

**BOND RESOLUTION**

**DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION  
REVENUE BONDS, SERIES 2012 (TAXABLE)  
(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 November 15, 2012 at 8:00 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  
Phyllis DiStasi Keenan, Secretary/Treasurer  
David R. Tetor  
Henry Killian  
George R. Stoffers  
Angela E. Flesland

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 TAXABLE REVENUE BONDS (HEALTH QUEST SYSTEMS, INC. PROJECT), SERIES 2012 IN THE AGGREGATE PRINCIPAL AMOUNT PRESENTLY ESTIMATED TO BE \$26,475,000 BUT NOT TO EXCEED \$30,000,000 AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND INSTRUMENTS IN CONNECTION THEREWITH.**

**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 taxable Revenue Bonds, Series 2012 (Taxable) (Health Quest Systems, Inc. Project) in the principal amount of \$26,475,000 (the "Series 2012 Bonds") for the purposes of undertaking one or more projects for the benefit of 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 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") for the benefit of the Institution or the Institution's member hospitals, Northern Dutchess Hospital, Putnam Hospital Center and Vassar Brothers Hospital d/b/a Vassar Brothers Medical Center, consisting of the following:

(A) the refinancing of the Dormitory Authority of the State of New York ("DASNY") \$58,500,000 Vassar Brothers Hospital Insured Revenue Bonds, Series 1997 (the "Series 1997 Bonds"), approximately \$35,000,000 of which are currently outstanding, and the proceeds of which were used to finance or refinance the acquisition, construction and equipping of a civic facility consisting of (i) the construction, renovation and equipping of the following all located on the main campus of VBMC; (a) a new wing that included a new surgical suite, a new Maternity Unit with 28 Labor/Delivery/Post-Partum rooms and 2 semi-private rooms for high-risk ante-partum patients; (b) relocation of services that were not code-compliant or were inappropriately housed including Kitchen and Central Sterile Services or which had to be relocated such as the Pharmacy and Loading Dock; (c) renovations to the cardio-thoracic ("CT") unit including addition of a 5 bed CT unit and 34 Bed CT Step Down Unit, renovation of one existing and addition of a new Cardio Catheterization Lab; (d) a new, larger main lobby; (e) several extensions and upgrades to infrastructure systems including electrical, fire alarm and sprinkler systems and climate control; and (ii) the refinancing of the New York State Medical Care

Facilities Finance Agency (now known as DASNY) Vassar Brothers Hospital Project Revenue Bonds, Series 1987, issued by the New York State Medical Care Facilities Finance Agency (now known as DASNY), the proceeds of which were used for the advance refunding, on a crossover basis, of the Agency's VBH project Revenue Bonds, 1981 Series A, which, among other things, financed the construction, renovation and equipping of a two-story ambulatory care center, radiology department and critical care unit (collectively, the "1997 Project");

all of the foregoing to constitute the refinancing of the 1997 Project for use by the Institution and/or VBMC as an Article 28 hospital and other directly and indirectly related activities and uses;

(B) the paying of all or a portion of the costs incidental to the issuance of the Series 2012 Bonds, including issuance costs of the Series 2012 Bonds, capitalized interest and any reserve funds as may be necessary to secure the Series 2012 Bonds; and

(C) the paying of redemption premiums in connection with the Series 1997 Bonds (together with paragraphs (A) and (B) above, the "2012 Project"); and

(D) the granting of certain other financial assistance with respect to the foregoing, including potential exemptions from sales and use taxes, abatement of real estate property taxes and mortgage recording taxes (collectively with the Series 2012 Bonds, the "Financial Assistance"); and

**WHEREAS**, in response to the receipt by the Issuer of the Application, the Chairman of the Issuer (A) caused notice of a public hearing of the Issuer (the "Public Hearing") to hear all persons interested in the 2012 Project and the financial assistance being contemplated by the Issuer with respect to the 2012 Project, to be published on October 11, 2012 in the *Poughkeepsie Journal*, a newspaper of general circulation available to the residents of the City of Poughkeepsie, New York, (B) caused notice of the Public Hearing to be mailed on October 11, 2012 to the chief executive officers of the county and of each city, town, village and school district in which the 2012 Project Facility is (or will be) located, (C) conducted the Public Hearing on October 26, 2012 at 9:30 o'clock, a.m., local time at the Dutchess County Legislative Chambers, 6<sup>th</sup> Floor, County Office Building, 22 Market Street, Poughkeepsie, New York, and (D) caused a transcript report of the Public Hearing to be made (the "Public Hearing Report") which fairly reported the views presented at such Public Hearing and caused copies of said Public Hearing 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 determined in its Preliminary Resolution of June 22, 2012 (the "Preliminary Resolution") the Inducement Resolution that the 2012 Project is a "Type

II Action” pursuant to 6 NYCRR §617.5(c)(23) (as such quoted term is used in SEQRA) 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 2012 Project; and

**WHEREAS**, by the Preliminary Resolution the Board of Directors of the Issuer determined to proceed with the 2012 Project and to enter into a Preliminary Agreement with the Institution (the “Preliminary Agreement”) relating to the 2012 Project; and

**WHEREAS**, the Issuer will issue its Taxable Revenue Bonds (Health Quest Systems, Inc. Project), Series 2012 in the aggregate principal amount at present estimated to be \$26,475,000 but not to exceed \$30,000,000 (the “Bonds”) under this resolution (the “Bond Resolution”), an Indenture of Trust dated as of December 1, 2012 (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 December 1, 2012 (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 from time to time to pay the costs of the 2012 Project, 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 December 1, 2012 (the “Bond Purchase Agreement”) by and among the Underwriter, the Issuer and the Institution; and the Underwriter will utilize a Preliminary Offering Memorandum (the “Preliminary Offering Memorandum”) and a final Offering Memorandum (the “Offering Memorandum”) 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 December 1, 2012 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 Offering Memorandum in connection with the marketing of the Bonds and (B) authorize the issuance of the Bonds for the purpose of financing a portion of the costs of the 2012 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 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 2012 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; 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 purchasers 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 financing a portion of the costs of issuance of the Bonds and a portion of the costs of the 2012 Project; (D) authorize the use of the Offering Memorandum 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 Offering Memorandum, the Offering Memorandum, 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 its Bonds in the aggregate principal amount at present estimated to be \$26,475,000 but not to exceed \$30,000,000 or so much as necessary to finance the Costs of the 2012 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) the costs of making the Loan for the purpose of financing a portion of the costs of the 2012 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 2012 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 Offering Memorandum 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 Offering Memorandum 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 Offering Memorandum and (3) execute and deliver any other documents or agreements requested by the Underwriter in connection with the circulation of the Preliminary Offering Memorandum 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 details of the Bonds.

(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 Offering Memorandum and/or the Offering Memorandum.

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:

Charles Daniels, III, Chairman	Voting
Phyllis DiStasi Keenan, Secretary/Treasurer	Voting
David R. Tetor	Voting
Henry Killian	Voting
George R. Stoffers	Voting
Angela E. Flesland	Voting

The foregoing Bond Resolution was thereupon declared duly adopted.

Adopted: November 15, 2012