

**PRELIMINARY RESOLUTION
NUVANCE HEALTH SERIES 2019A BONDS**

A regular meeting of the Dutchess County Local Development Corporation was convened in public session on June 12, 2019 at 8:10 a.m., local time, at the Dutchess County Local Development Corporation's Offices, Three Neptune Road, Poughkeepsie, New York.

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

PRESENT: Mark Doyle, Vice Chairman
Stacey M. Langenthal, Secretary/Treasurer
Kathleen M. Bauer
Ronald J. Piccone, II
Don Sagliano

ABSENT: Timothy Dean, Chairman
Alfred D. Torreggiani

ALSO PRESENT: Sarah Lee, Chief Executive Officer
Marilyn Yerks, Chief Financial Officer
Donald Cappillino, Counsel
Elizabeth A. Cappillino, Counsel

On motion duly made by Don Sagliano and seconded by Stacey Langenthal, 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 presently estimated to be approximately \$165,000,000.00 and in any event not to exceed \$170,000,000.00 principal amount of Tax-Exempt Bonds Series 2019A (Nuvance Health 2019 Project); and (ii) Authorizing the execution and delivery of an agreement by and among the Issuer and HQ-WCHN Health System, Inc., which is doing business as, and is to change its name to Nuvance Health, and one or more of its affiliated entities including Western Connecticut Health Network, Inc. and Health Quest Systems, Inc. with respect to the financing of the Project.

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, New York (the "**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; encourage the development

of, or retention of, an industry in the County; and lessen 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 education 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 of the Issuer 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, HQ-WCHN Health System, Inc., which is doing business as, and is to change its name to, Nuvance Health, a New York not-for-profit corporation (the "**System**") and Western Connecticut Health Network, Inc., a Connecticut not-for-profit corporation (the "**Institution**" and collectively with the System, the "**Borrower**"), on behalf of themselves and related organizations including Health Quest Systems, Inc. and other related entities who are parties to a master trust indenture (the "**Obligated Group**") have 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 consisting of acquisition of assets by the Institution by virtue of refinancing the obligations below for the benefit of the Obligated Group to be located as set forth below (the "**Campus**"), consisting of the following:

- (A) the refinancing, in whole or in part, of the outstanding Dutchess County Industrial Development Agency Civic Facility Revenue Bonds, Series 2005 (Vassar Brothers Medical Center Facility) Short-Term Adjustable Rate Securities (STARSSM) issued in the original aggregate principal amount of \$19,975,000.00 on June 1, 2005 (the "**Series 2005 Bonds**"), *which Series 2005 Bonds were the subject of a fixed-rate conversion and remarketing as of January 1, 2011*, and the proceeds of which Series 2005 Bonds were used for the following project: (1)(i) the construction, acquisition, furnishing, installation, renovation, equipping and improvement of the sixth (6th) and seventh (7th) floors of the Hospital totaling 13,000 square feet per floor to create fifty (50) new inpatient beds, to increase the hospital's capacity from 315 beds to 365 beds; (ii) the construction, acquisition, furnishing, installation, renovation, equipping and improvement of an existing 650 square foot first cardiac catheterization laboratory (the "Cath Lab") including the replacement of equipment; (iii) the acquisition, furnishing, installation, renovation, equipping and improvement of: (a) nurses' stations and patient call systems; (b) new crash rails and hand rails; (c) new lighting; (d) roof repairs; and (e) a new air handler for the community wing corridor; (iv) the acquisition, furnishing, installation, equipping and improvement of software and hardware for the Hospital's computer systems for the purpose of increased data storage and protection, enhanced HIPAA compliance and more efficient time and attendance payroll processing; and (v) the repairing, renovating, or replacing of any other facilities owned by the Hospital and

the acquisition or construction of any additional real property, facilities and/or equipment required for the operations of the Hospital; (2) the funding of any debt service reserve fund to be pledged to secure the Series 2005 Bonds; and (3) certain incidental expenses incurred in connection with the issuance of the Series 2005 Bonds; and

- (B) the refinancing, in whole or in part, of the outstanding Dormitory Authority of the State of New York (“**DASNY**”) Health Quest Systems, Inc. Obligated Group Revenue Bonds, Series 2007A issued in the original aggregate principal amount of \$14,280,000.00 on September 6, 2007 (the “**Series 2007A Bonds**”), the proceeds of which were used for the following project: (1) (a) the construction of a five floor building to house 70 relocated medical surgical beds, physician offices, therapeutic external radiation oncology services (including the acquisition of a linear accelerator), cardiology services, a conference center and dining services; (b) the expansion of the existing parking lot by approximately 445 spaces, and (c) the financing of the acquisition of medical service equipment, in each case to be located at the Putnam Health Center in Carmel, New York; (2) the refinancing of the Dutchess County Industrial Development Agency’s Civic Facility Revenue Bonds, Series 2000 (Vassar Brothers Hospital Civic Facility), the proceeds of which were used for the acquisition, construction, furnishing, equipping and improvement of three condominium units, located at 200 Westage Business Center Drive, Fishkill, New York 12524, comprising the Vassar Brothers Medical Center’s ambulatory surgery center, a radiation therapy center and other outpatient services; and (b) financing the acquisition of medical service equipment, all to be located at Vassar Brothers Medical Center in Poughkeepsie, New York; (3) the refinancing of loans the proceeds of which were applied toward the (a) construction of an additional space for a new operating room and maternity unit completed in 1997 and 2000, respectively, (b) the construction of a three-story addition to the hospital consisting of the relocation of a 10-bed rehabilitation unit, an additional operating room, relocation of the ambulatory surgery services, physical therapy and emergency department, as well as physician offices, completed in 2005, and (c) the financing of medical service equipment, in each case to be located at Northern Dutchess Hospital in Rhinebeck, New York; and
- (C) the refinancing, in whole or in part, of the outstanding Dutchess County Local Development Corporation Tax-Exempt Revenue Bonds, Series 2010A (Health Quest Systems, Inc. Project) issued in the original aggregate principal amount of \$34,605,000 on November 24, 2010 (the “**Series 2010A Bonds**”), the proceeds of which were used for the following project: (1)(a) a new medical building (the “New Medical Building”) containing in the aggregate approximately 104,000 sq. ft. of space to be used as an Ambulatory Surgery Center (the “ASC”), approximately one (1) floor of which (approximately 25,000 sq. ft.) is to be used as ambulatory surgery

space for the Vassar Brothers Hospital d/b/a Vassar Brothers Medical Center ("VBMC") Article 28 program; and approximately three (3) floors of which (approximately 79,000 sq. ft.) are to be used for Hospital radiology and endoscopy space and/or leased and/or used as condominium medical office space (non-Article 28) to be erected on an approximately 0.47 acre parcel of VBMC and generally located at 76 Lincoln Avenue, City of Poughkeepsie, County of Dutchess, New York and adjacent addresses, or in the alternative a portion of which ASC may be leased by VBMC to physicians for designated days or times each week; (b) a new cafeteria building (the "Cafeteria Building") containing approximately 5,000 sq. ft. for the service of meals for the employees, patients of VBMC and others visiting the VBMC campus to be erected on an approximately one-half (1/2) acre parcel of VBMC land generally located at 68 Livingston Street, City of Poughkeepsie, County of Dutchess, New York and adjacent addresses; (c) a new Parking Garage (the "New Parking Garage") containing approximately 860 parking spaces for use by employees of VBMC, patients and others visiting VBMC to be erected on an approximately one (1) acre parcel of VBMC land generally located at 66 Livingston Street, City of Poughkeepsie, County of Dutchess, New York and adjacent addresses; (d) a new Parking Deck (the "New Parking Deck") containing approximately 287 parking spaces for use by employees of VBMC, physicians, patients and visitors to VBMC to be erected on an approximately one-half (1/2) acre parcel of VBMC land generally located at 67 Livingston Street, City of Poughkeepsie, County of Dutchess, New York and adjacent addresses; (e) various other parking surface improvements, and landscaping improvements and other improvements and upgrading of the VBMC campus consisting of approximately two (2) acres generally located at 45 Reade Place, City of Poughkeepsie, County of Dutchess, New York and adjacent addresses; (f) the reconstruction, renovation, installation and equipping of approximately 12,000 sq. ft. of existing space on the first floor of the existing hospital on the VBMC campus to be used as a centralized lab providing services to three of the Institution's hospitals and the affiliated physician practices; and (g) the reconstruction, renovation, repairs to and equipment purchases for the existing hospital on the VBMC campus (subsections (a), (b), (c), (d), (e), (f) and (g) above are collectively, the "Series 2010 Project"); (h) the refinancing, in whole or in part, of the outstanding \$17,000,000 Civic Facility Revenue Bonds, Series 2004 (Vassar Brothers Medical Center Facility) Short-Term Adjustable Rate Securities (STARSSM) (the "Series 2004 Bonds"), the proceeds of which were used to finance or refinance the acquisition, construction, and equipping of a civic facility consisting of: (i) the acquisition, construction, renovation and equipping of the following all located on the main campus of VBMC: (a) a new cardiac catheterization laboratory and related work including, but not limited to the construction of a new holding area for patients and relocation of the existing blood laboratory; (b) a new Surgical Step-Down Unit for use by the stabilized patients from the Intensive Care

Unit and the Post Operative Care Unit; (c) a new "Heart Station", a specialized cardiac service diagnostic unit including, but not limited to the furnishing of beds for patients cardiac emergencies and the relocation of the VBMC's respiratory therapy department; (d) the replacement and upgrade of patient beds, surgical beds, Intensive Care Unit beds and other VBMC furnishings; (e) certain renovations and upgrades to VBMC property including, but not limited to the painting and repairing of the Intensive Care Unit, the Critical Care Unit, the Same Day Surgery Unit and other units within VBMC, renovation of the medical office records department and other facilities owned by VBMC; (f) certain renovations and upgrades to the radiology equipment at VBMC, including the acquisition and installation of new computed radiography and image distribution technology; (g) the acquisition and installation of a new intensity modulated radiation therapy equipment (IMRT) to be utilized for cancer diagnostics at VBMC's Cancer Center; (h) the acquisition and installation of a new CT Simulator to upgrade VBMC's imaging equipment; and (i) any additional real property, facilities and/or equipment required for the operations of VBMC; (ii) the acquisition, renovation and equipping of approximately 11,627 square feet of condominium space in the Vassar Brothers Medical Mall at Westage, 200 Westage Dutchess Center, Fishkill, New York 12524 (the "Medical Mall"), to be used as a system business office for centralized billing for VBMC and other Health Quest affiliates; (iii) the acquisition and installation of a new magnetic resonance imaging unit (MRI) to be installed in VBMC's imaging center in the Medical Mall; (iv) the financing or refinancing of certain costs of issuing the Series 2004 Bonds, and (v) the funding of a debt service reserve fund; and

- (D) the refinancing, in whole or in part, of the outstanding Dutchess County Local Development Corporation Tax-Exempt Revenue Bonds, Series 2014A (Health Quest Systems, Inc. Project) issued in the original aggregate principal amount of \$31,420,000.00 on May 14, 2014 (the "**Series 2014A Bonds**"), the proceeds of which were used for the following project: [(i) the acquisition, construction, installation, furnishing and equipping of an approximately 86,944 square foot, four-story addition to the Northern Dutchess Hospital located at 6511 Springbrook Avenue, Rhinebeck, New York (the "Northern Dutchess Hospital Campus"). The addition will include a ground floor connector to the existing hospital (which shall also house a central sterile unit (that will support the new surgical unit on the third floor), mechanical systems and storage facilities), a first floor to be used for medical office space, a second floor for 40 single inpatient rooms, and a third floor for 6 operating rooms and Post-Anesthesia Care Unit. This portion of the Project (hereinafter defined) shall be operated by Northern Dutchess Hospital; (ii) the refinancing of acquisition costs, installation, furnishing and equipping of a four (4) story, approximately 145,363 sq. ft. medical office building and parking garage located at One Columbia Street, City of Poughkeepsie, New York. This portion of the Project (hereinafter

defined) shall be operated by One Columbia Street, LLC, a wholly-owned subsidiary of Vassar Brothers Medical Center; and (iii) the repairing, renovating, or replacing of any other facilities owned by the Corporation and/or certain of the Member Hospitals and the acquisition or construction of any additional real property, facilities and/or equipment required for the operations of the Corporation and/or at certain of the Member Hospitals located at the Northern Dutchess Hospital Campus and/or the Vassar Brothers Medical Center Campus located at 45 Reade Place, Poughkeepsie, New York, which portion of the Project shall be operated, as applicable, by Northern Dutchess Hospital or Vassar Brothers Medical Center; and

- (E) (1) The demolition of existing buildings and the construction, reconstruction, installation, furnishing and equipping of an approximately 100,000 square foot, three-story building on the Vassar Brother Medical Center Campus anticipated to be located at 7 Fox Street, Poughkeepsie, New York (the “**Facility**”) to be used as a medical school in association with Marist College; and
- (F) Paying of all or a portion of the costs incidental to the issuance of the Bonds (defined below), including issuance costs of the Bonds (collectively, paragraphs (A), (B), (C), (D) and (E) shall be referred to herein as the “**Project**”);
- (G) the financing of all or a portion of the costs of the foregoing Project 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 presently estimated to be approximately \$165,000,000.00 and in any event not to exceed \$170,000,000.00 (the “**Bonds**”);
- (H) funding any debt service reserve fund to be pledged to secure such Bonds; and
- (I) The granting of certain other financial assistance with respect to the foregoing, including potential exemptions from mortgage recording taxes (collectively with the Bonds, the “**Financial Assistance**”); 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 construction, installation, furnishing, equipping and improving of the Facility may have a significant impact on the

environment, the Obligated Group has prepared and submitted to the Issuer an application and a Short Environmental Assessment Form (the "EAF") for the Project; and

WHEREAS, the Issuer has not yet completed its review nor 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 Obligated Group 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 One Hundred Sixty-Five Million and 00/100 Dollars (\$165,000,000.00) but not to exceed One Hundred Seventy Million and 00/100 Dollars (\$170,000,000.00) for the purpose of financing the Project, together with the necessary expenses in connection therewith; and

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 One Hundred Sixty-Five Million and 00/100 Dollars (\$165,000,000.00) but not to exceed One Hundred Seventy Million and 00/100 Dollars (\$170,000,000.00), 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 members of the

Obligated Group pursuant to an agreement by and among the Issuer, the System and the Institution, or, in the alternative, loan the proceeds of the Bonds to the Institution pursuant to a loan agreement by and among the Issuer, the System and the Institution, whereby the System and 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 System, 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 Obligated Group 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 System, 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 among the Issuer and the Obligated Group setting forth the undertakings of the Issuer and the Obligated Group 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 System 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 Project; 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 System and the other members of the Obligated Group are 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 System and the members of the Obligated Group 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 System and the Institution attesting to the System'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 Hawkins, Delafield & Wood LLP, New York, 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 Obligated Group to the Issuer in the application for financing, the Issuer reasonably expects that expenditures to be incurred by the Obligated Group in connection with the Project prior to the date of issuance and sale of the Bonds, in an amount presently estimated to be One Hundred Sixty-Five Million and 00/100 Dollars (\$165,000,000.00) but not to exceed One Hundred Seventy Million and 00/100 Dollars (\$170,000,000.00) will be reimbursed to the System and the members of the Obligated Group 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 Obligated Group and others to prepare for submission to the Issuer, all documents necessary to effect the authorization, issuance, and sale of the Bonds. The System and the Obligated Group 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 System 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. The Issuer hereby appoints each Member of the Issuer and the Issuer Counsel to serve as an Assistant Secretary of the Issuer for the purposes of this Project.

10. 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:

Timothy Dean, Chairman	being	ABSENT
Mark Doyle, Vice Chairman	VOTING	"Aye"
Stacey M. Langenthal, Secretary/Treasurer	VOTING	"Aye"
Kathleen M. Bauer	VOTING	"Aye"
Ronald J. Piccone, II	VOTING	"Aye"
Don Sagliano	VOTING	"Aye"
Alfred D. Torreggiani	being	ABSENT

The Resolution was thereupon declared duly adopted.

Adopted: June 12, 2019

**PRELIMINARY AGREEMENT
NUVANCE HEALTH SERIES 2019A BONDS**

THIS PRELIMINARY AGREEMENT (the “**Preliminary Agreement**”), made as of June 12, 2019 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 **HQ-WCHN HEALTH SYSTEM, INC.**, which is doing business as, and is to change its name to, **NUVANCE HEALTH**, a New York not-for-profit corporation (the “**System**”) and **WESTERN CONNECTICUT HEALTH NETWORK, INC.**, a Connecticut not-for-profit corporation (the “**Institution**” and collectively with the System, the “**Borrower**”), on behalf of themselves and related organizations including **HEALTH QUEST SYSTEMS, INC.** and other related entities who are parties to a master trust indenture (the “**Obligated Group**”).

WHEREAS, 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, New York (the “**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; encourage the development of, or retention of, an industry in the County; and lessen 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 of the Issuer 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, the System 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 Obligated Group to be located as set forth below (the “**Campus**”), consisting of the following:

- (A) the refinancing, in whole or in part, of the outstanding Dutchess County Industrial Development Agency Civic Facility Revenue Bonds, Series 2005 (Vassar Brothers Medical Center Facility) Short-Term Adjustable Rate Securities (STARSSM) issued in the original aggregate principal amount of \$19,975,000.00 on June 1, 2005 (the “**Series 2005 Bonds**”), *which Series 2005 Bonds were the subject of a fixed-rate conversion and remarketing as of January 1, 2011*, and the proceeds of which Series 2005 Bonds were used for the following project: (1)(i) the construction, acquisition, furnishing,

installation, renovation, equipping and improvement of the sixth (6th) and seventh (7th) floors of the Hospital totaling 13,000 square feet per floor to create fifty (50) new inpatient beds, to increase the hospital's capacity from 315 beds to 365 beds; (ii) the construction, acquisition, furnishing, installation, renovation, equipping and improvement of an existing 650 square foot first cardiac catheterization laboratory (the "Cath Lab") including the replacement of equipment; (iii) the acquisition, furnishing, installation, renovation, equipping and improvement of: (a) nurses' stations and patient call systems; (b) new crash rails and hand rails; (c) new lighting; (d) roof repairs; and (e) a new air handler for the community wing corridor; (iv) the acquisition, furnishing, installation, equipping and improvement of software and hardware for the Hospital's computer systems for the purpose of increased data storage and protection, enhanced HIPAA compliance and more efficient time and attendance payroll processing; and (v) the repairing, renovating, or replacing of any other facilities owned by the Hospital and the acquisition or construction of any additional real property, facilities and/or equipment required for the operations of the Hospital; (2) the funding of any debt service reserve fund to be pledged to secure the Series 2005 Bonds; and (3) certain incidental expenses incurred in connection with the issuance of the Series 2005 Bonds; and

- (B) the refinancing, in whole or in part, of the outstanding Dormitory Authority of the State of New York ("DASNY") Health Quest Systems, Inc. Obligated Group Revenue Bonds, Series 2007A issued in the original aggregate principal amount of \$14,280,000.00 on September 6, 2007 (the "**Series 2007A Bonds**"), the proceeds of which were used for the following project: (1) (a) the construction of a five floor building to house 70 relocated medical surgical beds, physician offices, therapeutic external radiation oncology services (including the acquisition of a linear accelerator), cardiology services, a conference center and dining services; (b) the expansion of the existing parking lot by approximately 445 spaces, and (c) the financing of the acquisition of medical service equipment, in each case to be located at the Putnam Health Center in Carmel, New York; (2) the refinancing of the Dutchess County Industrial Development Agency's Civic Facility Revenue Bonds, Series 2000 (Vassar Brothers Hospital Civic Facility), the proceeds of which were used for the acquisition, construction, furnishing, equipping and improvement of three condominium units, located at 200 Westage Business Center Drive, Fishkill, New York 12524, comprising the Vassar Brothers Medical Center's ambulatory surgery center, a radiation therapy center and other outpatient services; and (b) financing the acquisition of medical service equipment, all to be located at Vassar Brothers Medical Center in Poughkeepsie, New York; (3) the refinancing of loans the proceeds of which were applied toward the (a) construction of an additional space for a new operating room and maternity unit completed in 1997 and 2000, respectively, (b) the construction of a three-story addition to the hospital consisting of the relocation of a 10-bed rehabilitation unit, an

additional operating room, relocation of the ambulatory surgery services, physical therapy and emergency department, as well as physician offices, completed in 2005, and (c) the financing of medical service equipment, in each case to be located at Northern Dutchess Hospital in Rhinebeck, New York; and

- (C) the refinancing, in whole or in part, of the outstanding Dutchess County Local Development Corporation Tax-Exempt Revenue Bonds, Series 2010A (Health Quest Systems, Inc. Project) issued in the original aggregate principal amount of \$34,605,000 on November 24, 2010 (the “**Series 2010A Bonds**”), the proceeds of which were used for the following project: (1)(a) a new medical building (the "New Medical Building") containing in the aggregate approximately 104,000 sq. ft. of space to be used as an Ambulatory Surgery Center (the "ASC"), approximately one (1) floor of which (approximately 25,000 sq. ft.) is to be used as ambulatory surgery space for the Vassar Brothers Hospital d/b/a Vassar Brothers Medical Center ("VBMC") Article 28 program; and approximately three (3) floors of which (approximately 79,000 sq. ft.) are to be used for Hospital radiology and endoscopy space and/or leased and/or used as condominium medical office space (non-Article 28) to be erected on an approximately 0.47 acre parcel of VBMC and generally located at 76 Lincoln Avenue, City of Poughkeepsie, County of Dutchess, New York and adjacent addresses, or in the alternative a portion of which ASC may be leased by VBMC to physicians for designated days or times each week; (b) a new cafeteria building (the "Cafeteria Building") containing approximately 5,000 sq. ft. for the service of meals for the employees, patients of VBMC and others visiting the VBMC campus to be erected on an approximately one-half (1/2) acre parcel of VBMC land generally located at 68 Livingston Street, City of Poughkeepsie, County of Dutchess, New York and adjacent addresses; (c) a new Parking Garage (the "New Parking Garage") containing approximately 860 parking spaces for use by employees of VBMC, patients and others visiting VBMC to be erected on an approximately one (1) acre parcel of VBMC land generally located at 66 Livingston Street, City of Poughkeepsie, County of Dutchess, New York and adjacent addresses; (d) a new Parking Deck (the "New Parking Deck") containing approximately 287 parking spaces for use by employees of VBMC, physicians, patients and visitors to VBMC to be erected on an approximately one-half (1/2) acre parcel of VBMC land generally located at 67 Livingston Street, City of Poughkeepsie, County of Dutchess, New York and adjacent addresses; (e) various other parking surface improvements, and landscaping improvements and other improvements and upgrading of the VBMC campus consisting of approximately two (2) acres generally located at 45 Reade Place, City of Poughkeepsie, County of Dutchess, New York and adjacent addresses; (f) the reconstruction, renovation, installation and equipping of approximately 12,000 sq. ft. of existing space on the first floor of the existing hospital on the VBMC campus to be used as a centralized

lab providing services to three of the Institution's hospitals and the affiliated physician practices; and (g) the reconstruction, renovation, repairs to and equipment purchases for the existing hospital on the VBMC campus (subsections (a), (b), (c), (d), (e), (f) and (g) above are collectively, the "Series 2010 Project"); (h) the refinancing, in whole or in part, of the outstanding \$17,000,000 Civic Facility Revenue Bonds, Series 2004 (Vassar Brothers Medical Center Facility) Short-Term Adjustable Rate Securities (STARSSM) (the "Series 2004 Bonds"), the proceeds of which were used to finance or refinance the acquisition, construction, and equipping of a civic facility consisting of: (i) the acquisition, construction, renovation and equipping of the following all located on the main campus of VBMC: (a) a new cardiac catheterization laboratory and related work including, but not limited to the construction of a new holding area for patients and relocation of the existing blood laboratory; (b) a new Surgical Step-Down Unit for use by the stabilized patients from the Intensive Care Unit and the Post Operative Care Unit; (c) a new "Heart Station", a specialized cardiac service diagnostic unit including, but not limited to the furnishing of beds for patients cardiac emergencies and the relocation of the VBMC's respiratory therapy department; (d) the replacement and upgrade of patient beds, surgical beds, Intensive Care Unit beds and other VBMC furnishings; (e) certain renovations and upgrades to VBMC property including, but not limited to the painting and repairing of the Intensive Care Unit, the Critical Care Unit, the Same Day Surgery Unit and other units within VBMC, renovation of the medical office records department and other facilities owned by VBMC; (f) certain renovations and upgrades to the radiology equipment at VBMC, including the acquisition and installation of new computed radiography and image distribution technology; (g) the acquisition and installation of a new intensity modulated radiation therapy equipment (IMRT) to be utilized for cancer diagnostics at VBMC's Cancer Center; (h) the acquisition and installation of a new CT Simulator to upgrade VBMC's imaging equipment; and (i) any additional real property, facilities and/or equipment required for the operations of VBMC; (ii) the acquisition, renovation and equipping of approximately 11,627 square feet of condominium space in the Vassar Brothers Medical Mall at Westage, 200 Westage Dutchess Center, Fishkill, New York 12524 (the "Medical Mall"), to be used as a system business office for centralized billing for VBMC and other Health Quest affiliates; (iii) the acquisition and installation of a new magnetic resonance imaging unit (MRI) to be installed in VBMC's imaging center in the Medical Mall; (iv) the financing or refinancing of certain costs of issuing the Series 2004 Bonds, and (v) the funding of a debt service reserve fund; and

- (D) the refinancing, in whole or in part, of the outstanding Dutchess County Local Development Corporation Tax-Exempt Revenue Bonds, Series 2014A (Health Quest Systems, Inc. Project) issued in the original aggregate principal amount of \$31,420,000.00 on May 14, 2014 (the "**Series 2014A**

Bonds”), the proceeds of which were used for the following project: [(i) the acquisition, construction, installation, furnishing and equipping of an approximately 86,944 square foot, four-story addition to the Northern Dutchess Hospital located at 6511 Springbrook Avenue, Rhinebeck, New York (the "Northern Dutchess Hospital Campus"). The addition will include a ground floor connector to the existing hospital (which shall also house a central sterile unit (that will support the new surgical unit on the third floor), mechanical systems and storage facilities), a first floor to be used for medical office space, a second floor for 40 single inpatient rooms, and a third floor for 6 operating rooms and Post-Anesthesia Care Unit. This portion of the Project (hereinafter defined) shall be operated by Northern Dutchess Hospital; (ii) the refinancing of acquisition costs, installation, furnishing and equipping of a four (4) story, approximately 145,363 sq. ft. medical office building and parking garage located at One Columbia Street, City of Poughkeepsie, New York. This portion of the Project (hereinafter defined) shall be operated by One Columbia Street, LLC, a wholly-owned subsidiary of Vassar Brothers Medical Center; and (iii) the repairing, renovating, or replacing of any other facilities owned by the Corporation and/or certain of the Member Hospitals and the acquisition or construction of any additional real property, facilities and/or equipment required for the operations of the Corporation and/or at certain of the Member Hospitals located at the Northern Dutchess Hospital Campus and/or the Vassar Brothers Medical Center Campus located at 45 Reade Place, Poughkeepsie, New York, which portion of the Project shall be operated, as applicable, by Northern Dutchess Hospital or Vassar Brothers Medical Center; and

- (E) (1) The demolition of existing buildings and the construction, reconstruction, installation, furnishing and equipping of an approximately 100,000 square foot, three-story building on the Vassar Brother Medical Center Campus anticipated to be located at 7 Fox Street, Poughkeepsie, New York (the “**Facility**”) to be used as a medical school in association with Marist College; and
- (F) Paying of all or a portion of the costs incidental to the issuance of the Bonds (defined below), including issuance costs of the Bonds (collectively, paragraphs (A), (B), (C), (D) and (E) shall be referred to herein as the “**Project**”);
- (G) the financing of all or a portion of the costs of the foregoing Project 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 presently estimated to be approximately \$165,000,000.00 and in any event not to exceed \$170,000,000.00 (the “**Bonds**”);

- (H) funding any debt service reserve fund to be pledged to secure such Bonds; and
- (I) The granting of certain other financial assistance with respect to the foregoing, including potential exemptions from mortgage recording taxes (collectively with the Bonds, the “**Financial Assistance**”); and

WHEREAS, the Issuer has determined that the financing of the Project will promote and further its corporate purposes; and

WHEREAS, on June 12, 2019, the Issuer adopted a Preliminary Resolution (the “**Preliminary Resolution**”) authorizing the Project and the execution of this Preliminary Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Issuer and the [Obligated Group] agree as follows:

1. Undertakings of the Issuer. Based upon the statements, representations, and undertakings of the [Obligated Group] and subject to the conditions set forth herein and in the Preliminary Resolution, the Issuer agrees as follows:

(a) The Issuer shall authorize, sell, and deliver an issue of its Bonds, pursuant to the terms of the Act as then in force, in an aggregate principal amount presently estimated to be One Hundred Sixty-Five Million and 00/100 Dollars (\$165,000,000.00) but not to exceed One Hundred Seventy Million and 00/100 Dollars (\$170,000,000.00) 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 adopt, or cause to be adopted, such proceedings and authorize the execution of such documents as may be necessary or advisable for (i) the authorization, issuance, and sale of the Bonds, (ii) the financial assistance contemplated by the Project including the financing of the Project, issuance of the Bonds and providing a potential exemption from mortgage recording taxes and (iii) the loaning of the proceeds of the Bonds to the [Obligated Group], all as shall be authorized by law and be mutually satisfactory to the Issuer and the [Obligated Group].

(c) [The Issuer shall enter into an agreement to loan the proceeds of the Bonds to the [Obligated Group] pursuant to a loan agreement by and between the Issuer and the [Obligated Group] (the “**Loan Agreement**”), whereby the [Obligated Group] 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.]

(d) 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 undertakings or as it may deem appropriate in pursuance thereof.

2. Representations of the [Obligated Group]. The [Obligated Group] hereby represents to the Issuer that:

- (a) The Project is located in Dutchess County, New York;
- (b) The financing of the Project through the issuance of the Bonds will encourage and assist the [Obligated Group] in providing the Project;
- (c) The proposed financing will contribute to the retention of employment at the [Campus] and will enhance the competitiveness of the [Obligated Group]; and
- (d) The [Obligated Group] intends that the Project has and will comply with all applicable federal, state, and local laws, ordinance, rules, and regulations and the [Obligated Group] shall have obtained and will maintain all necessary approvals and permits required thereunder.

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

- (a) The [Obligated Group] shall use all reasonable efforts to find, or cause to be found, one or more purchasers for the Bonds.
- (b) The [Obligated Group] shall use all reasonable efforts necessary or desirable to enter into a contract or contracts to borrow the proceeds of the Bonds from the Issuer and execute the [Loan Agreement].
- (c) The [Obligated Group] shall contemporaneously with the delivery of the Bonds, enter into the [Loan Agreement] with the Issuer containing the terms and conditions described in Paragraph 1(c) hereof.
 - (i) The [Obligated Group] 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 (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 [Obligated Group] acting as agent for the Issuer pursuant to this Preliminary Agreement or otherwise.
 - (ii) The [Obligated Group] 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 [Obligated Group] 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 [Obligated Group] shall not be required to indemnify the Issuer for the willful misconduct or grossly negligent conduct of the Issuer.

(e) The [Obligated Group] 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 [Obligated Group] that this Preliminary Agreement be superseded in its entirety by the [Loan Agreement].

(b) It is understood and agreed by the Issuer and the [Obligated Group] that the issuance of the Bonds and the execution of the [Loan Agreement] and related documents are subject to: (i) obtaining all necessary governmental approvals, (ii) approval of the members of the Issuer; and (iii) agreement by the Issuer, the [Obligated Group] and the purchasers of the Bonds upon mutually acceptable terms for the Bonds and for the [Loan Agreement].

(c) The [Obligated Group] 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 [Obligated Group] under Sections 2 and 3 hereof (excepting the obligations of the [Obligated Group] set forth in subsections 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 [Obligated Group]).

[Remainder of Page Intentionally Left Blank. Signature Page Follows].

IN WITNESS WHEREOF, the parties hereto have entered into this Preliminary Agreement as of the 12th day of June, 2019.

DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION

By: _____
Sarah Lee, Chief Executive Officer

HQ-WCHN HEALTH SYSTEM, INC.

By: _____
[]

[WESTERN CONNECTICUT HEALTH NETWORK]

By: _____
[]

[HEALTH QUEST SYSTEMS, INC.]

By: _____
[]

