

**PRELIMINARY RESOLUTION  
HEALTH QUEST SYSTEMS, INC. – SERIES 2016B BONDS**

A Regular meeting of the Dutchess County Local Development Corporation was convened in public session on April 19, 2016 at 8:00 a.m., local time, at the office of the Dutchess County Local Development Corporation, Three Neptune Road, Poughkeepsie, New York.

The meeting was called to order by the Chairman, with the following members being:

**PRESENT:** Charles Daniels, III, Chairman  
Angela E. Flesland  
Edward Summers  
Mark Doyle  
Alfred D. Torreggiani

**ABSENT:** Timothy Dean, Vice Chairman  
Phyllis DiStasi Keenan, Secretary/Treasurer

**ALSO PRESENT:** Donald Cappillino, Counsel  
Sarah Lee, Chief Executive Officer

On motion duly made by Angela E. Flesland and seconded by Edward Summers, the following resolution (the “**Resolution**”) was placed before the members of the Dutchess County Local Development Corporation:

**Resolution (i) Taking official action toward the issuance of an amount at present estimated to be approximately \$350,000,000 and in any event not to exceed \$385,000,000 Tax-Exempt Revenue Bonds (Health Quest Systems, Inc. Project), Series 2016B, and; and (iii) authorizing the execution and delivery of an agreement by and between the Issuer and Health Quest Systems, Inc. with respect to such financial assistance.**

**WHEREAS**, the Dutchess County Local Development Corporation (the “**Issuer**”) was duly formed under §102(a)(5) of the New York Not-for-Profit Corporation Law (“**N-PCL**”) as a local development corporation, a Type C Corporation under §201 of the N-PCL, for the purpose of conducting activities that will relieve and reduce unemployment in Dutchess County; promote and provide for additional and maximum employment in the County; better and maintain job opportunities in the County; instruct or train individuals in the County to improve or develop their capabilities for such jobs; carry on scientific research for the purpose of aiding the County by attracting new industry to the County; or by encouraging the development of, or retention of, an industry in the County; and lessening the burdens of government and acting in the public interest; and

**WHEREAS**, the Issuer's corporate powers include, but are not limited to, the power to finance facilities for not-for-profit corporations, acquire, improve, maintain, equip and furnish projects, to lease such projects and collect rent; to sell and convey any and all of its property, to loan the proceeds of its bonds to not-for-profit corporations and other entities whenever the Board of Directors shall find such action to be in furtherance of the purposes for which it was organized; and to issue bonds for the purpose of carrying out any of its powers; all bonds to be payable solely out of revenues and receipts derived from the leasing or sale by the Issuer of its projects; and

**WHEREAS**, Health Quest Systems, Inc., a duly organized and validly existing New York not-for-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**"), which is exempt from federal income taxation pursuant to Section 501(a) of the Code, having an office at 1351 Route 55, Suite 200, LaGrangeville, New York 12540-5144 (the "**Institution**"), has submitted an application to the Issuer, a copy of which application is on file at the office of the Issuer, which application requested that the Issuer consider undertaking a Project (as defined below) for the benefit of the Institution to be located at the Institution's campus located at 45 Reade Place, Poughkeepsie, New York 12601 (the "**Campus**") consisting of the following:

(A) the demolition of an approximately 16,615 square foot building and the construction, installation, equipping and furnishing of an approximately 696,440 square foot, 7 story building containing 264 private medical, surgical beds, 30 intensive care unit beds, a 66 bay emergency department and a 12 room operating room suite, a new receiving dock, helistop, expanded power plant, conference facilities, cafeteria and below grade parking;

(B) the renovation, installation, furnishing, equipping and improving of an existing 13,800 square foot space for fit out of operating room supportive space, primarily waiting room and post-acute care unit;

(D) funding capitalized interest on the Bonds (as defined below);

(D) paying of all or a portion of the costs incidental to the issuance of the Bonds, including issuance costs of the Bonds (collectively, paragraphs (A), (B), (C), (D) and (E) shall be referred to herein as the "**Project**"); and

(E) the financing of all or a portion of the costs of the foregoing by the issuance of Tax-Exempt Revenue Bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Project, all at present estimated to be approximately \$350,000,000.00 and in any event not to exceed \$385,000,000.00 (the "**Bonds**");

**WHEREAS**, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted by the Department of Environmental Conservation of the State of New York (the laws and regulations hereinafter collectively referred to as "**SEQRA**"), the Issuer must determine whether the financing of the Project by the Issuer may have a significant effect on the environment and therefore require the preparation of an Environmental Impact Statement; and

**WHEREAS**, to aid the Issuer in determining whether the financing, refinancing, construction, installation, furnishing, equipping and improving of the Facility may have a significant impact on the environment, the Institution has prepared and submitted to the Issuer Environmental Assessment Forms previously submitted to the Town of Poughkeepsie Planning Board for which that Board issued Negative Declarations under SEQRA; and

**WHEREAS**, the Issuer has not yet made a determination under SEQRA but shall do so prior to the final approval of financing for this project; and

**WHEREAS**, the Issuer has not yet held a hearing pursuant to §147(f) of the Internal Revenue Code of the 1986, as amended; and

**WHEREAS**, although the resolution authorizing the issuance of the Bonds has not yet been presented for approval by the Issuer, a Preliminary Agreement relative to the proposed issuance of the Bonds by the Issuer has been presented for approval by the Issuer.

**NOW, THEREFORE, BE IT RESOLVED** by the Issuer, as follows:

1. Based upon the representations made by the Institution to the Issuer, the Issuer hereby finds and determines that:

- (a) The Project constitutes a project within the scope of the corporate powers of the Issuer and is consistent with its corporate purposes in that the financing of the Project by the Issuer, through the issuance of the Bonds will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the County, and improve their standard of living; and
- (b) It is desirable and in the public interest to issue the Bonds in the aggregate principal amount presently estimated to be Three Hundred Fifty Million and 00/100 Dollars (\$350,000,000.00) but not to exceed Three Hundred Eighty Five Million and 00/100 Dollars (\$385,000,000.00) for the purpose of financing the Project, together with the necessary expenses in connection therewith.

2. Subject to the conditions set forth in Section 3 of this Resolution, the Issuer will:

- (a) issue the Bonds in an amount presently estimated to be Three Hundred Fifty Million and 00/100 Dollars (\$350,000,000.00) but not to exceed Three Hundred Eighty Five Million and 00/100 Dollars (\$385,000,000.00), the particular amount, maturities, interest rate, redemption terms and other terms and provisions to be determined by a further resolution of the Issuer;

- (b) if required in connection with the undertaking of the Project, acquire title to or a leasehold interest in the Project;
- (c) if required in connection with the undertaking of the Project, lease (with option to purchase) or sell the Facility to the Institution pursuant to an agreement by and between the Issuer and the Institution, or, in the alternative, loan the proceeds of the Bonds to the Institution pursuant to a loan agreement by and between the Issuer and the Institution, whereby the Institution will be obligated under such agreement or loan agreement, as the case may be, among other things to make payments to the Issuer in amounts and at times so that payments will be adequate to pay the principal of, premium, if any, and interest on all such Bonds; and
- (d) secure the Bonds in such manner as the Issuer, the Institution or the purchasers of the Bonds mutually deem appropriate. The Issuer shall not be required to incur and shall not incur any financial liability with respect to the Project.

3. The issuance of the Bonds, as contemplated by Section 2 of this Resolution, shall be subject to:

- (a) execution and delivery by the Institution of the Preliminary Agreement attached hereto as Exhibit "A" setting forth certain conditions for the issuance of the Bonds;
- (b) agreement by the Issuer, the Institution and the purchaser of the Bonds on mutually acceptable terms for the Bonds and for the sale and delivery thereof and mutually acceptable terms and conditions for the security for the payment thereof
- (c) a determination made by the Issuer under SEQRA that the Project will not have an adverse environmental impact;
- (d) approval of the issuance of the Bonds in accordance with the provisions of §147(f) of the Internal Revenue Code of 1986, as amended; and
- (e) receipt by the Issuer of evidence that all required approvals, in connection with the issuance of the Bonds has been obtained.

4. The form and substance of a proposed agreement (in substantially the form presented to this meeting) by and between the Issuer and the Institution setting forth the undertakings of the Issuer and the Institution with respect to the issuance of the Bonds and the

providing of the Project (the "**Preliminary Agreement**") are hereby approved. The Chief Executive Officer and/or Chairman (or Vice Chairman) of the Issuer is hereby authorized, on behalf of the Issuer, to execute and deliver the Preliminary Agreement and the Secretary (or Assistant Secretary) of the Issuer is hereby authorized to affix the seal of the Issuer hereto and to attest to this meeting, with such changes in terms and conditions as the Chief Executive Officer or Chairman (or Vice Chairman) shall constitute conclusive evidence of such approval.

5. The Institution is hereby appointed the true and lawful agent of the Issuer: (i) to undertake the Project; (ii) to make, execute, acknowledge, and deliver any contracts, orders, receipts, writings, and instructions, as the designated agent for the Issuer, and in general to do all things which may be requisite or proper for the acquisition, construction, installation, equipping and improvement of the Facility (or Vice Chairman); and (iii) to prepare, publish and, upon approval by the Chief Executive Officer and/or Chairman (or Vice Chairman) of the Issuer, to distribute a Preliminary Official Statement (or Preliminary Offering Circular) of the Issuer with respect to the Bonds, all with the same powers and the same validity as the Issuer could do if acting on its own behalf. In addition, the Institution is hereby authorized to advance such funds as may be necessary to accomplish such purposes and, to the extent permitted by law, the Issuer agrees to reimburse the Institution therefor out of the proceeds of the Bonds, when, as and if, the Bonds are issued. The Chief Executive Officer or the Chairman (or Vice Chairman) hereby is authorized to execute a letter to the Institution attesting to the Institution's authority to act as agent of the Issuer in this matter in accordance with the standard procedures of the Issuer.

6. The law firm of Nixon Peabody LLP, Rochester, New York, is hereby appointed Bond Counsel to the Issuer in relation to the issuance of the Bonds.

7. Based upon the information provided by the Institution to the Issuer in the Institution's application for financing, the Issuer reasonably expects that expenditures to be incurred by the Institution in connection with the Project prior to the date of issuance and sale of the Bonds, in an amount presently estimated to be Three Hundred Fifty Million and 00/100 Dollars (\$350,000,000.00) and not to exceed Three Hundred Eighty Five Million and 00/100 Dollars (\$385,000,000.00) will be reimbursed to the Institution out of the proceeds of the Bonds. It is intended that this resolution shall constitute a declaration of official intent under United States Treasury Regulation 1.150-2.

8. Counsel to the Issuer and Bond Counsel for the Issuer are hereby authorized to work with counsel to the Institution and others to prepare for submission to the Issuer, all documents necessary to effect the authorization, issuance, and sale of the Bonds. The Institution shall be responsible for the fees of Issuer, Issuer's Counsel and Bond Counsel in relation to the Project and the financing thereof.

9. The Chairman (or Vice Chairman) of the Issuer is hereby authorized and directed to distribute copies of this Resolution to the Institution and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution. The Chief Executive Officer and/or Chairman (or Vice Chairman) of the Issuer is hereby authorized, empowered and directed to cause a public hearing concerning this Project to be

conducted after due notice by publication in accordance with law and is further authorized to appoint counsel or co-counsel to the Issuer as designee to conduct the public hearing.

12. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to vote on roll call, which resulted as follows:

Charles Daniels III, Chairman	VOTING	"Aye"
Timothy Dean, Vice Chairman	Being	ABSENT
Phyllis DiStasi Keenan, Secretary/Treasurer	Being	ABSENT
Angela E. Flesland	VOTING	"Aye"
Edward Summers	VOTING	"Aye"
Mark Doyle	VOTING	"Aye"
Alfred D. Torreggiani	VOTING	"Aye"

The Resolution was thereupon declared duly adopted.

Adopted: April 19, 2016

**EXHIBIT A**

## PRELIMINARY AGREEMENT

(Health Quest Systems Inc. Project Series 2016B)

**THIS PRELIMINARY AGREEMENT** (the “**Preliminary Agreement**”), made as of April 19, 2016 between the **DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION**, a not-for-profit corporation, organized and existing under the Not-For-Profit Corporation Law of the State of New York, having offices at Three Neptune Road, Poughkeepsie, New York 12601 (the “**Issuer**”) and **HEALTH QUEST SYSTEMS, INC.**, a New York not-for-profit corporation, organized and existing under the Laws of the State of New York, having offices at 1351 Route 55, Suite 200, LaGrangeville, New York 12540-5144 (the “**Institution**”).

**WHEREAS**, the Dutchess County Local Development Corporation (the “**Issuer**”) was duly formed under §102(a)(5) of the New York Not-for-Profit Institution Law (“**N-PCL**”) as a local development corporation, a Type C Institution under §201 of the N-PCL, for the purpose of conducting activities that will relieve and reduce unemployment in Dutchess County; promote and provide for additional and maximum employment in the County; better and maintain job opportunities in the County; instruct or train individuals in the County to improve or develop their capabilities for such jobs; carry on scientific research for the purpose of aiding the County by attracting new industry to the County; or by encouraging the development of, or retention of, an industry in the County; and lessening the burdens of government and acting in the public interest; and

**WHEREAS**, the Issuer’s corporate powers include, but are not limited to, the power to finance facilities for not-for-profit corporations, acquire, improve, maintain, equip and furnish projects, to lease such projects and collect rent; to sell and convey any and all of its property whenever the Board of Directors shall find such action to be in furtherance of the purposes for which it was organized; and to issue bonds for the purpose of carrying out any of its powers; all bonds to be payable solely out of revenues and receipts derived from the loan proceeds received by the Issuer for this project; and

**WHEREAS**, the Institution, has submitted an application (the “**Application**”) to the Issuer, a copy of which Application is on file at the office of the Issuer, which Application requested that the Issuer consider undertaking a Project (as defined below) for the benefit of the Institution to be located at the Institution’s campus located at 45 Reade Place, Poughkeepsie, New York 12601 (the “**Campus**”) consisting of the following:

(A) the demolition of an approximately 16,615 square foot building and the construction, installation, equipping and furnishing of an approximately 696,440 square foot, 7 story building containing 264 private medical, surgical beds, 30 intensive care unit beds, a 66 bay emergency department and a 12 room operating room suite, a new receiving dock, helistop, expanded power plant, conference facilities, cafeteria and below grade parking;



(B) the renovation, installation, furnishing, equipping and improving of an existing 13,800 square foot space for fit out of operating room supportive space, primarily waiting room and post-acute care unit;

(C) funding capitalized interest on the Bonds (as defined below);

(D) paying of all or a portion of the costs incidental to the issuance of the Bonds, including issuance costs of the Bonds (collectively, paragraphs (A), (B), (C), (D) and (E) shall be referred to herein as the “**Project**”); and

(E) the financing of all or a portion of the costs of the foregoing by the issuance of Tax-Exempt Revenue Bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Project, all at the amount presently estimated to be approximately \$350,000,000.00 and in any event not to exceed \$385,000,000.00 (the “**Bonds**”);

**WHEREAS**, the Issuer has determined that the financing of the Project is desirable and in the public interest; and

**WHEREAS**, on April 19, 2016, the Issuer adopted a Preliminary Resolution (the “**Preliminary Resolution**”) authorizing the Project and the execution of this Preliminary Agreement; and

**WHEREAS**, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted by the Department of Environmental Conservation of the State of New York (the laws and regulations hereinafter collectively referred to as “**SEQRA**”), the Issuer must determine whether the financing of the Project by the Issuer may have a significant effect on the environment and therefore require the preparation of an Environmental Impact Statement; and

**WHEREAS**, to aid the Issuer in determining whether the financing, refinancing, construction, installation, furnishing, equipping and improving of the Facility may have a significant impact on the environment, the Institution has prepared and submitted to the Issuer Environmental Assessment Forms previously submitted to the Town of Poughkeepsie Planning Board for which that Board issued Negative Declarations under SEQRA; and

**WHEREAS**, the Issuer has not yet made a determination under SEQRA but shall do so prior to the final approval of financing for this project; and

**WHEREAS**, the Issuer has not yet held a hearing pursuant to §147(f) of the Internal Revenue Code of the 1986, as amended; and

**WHEREAS**, although the resolution authorizing the issuance of the Bonds has not yet been presented for approval by the Issuer.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, the Issuer and the Institution agree as follows:

1. Undertakings of the Issuer. Based upon the statements, representations, and undertakings of the Institution and subject to the conditions set forth herein, including but not limited to Section 4 hereof, and in the Preliminary Resolution, the Issuer agrees as follows:

(a) Subject to Section 4(b) hereof, the Issuer shall present a resolution to the Issuer for the approval to authorize, sell, and deliver an issue of the Bonds in an aggregate principal amount at present estimated to be \$350,000 but not to exceed \$385,000,000 for the purpose of financing the Project and paying necessary incidental expenses in connection therewith, and funding any debt service reserve fund to be pledged to secure the Bonds.

(b) The Issuer shall take or cause to be taken such other acts and adopt such further proceedings as may be required to implement the aforesaid undertaking or as it may deem appropriate in pursuance thereof.

2. Representations of the Institution. The Institution hereby represents to the Issuer that:

(a) The Project is located in the Dutchess County, New York;

(b) The financing of the Project through the issuance of the Bonds will encourage and assist the Institution in funding the Project;

(c) The proposed financing, to the best of the Institution's knowledge, will contribute to increased employment opportunities in the Dutchess County, New York; and

(d) The Institution intends that the Project will comply with all applicable federal, state, and local laws, ordinance, rules, and regulations and the Institution shall have obtained all necessary approvals and permits required thereunder.

3. Undertakings of the Institution. Based upon the statements, representations, and undertakings of the Issuer and subject to the conditions set forth herein and in the Preliminary Resolution, the Institution agrees as follows:

(a) The Institution shall use all reasonable efforts to find, or cause to be found, one or more purchasers for the Bonds.

(b) The Institution shall use all reasonable efforts necessary or desirable to enter into a contract or contracts for the financing of the Project on the terms and conditions set forth in the Loan Agreement, by and between the Issuer and the Institution, whereby the Issuer, subject to the conditions set forth herein and in the Preliminary Resolution will loan the proceeds of the Bonds to the Institution.

(c) The Institution shall contemporaneously with the delivery of the Bonds, enter into the Loan Agreement with the Issuer containing the terms and conditions described in Section 1(c) hereof.

(d) (i) The Institution shall defend and indemnify the Issuer and hold the Issuer harmless from all losses, expenses, claims, damages and liabilities arising out of or based on: (1) labor, services, materials and supplies, including equipment, ordered or used in connection with the financing and refinancing (including any expense incurred by the Issuer in defending any claims, suits or actions which may arise as a result of any of the foregoing), whether such claims or liabilities arise as a result of the Institution acting as agent for the Issuer pursuant to this Preliminary Agreement or otherwise; or (2) any untrue statement or alleged untrue statement of a material fact included in any official statement or offering document for the Bonds or the omission or alleged omission to state therein a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading (except that the Institution shall not indemnify the Issuer for such untrue or omitted information supplied by the Issuer about the Issuer or its actions in relation to the issuance of the Bonds).

(ii) The Institution shall not permit to stand, and shall at its own expense take all steps reasonably necessary to remove, any mechanic's or other liens against the Project for labor or constructing, furnishing, equipping, improving and renovating of the Project.

(iii) The Institution shall indemnify and hold the Issuer harmless from all claims and liabilities for loss or damage to property or any injury to or death of any person that may be occasioned subsequent to the date hereof by any cause whatsoever in relation to the Project, including any expenses incurred by the Issuer in defending any claims, suits or actions which may arise as a result of the foregoing, except that the Institution shall not be required to indemnify the Issuer for the willful misconduct or grossly negligent conduct of the Issuer.

(e) The Institution shall, as agent for the Issuer, comply with the requirements of Article 8 of the Labor Law of the State of New York, as amended, to the extent, if any, such Article is applicable to the Project.

(f) The Institution shall take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

#### 4. General Provisions.

(a) This Preliminary Agreement shall take effect on the date of execution hereof until the Loan Agreement becomes effective. It is the intent of the Issuer and the Institution that this Preliminary Agreement be superseded in its entirety by the Loan Agreement.

(b) It is understood and agreed by the Issuer and the Institution that the final approval of the Project, the issuance of the Bonds and the execution of the Loan Agreement and

related documents are subject to: (i) a determination made by the Issuer under SEQRA that the Project will not have an adverse environmental impact; (ii) obtaining all necessary governmental approvals, (iii) approval of the members of the Issuer; and (iv) agreement by the Issuer, the Institution and the purchasers of the Bonds upon mutually acceptable terms for the Bonds and for the Loan Agreement.

(c) The Institution agrees that it will reimburse the Issuer for all reasonable and necessary direct out-of-pocket expenses which the Issuer may incur as a consequence of executing this Preliminary Agreement or performing its obligations hereunder, including but not limited to, the cost of causing a notice of any public hearing held with respect to the Project to be published, the cost of making and transcribing records of said hearings and the reasonable fees and expenses charged and incurred by Bond Counsel and Issuer's Counsel in connection with their representation of Issuer in this matter and their preparation of any documents pertaining to the issuance of the Bonds.

(d) All commitments of the Issuer under Section 1 hereof and of the Institution under Sections 2 and 3 hereof (excepting the obligations of the Institution set forth in subparagraphs 3(d) and 4(c) hereof, which shall survive the termination of this Preliminary Agreement) are subject to the condition that the Bonds have been issued no later than fifteen (15) months from the date hereof (or such other date as shall be mutually satisfactory to the Issuer and the Institution). The Institution shall not otherwise be required to proceed with the transactions contemplated in the Preliminary Resolution or this Preliminary Agreement, and may withdraw the Application and terminate this Preliminary Agreement at any time upon notice to Issuer.

**IN WITNESS WHEREOF**, the parties hereto have entered into this Preliminary Agreement as of the 19<sup>th</sup> day of April, 2016.

DUTCHESS COUNTY LOCAL DEVELOPMENT  
CORPORATION

By: \_\_\_\_\_  
Sarah Lee, Chief Executive Officer

HEALTH QUEST SYSTEMS, INC.

By: \_\_\_\_\_  
Michael T. Weber, President

