Fiscal Year" means the period beginning on October 1 of each year and ending on the next succeeding September 30, or any other twelve-month period hereafter designated by the Credit Group Representative as the fiscal year of the Credit Group.

"Fund Balance" means (i) for a Person that is a Tax Exempt Organization, the aggregate fund balance of such Person, and (ii) for a Person that is not a Tax Exempt Organization, the excess of assets over liabilities of such Person.

"GAAP" means accounting principles generally accepted in the United States of America, consistently applied.

"Governing Body" means, when used with respect to any Credit Group Member, its board of directors, board of trustees or other board or group of individuals in which all of the powers of such Credit Group Member are vested, except for those powers reserved to the corporate membership of such Credit Group Member by the articles of incorporation or bylaws of such Credit Group Member.

"Government Issuer" means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Bonds hereunder.

"Government Obligations" means: (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America; (2) obligations issued or guaranteed by any state or any agency, department or instrumentality of the United States of America or any state if the obligations issued or guaranteed by such entity are rated in one of the two highest Rating Categories of a Rating Agency; (3) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clauses (1) and/or (2), provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (4) obligations the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, and the timely

payment of the principal of and interest on which is fully provided for by the deposit in trust of cash and/or obligations described in clauses (1), (2) and/or (3).

"Government and Industry Restrictions" means any federal, state or other applicable governmental law or regulations (including income tax limitations which must be respected to preserve the exempt status of the applicable Person, eligibility of a Person for benefits under any state, local or federal subsidy or exemption program, or conditions imposed specifically on the Credit Group Members of the Credit Group Members' facilities), or any general industry standards or general industry conditions affecting any Credit Group Member and its health care or research facilities or other licensed facilities placing restrictions and limitations on the (i) rates, fees, research funding and charges to be fixed, charged or collected by any Credit Group Member, (ii) rates, fees, research funding and charges to be fixed, charged and collected by the Credit Group Members, or (iii) the amount or timing of the receipt of such revenues.

"Gross Receivables" means all rights of each Obligated Group Member in any accounts, chattel paper, instruments and general intangibles (all as defined in the UCC), as are now in existence or as may be hereafter arising and the proceeds thereof; excluding, however, (1) all Restricted Moneys and (2) all accounts or general intangibles consisting of patents and rights to royalties from patents.

"Guaranty" means any obligation of any Credit Group Member guaranteeing, directly or indirectly, any obligation of any other Person which would, if such other Person were a Credit Group Member, constitute Indebtedness. Notwithstanding the foregoing, none of the following shall be deemed to constitute a Guaranty: (i) the endorsement in the ordinary course of business of negotiable instruments for deposit or collection, (ii) the discount or sale without recourse of any such Person's notes receivable or accounts receivable, (iii) a guaranty of the rentals in future years under any lease other than a capital or finance lease, or (iv) the obligation to make payments on Obligations pursuant to the provisions of this Master Indenture.

"Health Quest" means Health Quest Systems, Inc., a New York nonprofit corporation.

"Holder" means the registered owner of any Obligation in registered form or the bearer of any Obligation in coupon form which is not registered or is registered to bearer or the party or parties to any contractual obligation designated to be an Obligation set forth in a related Supplement and identified therein as the party to whom payment is due thereunder or the "holder" thereof.

"Identified Financial Product Agreement" means a Financial Product Agreement identified to the Master Trustee in a Certificate of the Credit Group Representative as having been entered into by a Credit Group Member with a Qualified Provider with respect to Indebtedness (which is either then-Outstanding or to be issued after the date of such Certificate) identified in such Certificate, with a notional amount not in excess of the principal amount of such Indebtedness.

"Immaterial Affiliates" means Persons (i) that are not Members of the Credit Group; and (ii) whose total revenues or unrestricted net assets (or net worth in the case of Credit Group Members that are not Tax-Exempt Organizations), as shown in their financial statements for their

most recent fiscal year, represented, in the aggregate, less than 15% of the combined or consolidated total revenues or unrestricted net assets of the Credit Group, as shown on the Credit Group Financial Statements, plus the total revenues or unrestricted net assets of such Persons (as if they were Members of the Credit Group for such period), for the most recently completed Fiscal Year of the Credit Group.

"Income Available for Debt Service" means, with respect to the Credit Group as to any period of time, changes in net assets before depreciation, amortization, and interest expense (including Financial Product Payments and Financial Product Receipts on Identified Financial Product Agreements), as determined in accordance with GAAP and as shown on the Credit Group Financial Statements; provided, that no determination thereof shall take into account:

(a) gifts, grants, bequests, donations or contributions, to the extent (i) temporarily restricted by the donor specifically for capital purposes or (ii) permanently restricted by the donor specifically to a particular purpose other than (1) payment of principal of, redemption premium and interest on Indebtedness, (2) release into unrestricted funds, or (3) payment of operating expenses;

(b) the net proceeds of casualty insurance and condemnation awards;

(c) any gain or loss resulting from the extinguishment of Indebtedness;

(d) any gain or loss resulting from the sale, exchange or other disposition of assets not in the ordinary course of business;

(e) any gain or loss resulting from any discontinued operations;

(f) any gain or loss resulting from pension terminations, settlements or curtailments;

(g) any unusual charges for employee severance;

(h) adjustments to the value of assets or liabilities resulting from changes in GAAP;

(i) unrealized gains or losses on investments, including "other than temporary" declines in Book Value;

(j) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract (including Financial Product Agreements);

(k) any Financial Product Extraordinary Payments or similar payments on any hedging, derivative, interest rate exchange or similar contract that does not constitute a Financial Product Agreement;

(l) unrealized gains or losses from the write-down, reappraisal or revaluation of assets;

(m) other nonrecurring items which do not involve the receipt, expenditure or transfer of assets; or

(n) any gains or losses or revenues or expenses attributable to transactions between any Credit Group Member or any other Credit Group Member;

provided, however, at the option of the Credit Group Representative, net realized gains and losses from the sale of investments may be included in the computation of Income Available for Debt Service on the basis of the average annual amount of those gains and losses for the three Fiscal Years immediately preceding the computation date (rather than including the actual amount of net realized gains and losses from the sale of investments for the period for which a computation is being made).

"Indebtedness" means any Guaranty (other than any Guaranty by any Credit Group Member of Indebtedness of any other Credit Group Member) and any obligation of any Credit Group Member (a) for repayment of borrowed money, (b) with respect to capital or finance leases or (c) under installment sale agreements; provided, however, that if more than one Credit Group Member shall have incurred or assumed a Guaranty of a Person other than a Credit Group Member, or if more than one Credit Group Member shall be obligated to pay any obligation, for purposes of any computations or calculations under this Master Indenture such Guaranty or obligation shall be included only one time. Financial Product Agreements, trade payables, accrued expenses in the normal course of business, physician income guaranties or other credit/funding extension, any obligation to reimburse a bond insurer, financial institution or other Person which has guaranteed or otherwise assured the performance of a Member's obligations under a Financial Products Agreement, or any obligation to repay moneys deposited by patients or others with a Obligated Group Member as security for or as prepayment of the cost of patient care, or any rights of residents of life care, elderly housing or similar facilities to endowment or similar funds deposited by or on behalf of such residents, shall not constitute Indebtedness.

"Independent Consultant" means a firm (but not an individual) selected by a Credit Group Member which (1) does not have any direct financial interest or any material indirect financial interest in any Credit Group Member (other than the agreement or agreements pursuant to which such firm is retained), (2) is not connected with any Credit Group Member as an officer or employee, and (3) in the good faith opinion of the Credit Group Member making such selection, is qualified to pass upon questions relating to the financial affairs of organizations similar to the Credit Group or facilities of the type or types operated by the Credit Group and has the skill and experience necessary to render the particular opinion or report required by the provision hereof in which such requirement appears.

"Initial Designated Affiliates" means the corporations listed on Schedule B attached hereto.

"Initial Obligated Group Members" means the corporations listed on Schedule B attached hereto.

"Interim Indebtedness" means Indebtedness with an original maturity not in excess of five years, the proceeds of which are to be used to provide interim financing for capital

improvements in anticipation of the issuance of Long-Term Indebtedness. Interim Indebtedness shall be considered Long-Term Indebtedness for purposes of this Master Indenture.

"Investments" means Western Connecticut Health Network Investments LLC, a Connecticut limited liability company.

"Irrevocable Deposit" means the irrevocable deposit in trust of cash in an amount, or Government Obligations or other securities permitted for such purpose pursuant to the terms of the documents governing the payment of or discharge of Indebtedness, the principal of and interest on which will be an amount, and under terms sufficient to pay all or a portion of the principal of, premium, if any, and interest on, as the same shall become due, any such Indebtedness which would otherwise be considered Outstanding. The trustee of such deposit may be the Master Trustee, a Related Bond Trustee or any other trustee or escrow agent authorized to act in such capacity.

"LIBOR" means the rate for deposits in U.S. dollars with one-month maturity as published by Reuters (or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 A.M., London time, on the date of determination, except that, if such rate is not then available, LIBOR means a rate reasonably determined by or on behalf of the Credit Group Representative (i) on the basis of published rates at which deposits in U.S. dollars for a one-month maturity and in a principal amount of at least U.S. $1,000,000 are offered at approximately 11:00 A.M., London time, on the date of determination, to prime banks in the London interbank market, (ii) on the basis of the then-current Secured Overnight Funding Rate published by the Federal Reserve Bank of New York, or (iii) on the basis of another current index rate selected by the Credit Group Representative in its reasonable discretion.

"Lien" means any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property of a Credit Group Member (i) which secures any Indebtedness or any other obligation of such Credit Group Member or (ii) which secures any obligation of any Person other than a Credit Group Member, and excluding liens applicable to Property in which a Credit Group Member has only a leasehold interest unless the lien secures Indebtedness of that Credit Group Member.

"Limited Designated Affiliate" means a Designated Affiliate which has been identified by the Credit Group Representative as a Limited Designated Affiliate pursuant to Section 3.03(b) hereof.

"Long-Term Indebtedness" means Indebtedness other than Short-Term Indebtedness.

"Master Indenture" means this Amended and Restated Master Indenture dated as of August 1, 2019, among the Corporation, Danbury Hospital, DNMF, Health Quest, NDH, Norwalk Hospital, NHF, PHC, Sharon, VBH, the Network, Investments and the Medical Group, and the Master Trustee, as supplemented and amended, and as it may from time to time hereafter be further amended or supplemented in accordance with the terms hereof.

"Master Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, and, subject to the

limitations contained in Section 5.07, any other corporation or association that may be co-trustee with the Master Trustee, and any successor or successors to said trustee or co-trustee in the trusts created hereunder.

"Material Credit Group Members" means the Credit Group Members whose total revenues or unrestricted net assets, in the aggregate, as shown on their financial statements for their most recently completed fiscal year, were, in the aggregate, equal to or greater than 85% of the total revenues or unrestricted net assets of the entire Credit Group, as shown on the Credit Group Financial Statements for the most recently completed Fiscal Year of the Credit Group.

"Maximum Annual Debt Service" means the greatest amount of Annual Debt Service becoming due and payable in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; provided, however, that for the purposes of computing Maximum Annual Debt Service:

(a) with respect to a Guaranty, (i) if the Credit Group Members have made a payment pursuant to such Guaranty within the immediately preceding 24 months or such calculation is being made in connection with the issuance of such Guaranty, 100% of the Annual Debt Service (calculated as if such Person were a Credit Group Member) guaranteed by the Credit Group Members under the Guaranty shall be included in the calculation of Annual Debt Service in the year in which such payment was made and for the first Fiscal Year thereafter;

(b) if interest on Long-Term Indebtedness is payable pursuant to a variable interest rate formula (or if Financial Product Payments under an Identified Financial Product Agreement or Financial Product Receipts under an Identified Financial Product Agreement are determined pursuant to a variable rate formula), the interest rate on such Long-Term Indebtedness (or the variable rate formula for such Financial Product Payments under an Identified Financial Product Agreement or Financial Product Receipts under an Identified Financial Product Agreement) for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to (i) if such Long-Term Indebtedness (or Identified Financial Product Agreement) was Outstanding during the 12 calendar months immediately preceding the date of calculation, an average of the interest rates per annum which were in effect on the last day of each six calendar months occurring in the nine full calendar months immediately preceding the month in which such calculation is made, and (ii) if such Long-Term Indebtedness (or Identified Financial Product Agreement) was not Outstanding during the 12 calendar months immediately preceding the date of calculation, at the election of the Credit Group Representative, either (x) an average of the SIFMA Index, or LIBOR (if taxable), on the last day of each six calendar months occurring in the nine full calendar months immediately preceding the month in which such calculation is made or (y) an average of the interest rates per annum which would have been in effect for any 12 consecutive calendar months during the 18 calendar months immediately preceding the date of calculation, as specified in a Certificate of the Credit Group Representative or, at the sole option of the Credit Group Representative, such interest rate as shall be specified in a written statement from an investment banking or financial advisory firm selected by the Credit Group Representative;

(c) if moneys or Government Obligations have been deposited in an Irrevocable Deposit with a trustee or escrow agent in an amount, together with earnings thereon, sufficient to

pay all or a portion of the principal of or interest on Long-Term Indebtedness as it comes due, such principal or interest, as the case may be, to the extent provided for, shall not be included in computations of Maximum Annual Debt Service;

(d) debt service on Long-Term Indebtedness incurred to finance capital improvements shall be included in the calculation of Maximum Annual Debt Service only in proportion to the amount of interest on such Long-Term Indebtedness which is payable in the then current Fiscal Year from sources other than proceeds of such Long-Term Indebtedness (other than proceeds deposited in debt service reserve funds) held by a trustee or escrow agent for such purpose; and

(e) with respect to Balloon Indebtedness or Interim Indebtedness, such Balloon Indebtedness or Interim Indebtedness shall be treated, at the sole option of the Credit Group Representative, as Long-Term Indebtedness bearing interest at an interest rate equal to either (i) a fixed rate equal to the Thirty-Year Revenue Bond Index most recently published in *The Bond Buyer* prior to the date of calculation or (ii) such interest rate as shall be specified in a written statement from an investment banking or financial advisory firm selected by the Credit Group Representative, and with substantially level debt service or other specified amortization over a period of up to 30 years (which period shall be designated by the Credit Group Representative) from the date of calculation.

"Medical Group" means Western Connecticut Medical Group, Inc., a Connecticut nonstock corporation.

"Merger Transaction" has the meaning set forth in Section 3.10.

"NDH" means Northern Dutchess Hospital, a New York nonprofit corporation.

"Network" means Western Connecticut Health Network, Inc., a Connecticut nonstock corporation.

"New Group" means such Persons who agree to (i) become jointly and severally obligated under a Replacement Master Indenture for any obligations thereunder, and (ii) otherwise comply with the provisions of such Replacement Master Indenture.

"NHF" means Norwalk Hospital Foundation, Inc., Connecticut nonstock corporation.

"Nonrecourse Indebtedness" means any Indebtedness which is not a general obligation of the obligor of such Indebtedness and which is secured by a Lien on Property, Plant and Equipment acquired or constructed with the proceeds of such Indebtedness, liability for which is effectively limited to the Property, Plant and Equipment subject to such Lien with no recourse, absent extraordinary events such as fraud, insolvency or waste, directly or indirectly, to any other Property of any Credit Group Member.

"Norwalk Hospital" means Norwalk Hospital Association, a Connecticut nonstock corporation.

"Obligated Group" means all Obligated Group Members.

"Obligated Group Member" or "Member" means each Person that is obligated hereunder from and after the date upon which such Person joins the Obligated Group, but excluding any Person which withdraws from the Obligated Group to the extent and in accordance with the provisions of Section 3.05 hereof, from and after the date of such withdrawal.

"Obligation" means any obligation of the Obligated Group issued pursuant to Section 2.02 hereunder, as a joint and several obligation of each Obligated Group Member, which may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, guarantees, Financial Product Agreements or leases. Reference to a Series of Obligations or to Obligations of a Series means Obligations or Series of Obligations issued pursuant to a single Related Supplement.

"Officer's Certificate" means a certificate signed by an Authorized Representative of the Credit Group Representative.

"Opinion of Bond Counsel" means a written opinion signed by an attorney or firm of attorneys experienced in the field of public finance whose opinions are generally accepted by purchasers of bonds issued by or on behalf of a Government Issuer.

"Opinion of Counsel" means a written opinion signed by a reputable and qualified attorney or firm of attorneys who may be counsel for the Credit Group Representative or any Member of the Credit Group which opinion may be subject to customary qualifications and exceptions for opinions of such type.

"Original Master Indenture" means that certain Master Trust Indenture, dated as of September 1, 2007, as amended and supplemented through and including Supplemental Indenture Number 20 dated as of July 1, 2016.

"Outstanding," when used with reference to Indebtedness or Obligations, means, as of any date of determination, all Indebtedness or Obligations theretofore issued or incurred and not paid and discharged other than (1) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation or otherwise deemed paid in accordance with the terms hereof, (2) Obligations in lieu of which other Obligations have been authenticated and delivered or which have been paid pursuant to the provisions of a Related 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, (3) any Obligation held by any Credit Group Member and (4) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more obligations which constitute Indebtedness represent the same underlying obligation (as when an Obligation secures an issue of Related Bonds and another Obligation secures repayment obligations to a bank under a letter of credit which secures such Related Bonds) for purposes of calculating compliance with the various financial covenants contained herein, but only for such purposes, only one of such Obligations shall be deemed Outstanding and the Obligation so deemed to be Outstanding shall be that Obligation which produces the greatest amount of Annual Debt Service to be included in the calculation of such covenants.

"Parity Financial Product Extraordinary Payments" means Financial Product Extraordinary Payments that (1) are with respect to a Financial Product Agreement secured or evidenced by an Obligation and (2) have been specified to be payable on a parity with Financial Product Payments in the Related Supplement authorizing the issuance of such Obligation.

"Permitted Liens" means and include:

(a) Any judgment lien or notice of pending action against any Credit Group Member so long as the judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such Property or materially and adversely affect the Value thereof, or (B) purchase, condemn, appropriate or recapture, or designate a purchase of, such Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not delinquent, or the amount or validity of which are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due and payable or which are not delinquent, or the amount or validity of which, are being contested or, with respect to liens of mechanics, materialmen and laborers, have been due for less than 60 days, or the amount or validity of which are being contested; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the Value thereof; (iv) easements, exceptions or reservations for the purpose of ingress and egress, parking, pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage, sewerage, dikes, canals, laterals, ditches, removal of oil, gas, coal or other minerals, and other similar matters, including joint use agreements, which do not materially interfere with the use or operation of the subject Property for its intended purpose; and (v) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the Value thereof;

(c) Any Lien described in APPENDIX A to this Master Indenture which is existing on the date of execution hereof or as APPENDIX A may be supplemented upon addition of a Credit Group Member with respect to Liens existing on the Property of such additional Credit Group Member at the time it becomes a Credit Group Member, provided that no such Lien (or the amount of Indebtedness or other obligations secured thereby) may be increased, extended, renewed or modified to apply to any Property of any Credit Group Member not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien;

(d) Any Lien in favor of the Master Trustee securing all Outstanding Obligations equally and ratably;

(e) Liens arising by reason of good faith deposits with any Credit Group Member in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Credit Group Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(f) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Credit Group Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;

(g) Any Lien arising by reason of any escrow or reserve fund established to pay debt service or the redemption price or purchase price of Indebtedness;

(h) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(i) Liens on moneys deposited by patients or others with any Credit Group Member as security for or as prepayment for the cost of patient care;

(j) Liens on Property received by any Credit Group Member through gifts, grants, bequests or research grants, such Liens being due to restrictions or rights reserved on such gifts, grants, bequests or research grants or the income thereon, up to the Fair Market Value of such Property;

(k) Rights of the United States of America, including, without limitation, the Federal Emergency Management Agency ("FEMA") or the State of Connecticut or the State of New York, by reason of FEMA and other federal, Connecticut and New York funds made available to any Credit Group Member of the Credit Group under federal, Connecticut or New York statutes;

(l) Liens on Property securing Indebtedness incurred to refinance Indebtedness previously secured by a Lien on such Property, provided that (i) the principal amount of such new Indebtedness does not exceed the principal amount of such refinanced Indebtedness, (ii) the Property securing such Indebtedness is not materially increased, and (iii) the obligor with respect to such Indebtedness, whether direct or contingent, is not changed;

(m) Liens granted by a Credit Group Member to another Credit Group Member;

(n) Liens securing Nonrecourse Indebtedness incurred pursuant to the provisions hereof;

(o) Liens consisting of purchase money security interests (as defined in the UCC) and lessors' interest in capitalized leases;

(p) Liens on the Credit Group Members' accounts receivable securing Indebtedness in an amount not to exceed 30% of the Credit Group Members' aggregate net patient accounts receivable and grant and other receivables, as shown on the Credit Group Financial Statements for the most recent year for which such financial statements are available immediately prior to the incurrence of such Indebtedness;

(q) Liens on revenues constituting rentals in connection with any other Lien permitted hereunder on the Property from which such rentals are derived;

(r) The lease or license of the use of a part of the Credit Group Members' facilities for use in performing professional or other services necessary for the proper and economical operation of such facilities in accordance with customary business practices in the industry;

(s) Liens created on amounts deposited by a Credit Group Member pursuant to a security annex or similar document to collateralize obligations of such Member under a Financial Product Agreement;

(t) Liens junior to Liens in favor of the Master Trustee;

(u) Liens in favor of banking or other depository institutions arising as a matter of law encumbering the deposits of any Credit Group Member held in the ordinary course of business by such banking institution (including any right of setoff or statutory bankers' liens) so long as such deposit account is not established or maintained for the purpose of providing such Lien, right of setoff or bankers' lien;

(v) UCC financing statements filed with the Secretary of State of the State of Connecticut or State of New York, as appropriate (or such other office maintaining such records) in connection with an operating lease entered into by any Credit Group Member in the ordinary course of business so long as such financing statement does not evidence the grant of any Lien other than a Permitted Lien;

(w) Rights of tenants under leases or rental agreements pertaining to Property, Plant and Equipment owned by any Credit Group Member so long as the lease arrangement is in the ordinary course of business of the Member, including without limitation rentals of housing to graduate and other students and rooms rented to hospice patients and families;

(x) Deposits of Property by any Credit Group Member to meet regulatory requirements for a governmental workers' compensation, unemployment insurance or social security program, including any Lien imposed by ERISA;

(y) Deposits to secure the performance of another party with respect to a bid, trade contract, statutory obligation, surety bond, appeal bond, performance bond or lease, and other similar obligations incurred in the ordinary course of business of a Member;

(z) Liens resulting from deposits to secure bids from or the performance of another party with respect to contracts incurred in the ordinary course of business of a Member

(other than contracts creating or evidencing an extension of credit to the depositor or otherwise for the payment of Indebtedness);

(aa) Present or future zoning laws, ordinances or other laws or regulations restricting the occupancy, use or enjoyment of Property, Plant and Equipment of any Credit Group Member which, in the aggregate, are not substantial in amount, and which do not in any case materially impair the use of such Property, Plant and Equipment for the purposes for which it is used or could reasonably be expected to be held or used;

(bb) Any Lien on Property due to the rights of third-party payors for recoupment of amounts paid to any Credit Group Member;

(cc) Any Lien existing for not more than 10 days after the Credit Group Member shall have received notice thereof unless the Credit Group Member is contesting such Lien in good faith;

(dd) Any other Lien on Property provided that the Value of all Property encumbered by all Liens permitted as described in this clause (dd) does not exceed 30% of the Value of all Property of the Credit Group Members, calculated at the time of creation of such Lien; and

(ee) Restrictions imposed in connection with the incurrence of Indebtedness permitted under this Master Indenture required to be imposed under applicable law in connection with such indebtedness such as regulatory agreements required under the Code for multifamily rental bonds or required in connection with mortgage insurance provided by state or federal governmental entities.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"PHC" means Putnam Hospital Center, a New York nonprofit corporation.

"Property" means any and all rights, titles and interests in and to any and all assets of any Credit Group Member, whether real or personal, tangible or intangible and wherever situated, other than Restricted Moneys.

"Property, Plant and Equipment" means all Property of any Credit Group Member which is considered property, plant and equipment of such Credit Group Member.

"Qualified Provider" means any financial institution or insurance company or corporation which is a party to a Financial Product Agreement if (i) the unsecured long-term debt obligations of such provider (or of the parent or a subsidiary of such provider if such parent or subsidiary guarantees or otherwise assures the performance of such provider under such Financial Product Agreement), or (ii) obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such provider (or such guarantor or assuring parent or subsidiary), are rated in one of the three highest Rating Categories of a Rating Agency at the time of the execution and delivery of the Financial Product Agreement.

"Rating Agency" means Fitch Inc., Moody's Investors Service, Inc., S&P Global Ratings, and any other national rating agency then rating Obligations or Related Bonds.

"Rating Category" means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier, outlook or otherwise.

"Related Bond Indenture" means any indenture, bond resolution, trust agreement or other comparable instrument pursuant to which a series of Related Bonds are issued.

"Related Bond Issuer" means the Government Issuer of any issue of Related Bonds.

"Related Bonds" means the revenue bonds or other obligations (including, without limitation, installment sale or lease obligations evidenced by certificates of participation) issued by any Government Issuer, the proceeds of which are loaned or otherwise made available to a Credit Group Member in consideration of the execution, authentication and delivery of an Obligation or Obligations to or for the order of such Government Issuer.

"Related Bond Trustee" means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

"Related Supplement" means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

"Replacement Master Indenture" means a master trust indenture entered into by a New Group and a master trustee that, inter alia, (i) provides that all Outstanding Obligations shall be deemed to be a note or obligation issued under and entitled to the security and benefits of such Replacement Master Indenture, without the necessity of any amendment, exchange or replacement of such Obligation(s) with a Replacement Obligation; or (ii) provides for the exchange or replacement of all Outstanding Obligations with Replacement Obligations.

"Replacement Obligation" means an obligation of the New Group under the Replacement Master Indenture.

"Required Payment" means any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including without limitation, Financial Product Payments, Financial Product Extraordinary Payments and the purchase price of Related Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Obligated Group Member pursuant to any Related Supplement or any Obligation.

"Responsible Officer" means, with respect to the Master Trustee, any managing director, any vice president, any assistant vice president, any assistant secretary, any assistant treasurer or any other officer of the Master Trustee customarily performing functions similar to those performed by the persons above designated or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Master Indenture.

"Restricted Moneys" means the proceeds of any grant (including without limitation any government grant), gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived from the investment of such proceeds) specifically restricted by the donor or grantor to an object or purpose inconsistent with their use for the payment of Required Payments and for which the restriction has not been met.

"Sharon" means Vassar Health Connecticut, Inc. d/b/a Sharon Hospital, a Connecticut nonstock corporation.

"Short-Term Indebtedness" means all Indebtedness (other than Interim Indebtedness) having an original maturity less than or equal to one year and not renewable at the option of a Credit Group Member for a term greater than one year from the date of original incurrence or issuance, or Indebtedness with a maturity greater than one year or renewable at the option of a Credit Group Member for a term greater than one year, if by the terms of such Indebtedness, for a period of at least 20 consecutive days during each calendar year no Indebtedness is permitted to be Outstanding thereunder. For purposes of this definition, (i) only the stated maturity of Indebtedness (and not any tender or put right of the holder of such Indebtedness) shall be taken into account in determining if such Indebtedness constitutes Short-Term Indebtedness hereunder and (ii) classification of Indebtedness as current or short-term under GAAP shall not be controlling. Interim Indebtedness shall not constitute Short-Term Indebtedness for any purpose under this Master Indenture.

"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, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association ("SIFMA") or any Person acting in cooperation with or under the sponsorship of SIFMA or if such index is no longer available "SIFMA Index" shall refer to an index selected by the Credit Group Representative, with the advice of an investment banking or financial services firm knowledgeable in health care matters.

"Subordinated Indebtedness" means Long-Term Indebtedness specifically subordinated as to payment and security to the payment of all Required Payments and other obligations of the Credit Group Members under this Master Indenture.

"Surviving Entity" has the meaning set forth in Section 3.10.

"Tax Exempt Organization" means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code (other than the tax on unrelated business income under Section 511 of the Code), or corresponding provisions of federal income tax laws from time to time in effect.

"Total Revenues" means, for the period of calculation in question, the sum of operating revenue (including net patient service revenue, premium revenue and other revenue and nonoperating gains (losses), but excluding realized and unrealized gains on investments), as shown on the Credit Group Financial Statements for the most recent Fiscal Year.

"Transaction Test" means, with respect to any specified transaction, that (i) no Event of Default or Default then exists and (ii) if such transaction had occurred as of the first day of the first full Fiscal Year preceding such transaction for which Credit Group Financial Statements are available, the Credit Group would be able to satisfy the conditions for the issuance of $1.00 of additional Long-Term Indebtedness set forth in Section 3.12(a) as of the date of such transaction.

"UCC" means the Uniform Commercial Code of the State of Connecticut or State of New York, as appropriate, as amended from time to time.

"Value," when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Credit Group Representative, at either its Fair Market Value or its Book Value.

"VBH" means Vassar Brothers Hospital d/b/a Vassar Brothers Medical Center, a New York nonprofit corporation.

Section 1.02. Interpretation.

(a) Any reference herein to any officer of a Credit Group Member shall include those succeeding to the functions, duties or responsibilities of such officer pursuant to or by operation of law or who are lawfully performing the functions of such officer.

(b) Unless the context otherwise indicates, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The singular shall include the plural and vice versa.

(c) Headings of Articles and Sections herein and the table of contents hereto are solely for convenience of reference, and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

Section 1.03. References to Master Indenture. The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, used in this Master Indenture refer to this Master Indenture.

Section 1.04. Contents of Certificates and Opinions; Use of GAAP.

(a) Every Certificate or opinion provided for herein with respect to compliance with any provision hereof shall include: (i) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; and (ii) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based.

(b) Any such Certificate or opinion made or given by an officer of an Obligated Group Member or the Master Trustee may be based on such officer's knowledge and, insofar as it relates to legal, accounting or health care matters, upon a Certificate or opinion or other written advice of counsel, an accountant or Independent Consultant. The same officer of an Obligated Group Member or the same counsel or accountant or Independent Consultant, as the case may be, need not certify as to all the matters required to be certified under any provision hereof, but

different officers, counsel, accountants or Independent Consultants may certify or provide opinions as to different matters.

(c) Unless stated otherwise, where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with GAAP in effect on, at the sole option of the Credit Group Representative, (i) the date such determination or computation is made for any purpose of this Master Indenture or (ii) the Effective Date if the Credit Group Representative delivers an Officer's Certificate to the Master Trustee describing why then-current GAAP is inconsistent with the intent of the parties on the date of execution and delivery of this Master Indenture; provided that the requirements set forth herein shall prevail if inconsistent with GAAP. In all cases, intercompany balances and liabilities among the Credit Group Members shall be disregarded. For avoidance of doubt, it is the intent of the parties on the date of execution and delivery of this Master Indenture that any operating lease, as defined by the Financial Accounting Standards Board on the date of execution and delivery of this Master Indenture, and any renewal of such operating lease, shall be governed in accordance with GAAP in effect on the date of execution and delivery of this Master Indenture and shall not be treated as the incurrence of Indebtedness or the disposition of Property, unless otherwise elected by the Credit Group Representative.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF MASTER INDENTURE OBLIGATIONS

Section 2.01. Authorization of Obligations. Each Obligated Group Member hereby authorizes to be issued from time to time Obligations or Series of Obligations, without limitation as to amount, except as provided herein or as may be limited by law, and subject to the terms, conditions and limitations established herein and in any Related Supplement. The Obligations previously issued pursuant to the Existing Related Supplements and Outstanding on the Effective Date shall continue in force and effect in accordance with their respective terms and such Obligations shall be secured by this Master Indenture.

Section 2.02. Issuance of Obligations. From time to time when authorized by this Master Indenture and subject to the terms, limitations and conditions established in this Master Indenture or in a Related Supplement, the Credit Group Representative shall authorize the issuance of an Obligation or a Series of Obligations by entering into a Related Supplement. The Obligation or the Obligations of any such Series shall be issued and delivered to the Master Trustee for authentication upon compliance with the provisions hereof and of any Related Supplement.

Each Related Supplement authorizing the issuance of an Obligation or a Series of Obligations shall specify the purposes for which such Obligation or Series of Obligations are being issued; the form, title, designation, manner of numbering or denominations, if applicable, of such Obligations; the date or dates of maturity or other final expiration of the term of such Obligations; the date of issuance of such Obligations; and any other provisions deemed advisable

or necessary by the Credit Group Representative. Each Related Supplement authorizing the issuance of an Obligation shall also specify and determine the principal amount of such Obligation (if any) for purposes of calculating the percentage of Holders of Obligations required to take actions or give consents pursuant to this Master Indenture (which, if such Obligation does not evidence or secure Indebtedness, shall be equal to zero, except with respect to any action which requires the consent of all of the Holders of Obligations). The designation of zero as a principal amount of an Obligation shall not in any manner affect the obligation of the Obligated Group Members to make Required Payments with respect to such Obligation.

Section 2.03. Appointment of Credit Group Representative. Each Member, by becoming a Member, hereby irrevocably appoints the Credit Group Representative as its agent and true and lawful attorney in fact and grants to the Credit Group Representative full and exclusive power to on behalf of such Member: (i) authorize, negotiate and determine and bind such Member to the terms of, and execute and deliver on behalf of each Obligated Group Member, Related Supplements authorizing the issuance of Obligations or series of Obligations; (ii) as applicable, negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate loan agreements, bond indentures, bond purchase agreements, agreements related to credit, liquidity or insurance, disclosures, Financial Product Agreements and all such other agreements and instruments as are reasonably related to entering into and managing the specific transactions related to such Related Supplement and/or Obligations; (iii) negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate certificates and other undertakings as are reasonably necessary or appropriate to enter into and managing the specific transactions related to such Related Supplement and/or Obligations; (iv) manage, oversee, direct, authorize, control, and implement all Outstanding Indebtedness and financial relationships related in any manner to such Indebtedness, including, but not limited to, Financial Product Agreements, credit support and liquidity facilities, related insurance products and policies, debt management policy setting and determinations such as the mix of fixed and variable debt and similar determinations, allocation, calculations, accounting for, collections from Members, and payment of debt service, discounts, premiums, costs of issuance and other costs and fees related to Indebtedness, including termination, amendment and similar fees; (v) planning, authorization and implementation of conversions, refundings, defeasances and other debt management or modification activities; (vi) approve, execute and amend all waivers, consents or amendments to any document or agreement, directly or indirectly, related to one or more of the Obligations, this Master Indenture and any Related Supplement, including but not limited to, any of the types of documents or agreements mentioned in subsections (ii) and (iii) above and this subsection (vi); (vii) direct agents and control, direct and manage third party relationships (such as trustees, issuing authorities, underwriters, advisors and counsel) related to Indebtedness and/or Obligations, (viii) the power and authority to grant additional security, (ix) the power and authority to issue any Indebtedness, and (x) the power and authority to exercise all corporate authority and take any action in connection therewith which may be necessary or appropriate on behalf of the Obligated Group and each Member thereof to implement any recommendation or commitment made by the Credit Group Representative. Authority granted in this Section shall be and remain irrevocable until and unless any Member is permitted to withdraw from the Obligated Group in accordance with the terms hereof.

Section 2.04. Execution and Authentication of Obligations.

(a) All Obligations shall be executed by an Authorized Representative of the Credit Group Representative for and on behalf of the Obligated Group as provided in the Related Supplement authorizing such Obligation. The signatures of such Authorized Representative may be mechanically or photographically reproduced on the Obligations. 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 signatory of the Master Trustee, and no Obligation shall be entitled to the benefits hereof without such authentication.

(b) The form of Certificate of Authentication to be printed on each Obligation and manually executed by an authorized signatory of the Master Trustee shall be as follows:

[FORM OF MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

The undersigned Master Trustee hereby certifies that this Obligation No. ___ is one of the Obligations described in the within mentioned Master Indenture.

Dated:_____

[Name of Master Trustee],
as Master Trustee

By _____
Authorized Signatory

Section 2.05. Conditions to the Issuance of Obligations. The issuance, authentication and delivery of any Obligation or Series of Obligations shall be subject to the following specific conditions:

(a) The Credit Group Representative and the Master Trustee shall have entered into a Related Supplement providing for the terms and conditions of such Obligations and the repayment thereof; and

(b) The Master Trustee receives an Officer's Certificate to the effect that:

(i) each Obligated Group Member is in full compliance with all warranties, covenants and agreements set forth in this Master Indenture and in any Related Supplement; and

(ii) neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred and is continuing or would occur upon issuance of such Obligations under this Master Indenture or any Related Supplement; and

(iii) all requirements and conditions, if any, to the issuance of such Obligations set forth in the Related Supplement have been satisfied; and

(c) The Master Trustee receives an Opinion of Counsel, to the effect that:

(i) such Obligations and Related Supplement have been duly authorized, executed and delivered by the Credit Group Representative on behalf of the Obligated Group and constitute valid and binding obligations of the Obligated Group, enforceable in accordance with their terms; and

(ii) such Obligations (or the placement thereof) are not subject to registration under the Securities Act of 1933, as amended, and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that such registration, if required, has occurred);

(d) The Credit Group Representative shall have delivered or caused to be delivered to the Master Trustee such opinions, certificates, proceedings, instruments and other documents as the Master Trustee may (but is not obligated to) reasonably request; and

(e) If such Obligation constitutes or secures Indebtedness, the requirements of Section 3.12 are satisfied.

Section 2.06. Mutilated, Lost, Stolen or Destroyed Obligations. In the event any temporary or definitive Obligation is mutilated, lost, stolen or destroyed, the Obligated Group Member issuing such Obligation shall execute and the Master Trustee shall authenticate a new Obligation of like form, date, maturity and denomination as that mutilated, lost, stolen or destroyed; *provided* that, in the case of any mutilated Obligation, such mutilated Obligation shall first be surrendered to the Master Trustee, and in the case of any lost, stolen or destroyed Obligation, there shall be first furnished to such Obligated Group Member and the Master Trustee evidence of such loss, theft or destruction satisfactory to such Member and the Master Trustee, together with indemnity satisfactory to them. In the event any such Obligation shall have matured, instead of issuing a duplicate Obligation the Obligated Group shall pay the same without surrender thereof. The Obligated Group and the Master Trustee may charge the holder or owner of such Obligation with their reasonable fees and expenses in this connection.

(a) Section 2.06. Payments on Obligations Issued to Secure or Evidence Financial Product Agreements. (a) Notwithstanding anything to the contrary in any Swap Obligation (as hereinafter defined), this Master Indenture, or any related agreement, document, or instrument:

(i) No Excluded Member shall have any payment obligation, whether direct or by guarantee, on any Swap Obligation; and

(ii) no Person, including the Master Trustee or the owner or holder of such Swap Obligation, may exercise any right to enforce payment pursuant to any Swap Obligation by any Excluded Member, which rights are hereby relinquished, waived and released.

(b) As used in this Section 2.06, the following terms shall have the following meanings:

(c) (i) "*CEA*" means the Commodity Exchange Act (7 U.S.C. §1 et seq.), as amended from time to time, and any successor statute, including any rule or regulation promulgated thereunder, any order of the CFTC relating thereto, or the application or official interpretation of any of the foregoing.

(d) "*CFTC*" means the Commodity Futures Trading Commission.

(e) "*ECP*" means an "eligible contract participant" as defined in the CEA.

(f) "*Eligibility Date*" means, with respect to any Obligated Group Member (A) the date on which a Swap Obligation becomes effective if the relevant transaction was executed prior to such effective date and the relevant Obligated Group Member is an Obligated Group Member on such effective date and such Obligated Group Member is an ECP on such effective date, (B) the date of the execution of the relevant transaction if the applicable Swap Obligation is then in effect and such Obligated Group Member is an Obligated Group Member and an ECP on the date of such execution, (C) the date on which such Obligated Group Member becomes an Obligated Group Member if the Obligated Group Member is an ECP and the relevant transaction was executed prior to such date and the applicable Swap Obligation is then in effect or (D) the date on which any Obligated Group Member becomes an ECP if the relevant transaction was executed prior to such date and the applicable Swap Obligation is then in effect (or becomes effective on such date of execution).

(g) *"Excluded Member*" means any Obligated Group Member, if, and to the extent that, the performance by such Obligated Group Member of all or a portion of a Swap Obligation is illegal under the CEA because no Eligibility Date has yet occurred with respect to such Obligated Group Member and such Swap Obligation. The foregoing exclusion shall apply only to the portion of such Swap Obligation that is attributable to transactions under an Interest Rate Agreement for which such performance is or becomes illegal.

(h) "*Swap Obligation*" means any Obligation evidencing or securing a Financial Product Agreements or any other obligation to pay or perform under any Obligation in respect of any one or more transactions under an Interest Rate Agreement.

The foregoing definitions shall be construed in a manner that is consistent with Section 2(e) of the CEA.

ARTICLE III

PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; OBLIGATED GROUP COVENANTS

Section 3.01. Payment of Required Payments.

(a) Each Obligated Group Member jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on or before the dates and in the manner provided herein or in any Related Supplement or Obligation. Each Obligated Group Member acknowledges that the time of such payment and performance is of the essence for the Obligations hereunder. Each Obligated Group Member further covenants to faithfully observe and perform all of the conditions, covenants and requirements of this Master Indenture, any Related Supplement and any Obligation.

The obligation of each Obligated Group Member with respect to Required Payments shall not be abrogated, prejudiced or affected by:

(i) the granting of any extension, waiver or other concession given to any Obligated Group Member by the Master Trustee or any Holder or by any compromise, release, abandonment, variation, relinquishment or renewal of any of the rights of the Master Trustee or any Holder or anything done or omitted or neglected to be done by the Master Trustee or any Holder in exercise of the authority, power and discretion vested in them by this Master Indenture, or by any other dealing or thing which, but for this provision, might operate to abrogate, prejudice or affect such obligation; or

(ii) the liability of any other Obligated Group Member under this Master Indenture ceasing for any cause whatsoever, including the release of any other Obligated Group Member pursuant to the provisions of this Master Indenture or any Related Supplement; or

(iii) any Obligated Group Member failing to become liable as, or losing eligibility to become, an Obligated Group Member with respect to an Obligation whether before or after the incurrence of an Obligation for the benefit of such Obligated Group Member; or

(iv) the validity or sufficiency (or any contest with respect thereto) of the consideration given to support the obligations of the Obligated Group Members under this Master Indenture.

Subject to the provisions of Section 3.05 hereof permitting withdrawal from the Obligated Group, the obligation of each Obligated Group Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid or deemed paid in full in accordance with Article VII hereof. All moneys from time to time received by the Credit Group Representative or the Master Trustee to reduce liability on Obligations, whether from or on account of the Obligated Group Members or otherwise, shall be regarded as payments in gross without any right on the part of any one or more of the Obligated Group Members to claim the benefit of any moneys so received until the whole of the amounts owing on Obligations has been paid or satisfied and so that in the event of any such Obligated Group Member filing a bankruptcy petition, the Credit Group Representative or the Master Trustee shall be entitled to prove up the total indebtedness or other liability on Obligations Outstanding as to which the liability of such Obligated Group Member has become fixed.

Each Obligation shall be a primary obligation of the Obligated Group Members and shall not be treated as ancillary to or collateral with any other obligation and shall be independent of any other security so that the covenants and agreements of each Obligated Group Member hereunder shall be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Credit Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement of each Obligated Group Member hereunder and to enforce the making of Required Payments. Each Obligated Group Member hereby authorizes each of the Credit Group Representative and the Master Trustee to enforce or refrain from enforcing any covenant or agreement of the Obligated Group Members hereunder and to make any arrangement or compromise with any Obligated Group Member or Obligated Group Members as the Credit Group Representative or the Master Trustee may deem appropriate, consistent with this Master Indenture and any Related Supplement. Each Obligated Group Member hereby waives in favor of the Credit Group Representative and the Master Trustee all rights against the Credit Group Representative, the Master Trustee and any other Obligated Group Member, insofar as is necessary to give effect to any of the provisions of this Section.

Section 3.02. Transfers from Designated Affiliates. Subject to the provisions of 3.03(b) hereof with respect to Limited Designated Affiliates, each Controlling Member hereby covenants and agrees that it shall cause each of its Designated Affiliates to pay, loan or otherwise transfer to the Credit Group Representative such amounts as are necessary to enable the Obligated Group Members to comply with the provisions of this Master Indenture including without limitation the provisions of Section 3.01; provided, however, that nothing herein shall be construed to require any Controlling Member to cause its Designated Affiliate to pay, loan or otherwise transfer to the Credit Group Representative any amounts that constitute Restricted Moneys.

Section 3.03. Designation of Designated Affiliates.

(a) The Credit Group Representative by resolution of its Governing Body may from time to time designate Persons as Designated Affiliates in addition to the Initial Designated Affiliates. In connection with such designation, the Credit Group Representative shall designate for each Designated Affiliate an Obligated Group Member to serve as the Controlling Member for such Designated Affiliate. The Corporation shall be the initial Controlling Member for each of the Initial Designated Affiliates. The Credit Group Representative shall at all times maintain an accurate and complete list of all Persons designated as Designated Affiliates (and of the Controlling Members for such Designated Affiliates) and file such list with the Master Trustee and any Related Bond Issuer that shall request such list in writing annually on or before the first day of each Fiscal Year.

(b) At the time of designation of a Designated Affiliate, the Credit Group Representative may additionally designate such Designated Affiliate as a Limited Designated Affiliate, or may from time to time by resolution of its Governing Body redesignate a Designated Affiliate as a Limited Designated Affiliate. A Limited Designated Affiliate's liability to transfer moneys or other assets to the Obligated Group shall be limited to such amount as shall be specified in an Officer's Certificate delivered to the Master Trustee upon the designation of such Designated Affiliate as a Limited Designated Affiliate. The Credit Group Representative shall give each Rating Agency then rating any Obligations or Related Bonds thirty (30) days prior

notice of any Designated Affiliate being redesignated as a Limited Designated Affiliate. The Credit Group Representative by resolution of its Governing Body may from time to time redesignate a Limited Designated Affiliate as a Designated Affiliate. The Credit Group Representative shall identify all Limited Designated Affiliates in the list filed with the Master Trustee pursuant to Section 3.03(a).

(c) Each Controlling Member shall cause each of its Designated Affiliates to provide to the Credit Group Representative a resolution of its Governing Body accepting such Person's designation as a Designated Affiliate and acknowledging the provisions of this Master Indenture which affect the Designated Affiliates. So long as such Person is designated as a Designated Affiliate, the Controlling Member of such Designated Affiliate shall either (i) maintain, directly or indirectly, control of such Designated Affiliate to the extent necessary to cause such Designated Affiliate to comply with the terms of this Master Indenture, whether through the ownership of voting securities, by contract, corporate membership, reserved powers or the power to appoint corporate members, trustees or directors, or otherwise or (ii) execute and have in effect such contracts or other agreements which the Credit Group Representative and the Controlling Member, in the judgment of their respective Governing Bodies, deem sufficient for the Controlling Member to cause such Designated Affiliate to comply with the terms of this Master Indenture.

(d) Each Controlling Member hereby covenants and agrees that it will cause each of its Designated Affiliates to comply with any and all directives of the Controlling Member given pursuant to the provisions of this Master Indenture.

(e) Any Person may cease to be a Designated Affiliate (and thus not subject to the terms of this Master Indenture) provided that prior to such Person ceasing to be a Designated Affiliate the Master Trustee receives:

(i) a resolution of the Governing Body of the Credit Group Representative declaring such Person no longer a Designated Affiliate; and

(ii) an Officer's Certificate to the effect that immediately following such Person ceasing to be a Designated Affiliate neither a Default nor an Event of Default would exist.

Section 3.04. Membership in Obligated Group. Additional Obligated Group Members may be added to the Obligated Group from time to time, provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Obligated Group Member which authorizes the execution and delivery of a Related Supplement and compliance with the terms of this Master Indenture; and

(b) a Related Supplement executed by the Credit Group Representative, the new Obligated Group Member and the Master Trustee pursuant to which the proposed new Obligated Group Member:

(i) agrees to become an Obligated Group Member, and

(ii) agrees to be bound by the terms of this Master Indenture, the Related Supplements and the Obligations, and

(iii) irrevocably appoints the Credit Group Representative as its agent and attorney-in-fact and grants to the Credit Group Representative the requisite power and authority to take all actions pursuant to Section 2.03 hereof; and

(c) an Opinion of Counsel to the effect that (i) the proposed new Obligated Group Member has taken all necessary action to become an Obligated Group Member, and upon execution of the Related Supplement, such proposed new Obligated Group Member will be bound by the terms of this Master Indenture, (ii) the addition of such Obligated Group Member would not adversely affect the validity of any Obligation then Outstanding and (iii) (A) the addition of such Credit Group Member will not cause any Related Bonds or Obligations then Outstanding to be subject to registration under the Securities Act of 1933, as amended, or require the qualification of any Related Bond Indenture, loan document or this Master Indenture or any Related Supplement under the Trust Indenture Act of 1939, as amended, or any state securities law, or (B) that such Related Bond or Obligation has been so registered and such Related Bond Indenture, loan document or Master Indenture or Supplement has been so qualified; and

(d) an Officer's Certificate to the effect that immediately after the addition of the proposed new Obligated Group Member, the Transaction Test would be satisfied; and

(e) so long as any Related Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel to the effect that the addition of the proposed new Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Bonds in gross income for purposes of federal income taxation.

Section 3.05. Withdrawal from Obligated Group. Any Obligated Group Member may withdraw from the Obligated Group and be released from further liability or obligation under the provisions of this Master Indenture, provided that prior to such withdrawal the Master Trustee receives:

(a) an Officer's Certificate to the effect that the Credit Group Representative has approved the withdrawal of such Obligated Group Member;

(b) an Officer's Certificate to the effect that immediately following the withdrawal of such Obligated Group Member, the Transaction Test would be satisfied;

(c) an Opinion of Counsel to the effect that (i) the withdrawal of such Obligated Group Member would not adversely affect the validity of any Obligation then Outstanding, (ii) the withdrawal of such Credit Group Member will not cause the Related Bonds or any Obligations then Outstanding to be subject to registration under the Securities Act of 1933, as amended, or require the qualification of any Related Bond Indenture, loan document or the Master Indenture or any Related Supplement under the Trust Indenture Act of 1939, as amended (or that any such registration, if required, has occurred) and (iii) that any applicable requirements relating to Related Bonds have been satisfied or otherwise provided for; and

(d) so long as any Related Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel to the effect that the removal of such Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Bonds in gross income for purposes of federal income taxation.

Upon compliance with the conditions contained in this Section 3.05, the Master Trustee shall execute any documents reasonably requested by the withdrawing Obligated Group Member to evidence the termination of such Obligated Group Member's obligations hereunder, under all Related Supplements and under all Obligations.

Section 3.06. Covenants of Corporate Existence, Maintenance of Properties, Etc. Each Obligated Group Member agrees, and each Controlling Member agrees to cause each of its Designated Affiliates:

(a) Except as otherwise expressly provided herein, to preserve its corporate or other legal existence and all its material rights and licenses to the extent necessary in the operation of its business and affairs and to be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualification; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its material rights or licenses no longer used or useful in the conduct of its business or affairs.

(b) At all times to cause its material Property, Plant and Equipment to be maintained, preserved and kept in good repair, working order and condition, reasonable wear and tear, condemnation and casualty excepted, 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 immaterial portion of its Property, Plant and Equipment, (ii) prevent it from ceasing to operate any material portion of its Property, Plant and Equipment if in its judgment it is advisable or desirable not to operate the same, or (iii) obligate it to retain, preserve, repair, renew or replace any Property, Plant and Equipment no longer used or useful in the conduct of its business or which has been condemned or substantially damaged by casualty, whether or not insured.

(c) Not take any action that would result in the alteration or loss of its status as a Tax-Exempt Organization (if it is a Tax-Exempt Organization). The foregoing notwithstanding, any Credit Group Member that is a Tax-Exempt Organization may take actions which could result in the alteration or loss of its status as a Tax Exempt Organization if (i) prior thereto there is delivered to the Master Trustee an Opinion of Bond Counsel to the effect that such action would not adversely affect the validity of any Related Bond, would not adversely affect the exclusion of interest on any Related Bond from gross income for federal income tax purposes and would not adversely affect the enforceability in accordance with its terms of this Master Indenture against any Credit Group Member and (ii) prior thereto there is delivered to the Master Trustee either (A) an Opinion of Counsel for such Credit Group Member to the effect that such actions would not subject any Related Bond or any Obligation then Outstanding to registration under the Securities Act of 1933, as amended, or require the qualification of any Related Bond Indenture, loan document or this Master Indenture or any Supplement under the Trust Indenture Act of 1939, as amended, or any state securities law, or (B) an Opinion of Counsel that such

Related Bond or Obligation has been so registered and such Related Bond Indenture, loan document or Master Indenture or Supplement has been so qualified.

Section 3.07. Gross Receivables Pledge.

(a) To secure the Obligations and its other obligations, agreements and covenants to be performed and observed under the Master Indenture, in each case whether now existing or hereafter arising, each Obligated Group Member hereby grants to the Master Trustee security interests in the Gross Receivables to the extent the same may be pledged and a security interest granted therein under the UCC.

(b) This Master Indenture shall be deemed a "security agreement" for purposes of the UCC.

(c) The Master Trustee's security interest in the Gross Receivables shall 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 Obligated Group Member hereby authorizes the filing and shall cause to be filed, in accordance with the requirements of the UCC, financing statements; and, from time to time thereafter, shall execute or authorize and cause to be filed 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 perfected such security interests or give public notice thereof.

(d) Upon written request from the Credit Group Representative, the Master Trustee shall take all procedural steps necessary to effect the subordination of its security interest in the Gross Receivables granted herein to security interests constituting Permitted Liens that are, by the terms hereof, permitted to be senior in priority in the Gross Receivables.

(e) Each Obligated Group Member shall notify the Master Trustee of any change of name and change of address of its chief executive office and each Obligated Group Member shall execute and cause to be filed a new appropriate financing statement or an amendment in accordance with the requirements of the UCC, in order to maintain the perfected security interest granted herein.

Section 3.08. Covenant Against Encumbrances.

(a) Each Obligated Group Member agrees that it will not, and each Controlling Member agrees that it will not permit its Designated Affiliates to, create or suffer to be created or permit the existence of any Lien upon Property, now owned or hereafter acquired by it, other than Permitted Liens. Each Obligated Group Member, respectively, further covenants and agrees that if such a Lien (other than a Permitted Lien) is nonetheless created by someone other than a Credit Group Member and is assumed by any Credit Group Member, the Obligated Group Member will make or cause to be made, or the Controlling Member will cause its Designated Affiliate to make or cause to be made, effective a provision whereby all Obligations will be secured prior to any such Indebtedness or other obligation secured by such Lien.

(b) Upon written request of the Credit Group Representative, the Master Trustee shall execute and deliver such releases, subordinations, requests for reconveyance, termination

statements or other instruments as may be reasonably requested by the Credit Group Representative in connection with (1) the disposition of Property in accordance with the provisions of Section 3.11 and the applicable provisions of any Related Supplement, (2) the withdrawal of a Member pursuant to Section 3.05 and the applicable provisions of any Related Supplement, and (3) the granting by a Credit Group Member of any Lien which constitutes a Permitted Lien hereunder, as certified to the Master Trustee in writing by the Credit Group Representative.

Section 3.09. Debt Service Coverage.

(a) Each Obligated Group Member agrees to manage its business such that the combined or consolidated Income Available for Debt Service of the Credit Group, calculated at the end of each Fiscal Year, commencing with the first full Fiscal Year following the execution of this Master Indenture, will not be less than 1.1 times Annual Debt Service.

(b) If for any Fiscal Year the Income Available for Debt Service is not sufficient to satisfy subsection (a) hereof, the Credit Group Representative covenants to retain, within six months of the filing of the financial statements, an Independent Consultant to make recommendations to increase Income Available for Debt Service in the following Fiscal Year to the level required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable.

(c) The Credit Group Representative agrees to transmit a copy of the report of the Independent Consultant to the Master Trustee within 20 days of the receipt of such recommendations. Each Obligated Group Member shall, promptly upon its receipt of such recommendations, subject to applicable requirements or restrictions imposed by law and to a good faith determination by the Governing Body of the Credit Group Representative that such recommendations are in the best interest of the Credit Group, take such action as shall be in substantial conformity with such recommendations.

(d) If the Obligated Group retains and substantially complies with the recommendations of the Independent Consultant, the Obligated Group Members will be deemed to have complied with the covenants set forth in this Section for such Fiscal Year, notwithstanding that the ratio of Income Available for Debt Service to the Annual Debt Service shall be less than 1.1:1.0; provided, however, that an Event of Default shall exist if the ratio of Income Available for Debt Service to Annual Debt Service shall be less than 1.0:1.0 for any two consecutive Fiscal Years. Notwithstanding the foregoing, the Obligated Group Members shall not be excused from taking any action or performing any duty required under this Master Indenture and no other Event of Default shall be waived by the operation of the provisions of this subsection (d).

(e) If a report of an Independent Consultant is delivered to the Master Trustee that states that any Government and Industry Restrictions have been imposed which make it impossible for the Income Available for Debt Service to satisfy the requirement of subsection (a) hereof, then the required amount of Income Available for Debt Service shall be reduced to the maximum coverage permitted by such Government and Industry Restrictions.

(f) Notwithstanding the foregoing, a Credit Group Member may permit the rendering of services or the use of its Property without charge or at reduced charges, at the discretion of the Governing Body of such Credit Group Member, to the extent necessary for maintaining its tax-exempt status or the tax-exempt status of its Property, Plant and Equipment or its eligibility for grants, loans, subsidies or payments from governmental entities, or in compliance with any recommendation for free services that may be made by an Independent Consultant.

Section 3.10. Merger, Consolidation, Sale or Conveyance. Each Obligated Group Member covenants that it will not merge or consolidate with any other Person that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member (a "Merger Transaction") unless:

(a) After giving effect to the Merger Transaction,

(i) the successor, purchaser or surviving entity (hereinafter, the "Surviving Entity") is an Obligated Group Member, or

(ii) the Surviving Entity shall

(A) be a corporation or other entity organized and existing under the laws of the United States of America or any state thereof, and

(B) become an Obligated Group Member pursuant to Section 3.04 and, pursuant to the Related Supplement required by Section 3.04(b), shall expressly assume in writing the due and punctual payment of all Required Payments of the disappearing Obligated Group Member hereunder;

(b) The Master Trustee receives an Officer's Certificate to the effect that the Transaction Test is satisfied in connection with the Merger Transaction;

(c) So long as any Related Bonds that are tax-exempt obligations are Outstanding, the Master Trustee receives an Opinion of Bond Counsel to the effect that, under the existing law, the consummation of the Merger Transaction, in and of itself, would not result in the inclusion of interest on such Related Bonds in gross income for purposes of federal income taxation;

(d) The Master Trustee receives an Opinion of Counsel to the effect that (i) all conditions in this Section 3.10 relating to the Merger Transaction have been complied with and the Master Trustee is authorized to join in the execution of any instrument required to be executed and delivered; (ii) the Surviving Entity meets the conditions set forth in this Section 3.10; (iii) the Merger Transaction will not adversely affect the validity of any Obligations then Outstanding and such Obligations then Outstanding are enforceable against the Surviving Entity in accordance with their respective terms; and (iv) (A) the Merger Transaction would not subject any Obligations then Outstanding to registration under the Securities Act of 1933, as amended, or require the qualification of any Related Bond Indenture, loan document or the Master Indenture or any Related Supplement under the Trust Indenture Act of 1939, as

amended, or any state securities law, or (B) that such Obligation has been so registered and such Master Indenture or Supplement has been so qualified; and

(e) The Surviving Entity shall be substituted for its predecessor in interest in all Obligations and agreements then in effect which affect or relate to any Obligation, and the Surviving Entity shall execute and deliver to the Master Trustee appropriate documents in order to effect the substitution.

From and after the effective date of such substitution (as set forth in the above-mentioned documents), the Surviving Entity shall be treated as an Obligated Group Member and shall thereafter have the right to participate in transactions hereunder relating to Obligations to the same extent as the other Obligated Group Members. All Obligations issued hereunder on behalf of a Surviving Entity shall have the same legal rank and benefit under this Master Indenture as Obligations issued on behalf of any other Obligated Group Member.

Section 3.11. Limitation on Disposition of Assets.

(a) Each Obligated Group Member covenants that it will not, and each Controlling Member covenants that it will not permit its Designated Affiliates to, voluntarily sell, lease or otherwise dispose of any part of its Property in any Fiscal Year unless one of the following conditions is satisfied:

(i) Such sale, lease or other disposition is in the ordinary course of business or in compliance with the requirements imposed on any asset upon its acquisition (such as in the case of a split interest trust asset); or

(ii) In the case of Obligated Group Members, such sale, lease or other disposition is part of a disposition of all or substantially all of its assets as permitted by Section 3.10; or

(iii) Such sale, lease or other disposition in any single Fiscal Year is of Property with a net Book Value of 10% or less of the Value of the Property of the Credit Group; or

(iv) Such sale, lease or other disposition in any single Fiscal Year is of Property with a net Book Value in excess of 10% of the Value of the Property of the Credit Group, and at the end of such Fiscal Year the Credit Group Representative provides an Officer's Certificate to the Master Trustee that one of the following conditions applies to such Property:

(A) such Property is inadequate, obsolete, unsuitable, undesirable or unnecessary for the operation and function of the primary business of the Credit Group Members; or

(B) the disposition is for Fair Market Value and such disposition will not impair the structural soundness or operational utility of the remaining Property and does not materially adversely affect the operations of the Credit Group; or

(C) such Property is transferred to a Person who is not then an Obligated Group Member provided, such transferee shall become an Obligated Group Member pursuant to Section 3.04 coincidental to such transfer; or

(D) such Property is being transferred to a Government Issuer solely to accommodate a sale or lease transaction as described in the definition of "Related Bonds"; or

(E) the Transaction Test would be, taking into consideration the effect of such disposition, satisfied; or

(v) Such disposition is a loan, including without limitation, an employee relocation loan, a physician or researcher recruitment loan or income guaranty or other credit/funding extension, provided that such loans or other credit/funding extensions are in writing and either (i) are in furtherance of the exempt purposes of any of the Credit Group Members, or (ii) the Credit Group Members reasonably expect such loans to be repaid and such loans bear interest at a reasonable rate of interest and on commercially reasonable terms; or

(vi) Such disposition is a transfer of Restricted Moneys to an Affiliate which has the purpose to receive and disburse such Restricted Moneys; or

(vii) To another Credit Group Member; or

(viii) To any Person, if such Property consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on the Obligations.

Section 3.12. Limitation on Indebtedness. Each Credit Group Member covenants that it will not, and each Controlling Member covenants that it will not permit its Designated Affiliates to, incur any Indebtedness except that the Credit Group Members may incur the following Indebtedness:

(a) Long-Term Indebtedness, if prior to the date of incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee:

(i) an Officer's Certificate to the effect that the Debt Service Coverage Ratio for the most recent Fiscal Year for which Credit Group Financial Statements are available with respect to all Long-Term Indebtedness then Outstanding at the time of such certification and the additional Long-Term Indebtedness to be incurred, but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred, was not less than 1.2:1.0; or

(ii) (A) an Officer's Certificate to the effect that the Debt Service Coverage Ratio for the most recent Fiscal Year (excluding the additional Long-Term Indebtedness to be incurred) was not less than 1.2:1.0 and (B) the report of an Independent Consultant (or, in lieu thereof, an Officer's Certificate if the Debt Service Coverage Ratio is projected to be not less than 1.5:1.0 for each such Fiscal Year) to the effect that the Debt Service

Coverage Ratio for each of the two Fiscal Years beginning with the Fiscal Year commencing after the estimated completion of the facilities to be financed by the Indebtedness to be incurred with respect to all Long-Term Indebtedness projected to be outstanding (including the additional Long-Term Indebtedness to be incurred but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred), is projected to be not less than 1.35:1.0. Notwithstanding the foregoing, if the Master Trustee receives a report of an Independent Consultant to the effect that Government and Industry Restrictions prevent the Credit Group Members from generating the required levels of Income Available for Debt Service sufficient to result in Debt Service Coverage Ratios at least equal to those required by this subsection (a)(ii), the ratio requirements described in this subsection (a)(ii) shall be reduced to the highest ratios that, in the opinion of the Independent Consultant, are obtainable under such Government and Industry Restrictions, but in no event less than a ratio of 1.0:1.0.

(b) Completion Indebtedness without limitation.

(c) Short-term Indebtedness provided that the provisions described in subsection (a) above are satisfied and calculated as if such Short-term Indebtedness was Long-Term Indebtedness or an Officer's Certificate is delivered to the Master Trustee stating that:

(i) the total amount of such Short-term Indebtedness, together with the aggregate principal amount of Indebtedness incurred pursuant to subsection (g) of this Section 3.12, shall not exceed 25% of Total Revenues; and

(ii) In every Fiscal Year, there shall be at least a consecutive 20-day period when the balances of such Short-term Indebtedness (excluding Short-Term Indebtedness consisting of commercial paper which is intended to be refinanced with additional commercial paper) is reduced to an amount which shall not exceed 2.5% of Total Revenues.

(d) Nonrecourse Indebtedness without limitation, provided that an Officer's Certificate is delivered to the Master Trustee stating that the proceeds of Nonrecourse Indebtedness in the aggregate shall not be used to acquire or construct inpatient acute care hospital facilities.

(e) Long-Term Indebtedness, if such Long-Term Indebtedness is issued or incurred to refund Long-Term Indebtedness and the Master Trustee receives an Officer's Certificate to the effect that the issuance of such Long-Term Indebtedness would not increase Maximum Annual Debt Service by more than 20%.

(f) Subordinated Indebtedness, without limitation.

(g) Any other Indebtedness, provided that an Officer's Certificate is delivered to the Master Trustee stating that the aggregate principal amount of such Indebtedness, together with the aggregate principal amount of Indebtedness incurred pursuant to the provisions of subsection (c) of this Section 3.12, does not, as of the date of incurrence, exceed 20% of Total Revenues.

(h) Reimbursement or other repayment obligations under reimbursement agreements or similar agreements relating to credit facilities and/or liquidity facilities which provide credit support and/or liquidity for Indebtedness or Financial Products Agreements.

(i) Any other Indebtedness, provided that an Officer's Certificate is delivered to the Master Trustee, stating that, based upon Credit Group Financial Statements for the most recent Fiscal Year, that immediately after the proposed transaction the aggregate principal amount of all outstanding Long-Term Indebtedness of the Credit Group will not exceed sixty percent (60%) of the Capitalization of the Credit Group.

Section 3.13. Filing of Financial Statements, Certificate of No Default, Other Information.

(a) Each Obligated Group Member covenants that it will keep, and each Controlling Member covenants that it will cause its Designated Affiliates to keep, adequate records and books of accounts in which complete and correct entries shall be made (said books shall be subject to the inspection of the Master Trustee during regular business hours after reasonable notice and under reasonable circumstances, provided the Master Trustee shall have no duty to so inspect).

(b) The Credit Group Representative covenants and agrees that it will furnish to the Master Trustee and any Related Bond Issuer that shall request the same in writing:

(i) As soon as practicable, but in no event more than 150 days after the last day of each Fiscal Year beginning with the Fiscal Year ending September 30, 2019, one or more financial statements which, in the aggregate, shall include the Material Credit Group Members. Such financial statements:

(A) may consist of (1) consolidated or combined financial results including one or more Credit Group Members and one or more other Persons required to be consolidated or combined with such Credit Group Member(s) under GAAP or (2) special purpose financial statements including only Credit Group Members;

(B) shall be audited by an Accountant as having been prepared in accordance with GAAP (except, in the case of special purpose financial statements, for required consolidations);

(C) shall include a consolidated or combined balance sheet, statement of operations and changes in net assets; and

(D) if more than one financial statement is delivered to the Master Trustee pursuant to this subsection (b)(i), or if a single financial statement is delivered that includes Persons other than Credit Group Members and Immaterial Affiliates, each such financial statement shall contain, as "other financial information," a combining or consolidating schedule from which financial information solely relating to the Credit Group Members and Immaterial Affiliates may be derived.

(ii) (A) If a single financial statement containing information solely related to the Credit Group Members (which may, but need not, include any Immaterial Affiliates) is delivered pursuant to clause (b)(i) above, such financial statement shall constitute the "Credit Group Financial Statements".

(B) If a single financial statement containing information related solely to the Credit Group Members and, at the option of the Credit Group Representative, any Immaterial Affiliates is not delivered pursuant to clause (b)(i) above, the Credit Group Representative shall prepare an unaudited balance sheet and statement of operations for such Fiscal Year. The unaudited financial statements shall be prepared as soon as practicable, but in no event more than 150 days after the last day of each Fiscal Year beginning with the Fiscal Year ending September 30, 2019, and shall be based on the accompanying unaudited combining or consolidating schedules delivered with the audited financial statements described in clause (b)(i)(D) above. The unaudited financial statements prepared in accordance with this clause (ii)(B) shall be the "Credit Group Financial Statements".

(C) The Credit Group Financial Statements:

(1) shall include all Material Credit Group Members;

(2) at the option of the Credit Group Representative, may, but need not, include one or more Immaterial Affiliates as provided in subsection (c) below;

(3) at the option of the Credit Group Representative, may exclude one or more Credit Group Members that are not Material Credit Group Members; and

(4) shall exclude all combined or consolidated entities that are neither Credit Group Members nor Immaterial Affiliates.

(iii) At the time of the delivery of the Credit Group Financial Statements, a certificate of the chief financial officer or similar position of the Credit Group Representative, stating that no event which constitutes an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Members to cure such Event of Default.

(c) Notwithstanding the foregoing, the results of operation and financial position of Immaterial Affiliates need not be excluded from financial statements delivered to the Master Trustee pursuant to this Section, and such results of operation and financial position may be considered as if they were a portion of the results of operation and financial position of the Credit Group Members for all purposes of this Master Indenture notwithstanding the inclusion of the results of operation and financial position of such Immaterial Affiliates. The Master Trustee shall have no duty to review, verify or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Holders. The Master Trustee

shall not be deemed to have notice of any information contained in such financial statements or event of default which may be disclosed therein in any manner.

Section 3.14. Insurance. Each Member of the Obligated Group shall, and each Controlling Member covenants to cause each of its Designated Affiliates to, maintain or cause to be maintained at its sole cost and expense, insurance (which may be self-insurance) with respect to its Property, the operation thereof and its business against such casualties, contingencies and risks (including but not limited to public liability and employee dishonesty) and in amounts not less than is customary in the case of entities engaged in the same or similar activities and similarly situated and as it determines, in good faith, to be adequate to protect its Property and operations.

Section 3.15. Treatment of Required Payments. Subject to the requirements of applicable law (including 10 NY CRR § 600.9) and its articles of incorporation and by-laws and in accordance with GAAP, each Member of the Obligated Group Member covenants and agrees that it shall account for each Required Payment by such Obligated Group Member (other than any payment of Indebtedness separately owed by such Obligated Group Member) made under this Master Indenture as either a distribution to its sole member (including any further distribution by such sole member to its parent-member) or as a repayment of any inter-company indebtedness then outstanding.

ARTICLE IV

DEFAULTS

Section 4.01. Events of Default. Each of the following events shall be an Event of Default hereunder:

(a) Failure on the part of the Obligated Group Members to make due and punctual payment of the principal of, redemption premium, if any, interest on or any other Required Payment on any Obligation after applicable grace, notice and/or cure periods, if any.

(b) Failure on the part of the Obligated Group Members to attain a ratio of Income Available for Debt Service to Annual Debt Service of at least 1.0:1.0 for any two consecutive Fiscal Years.

(c) Any Obligated Group Member shall fail to observe or perform any other covenant or agreement under this Master Indenture (including covenants or agreements contained in any Related Supplement or Obligation) and shall not have cured such failure within 60 days after the date on which written notice of such failure, requiring the failure to be remedied, shall have been given to the Credit Group Representative by the Master Trustee or to the Credit Group Representative and the Master Trustee by the Holders of 25% in aggregate principal amount of Outstanding Obligations (provided that if such failure can be remedied but not within such 60 day period, such failure shall not become an Event of Default for so long as the Credit Group Representative shall diligently proceed to remedy the failure).

(d) Any Obligated Group Member shall default in the payment of Indebtedness (other than (1) Subordinated Indebtedness, (2) Nonrecourse Indebtedness, and (3) Indebtedness

secured by an Obligation, which shall be governed by subsection (a) of this Section) in an aggregate outstanding principal amount greater than 5% of the Total Revenues of the Credit Group, and any grace, notice and/or cure period for such payment shall have expired; provided, however, that such default shall not constitute an Event of Default within the meaning of this Section if, within 60 days (or such longer period as the Master Trustee approves in writing) or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, (1) any Obligated Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, and (2) sufficient moneys are deposited in escrow with a bank or trust company or a bond acceptable to the Master Trustee is posted for the payment of such Indebtedness.

(e) A court having jurisdiction shall enter a decree or order for relief in respect of any Obligated Group Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of the Property of any Obligated Group Member, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days.

(f) Any Obligated Group Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or 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, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

The Credit Group Representative agrees that, as soon as practicable, and in any event within ten days after discovery of such event, the Credit Group Representative shall notify the Master Trustee of any event which is an Event of Default hereunder which has occurred and is continuing, which notice shall state the nature of such event and the action which the Obligated Group Members propose to take with respect thereto.

Section 4.02. Acceleration; Annulment of Acceleration.

(a) Upon the occurrence and during the continuation of an Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations shall, by notice to the Credit Group Representative, declare all Outstanding Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Obligations shall be immediately due and payable. If the terms of any Related Supplement give a Person the right to consent to acceleration of the Obligations issued pursuant to such Related Supplement, the Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the aggregate principal amount of all Outstanding Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, which accrues on such

principal and interest to the date of payment, and all other amounts due thereunder, shall be due and payable on the Obligations.

(b) At any time after the Obligations have been declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, the Master Trustee may annul such declaration and its consequences if:

(i) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Obligations (other than payments then due only because of such declaration); and

(ii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all fees and expenses of the Master Trustee then due; and

(iii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all other amounts then payable by the Obligated Group hereunder.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right with respect to any subsequent Event of Default.

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 a majority in aggregate principal amount of the Outstanding Obligations (and upon indemnification of the Master Trustee to its satisfaction for any such request), shall, proceed to protect and enforce its rights and the rights of the Holders hereunder by such proceedings as may be deemed expedient, including but not limited to:

(i) Enforcement of the right of the Holders to collect amounts due or becoming due under the Obligations;

(ii) Civil action 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 of Obligations;

(iv) Civil action to enjoin any acts which may be unlawful or in violation of the rights of the Holders of Obligations;

(v) Civil action to obtain a writ of mandate against any Obligated Group Member or Controlling Member, or against any officer or member of the Governing Body of any

Obligated Group Member or Controlling Member to compel performance of any act specifically required by this Master Indenture or any Obligation; and

(vi) Enforcement of any other right or remedy of the Holders conferred by law or hereby.

(b) Regardless of the occurrence of an Event of Default, if requested in writing by the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations (and upon indemnification of the Master Trustee to its satisfaction for such request), the Master Trustee shall institute and maintain such proceedings as it may be advised shall be necessary or expedient (1) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (2) to preserve or protect the interests of the Holders. However, the Master Trustee shall not be required to comply with any such request or institute and maintain any such proceeding that is in conflict with any applicable law or the provisions hereof or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not making such request. Nothing herein shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Obligations or the rights of any Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Section 4.04. Application of Moneys After Default. During the continuance of an Event of Default, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article (after payment of the costs of the proceedings resulting in the collection of such moneys and payment of all fees, expenses and other amounts owed to the Master Trustee) shall be applied as follows:

(a) Unless all Outstanding Obligations have become or have been declared due and payable (or if any such declaration is annulled in accordance with the terms of this Article):

First: To the payment of all Required Payments then due on the Obligations (including Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by an Obligation and Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Required Payments due on the same date, then to the payment thereof ratably, according to the amount Required Payments due on such date, without any discrimination or preference;

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by an Obligation (other than Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Financial Product Extraordinary Payments due on the same date, then to the payment thereof ratably, according to the amounts of Financial Product Extraordinary Payments due on such date, without any discrimination or preference.

(b) If all Outstanding Obligations have become or have been declared due and payable (and such declaration has not been annulled under the terms of this Article):

> *First:* To the payment of all Required Payments then due on the Obligations (including (i) Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by an Obligation and (ii) Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full the whole amount then due and unpaid, then to the payment thereof ratably, without preference or priority, according to the amounts due respectively, without any discrimination or preference; and
>
> *Second:* To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by an Obligation (other than Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full all such Financial Product Extraordinary Payments, then to the payment thereof ratably, without any discrimination or preference.

Such moneys shall be applied at such times as the Master Trustee shall determine, having due regard for the amount of moneys available and the likelihood of additional moneys becoming available in the future. Upon any date fixed by the Master Trustee for the application of such moneys to the payment of principal, interest on the amounts of principal to be paid on such date shall cease to accrue. The Master Trustee shall give such notices as it may deem appropriate of the deposit with it of such moneys or of the fixing of such dates. The Master Trustee shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation (and all unmatured interest coupons, if any) is presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations have been paid under the terms of this Section and all fees and expenses of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive such balance. If no other Person is entitled thereto, then the balance shall be paid to the Members of the Obligated Group or such Person as a court of competent jurisdiction may direct.

Section 4.05. Remedies Not Exclusive. No remedy granted by the terms of this Master Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity.

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 proceeding relating thereto. Any proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining any Holders as plaintiffs or defendants. Subject to the provisions of Section 4.04 hereof, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Obligations.

Section 4.07. Master Trustee to Represent Holders. The Master Trustee is hereby irrevocably appointed as trustee and attorney in fact for the Holders for the purpose of exercising on their behalf the rights and remedies available to the Holders under the provisions of this Master Indenture, the Obligations, any Related Supplement and applicable provisions of law, in each case subject to the provisions of Section 4.08. The Holders, by taking and holding the Obligations, shall be conclusively deemed to have so appointed the Master Trustee.

Section 4.08. Holders' Control of Proceedings. If an Event of Default has occurred and is continuing, notwithstanding anything herein to the contrary, the Holders of at least a majority in aggregate principal amount of Outstanding Obligations shall have the right (upon the indemnification of the Master Trustee to its satisfaction) to direct the method and/or place of conducting any proceeding to be taken in connection with the enforcement of the terms hereof. Such direction must be in writing, signed by such Holders and delivered to the Master Trustee. However, the Master Trustee shall not be required to follow any such direction that is in conflict with any applicable law or the provisions hereof or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not joining in such direction. Nothing in this Section shall impair the right of the Master Trustee to take any other action authorized by this Master Indenture which it may deem proper and which is not inconsistent with such direction by Holders.

Section 4.09. Termination of Proceedings. In case any proceeding instituted by the Master Trustee with respect to any Event of Default is discontinued or abandoned for any reason or is determined adversely to the Master Trustee or the Holders, then the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder. All rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

Section 4.10. Waiver of Event of Default.

(a) No delay or omission of the Master Trustee or of any Holder to exercise any right with respect to any Event of Default shall impair such right or shall be construed to be a waiver of or acquiescence to such Event of Default. Every right and remedy given by this Article to the Master Trustee and the Holders may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default which in its opinion has been remedied before the entry of a final judgment or decree in any proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Upon the written request of the Holders of at least a majority in aggregate principal amount of Outstanding Obligations, the Master Trustee 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, the failure to pay the principal of, premium, if any, or interest on any Obligation when due may not be waived without the written consent of the Holders of all Outstanding Obligations.

(d) In case of any waiver by the Master Trustee of an Event of Default, the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights. No waiver shall extend to, or impair any right with respect to, any other Event of Default.

Section 4.11. Appointment of Receiver. Upon the occurrence and continuance of any Event of Default, the Master Trustee shall be entitled (a) without declaring the Obligations to be due and payable, (b) after declaring the Obligations to be due and payable, or (c) upon the commencement of any 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 Members (without the necessity of notice to any Obligated Group Member or any other Person), with such powers as the court making such appointment shall confer. Each Obligated Group Member consents, subject to the imposition on the receiver of any applicable Government and Industry Restrictions, and will if requested by the Master Trustee, consent at the time of application by the Master Trustee for appointment of a receiver, to the appointment of such receiver and agrees that such receiver may be given the right, to the extent the right may lawfully be given, to take possession of, operate and deal with such Property and the revenues, profits and proceeds therefrom, with the same effect as the Obligated Group Member could, and to borrow money and issue evidences of indebtedness as such receiver.

Section 4.12. 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 any Government and Industry Restrictions. All the provisions of this Article are intended to be limited to the extent necessary so that they will not render any provision hereof invalid or unenforceable under the provisions of any applicable law or inconsistent with any Government and Industry Restrictions.

Section 4.13. Notice of Default. Within ten days after a Responsible Officer of the Master Trustee has actual knowledge or has received written notice of the occurrence of an Event of Default, the Master Trustee shall mail notice of such Event of Default to all Holders, unless such Event of Default has been cured before the giving of such notice (the term "Event of Default" for the purposes of this Section being limited to the events specified in subsections (a)-(f) of Section 4.01, not including any periods of grace provided for in subsections (c), (d) and (e), and regardless of the giving of written notice specified in subsection (c) of Section 4.01). 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 Master Trustee in good faith determines that the withholding of such notice is in the best interest 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 covenant or obligation shall be read into this Master Indenture against the Master Trustee; and

(ii) Whenever in the administration of its rights and obligations hereunder, the Master Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, 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, which Certificates or opinions shall be full warrant, protection and authority to the Master Trustee for any action taken or suffered under the provisions hereof upon the faith thereof and, in its discretion, the Master Trustee may in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable; but, in the case of any Certificate or opinion specifically required by the provisions hereof to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine such Certificate or opinion to determine whether or not it conforms to the requirements of this Master Indenture on its face.

(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 person would exercise or use under the circumstances in the conduct of such person's own affairs.

(c) The Master Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. 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 Responsible Officer, unless it is 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 given in accordance with Section 4.08; 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 liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The Master Trustee will keep on file at its office a list of the names and addresses of the last known Holders of all Obligations and the serial numbers of such Obligations held by each of such Holders. At reasonable times and under reasonable regulations established by the Master Trustee, said list may be inspected and copied by the Obligated Group Members, any

Obligation Holder or the authorized representative thereof, provided that the ownership of such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

(d) Every provision of this Master Indenture relating to the conduct of, 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. Subject to Section 5.01:

(a) The Master Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Credit Group Representative mentioned herein shall be sufficiently evidenced by an Officer's Certificate. Any action of the Governing Body of any Obligated Group Member shall be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Obligated Group Member 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, allowing or omitting any action hereunder, the Master Trustee may (in the absence of bad faith on its part and unless other evidence is specifically prescribed by this Master Indenture) request and conclusively rely upon an Officer's Certificate.

(d) The Master Trustee may consult with counsel, which may but need not be counsel to the Credit Group, engineers, architects, accountants, investment bankers and insurance consultants and the written advice of such counsel, engineers, architects, accountants, investment bankers and insurance consultants 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 at the request or direction of any of the Holders or any Member of the Obligated Group, unless such Holders or such Member, as applicable, shall have offered 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.

(f) Except as specifically provided in this Master Indenture, the Master Trustee shall not be required to monitor the financial condition of any Obligated Group Member or the physical conditions of the Property, Plant and Equipment of any Obligated Group Member. The Master Trustee shall not be bound to make any investigation into the facts stated in any document delivered to it hereunder, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts as it may see fit. If the Master Trustee determines to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of any Obligated Group Member (excluding specifically donor records, patient

records and personnel records), personally or by agent or attorney, during regular business hours and after reasonable notice.

(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, attorneys, receivers or employees (but shall be answerable for the conduct of the same in accordance with the standards specified in Section 5.01), and shall be entitled to the advice of counsel concerning all matters of trust hereof and duties hereunder. The Master Trustee may in all cases pay such reasonable compensation to any and all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Master Trustee may act upon the opinion or advice of any attorney approved by the Master Trustee in the exercise of reasonable care. The Master Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.

(h) The Master Trustee shall not be deemed to have notice of any default or Event of Default unless a Responsible Officer of the Master Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Master Trustee at the Corporate Trust Office of the Master Trustee, and such notice references this Master Indenture.

(i) The Master Trustee agrees to accept and act upon instructions or directions pursuant to this Master Indenture sent by unsecured Electronic Mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Master Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Credit Group Representative elects to give the Master Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Master Trustee in its discretion elects to act upon such instructions, the Master Trustee's understanding of such instructions shall be deemed controlling. The Master Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Credit Group Representative agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Master Trustee, including without limitation the risk of the Master Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(j) The Master Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Master Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(k) The Master Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of Related Bonds.

(l) Delivery of reports, financial statements, information and documents is for informational purposes only and the Master Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from the information contained therein, including compliance with any covenants herein or in any related documents. The Master Trustee's sole duty with respect to such documents is to retain them in its possession and make them subject to the inspection of the Credit Group Representative, any Holder, and/or their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

(m) The Master Trustee shall not be responsible for the recording or filing of any document relating to this Master Indenture, including without limitation, recording, filing any documents or taking any other actions to perfect or continue the perfection of any security interest in any collateral given to or held by the Master Trustee.

(n) The Master Trustee shall not be liable for any action taken or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Master Indenture.

Section 5.03. Right to Deal in Obligations and Related Bonds. The Master Trustee may buy, sell or hold and deal in any Obligations and Related Bonds with the same effect as if it were not the Master Trustee. The Master Trustee may commence or join in any action which a Holder or holder of a Related Bond is entitled to take with the same effect as if the Master Trustee were not the Master Trustee.

Section 5.04. Removal and Resignation of the Master Trustee.

(a) The Master Trustee may be removed at any time by an instrument or instruments in writing signed by (1) the Holders of not less than a majority of the principal amount of Outstanding Obligations or (2) (unless an Event of Default has occurred and is then continuing) the Credit Group Representative.

(b) The Master Trustee may at any time resign by giving 30 day's prior written notice of such resignation to the Credit Group Representative.

(c) No such resignation or removal shall become effective unless and until a successor Master Trustee has been appointed and has assumed the trusts created hereby. Written notice of removal of the predecessor Master Trustee and/or appointment of the successor Master Trustee shall be given by the successor Master Trustee within ten days of the successor's acceptance of appointment to the Obligated Group Members and to each Holder at the addresses shown on the books of the Master Trustee. A successor Master Trustee may be appointed at the direction of the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations, or, if the Master Trustee has resigned or has been removed by the Credit Group Representative, by the Credit Group Representative. In the event a successor Master Trustee has not been appointed and qualified within 60 days of the date notice of resignation or removal is given, the Master Trustee, any Obligated Group Member or any Holder may apply at the expense of the Obligated Group Members to any court of competent jurisdiction for the appointment of an interim successor Master Trustee to act until such time as a permanent successor is appointed.

(d) Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a national banking association, 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.

(e) Every successor Master Trustee shall execute and deliver to its predecessor and to each Obligated Group Member a written instrument accepting such appointment. Upon the delivery of such acceptance, the successor Master Trustee shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor. The predecessor shall execute and deliver to the successor Master Trustee a written instrument transferring to the successor Master Trustee all the rights, powers and trusts of the predecessor. The predecessor Master Trustee (upon payment of all amounts owed to it) shall execute any documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Section 5.05. Compensation and Reimbursement.

(a) Subject to the provisions of any specific agreement between the Credit Group Representative and the Master Trustee relating to the compensation of the Master Trustee, each Obligated Group Member agrees:

(i) To pay the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(ii) 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 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.

(b) The Obligated Group Members agree to indemnify each of the Master Trustee and its officers, directors, agents and employees and any predecessor Master Trustee for, and to hold it and them harmless against, any and all loss, liability, damages, claim or expense, including taxes (other than taxes based on the income of the Master Trustee) 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 powers or duties hereunder, including without limitation, legal fees and expenses and 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.

(c) The respective obligations of the Obligated Group Members under this Section 5.05 to compensate the Master Trustee, to pay or reimburse the Master Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Master Trustee shall survive satisfaction and discharge of this Master Indenture. As security for the performance of the Obligated Group Members under this Section 5.05, the Master Trustee shall have a lien prior to any Obligation upon all property and funds held or collected by the Master Trustee.

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 Obligated Group Members, and not by the Master Trustee. The Master Trustee assumes no responsibility for the correctness of such statements.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency of this Master Indenture or of the Obligations, or for the adequacy, priority or perfection of any security for any Obligations or for any insurance to be provided. 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.

Section 5.07. Separate or Co-Master Trustee. At any time, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee may appoint one or more Persons either to act as co-master trustee with the Master Trustee, or to act as separate master trustee, and to vest in such Persons or Persons, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section, and provided that doing so shall not impose a material burden on the Obligated Group Members (financial or otherwise).

Every co-master trustee or separate master trustee shall, to the extent permitted by law, be appointed subject to the following terms:

(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 as shall be provided in the instrument appointing such co-master trustee or separate master trustee, 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 is incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-master trustee or separate master trustee.

(c) Any request in writing by the Master Trustee to any co-master trustee or separate master trustee to take or to refrain from taking any action hereunder shall be sufficient for the taking, or the refraining from taking, of such action by such Person.

(d) Any co-master trustee or separate master 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 may at any time, by an instrument in writing, accept the resignation of or remove any co-master trustee or separate master trustee appointed under this Section. Upon the request of the Master Trustee, the Obligated Group Members 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 hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, nor will the act or omission of any trustee hereunder be imputed to any other trustee.

(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-master trustee or separate master trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-master trustee or separate master trustee hereunder shall be turned over to the Master Trustee immediately.

Upon the acceptance in writing of such appointment by any co-master trustee or separate master trustee, such Person shall be vested with such rights, powers, duties or obligations as are specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-master trustee or separate master 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-master trustee or separate master trustee may, at any time by an instrument in writing, constitute the Master Trustee its attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its behalf and in its name.

In case any co-master trustee or separate master trustee shall become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of such Person shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-master trustee or separate master trustee shall be appointed in the manner herein provided.

Section 5.08. Merger or Consolidation. Any company into which the Master Trustee may be merged or converted, or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it is a party, or any company to which the Master Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 5.04) shall be the successor to the Master Trustee without the execution or filing of any paper or any further act.

ARTICLE VI

SUPPLEMENTS AND AMENDMENTS

Section 6.01. Supplements Not Requiring Consent of Holders. The Credit Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Related Supplements for any of the following purposes:

(a) To correct any ambiguity or formal defect or omission in this Master Indenture;

(b) To correct or supplement any provision which may be inconsistent with any other provision, or to make any other provision with respect to matters or questions arising hereunder and which does 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, or to add to the covenants of and restrictions on the Obligated Group Members;

(d) To qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect;

(e) To create and provide for the issuance of an Obligation or series of Obligations as permitted hereunder;

(f) To obligate a successor to any Obligated Group Member as provided in Section 3.10;

(g) To add a new Obligated Group Member as provided in Section 3.04.

The Master Trustee may in its discretion, but shall not be obligated to, enter into any such Related Supplement authorized by Sections 6.01 and 6.02 which materially adversely affects the Master Trustee's own rights, duties or immunities under this Master Indenture or otherwise.

In entering into any Related Supplement, the Master Trustee may rely on an Opinion of Counsel as described in Section 6.03(a) hereof.

Section 6.02. Supplements Requiring Consent of Holders.

(a) Other than Related Supplements referred to in Section 6.01 hereof and subject to the terms contained in this Article, the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations shall have the right to consent to and approve the execution by the Credit Group Representative (acting for itself and as agent for each Credit Group Member) and the Master Trustee of such Related Supplements as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding any of the terms contained herein; provided, however, that nothing in this Section shall permit or be construed as permitting a Related Supplement which would:

(i) Extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or the redemption premium or rate of interest or change the method of calculating interest payable on or reduce any other Required Payment on any Obligation without the consent of the Holder of such Obligation;

(ii) Modify, alter, amend, add to or rescind any of the terms or provisions contained in Article IV hereof so as to affect the right of the Holders of any Obligations in default to compel the Master Trustee to declare the principal of all Obligations to be due and payable, or the priority of payment of Obligations set forth in Section 4.04, without the consent of the Holders of all Outstanding Obligations; or

(iii) Reduce the aggregate principal amount of Outstanding Obligations the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Obligations then Outstanding.

(b) The Master Trustee may execute a Related Supplement (in substantially the form delivered to it as described below) without liability or responsibility to any Holder (whether or not such Holder has consented to the execution of such Related Supplement) if the Master Trustee receives:

(i) a Request of the Credit Group Representative to enter into such Related Supplement; and

(ii) a certified copy of the resolution of the Governing Body of the Credit Group Representative approving the execution of such Related Supplement; and

(iii) the proposed Related Supplement; and

(iv) an instrument or instruments executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) for the Related Supplement in question which instrument or instruments shall refer to the proposed Related 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.

(c) Any such consent shall be binding upon the Holder of the Obligation 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 Related Supplement, such revocation and, if such Obligation or Obligations are transferable by delivery, proof that such Obligations are held by the signer of such revocation. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall file a written statement to that effect with the Credit Group Representative. Such written statement shall be conclusive evidence that such consents have been so filed.

(d) A Related Supplement may provide that the holders of Related Bonds being issued in connection therewith shall be deemed to have consented to modifications or

amendments to this Master Indenture, as set forth in such Related Supplement, by their purchase of such Related Bonds. Such deemed consent shall satisfy the requirement set forth in Section 6.02(b)(iv) hereof for executed written consent of Holders with respect to the Obligation issued pursuant to the Related Supplement and shall be binding on all subsequent holders of such Related Bonds.

(e) If the Holders of the required principal amount or number of the Outstanding Obligations have consented to the execution of such Related Supplement, no Holder shall have any right to object to the execution thereof, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof or to enjoin or restrain the Master Trustee or the Credit Group Representative from executing such Related Supplement or from taking any action pursuant to the provisions thereof.

Section 6.03. Execution and Effect of Supplements.

(a) In executing any Related 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 Related Supplement is authorized or permitted hereby. The Master Trustee may (but shall not be obligated to) enter into any Related Supplement that materially and adversely affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Related Supplement in accordance with this Article, the provisions of this Master Indenture shall be deemed modified in accordance therewith. Such Related Supplement shall form a part hereof for all purposes and every Holder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Related Supplement in accordance with this Article may, and, if required by the Credit Group Representative or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Related Supplement. If the Credit Group Representative 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 the Credit Group Representative to any such Related Supplement may be prepared and executed by the Credit Group Representative and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Obligations then Outstanding.

Section 6.04. Amendment of Related Supplements. Any Related Supplement may provide that the provisions thereof may be amended without the consent of or notice to any of the Holders, or pursuant to such terms and conditions as may be specified in such Related Supplement. If a Related Supplement does not contain provisions relating to the amendment thereof, the amendment of such Related Supplement shall by governed by the provisions of Section 6.01 and Section 6.02 hereof.

ARTICLE VII

SATISFACTION AND DISCHARGE

Section 7.01. Satisfaction and Discharge of Master Indenture. This Master Indenture shall cease to be of further effect if:

(a) all Obligations previously authenticated (other than any Obligations which have been mutilated, destroyed, lost or stolen and which have been replaced or paid as provided in any Related Supplement) and not cancelled are delivered to the Master Trustee for cancellation; or

(b) all Obligations not previously cancelled or delivered to the Master Trustee for cancellation are paid; or

(c) an Irrevocable Deposit is made in trust with the Master Trustee (or with one or more banks, national banking associations or trust companies acceptable to the Master Trustee pursuant to one or more agreements between an Obligated Group Member and such national banking associations or trust companies in form acceptable to the Master Trustee) in cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Obligations not previously cancelled or delivered to the Master Trustee for cancellation, including principal and interest or other payments (including Financial Product Payments and Financial Product Extraordinary Payments) due or to become due to such date of maturity, redemption date or payment date, as the case may be;

and all other sums payable hereunder by the Obligated Group Members are also paid. The Master Trustee, on demand of the Credit Group Representative and at the cost and expense of the Obligated Group Members, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture and authorizing the Credit Group Representative to file such terminations and releases as may be necessary to evidence the termination of the Master Trustee's security interest in the Gross Receivables. Unless the deposit(s) pursuant to clause (c) above is made solely with cash, the Credit Group Representative shall cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction provided pursuant to clause (c) above, upon which report the Master Trustee may rely.

Section 7.02. Payment of Obligations After Discharge of Lien. Notwithstanding the discharge of the lien of this Master Indenture as provided in this Article, the Master Trustee shall retain such rights, powers and duties as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and for the registration, transfer, exchange and replacement of Obligations. Any moneys held by the Master Trustee for the payment of the principal of, premium, if any, or interest or other Required Payment on any Obligation remaining unclaimed for one year after the principal of all Obligations has become due and payable, whether at maturity, upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Obligated Group Members subject to applicable escheat laws. The Holders of any Obligations or coupons not previously presented for payment shall thereafter be entitled to

look only to the Obligated Group Members for payment thereof as unsecured creditors and all liability of the Master Trustee with respect to such moneys shall thereupon cease.

Section 7.03. Replacement Master Indenture. Upon the written request of the Credit Group Representative and delivery of a Replacement Master Indenture to the Master Trustee: (i) the Master Trustee shall acknowledge the substitution of such Replacement Master Indenture; (ii) the Master Trustee shall, at the expense of the Obligated Group Members, execute proper instruments acknowledging satisfaction of and discharging this Master Indenture and authorizing the Credit Group Representative to file such terminations and releases as may be necessary to evidence the termination of the Master Trustee's security interest in the Gross Receivables; (iii) an Opinion of Counsel shall be provided to the Master Trustee to the effect that (A) such Replacement Master Indenture has been duly authorized, executed and delivered by, and constitutes the legal, valid, binding and enforceable obligation of, the New Group, subject to customary exceptions, and (B) all requirements and conditions to the release of this Master Indenture, including those set forth in any Related Supplement or Related Bond Indenture, have been complied with and satisfied and (iv) an Opinion of Bond Counsel shall be provided to the effect that the implementation of the Replacement Master Indenture and the release of this Master Indenture will not adversely affect any exemption from federal income taxation of interest on Indebtedness secured by an Outstanding Obligation and otherwise entitled to such exemption.

In addition to the provision of the preceding paragraph, the Master Trustee shall receive (i) written confirmation from each Rating Agency then rating each series of Related Bonds that, upon consummation of the proposed transaction, the ratings on each such series of Related Bonds (without regard to any credit enhancement of each such series of Related Bonds) by each Rating Agency then rating each series of Related Bonds will be no less than "A3" or "A-" or its equivalent as a result of the execution of the Replacement Master Indenture and the substitution of each then-Outstanding Obligation with a Replacement Obligation, and (ii) an Officer's Certificate certifying that (A) after giving effect to each such Replacement Obligation and assuming that the New Group constituted the Obligated Group under the original Master Indenture, the New Group could demonstrate compliance with the Transaction Test, assuming the incurrence of $1.00 of additional Indebtedness and (B) the New Master Indenture contains a pledge of Gross Receivables substantially similar to the pledge of Gross Receivables under the original Master Indenture as of the date thereof.

Upon the acceptance of a Replacement Master Indenture and the release of this Master Indenture, all Outstanding Obligations shall be deemed to be a note or obligation issued under and entitled to the security and benefits of such Replacement Master Indenture, without the necessity of any amendment, exchange or replacement of such Obligations, unless and until such Obligations are exchanged for or replaced with a note or obligation issued under and entitled to the security and benefits of such Replacement Master Indenture in accordance with the terms thereof. Such exchange or replacement is a continuation of the Obligation and lien on Gross Receivables set forth in this Master Indenture and shall not constitute a novation. Upon the acknowledgement of a Replacement Master Indenture and the release of this Master Indenture, the Master Trustee shall provide written notice thereof to the Holders of all Obligations.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Obligations is intended or shall be construed to give to any Person other than each Obligated Group Member, the Master Trustee and the Holders any legal or equitable right, remedy or claim under or with respect to this Master Indenture. This Master Indenture and all of the covenants, conditions and provisions hereof are intended to be and are for the sole and exclusive benefit of the parties mentioned in this Section.

Section 8.02. Severability. If any part of this Master Indenture is for any reason held invalid or unenforceable, no other part shall be invalidated or deemed unenforceable.

Section 8.03. Holidays. Except to the extent a Related Supplement or an Obligation provides otherwise:

(a) Subject to subsection (b), 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 that is not a day on which banking institutions in such jurisdiction are authorized by law to remain closed, with the same effect as if 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 if payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

Section 8.04. Credit Enhancer Deemed Holder of Obligation. Except to the extent a Related Supplement or an Obligation provides otherwise, any credit enhancer of Related Bonds shall be deemed the Holder of the related Obligation for purposes of this Master Indenture for so long as the credit enhancement is in effect and the credit enhancer is not in default thereunder. If the credit enhancement is applicable to a portion of Related Bonds, such related Obligation shall be treated as if such related Obligation were two Obligations, one in the principal amount of the Related Bonds for which the credit enhancement is applicable and another in the principal amount of the remainder of the Related Bonds.

Section 8.05. Governing Law. This Master Indenture and the Obligations are contracts made under the laws of the State of New York, and shall be governed by and construed in accordance with such laws applicable to contracts made and performed in the State of New York.

Section 8.06. 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 8.07. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of any Obligated Group Member which is a corporation, whether directly or indirectly. All liability of any such individual is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Obligations.

Section 8.08. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon each Obligated Group Member, the Master Trustee and their respective successors and assigns, subject to the limitations contained herein.

Section 8.09. Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be in writing and shall be deemed sufficiently given or served if given: (i) by Electronic Mail; (ii) personally by hand; (iii) by overnight delivery service; or (iv) by first class mail, postage prepaid and addressed as follows:

(i) If to the Credit Group Representative, addressed to it at 1351 Route 55, Suite 200, LaGrangeville, New York, 12540, Attention: General Counsel's Office, with a copy to 24 Hospital Avenue, Danbury, Connecticut, 06710, Attention: General Counsel's Office;

(ii) If to the Master Trustee, addressed to it at the Corporate Trust Office set forth herein; or

(iii) If to the registered Holder of an Obligation, addressed to such Holder at the address shown on the books of the Master Trustee.

(b) The Credit Group Representative or the Master Trustee may from time to time designate a different address or addresses for notice by notice in writing to the others and to the Holders.

IN WITNESS WHEREOF, each of NUVANCE HEALTH, INC., THE DANBURY HOSPITAL, DANBURY HOSPITAL & NEW MILFORD HOSPITAL FOUNDATION, INC., HEALTH QUEST SYSTEMS, INC., NORTHERN DUTCHESS HOSPITAL, THE NORWALK HOSPITAL ASSOCIATION, NORWALK HOSPITAL FOUNDATION, INC., PUTNAM HOSPITAL CENTER, VASSAR HEALTH CONNECTICUT, INC. D/B/A SHARON HOSPITAL, VASSAR BROTHERS HOSPITAL D/B/A VASSAR BROTHERS MEDICAL CENTER, WESTERN CONNECTICUT HEALTH NETWORK, INC., WESTERN CONNECTICUT HEALTH NETWORK INVESTMENTS LLC and WESTERN CONNECTICUT MEDICAL GROUP, INC., has caused this Amended and Restated Master Indenture to be signed in its name by its duly authorized officer, and to evidence its acceptance of the trusts and agreements hereby created, MASTER TRUSTEE has caused this Amended and Restated Master Indenture to be signed in its name by one of its duly authorized officers, all as of the day and year first above written.

NUVANCE HEALTH, INC.

By: _____
_____
_____

THE DANBURY HOSPITAL

By: _____
_____
_____

DANBURY HOSPITAL & NEW MILFORD HOSPITAL FOUNDATION, INC.

By: _____
_____
_____

HEALTH QUEST SYSTEMS, INC.

By: _____
_____
_____

NORTHERN DUTCHESS HOSPITAL

By: _____
_____
_____

THE NORWALK HOSPITAL ASSOCIATION

By: _____
_____
_____

NORWALK HOSPITAL FOUNDATION, INC.

By: _____
_____
_____

PUTNAM HOSPITAL CENTER

By: _____
_____
_____

VASSAR HEALTH CONNECTICUT, INC.
D/B/A SHARON HOSPITAL

By: _____
_____
_____

VASSAR BROTHERS HOSPITAL
D/B/A VASSAR BROTHERS MEDICAL CENTER

By: _____
_____
_____

WESTERN CONNECTICUT
HEALTH NETWORK, INC.

By: _____
_____
_____

WESTERN CONNECTICUT
HEALTH NETWORK INVESTMENTS LLC

By: _____
_____
_____

WESTERN CONNECTICUT
MEDICAL GROUP, INC.

By: _____
_____
_____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Master Trustee

By: _____
_____
_____

APPENDIX A TO MASTER INDENTURE

EXISTING PERMITTED LIENS

APPENDIX B TO MASTER INDENTURE

List of Initial Members of the Credit Group

Initial Obligated Group Members

NUVANCE HEALTH
THE DANBURY HOSPITAL
DANBURY HOSPITAL & NEW MILFORD HOSPITAL FOUNDATION, INC.
HEALTH QUEST SYSTEMS, INC.
NORTHERN DUTCHESS HOSPITAL
THE NORWALK HOSPITAL ASSOCIATION
NORWALK HOSPITAL FOUNDATION, INC.
PUTNAM HOSPITAL CENTER
VASSAR HEALTH CONNECTICUT, INC. D/B/A SHARON HOSPITAL
VASSAR BROTHERS HOSPITAL D/B/A VASSAR BROTHERS MEDICAL CENTER
WESTERN CONNECTICUT HEALTH NETWORK, INC.
WESTERN CONNECTICUT HEALTH NETWORK INVESTMENTS LLC
WESTERN CONNECTICUT MEDICAL GROUP, INC

Initial Designated Affiliates

NONE

APPENDIX C TO MASTER INDENTURE

Existing Related Supplements

Appendix E

PROPOSED FORM OF OPINIONS OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

PROPOSED FORM OF OPINIONS OF BOND COUNSEL

August 28, 2019

State of Connecticut Health and
Educational Facilities Authority
10 Columbus Boulevard
Hartford, Connecticut 06106

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $340,110,000 Revenue Bonds, Nuvance Health Issue, Series 2019A (the "Bonds") of the State of Connecticut Health and Educational Facilities Authority (the "Authority"), a body politic and corporate constituting a public instrumentality of the State of Connecticut.

The Bonds are issued under and pursuant to the State of Connecticut Health and Educational Facilities Authority Act, being Chapter 187 of the General Statutes of Connecticut, Sections 10a-176 et seq., as amended (the "Act"), and under and pursuant to a bond resolution of the Authority adopted on July 17, 2019 (the "Bond Resolution") and a Trust Indenture, dated as of August 1, 2019 (the "Trust Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the "Bond Trustee").

The Bonds are dated their date of delivery and shall bear interest from their date of delivery, payable on each January 1 and July 1, commencing January 1, 2020, at the rate of interest per annum, and shall mature on July 1 in the year and the aggregate principal amount as follows:

Year of Maturity	Principal Amount	Interest Rate
2020	$8,040,000	5.000%
2021	7,435,000	5.000
2022	9,050,000	5.000
2023	9,445,000	5.000
2024	9,860,000	5.000
2025	10,480,000	5.000
2026	11,065,000	5.000
2027	11,700,000	5.000
2028	12,200,000	5.000
2029	12,705,000	5.000
2030	13,315,000	5.000
2031	13,890,000	2.125
2032	14,100,000	5.000
2033	14,720,000	5.000
2034	15,360,000	4.000
2035	15,890,000	4.000
2036	14,485,000	4.000
2037	17,550,000	3.000
2038	17,980,000	4.000
2039	18,610,000	3.000
2041	38,640,000	4.000
2049	43,590,000	4.000

The Bonds are subject to redemption prior to maturity upon the terms and conditions provided therein and in the Trust Indenture. The Bonds are in the form of fully-registered bonds in denominations of $5,000 and integral multiples thereof and are numbered separately from A-R-1, and upward in order of issuance.

We have also examined an executed copy of the Loan Agreement, dated as of August 1, 2019 (the "Agreement"), by and among the Authority, Nuvance Health (the "Institution") and Health Quest Systems, Inc. ("HQ" and, together with the Institution, the "Borrowers"). The Borrowers have agreed in the Agreement, among other things, to make payments to the Authority in the amounts and at the times stated therein which will be applied to pay the principal of, redemption premium, if any, and interest on the Bonds when due.

The Bonds, together with the Dutchess County Local Development Corporation's Revenue Bonds, Nuvance Health Issue, Series 2019B (the "Series 2019B Bonds"), are treated as a single issue for federal tax purposes. We have served as bond counsel with respect to the issuance of the Series 2019B Bonds and, on the date hereof, have rendered our opinion with respect to the exclusion of interest on the Series 2019B Bonds from gross income for federal income tax purposes in substantially the form of paragraph 6 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Bonds and the Series 2019B Bonds to become subject to federal income taxation retroactive to the date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

We are of the opinion that:

1. The Authority is duly created and validly existing under the provisions of the Act and has good right and lawful authority to utilize proceeds of the Bonds to assist the Borrowers in the financing and refinancing of the Project (as defined in the Agreement), and to establish and maintain payments, fees or charges in respect thereof and collect revenues therefrom and to perform all obligations of the Authority under the Bond Resolution and the Trust Indenture in those respects.

2. The Authority has the right and power under the Act to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding

upon the Authority and enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required. The Bond Resolution and the Trust Indenture create the valid pledge which they purport to create in the Revenues (as defined in the Trust Indenture) and all income and receipts earned on funds held or set aside under the Trust Indenture, subject only to the application thereof to the purposes and on the conditions permitted by the Trust Indenture.

3. The Authority is duly authorized and entitled to issue the Bonds and the same have been duly and validly authorized and issued by the Authority in accordance with the Constitution and statutes of the State of Connecticut, including the Act, and the Bond Resolution, the Trust Indenture and the Bonds constitute valid, binding, special obligations of the Authority, enforceable in accordance with their terms and the terms of the Bond Resolution and the Trust Indenture and entitled to the benefits of the Act and of the Bond Resolution and the Trust Indenture.

4. The Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the Borrowers, constitutes a valid and legally binding agreement by and between the parties thereto, enforceable in accordance with its terms.

5. The Trust Indenture has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the Bond Trustee, constitutes a valid and legally binding agreement by and between the parties thereto, enforceable in accordance with its terms.

6. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for federal income tax purposes, interest on the Bonds be not included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Bond proceeds, restrictions on the investment of Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the Authority, HQ, Western Connecticut Health Network, Inc. ("WCHN") and certain Members of the Obligated Group (as defined in the Agreement) that are users of the Bond proceeds or Bond-financed assets (collectively, the "Project Users") will execute a Tax Regulatory Agreement (the "Tax Regulatory Agreement") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the Authority, HQ, WCHN and the Project Users covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 6 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Regulatory Agreement with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the Authority, HQ, WCHN and the Project Users with the procedures and covenants set forth in the Tax Regulatory Agreement as to such tax matters.

7. Under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 6 and 7 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

In rendering our opinion, we have relied on the opinion of Chapman and Cutler LLP, counsel to the Institution, HQ, WCHN and the Project Users, regarding, among other matters, the current qualification of the Project Users as organizations described in Section 501(c)(3) of the Code. We note that the opinion of counsel to HQ, WCHN and the Project Users is subject to a number of qualifications and limitations. HQ, WCHN and the Project Users have covenanted that they will do nothing to impair their status as tax-exempt organizations, and that they will comply with the requirements of the Code and any applicable regulations throughout the term of the Bonds. Failure of HQ, WCHN or the Project Users to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their respective status as organizations described in Section 501(c)(3) of the Code or to use the assets being financed or refinanced with the proceeds of the Bonds in activities of HQ, WCHN or the Project Users, as applicable, that do not constitute unrelated trades or businesses within the meaning of Section 513 of the Code may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

The foregoing opinions are qualified only to the extent that the enforceability of the Bonds, the Bond Resolution, the Trust Indenture, the Tax Regulatory Agreement and the Agreement may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

We have examined an executed Bond, and in our opinion the form of said Bond and its execution are regular and proper.

Very truly yours,

August 28, 2019

Dutchess County Local
Development Corporation
3 Neptune Road
Poughkeepsie, NY 12601

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $99,910,000 Revenue Bonds, Nuvance Health Issue, Series 2019B (the "Bonds") of the Dutchess County Local Development Corporation (the "Issuer"), a not-for-profit local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the "Act") at the direction of the County Legislature of Dutchess County, New York.

The Bonds are issued under and pursuant to the Act, a bond resolution of the Issuer adopted on July 17, 2019 (the "Bond Resolution") and a Trust Indenture, dated as of August 1, 2019 (the "Trust Indenture"), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the "Bond Trustee").

The Bonds are dated their date of delivery and shall bear interest from their date of delivery, payable on each January 1 and July 1, commencing January 1, 2020, at the rate of interest per annum, and shall mature on July 1 in the year and the aggregate principal amount as follows:

Year of Maturity	Principal Amount	Interest Rate
2020	$3,780,000	5.00%
2021	3,490,000	5.00
2022	3,665,000	5.00
2023	2,565,000	5.00
2024	2,695,000	5.00
2025	2,825,000	5.00
2026	2,800,000	5.00
2027	2,940,000	5.00
2028	3,085,000	5.00
2029	3,245,000	5.00
2030	3,410,000	5.00
2031	2,785,000	2.00
2032	2,845,000	5.00
2033	2,985,000	5.00
2034	3,135,000	4.00
2035	2,275,000	4.00
2036	2,360,000	3.00
2037	2,440,000	4.00
2038	2,535,000	4.00
2039	2,635,000	3.00
2044	9,950,000	4.00
2049	31,465,000	4.00

The Bonds are subject to redemption prior to maturity upon the terms and conditions provided therein and in the Trust Indenture. The Bonds are in the form of fully-registered bonds in denominations of $5,000 and integral multiples thereof and are numbered separately from B-R-1, and upward in order of issuance.

We have also examined an executed copy of the Loan Agreement, dated as of August 1, 2019 (the "Agreement"), by and among the Issuer, Nuvance Health (the "Institution") and Western Connecticut Health Network, Inc. ("WCHN" and, together with the Institution, the "Borrowers"). The Borrowers have agreed in the Agreement, among other things, to make payments to the Issuer in the amounts and at the times stated therein which will be applied to pay the principal of, redemption premium, if any, and interest on the Bonds when due.

The Bonds, together with the State of Connecticut Health and Educational Facilities Authority's Revenue Bonds, Nuvance Health Issue, Series 2019A (the "Series 2019A Bonds"), are treated as a single issue for federal tax purposes. We have served as bond counsel with respect to the issuance of the Series 2019A Bonds and, on the date hereof, have rendered our opinion with respect to the exclusion of interest on the Series 2019A Bonds from gross income for federal income tax purposes in substantially the form of paragraph 6 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Bonds and the Series 2019A Bonds to become subject to federal income taxation retroactive to the date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

We are of the opinion that:

1. The Issuer is duly created and validly existing under the provisions of the Act and has good right and lawful authority to utilize proceeds of the Bonds to assist the Borrowers in the financing and refinancing of the Project (as defined in the Agreement), and to establish and maintain payments, fees or charges in respect thereof and collect revenues therefrom and to perform all obligations of the Issuer under the Bond Resolution and the Trust Indenture in those respects.

2. The Issuer has the right and power under the Act to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required. The Bond Resolution and the Trust Indenture create the valid pledge which they purport to create in the Revenues (as defined in the Trust Indenture) and all income and receipts earned on funds held or set aside under the Trust Indenture, subject only to the application thereof to the purposes and on the conditions permitted by the Trust Indenture.

3. The Issuer is duly authorized and entitled to issue the Bonds and the same have been duly and validly authorized and issued by the Issuer in accordance with the Constitution and statutes of the State of New York, including the Act, and the Bond Resolution, the Trust Indenture and the Bonds constitute valid, binding, special obligations of the Issuer, enforceable in accordance with their terms and the terms of the Bond Resolution and the Trust Indenture and entitled to the benefits of the Act and of the Bond Resolution and the Trust Indenture.

4. The Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Borrowers, constitutes a valid and legally binding agreement by and between the parties thereto, enforceable in accordance with its terms.

5. The Trust Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Bond Trustee, constitutes a valid and legally binding agreement by and between the parties thereto, enforceable in accordance with its terms.

6. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for federal income tax purposes, interest on the Bonds be not included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Bond proceeds, restrictions on the investment of Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the Issuer, WCHN, Health Quest Systems, Inc. ("HQ") and certain Members of the Obligated Group (as defined in the Agreement) that are users of the Bond proceeds or Bond-financed assets (collectively, the "Project Users") will execute a Tax Regulatory Agreement (the "Tax Regulatory Agreement") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the Issuer, WCHN, HQ and the Project Users covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 6 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Regulatory Agreement with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the Issuer, WCHN, HQ and the Project Users with the procedures and covenants set forth in the Tax Regulatory Agreement as to such tax matters.

7. Under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 6 and 7 above. We render our opinion

under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

In rendering our opinion, we have relied on the opinion of Chapman and Cutler LLP, counsel to the Institution, WCHN, HQ and the Project Users, regarding, among other matters, the current qualification of the Project Users as organizations described in Section 501(c)(3) of the Code. We note that the opinion of counsel to WCHN, HQ and the Project Users is subject to a number of qualifications and limitations. WCHN, HQ and the Project Users have covenanted that they will do nothing to impair their status as tax-exempt organizations, and that they will comply with the requirements of the Code and any applicable regulations throughout the term of the Bonds. Failure of WCHN, HQ or the Project Users to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their respective status as organizations described in Section 501(c)(3) of the Code or to use the assets being financed or refinanced with the proceeds of the Bonds in activities of WCHN, HQ or the Project Users, as applicable, that do not constitute unrelated trades or businesses within the meaning of Section 513 of the Code may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

In rendering this opinion, we express no opinion as to the necessity for obtaining any licenses, permits or other approvals relating to the operation of the facilities financed with the proceeds of the Bonds, or the financing thereof, or the application or effect of or compliance with any environmental laws (including the State Environmental Quality Review Act), ordinances, rules, regulations or other requirements of any governmental authority with respect to such facilities or the transactions contemplated under the Trust Indenture.

The foregoing opinions are qualified only to the extent that the enforceability of the Bonds, the Bond Resolution, the Trust Indenture, the Tax Regulatory Agreement and the Agreement may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

We have examined an executed Bond, and in our opinion the form of said Bond and its execution are regular and proper.

Very truly yours,

Appendix F

FORM OF CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") constitutes the written undertaking of Nuvance Health, a New York not-for-profit corporation (the "Corporation" or "Credit Group Representative"), as Credit Group Representative of the Members of the Obligated Group herein defined, for the benefit of the holders of the Revenue Bonds, Nuvance Health Issue, [Series 2019A/Series 2019B] in the amount of $[340,110,000/99,910,000] (the "Bonds") issued by the [State of Connecticut Health and Educational Facilities Authority/ Dutchess County Local Development Corporation] (the "Authority"), as required by Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 Part 240, § 240.15c2-12) (the "Rule"), and as otherwise required in connection with the Bonds, for the benefit of the owners or holders of the Bonds. The Bonds are being issued by the Authority pursuant to a Trust Indenture dated as of August 1, 2019 (the "Indenture") between the Authority and The Bank of New York Mellon [Trust Company, N.A.], a national banking association, as trustee (the "Trustee"). The proceeds of the Bonds will be loaned to the Corporation and [Health Quest Systems, Inc., a New York not-for-profit corporation/Western Connecticut Health Network, Inc., a Connecticut not-for-profit corporation] ("[Health Quest/WCHN]" and, together with Nuvance Health, the "Borrowers"), pursuant to a Loan Agreement dated as of August 1, 2019 (the "Loan Agreement") among the Borrowers and the Authority. The Corporation and each Member is an "obligated person" within the meaning of the Rule.

Section 1. DEFINITIONS. In addition to the definitions set forth in the Indenture which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and Operating Data, provided at least annually, with respect to the Obligated Group, which Annual Financial Information shall include Audited Financial Statements.

"Audited Financial Statements" means the annual consolidated financial statements of the Corporation and controlled affiliates and associated "supplementary information," prepared in accordance with GAAP, which financial statements and associated "supplementary information" shall have been audited by a firm of independent certified public accountants.

"Credit Group Representative" means the Corporation or any other Member of the Obligated Group designated in accordance with the provisions of the Master Indenture.

"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 Credit Group Representative pursuant to Section 9 hereof.

"Disclosure Representative" means the Chief Financial Officer of the Corporation or his or her designee or such other officer or employee as the Credit Group Representative shall designate in writing to the Disclosure Dissemination Agent from time to time.

"EMMA" means the MSRB's Electronic Municipal Market Access system, accessible at http://www.emma.msrb.org, or such other information depository as may be designated by the Securities and Exchange Commission to receive final official statements, material event notices and annual financial information under the Rule.

"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 obligations; 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 period commencing on the first day of October of any year and ending on the last day of September of the following year or such other period of twelve consecutive calendar months as shall be specified by the Corporation.

"*Master Indenture*" means the Amended and Restated Master Trust Indenture dated as of August 1, 2019, as may be amended and supplemented in accordance with its terms, by and among the Members of the Obligated Group and The Bank of New York Mellon Trust Company, N.A., as master trustee.

"Material Event" means any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Nonpayment related defaults, if material;

(iii) Unscheduled draws on debt service reserves, if any, reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements, if any, reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, if any, or their failure to perform;

(vi) 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 or determinations with respect to the tax exempt status of the Bonds or other material events affecting the tax exempt status of the Bonds;

(vii) Modifications to rights of holders of the Bonds, if material;

(viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);

(ix) Defeasances;

(x) Release, substitution, or sale of property, if any, securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of a Member;

(xiii) Consummation of merger, consolidation or acquisition involving a Member or the sale of all or substantially all of the assets of a Member, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or termination of a definitive agreement related to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of successor or additional trustee, or the change of the name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of a Member, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of a Member, any of which affect Bondholders, if material; or

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of a Member, any of which reflect financial difficulties.

"Member" shall mean, individually, each member of the Obligated Group and also any other Person admitted to the Obligated Group pursuant to the provisions of the Master Indenture, but shall not mean and Person which has withdrawn as a Member of the Obligated Group pursuant to the provisions of the Master Indenture.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date of this Disclosure Agreement, the address and telephone numbers of the MSRB are as follows:

1300 I Street NW, Suite 1000
Washington, DC 20005
Tel: (202) 838-1500

"Notice of Material Events" shall mean the Notice required to be given in accordance with Section 6 hereof.

"Obligated Group" shall mean, collectively, the Corporation, The Danbury Hospital, Danbury Hospital & New Milford Hospital Foundation, Inc., Health Quest Systems, Inc., Northern Dutchess Hospital, The Norwalk Hospital Association, Norwalk Hospital Foundation, Inc., Putnam Hospital Center, Vassar Health Connecticut, Inc. d/b/a/ Sharon Hospital, Vassar Brothers Hospital d/b/a Vassar Brothers Medical Center, Western Connecticut Health Network, Inc., Western Connecticut Health Network Investments LLC, Western Connecticut Medical Group, Inc. and any other future members of the Obligated Group from time to time referred to in the Master Indenture, but shall not mean or include any Person which has withdrawn as a Member of the Obligated Group pursuant to the provisions of the Master Indenture.

"Official Statement" shall mean the Official Statement dated August __, 2019 delivered with respect to the Bonds.

"Operating Data" shall mean certain information pertaining to the operations of the Corporation and its consolidated affiliates of the type contained in Appendix A to the Official Statement under the headings "Utilization," "Sources of Patient Service Revenue," "Financial Information," "Management's Discussion of Operating and Financial Results," "Liquidity Position," "Investment Policy," "Maximum Annual Debt Service Coverage," and "Capitalization" or such similar or other information that the Corporation deems is relevant or necessary to comply with the Rule.

"Participating Underwriter" shall mean any of the original underwriters for the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Quarterly Financial Information" shall mean financial information, which shall be based on the Corporation's quarterly unaudited consolidated financial statements (including a balance sheet, income statement and cash flow statement) and quarterly unaudited consolidating statement of revenues and expenses and balance sheet.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. PROVISION OF ANNUAL FINANCIAL INFORMATION.

(i) The Credit Group Representative shall, while any Bonds are Outstanding, provide the Annual Financial Information to the Disclosure Dissemination Agent on or before February 25 of each year (the "Submission Date"), commencing February 25, 2020, and the Disclosure Dissemination Agent shall provide to the MSRB, through EMMA, such Annual Financial Information on or before March 1 of each year (the "Report Date") while any Bonds are Outstanding or, if not received by the Disclosure Dissemination Agent by the Submission Date, then within 15 Business Days of its receipt by the Disclosure Dissemination Agent. The Credit Group Representative shall include with each submission of Annual Financial Information to the Disclosure Dissemination Agent a written representation addressed to the Disclosure Dissemination Agent to the effect that the Annual Financial Information is the Annual Financial Information required by this Disclosure Agreement and that it complies with the applicable requirements of this Disclosure Agreement. The Credit Group Representative may amend the Submission Date and the Report Date if the Corporation changes its Fiscal Year by providing written notice of the change of Fiscal Year and the new Submission Date and Report Date to the Authority, the MSRB (through EMMA) and the Disclosure Dissemination Agent; provided that the new Report Date shall be five months after the end of the new Fiscal Year and the new Submission Date shall be 3 days prior to the Report Date, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report relating to the new Fiscal Year shall not exceed one year in duration.

(ii) If the Credit Group Representative is unable to provide the Disclosure Dissemination Agent and the Disclosure Dissemination Agent is unable to provide to the MSRB, through EMMA, the Annual Financial Information (including, without limitation, the required operating data) by the date required in subsection (i) above, the Disclosure Dissemination Agent

shall send a notice to the MSRB, through EMMA, in substantially the form attached hereto as Exhibit A-1.

(iii) If the Disclosure Dissemination Agent is unable to obtain from the Credit Group Representative the Audited Financial Statements and provide the Audited Financial Statements to the MSRB, through EMMA, by the date required in subsection (i), the Disclosure Dissemination Agent shall provide to the MSRB, through EMMA, unaudited financial statements and certain other operating data, as appropriate, of the Obligated Group, and, as required by the Rule. Audited Financial Statements, when and if available, must thereafter be provided to the MSRB, through EMMA.

Section 3. CONTENT OF ANNUAL FINANCIAL INFORMATION. The Obligated Group's Annual Financial Information shall contain or incorporate by reference the information described in the definition of "Annual Financial Information" contained in Section 1 hereof, as well as the following:

(i) the Audited Financial Statements,

(ii) the accounting principles pursuant to which the Audited Financial Statements were prepared, and

(iii) that the above-described information has been provided directly by the Disclosure Dissemination Agent, on behalf of the Obligated Group.

The Credit Group Representative reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Credit Group Representative; provided that the Credit Group Representative agrees that any such modification will be done in a manner consistent with the Rule as provided in Section 12 hereof.

It shall be sufficient if the Credit Group Representative provides to the Disclosure Dissemination Agent and the Disclosure Dissemination Agent provides to the MSRB, through EMMA, the Annual Financial Information by specific reference to documents previously provided to the MSRB or filed with the Securities and Exchange Commission and, if such document is a final official statement, it must be available from the MSRB. The Credit Group Representative shall clearly identify each such other document so incorporated by reference.

Section 4. PROVISION OF QUARTERLY FINANCIAL INFORMATION.

(i) The Credit Group Representative shall, while any Bonds are Outstanding, provide the Quarterly Financial Information to the Disclosure Dissemination Agent on or before February 25, May 25, August 25 and November 25 of each year (each a "Quarterly Submission Date"), commencing November 25, 2019, and the Disclosure Dissemination Agent shall provide to the MSRB, through EMMA, such Quarterly Financial Information on or before the first day of each month immediately succeeding a Quarterly Submission Date (each a "Quarterly Report Date") or, if not received by the Disclosure Dissemination Agent by the Quarterly Submission Date, then within 15 business days of its receipt by the Disclosure Dissemination Agent. The Credit Group Representative shall include with each submission of Quarterly Financial

Information to the Disclosure Dissemination Agent a written representation addressed to the Disclosure Dissemination Agent to the effect that the Quarterly Financial Information is the Quarterly Financial Information required by this Disclosure Agreement and that it complies with the applicable requirements of this Disclosure Agreement; provided that completion of the Disclosure Dissemination Agent template will be deemed to comply with such written representation requirement. The Credit Group Representative may amend the Quarterly Submission Dates and the Quarterly Report Dates to reflect a change in Fiscal Year in accordance with the requirements therefor set forth in Section 2(i) hereof.

(ii) If the Credit Group Representative is unable to provide the Disclosure Dissemination Agent and the Disclosure Dissemination Agent is unable to provide to the MSRB, through EMMA, the Quarterly Financial Information (including, without limitation, the required operating data) by the date(s) required in subsection (i) above, the Disclosure Dissemination Agent shall send a notice to the MSRB, through EMMA, in substantially the form attached hereto as Exhibit A-2.

Section 5. CONTENT OF QUARTERLY FINANCIAL INFORMATION. The Obligated Group's Quarterly Financial Information shall contain or incorporate by reference the information described in the definition of "Quarterly Financial Information" contained in Section 1 hereof, as well as the following:

(i) the accounting principles pursuant to which the unaudited consolidated financial statements were prepared, and

(ii) that the above-described information has been provided directly by the Disclosure Dissemination Agent, on behalf of the Credit Group Representative.

The Credit Group Representative reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Credit Group Representative; provided that the Credit Group Representative agrees that any such modification will be done in a manner consistent with the Rule as provided in Section 12 hereof.

It shall be sufficient if the Credit Group Representative provides to the Disclosure Dissemination Agent and the Disclosure Dissemination Agent provides to the MSRB, through EMMA, the Quarterly Financial Information by specific reference to documents previously provided to the MSRB or filed with the Securities and Exchange Commission and, if such document is a final official statement, it must be available from the MSRB. The Credit Group Representative shall clearly identify each such other document so incorporated by reference.

Section 6. REPORTING OF MATERIAL EVENTS.

(i) If a Material Event occurs while any Bonds are Outstanding, the Credit Group Representative shall provide a Material Event Notice to the Disclosure Dissemination Agent in a timely manner but not in excess of nine (9) business days of the occurrence thereof and the Disclosure Dissemination Agent shall provide to the Authority, the Trustee and the MSRB, through EMMA, such Material Event Notice not later than ten (10) business days from the

occurrence of such Material Event. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds. Notwithstanding the foregoing, a Notice of Material Event described in items (viii) and (ix) under the definition of "Material Event" herein need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Indenture.

(ii) The Trustee shall promptly advise the Credit Group Representative and the Disclosure Dissemination Agent whenever, in the course of performing its duties as Trustee under the Indenture, the Trustee obtains actual knowledge of an occurrence which, if material, would require the Credit Group Representative to provide a Material Event Notice pursuant to paragraph (i) above; provided that the failure of the Trustee so to advise the Credit Group Representative shall not constitute a breach by the Trustee of any of its duties and responsibilities hereunder or under the Indenture.

(iii) The Disclosure Dissemination Agent shall, without further direction or instruction from the Credit Group Representative, provide in a timely manner to the MSRB, through EMMA, notice of any failure while any Bonds are Outstanding by the Disclosure Dissemination Agent to provide to the MSRB, through EMMA, Annual Financial Information on or before the Report Date or Quarterly Financial Information on or before a Quarterly Report Date (whether caused by failure of the Credit Group Representative to provide such information to the Disclosure Dissemination Agent or for any other reason). For the purposes of determining whether information received from the Credit Group Representative is Annual Financial Information or Quarterly Financial Information, the Disclosure Dissemination Agent shall be entitled conclusively to rely on the Credit Group Representative's written representation made pursuant to Section 2(i) or Section 4(i), respectively, hereof.

(iv) The Credit Group Representative may from time to time choose to provide notice of the occurrence of certain other events, in addition to Material Events, if, in the judgment of the Corporation, such other event is material with respect to the Bonds, but the Credit Group Representative does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

(v) Whenever the Credit Group Representative obtains knowledge of the occurrence of a Material Event, the Credit Group Representative shall, as soon as possible, determine if such event would constitute material information for Bondholders; provided, that any Material Event under item (i), (iii), (iv), (v), (vi), (viii), (ix), (xi), (xii) or (xiii) of the definition of "Material Event" herein will always be deemed to be material.

Section 7. ADDITIONAL DISCLOSURE OBLIGATIONS. The Credit Group Representative acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Obligated Group, and that the failure of the Disclosure Dissemination Agent to so advise the Credit Group Representative shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Credit Group Representative 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 8. TERMINATION OF REPORTING OBLIGATION. The Credit Group Representative's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption in whole or payment in full of all of the Bonds. In addition, any provision hereof and any provision relating to the Rule as set forth in the Indenture or the Loan Agreement shall be null and void in the event that the Credit Group Representative delivers to the Trustee an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Agreement, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the Credit Group Representative shall have provided notice of such delivery and the cancellation of this Disclosure Agreement and that portion of the Loan Agreement relating to the Rule to the MSRB, through EMMA.

Section 9. DISCLOSURE DISSEMINATION AGENT. The Credit Group Representative has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent pursuant to this Disclosure Agreement. Upon termination of the Disclosure Dissemination Agent's services as Disclosure Dissemination Agent as provided in this Disclosure Agreement, the Credit Group Representative agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the holders of the Bonds.

Section 10. REMEDIES IN EVENT OF DEFAULT. In the event of a failure of the Credit Group Representative 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; and provided further that any challenge to the adequacy of the information provided in accordance with Section 3 and Section 5 hereof shall be brought only by the Trustee on behalf of the holders of not less than 25% in aggregate principal amount of the Bonds at the time outstanding. Any failure by any 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.

(i) 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 information at the times and with the contents described herein shall be limited to the extent the Credit Group Representative has provided such information to the Disclosure Dissemination Agent as required by 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 Annual Financial Information, Audited Financial Statements, Notice of Material Events, Operating Data and Quarterly Financial Information, or any other information, disclosures or notices provided to it by the Credit Group Representative and shall not be deemed to be acting in any fiduciary capacity for the Obligated Group, the holders of the

Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Credit Group Representative's failure to report to the Disclosure Dissemination Agent a Notice of Material Events 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 Credit Group Representative has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Credit Group Representative at all times.

THE CREDIT GROUP REPRESENTATIVE AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE AUTHORITY AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES 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 LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Credit Group Representative under this Section 11 shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(ii) 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 the Disclosure Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

Section 12. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Agreement, the Credit Group Representative 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 to the effect that such amendment or waiver would not in and of itself cause the undertakings herein to violate, or adversely affect compliance with 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, however, that the following conditions must be satisfied prior to such amendment:

(i) The undertaking hereunder, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(ii) The amendment does not materially impair the interests of the holders of the Bonds, as determined either by parties unaffiliated with the Obligated Group (such as bond

counsel), or by approving vote of such holders in accordance with the terms of the Indenture at the time of the amendment.

Further, the Annual Financial Information and Quarterly Financial Information containing the amended Operating Data or financial information shall explain in narrative form the reasons for the amendment and the impact of the change in the type of Operating Data or financial information being provided.

Further provided, if an amendment is made to an undertaking hereunder specifying the accounting principles to be followed in preparing the Audited Financial Statements, the Annual Financial Information for the year and any Quarterly Financial Information during such year in which the change is made should present a comparison between the Audited Financial Statements or other financial information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the Audited Financial Statements or other financial information, in order to provide information to investors to enable them to reevaluate the ability of the Obligated Group to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles should be sent to the MSRB, through EMMA.

Section 13. ADDITIONAL INFORMATION. Nothing in this Disclosure Agreement shall be deemed to prevent the Credit Group Representative from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, Quarterly Financial Information or Notice of Material Event, in addition to that which is required by this Disclosure Agreement. If the Credit Group Representative chooses to include any information in any Annual Financial Information, Quarterly Financial Information or Notice of Material Event in addition to that which is specifically required by this Disclosure Agreement, the Credit Group Representative shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information, Quarterly Financial Information or Notice of Material Event.

Section 14. BENEFICIARIES. This Disclosure Agreement shall inure solely to the benefit of the Credit Group Representative, the Obligated Group, the Authority, the Disclosure Dissemination Agent, the Participating Underwriters and the holders of the Bonds, and shall create no rights in any other person or entity.

Section 15. FEES. The Credit Group Representative agrees to pay the Disclosure Dissemination Agent its reasonable fees and expenses as compensation for the Disclosure Dissemination Agent's duties and responsibilities hereunder.

Section 16. GOVERNING LAW. This Disclosure Agreement shall be governed by the laws of the State of New York.

Section 17. 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.

[SIGNATURE PAGE TO FOLLOW]

SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT

NUVANCE HEALTH,
as Credit Group Representative

By: _____
Name:
Title:

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON [TRUST COMPANY, N.A.], as Trustee

By: _____
Name:
Title:

Date: August 28, 2019

[Signature Page to CDA]

EXHIBIT A-1

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	[State of Connecticut Health and Educational Facilities Authority/ Dutchess County Local Development Corporation]
Name of Obligated Person:	Nuvance Health (the "Corporation" or "Credit Group Representative")
Name of Bond Issue:	$[340,110,000/99,910,000] Revenue Bonds, Nuvance Health Issue, [Series 2019A /Series 2019B]
Date of Issuance:	August 28, 2019

NOTICE IS HEREBY GIVEN that the Credit Group Representative has not provided Annual Financial Information with respect to the above-named Bonds as required by Continuing Disclosure Agreement of the Obligated Group dated August 28, 2019. The Credit Group Representative anticipates that such information will be filed by _____.

Dated:_____

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A-2

NOTICE TO MSRB OF FAILURE TO FILE QUARTERLY FINANCIAL INFORMATION

Name of Issuer:	[State of Connecticut Health and Educational Facilities Authority/ Dutchess County Local Development Corporation]
Name of Obligated Person:	Nuvance Health (the "Corporation" or "Credit Group Representative")
Name of Bond Issue:	$340,110,000/99,910,000] Revenue Bonds, Nuvance Health Issue, [Series 2019A/Series 2019B]
Date of Issuance:	August 28, 2019

NOTICE IS HEREBY GIVEN that the Credit Group Representative has not provided Quarterly Financial Information with respect to the above-named Bonds as required by Continuing Disclosure Agreement of the Obligated Group dated August 28, 2019. The Corporation anticipates that such information will be filed by _____.

Dated:_____

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY AND DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION

REVENUE BONDS, NUVANCE HEALTH ISSUE, SERIES 2019A AND SERIES 2019B

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com