

BOND RESOLUTION

**DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION
REVENUE BONDS, SERIES 2014
(HEALTH QUEST SYSTEMS, INC. PROJECT)**

A special meeting of the Board of Directors of Dutchess County Local Development Corporation (the "Issuer") was convened in public session in the offices of the Issuer located at Three Neptune Road, Town of Poughkeepsie, Dutchess County, New York on April 15, 2014 at 8:10 o'clock a.m., local time.

The meeting was called to order by the Chairman of the Board of Directors of the Issuer and, upon roll being called, the following members of the Board of Directors of the Issuer were:

PRESENT: Charles Daniels, Chairman
David R. Tetor, Vice Chairman
Phyllis DiStasi Keenan, Secretary/Treasurer
Henry Killian
Angela E. Flesland
Timothy Dean

ABSENT:

ALSO PRESENT:

Donald Cappillino Counsel
Catherine A. Maloney Chief Executive Officer

The following resolution was offered by _____, seconded by _____,
to wit:

RESOLUTION AUTHORIZING THE ISSUANCE, EXECUTION, SALE AND DELIVERY BY DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION OF ITS TAX-EXEMPT REVENUE BONDS (HEALTH QUEST SYSTEMS, INC. PROJECT), SERIES 2014A IN THE AGGREGATE PRINCIPAL AMOUNT PRESENTLY ESTIMATED TO BE \$33,465,000 BUT NOT TO EXCEED \$35,000,000 AND ITS TAXABLE REVENUE BONDS (HEALTH QUEST SYSTEMS, INC. PROJECT), SERIES 2014B IN THE AGGREGATE PRINCIPAL AMOUNT PRESENTLY ESTIMATED TO BE \$23,355,000 BUT NOT TO EXCEED \$25,000,000 AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND INSTRUMENTS IN CONNECTION THEREWITH.

RECITALS

WHEREAS, the Issuer was created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the “Enabling Act”); and pursuant to the provisions of the Enabling Act and Revenue Ruling 57-187 and Private Letter Ruling 200936012, the County Legislature of Dutchess County, New York (the “County”) adopted a resolution on April 12, 2010 (A) authorizing the incorporation of the Issuer under the Enabling Act, and (B) appointing the initial members of the Board of Directors of the Issuer; and in April, 2010, a Certificate of Incorporation was filed with the New York Secretary of State’s Office (the “Certificate of Incorporation”) creating the Issuer as a public instrumentality of the County; and

WHEREAS, the Issuer is authorized and empowered by the provisions of the Enabling Act to relieve and reduce unemployment, promote and provide for additional and maximum employment, better and maintain job opportunities, and lessen the burdens of government and act in the public interest, and in carrying out the aforesaid purposes and in exercising the powers conferred in the Enabling Act, the Enabling Act declares that the Issuer will be performing essential governmental functions; and

WHEREAS, to accomplish its stated purposes, the Issuer is authorized and empowered under the Enabling Act to acquire real and personal property; to borrow money and issue negotiable bonds, notes and other obligations therefore; to lease, sell, mortgage or otherwise dispose of or encumber any of its real or personal property upon such terms as it may determine; and otherwise to carry out its corporate purposes in the territory in which the operations of the Issuer are principally to be conducted; and

WHEREAS, the Issuer proposes to issue its tax exempt Revenue Bonds, Series 2014A (Health Quest Systems, Inc. Project) in the aggregate principal amount presently estimated to be \$33,465,000 but not to exceed \$35,000,000 (the “Series 2014A Bonds”) and its taxable Revenue Bonds, Series 2014B (Health Quest Systems, Inc. Project) in the aggregate principal amount presently estimated to be \$23,355,000 but not to exceed \$25,000,000 (the “Series 2014B Bonds”) (the Series 2014A Bonds and the Series 2014B Bonds collectively referred to as the “Series 2014Bonds”) for the benefit of the Health Quest Systems, Inc. (the “Corporation”) or the Corporation’s member hospitals, Vassar Brothers Medical Center, Northern Dutchess Hospital, and Putnam Hospital Center (collectively, the “Member Hospitals”) consisting of the following:

(A) (1) 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;

(2) 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

(3) 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;

Paragraphs (A)(1), (A)(2), and (A)(3) above together shall be the “Project” or the “2014 Project”.

(B) the financing of a portion of the costs of the Project by the issuance of Tax-Exempt and Taxable 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, together with the necessary incidental costs in connection therewith (including the costs described in paragraph (C)), all presently estimated to be approximately \$56,000,000.00 and in any event not to exceed \$60,000,000.00 (the “Bonds”);

(C) the paying of all or a portion of the costs incidental to the issuance of the Bonds, including issuance costs of the Bonds and any reserve funds as may be necessary to secure the Bonds; and

(D) 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, in response to the receipt by the Issuer of an application received from the Corporation, the Chairman of the Issuer (A) caused notice of public hearings of the Issuer (the “Public Hearings”) to hear all persons interested in the Project to be published on February 28, 2014 in the *Poughkeepsie Journal*, a newspaper of general circulation available to the residents of the City of Poughkeepsie, New York and the Town of Rhinebeck, New York (B) caused notice of the Public Hearings to be mailed on February 28, 2014 to the Dutchess County Executive, the Mayor of the City of Poughkeepsie, the Mayor of the Village of Rhinebeck, the Superintendent of the Poughkeepsie City School District and the Superintendent of the Rhinebeck Central School District in which the 2014 Project Facility is (or will be) located, (C) conducted the Public Hearings on March 17, 2014 at 9:30 o’clock, a.m., local time at the Town of Rhinebeck Town Hall (located in the Village of Rhinebeck), Rhinebeck , New York and at 11:00 o’clock, a.m., local time at the Dutchess County Legislative Chambers, 6th Floor, County Office Building, 22 Market Street, Poughkeepsie, New York, and (D) caused a transcript

report of the Public Hearings to be made (the “Public Hearings Report”) which fairly reported the views presented at such Public Hearings and caused copies of said Public Hearings Report to be made available to the members of the board of directors of the Issuer; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the “SEQR Act”) and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York, being 6 NYCRR Part 617, as amended (the “Regulations” and collectively with the SEQR Act, “SEQRA”), the Issuer, as an Involved Agency, is bound to the Negative Declaration determination made by the Lead Agency, the Village of Rhinebeck Planning Board for the portion of the Project undertaken at the Northern Dutchess Hospital Campus, and the remainder of the Project is a “Type II Action” pursuant to 6 NYCRR §617.5 which will not have a significant effect on the environment and, therefore, that an environmental impact statement is not required to be prepared with respect to the Project; and

WHEREAS, by the Preliminary Resolution the Board of Directors of the Issuer determined to proceed with the Project and to enter into a Preliminary Agreement with the Institution (the “Preliminary Agreement”) relating to the Project; and

WHEREAS, the Issuer will issue the Bonds under this resolution (the “Bond Resolution”), an Indenture of Trust dated as of May 1, 2014 (the “Indenture of Trust”) by and between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”) for the holders of the Bonds and any additional bonds issued by the Issuer under the Indenture of Trust; and

WHEREAS, also simultaneously with the issuance of the Bonds, the Issuer and the Institution will execute and deliver a Loan Agreement dated as of May 1, 2014 (the “Loan Agreement”) by and between the Issuer and the Institution, pursuant to the terms of which Loan Agreement the Institution will make certain payments to or upon the order of the Issuer, which payments shall include amounts equal to the debt service payments due on the Bonds; and

WHEREAS, pursuant to the terms of the Indenture of Trust, the net proceeds of the sale of the Bonds (the “Bond Proceeds”) will be deposited into various trust funds held by the Trustee under the Indenture of Trust and will be disbursed by the Trustee: (i) to reimburse the Institution with respect to the Columbia Street Project (as defined in the Indenture of Trust); and (ii) from time to time to pay a portion of the Costs of the 2014 Project (as defined in the Indenture of Trust), but only upon satisfaction of the requirements for making such disbursements set forth in the Indenture of Trust and in the Loan Agreement; and

WHEREAS, as evidence of its indebtedness under the Loan Agreement, the Institution will execute a Promissory Note (the “Promissory Note”) to the Issuer in the amount of the Bonds, which Promissory Note shall be assigned by the Issuer to the Trustee; and

WHEREAS, the Bonds will be initially purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated, acting as underwriter for the Bonds (the “Underwriter”) pursuant to a Bond Purchase Agreement dated as of May 1, 2014 (the “Bond Purchase Agreement”) by and among the Underwriter, the Issuer and the Institution; and the Underwriter will utilize a Preliminary

Official Statement (the “Preliminary Official Statement”) and a final Official Statement (the “Official Statement”) in connection with the offering of the Bonds; and the Underwriter also intends to obtain a rating of the Bonds from one or more securities rating agencies; and

WHEREAS, to assist the Underwriter in complying with the requirements of Rule 15c2-12 of the Securities and Exchange Commission, the Institution will execute and deliver to the Underwriter and the Trustee a Continuing Disclosure Agreement dated as of May 1, 2014 relating to the Bonds; and the Bonds will be issued as “book-entry-only” obligations to be held by The Depository Trust Company, as depository for the Bonds; and

WHEREAS, the Issuer now desires to (A) authorize the circulation of the Preliminary Official Statement and Official Statement in connection with the marketing and remarketing of the Bonds, respectively, and (B) authorize the issuance of the Bonds for the purpose of: (i) reimbursing the Institution with respect to the Columbia Street Project; and (ii) paying a portion of the Costs of the 2014 Project, delegating to the Chairman and/or the Chief Executive Officer of the Issuer authority to determine the final details of the Bonds (the “Bond Details”) once the marketing of the Bonds is completed and the Institution has agreed to the Bond Details including, if applicable, the securing of bond insurance from a bond insurer on such terms as the Institution may agree.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF DIRECTORS OF DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION, AS FOLLOWS:

Section 1. The Issuer hereby finds and determines that:

(A) By virtue of the Certificate of Incorporation and the Enabling Act, the Issuer has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Enabling Act and to exercise all powers granted to it under the Enabling Act; and

(B) The 2014 Project and the financing thereof with the proceeds of the Loan to the Institution will relieve and reduce unemployment, promote and provide for additional and maximum employment and better and maintain job opportunities, and thereby lessen the burdens of government;

(C) The actions herein will not have a significant adverse effect upon the environment pursuant to SEQRA for the reasons set forth in the Recitals to this Resolution; and

(C) It is desirable and in the public interest for the Issuer to issue and sell its Bonds upon the terms and conditions set forth in the Indenture and the Bond Purchase Agreement and as determined by the Chairman and/or the Chief Executive Officer of the Issuer once the marketing of the Bonds is completed and the Institution has agreed to the Bond Details.

Section 2. In consequence of the foregoing, the Issuer hereby determines to: (A) issue the Bonds on the terms and conditions set forth in the Indenture of Trust and the Bond Purchase Agreement; (B) sell the Bonds to the initial purchaser thereof pursuant to the terms set forth in the Indenture of Trust and the Bond Purchase Agreement; (C) use the proceeds of the Bonds to make the Loan to the Institution for the purpose of : (i) reimbursing the Institution with respect to the Columbia Street Project; and (ii) paying a portion of the Costs of the 2014 Project; (D) authorize the use of the Official Statement in connection with the resale of the Bonds; and (E) execute any and all related documents, instruments, and certificates.

Section 3. The form and substance of the Loan Agreement, the Indenture of Trust, the Bonds, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, and any documents necessary and incidental thereto including, but not limited to, any documents approved by counsel to the Issuer (collectively, the "Issuer Documents") are hereby approved.

Section 4. The Issuer is hereby authorized to issue, execute, sell and deliver to the Trustee for authentication the Series 2014 Bonds to: (i) reimburse the Institution with respect to the Columbia Street Project; and (ii) pay a portion of the Costs of the 2014 Project, in the form and in the amount and containing the other provisions determined by the Chairman and/or the Chief Executive Officer of the Issuer is hereby authorized to deliver said Bonds to the purchasers thereof against receipt of the purchase price thereof, all pursuant to the Enabling Act and in accordance with the provisions of the Indenture of Trust, this Bond Resolution, and the Bond Purchase Agreement, provided that:

(A) The Bonds authorized to be issued, executed, sold and delivered pursuant to this Section 4 shall (1) be issued, executed and delivered at such time as the Chairman and/or the Chief Executive Officer of the Issuer shall determine, and (2) bear interest at the rate or rates, be issued in such form, be subject to redemption prior to maturity and have such other terms and provisions and be issued in such manner and on such conditions as are set forth in the Bonds, the Indenture of Trust and the Bond Purchase Agreement, or as are hereinafter approved by the Chairman and/or the Chief Executive Officer of the Issuer in accordance with Section 5 hereof, which terms are specifically incorporated herein by reference with the same force and effect as if fully set forth in this Bond Resolution.

(B) The Bonds shall be issued solely for the purpose of providing funds to finance (1) a portion of the costs of the 2014 Project as described in the Issuer Documents, and (2) a portion of the administrative, legal, financial and other expenses of the Issuer in connection with the Loan and the 2014 Project and incidental to the issuance of the Bonds.

(C) Neither the members, directors nor officers of the Issuer, nor any person executing the Bonds or any of the Financing Documents (as hereinafter defined) on behalf of the Issuer, shall be liable thereon or be subject to any

personal liability or accountability by reason of the execution, issuance or delivery thereof. The Bonds and the interest thereon are not and shall never be a debt of the State of New York, or Dutchess County, New York or any political subdivision thereof, and neither the State of New York, or Dutchess County, New York nor any political subdivision thereof shall be liable thereon.

(D) The Bonds, together with interest payable thereon, shall be special obligations of the Issuer payable solely from certain of the revenues and receipts derived from repayment of the Loan or from the enforcement of the security provided by the Financing Documents (as hereinafter defined) and the other security pledged to the payment thereof.

Section 5. (A) Upon receipt of advice from counsel to the Issuer that the Preliminary Official Statement is in substantially final form, the Issuer hereby delegates to the Chairman and/or the Chief Executive Officer of the Issuer the authority to (1) deem the Preliminary Official Statement final (except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended) by executing a certificate to that effect, (2) authorize the Underwriter to circulate the Preliminary Official Statement and (3) execute and deliver any other documents or agreements requested by the Underwriter in connection with the circulation of the Preliminary Official Statement by the Underwriter.

(B) Upon receipt of advice from counsel to the Issuer that the Issuer has received from the Underwriter the results of the initial marketing of the Bonds and has received from the Institution evidence that the Institution has accepted the results of the marketing of the Bonds, the Issuer hereby delegates to the Chairman and/or the Chief Executive Officer of the Issuer the authority to (1) execute and deliver the Bond Purchase Agreement on behalf of the Issuer and (2) determine, on behalf of the Issuer, the final Bond Details.

(C) The Chairman and/or the Chief Executive Officer of the Issuer are hereby authorized, on behalf of the Issuer, to execute and deliver the Issuer Documents and the other documents related thereto (collectively with the Issuer Documents, the "Financing Documents"), and, where appropriate, the Secretary (or Assistant Secretary) of the Issuer is hereby authorized to affix the seal of the Issuer thereto and to attest the same, all in substantially the form thereof presented to this meeting, with such changes, variations, omissions and insertions as the Chairman and/or the Chief Executive Officer shall approve, the execution thereof by the Chairman and/or the Chief Executive Officer to constitute conclusive evidence of such approval including such changes to the Financing Documents as are deemed appropriate by the Chairman and/or the Chief Executive Officer of the Issuer to provide for bond insurance provided by a bond insurer selected by the Institution.

(D) The Chairman and/or the Chief Executive Officer of the Issuer are hereby further authorized, on behalf of the Issuer, to designate any additional Authorized Representatives of the Issuer (as defined in and pursuant to the Indenture of Trust).

(E) The Chairman and/or the Chief Executive Officer of the Issuer are hereby further authorized to execute any documentation requested by the Underwriter to indicate the Issuer's approval of the Preliminary Official Statement and/or the Official Statement.

Section 6. The officers, employees and agents of the Issuer are hereby authorized and directed for and in the name and on behalf of the Issuer to do all acts and things required or provided for by the provisions of the Financing Documents, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of this Bond Resolution and to cause compliance by the Issuer with all of the terms, covenants and provisions of the Financing Documents binding upon the Issuer.

Section 7. All action taken by the Chief Executive Officer of the Issuer in connection with the Section 5(A) and (B) of this Bond Resolution, prior to the date of this Bond Resolution, is hereby ratified and confirmed.

Section 8. This Bond Resolution shall take effect immediately and the Bonds are hereby ordered to be issued in accordance with this Bond Resolution.

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

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| Charles Daniels, III, Chairman | Voting |
| David R. Tetor, Vice Chairman | Voting |
| Phyllis DiStasi Keenan, Secretary/Treasurer | Voting |
| Henry Killian | Voting |
| Angela E. Flesland | Voting |
| Timothy Dean | Voting |

The foregoing Bond Resolution was thereupon declared duly adopted.

Adopted: April 15, 2014