

**NOTICE OF PUBLIC HEARING ON PROPOSED PROJECT
AND FINANCIAL ASSISTANCE RELATING THERETO**

NOTICE IS HEREBY GIVEN that a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") will be held by the Dutchess County Local Development Corporation (the "Issuer") on behalf of and at the request of Putnam County on the 14th day of December, 2015 at 11:30 o'clock a.m., local time, at the Putnam Hospital Center, Conference Room, 670 Stoneleigh Avenue, Carmel, New York 10512 in connection with the following matters:

HEALTH QUEST SYSTEMS, INC., a New York not-for-profit corporation (the "Corporation"), 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 for the benefit of the Corporation or the Corporation's member hospitals, Vassar Brothers Medical Center in Dutchess County, Northern Dutchess Hospital in Dutchess County, and Putnam Hospital Center in Putnam County, all of which are organizations described in Section 501(c)(3) of the Code (collectively, the "Member Hospitals"), consisting of the following:

(A) refunding the Series 2007B Bonds issued by the Dormitory Authority of the State of New York ("**Authority**") designated Health Quest Systems, Inc. Obligated Group Revenue Bonds, Series 2007B (the "**Series 2007B Bonds**"), issued in the aggregate principal amount of \$47,300,000, with an approximate balance remaining of \$38,650,000, the proceeds of which Series 2007B Bonds were used for refinancing certain costs of the following (1)(A) the construction of approximately 14,300 square feet of additional space for a new operating room and maternity unit completed in 1997 and 2000 respectively, and (B) the construction of a 3-story addition to the hospital consisting of 53,514 square feet for the relocation of the 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 the acquisition of medical service equipment, in each case to be located at, and owned and operated by, the Northern Dutchess Hospital, 6511 Springbrook Avenue, Rhinebeck, Dutchess County, New York, and (2)(A) the construction of a new 5-floor building of approximately 113,500 square feet, to house (i) 70 new medical surgical beds, (ii) therapeutic external radiation oncology services (including the acquisition of a new linear accelerator) and (iii) cardiology 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, and owned and operated by, the Putnam Health Center, 670 Stoneleigh Avenue, Carmel, Putnam County, New York 10512 (collectively, the "**2015 Project**" or "**Project**"); and

(B) the paying of all or a portion of the costs incidental to the issuance of the Series 2015 Bonds, including issuance costs of the Series 2015 Bonds and any reserve funds as may be necessary to secure the Series 2015 Bonds; and

The maximum aggregate principal amount of the Bonds is \$45,000,000, with the maximum aggregate principal amount of the Bonds for facilities in Dutchess County is \$15,000,000, and the maximum aggregate principal amount of the Bonds for facilities in Putnam County is \$30,000,000. The Issuer is considering whether (a) to undertake the Project, (b) to finance the Project by issuing, from time to time, the Bonds, (c) to loan the proceeds of the Bonds

to the Corporation to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, and (d) to provide certain exemptions from taxation with respect to the Project, including a potential exemption from mortgage recording taxes with respect to any documents recorded by the Issuer with respect to the Project in the office of the County Clerk of Dutchess County, New York or elsewhere.

If issuance of the Bonds is approved, interest on a portion of the Bonds will not be excludable from gross income for federal income tax purposes unless (a) pursuant to Section 147(f) of the Code and the regulations of the United States Treasury Department thereunder (the "Treasury Regulations") the issuance of such Bonds is approved by the County Executives of both Dutchess County and Putnam County, New York after a public hearing on the nature and location of the Project and the issuance of such Bonds has been held in Dutchess County and Putnam County, respectively; and (b) pursuant to Section 145(a) of the Code, all property which is to be provided by the net proceeds of the Bonds is to be owned by a Section 501(c)(3) organization or a governmental unit and at least ninety-five percent (95%) of the net proceeds of the Bonds are used with respect to (1) governmental units and/or (2) the activities of Section 501(c)(3) organizations which do not constitute "unrelated trades or businesses" (as defined in Section 513(a) of the Code) with respect to such Section 501(c)(3) organizations.

If the Issuer determines to proceed with the Project and the issuance of the Bonds, (a) interest on the Bonds will be excluded from gross income for federal income tax purposes pursuant to Sections 103 and 145 of the Code, as applicable, (b) the Project will be financed with the Bonds, (c) the proceeds of the Bonds will be loaned by the Issuer to the Corporation or its designee pursuant to a Loan Agreement (the "Agreement") requiring that the Corporation or its designee make payments equal to debt service on the Bonds and make certain other payments, and (d) the Bonds will be a special obligation of the Issuer payable solely out of certain of the proceeds of the Agreement and certain other assets of the Issuer pledged to the repayment of the Bonds. THE BONDS SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR OF THE COUNTY OF DUTCHESS, NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE COUNTY OF DUTCHESS, NEW YORK SHALL BE LIABLE THEREON.

The Issuer has completed its review of the Project 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 will at said time and place hear all persons with views on the location and nature of the proposed Project, the Financial Assistance being contemplated by the Issuer in connection with the proposed Project, or the proposed plan of financing of the Project through the issuance from time to time of the Bonds. A copy of the Application filed by the Corporation with respect to the Project is available for public inspection during normal business hours at the office of the Issuer. A transcript or summary report of the hearing will be made available to the County Executive of Putnam County, New York. Approval of the issuance of the Bonds by the County Executives of Dutchess County and Putnam County, New York is necessary in order for the interest on a portion of the Bonds to qualify for exemption from federal income taxation.

Additional information can be obtained from, and written comments may be addressed to: Sarah Lee, Chief Executive Officer, Dutchess County Local Development Corporation, Three Neptune Road, Poughkeepsie, New York 12601; Telephone: (845) 463-5400.

Dated: Poughkeepsie, New York
November 25, 2015

DUTCHESS COUNTY LOCAL
DEVELOPMENT CORPORATION

By: CHARLES DANIELS III
Charles Daniels III, Chairman