

In the opinion of Harris Beach PLLC, Bond Counsel to the Issuer, based on existing statutes, regulations, court decisions and administrative rulings, and assuming compliance with the tax covenants described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is not an “item of tax preference” for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that, based on existing law, for so long as interest on the Bonds is and remains excluded from gross income for federal income tax purposes, such interest is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof. See “TAX MATTERS” herein regarding certain other tax considerations.



\$257,495,000

**BROOME COUNTY LOCAL DEVELOPMENT CORPORATION
REVENUE BONDS (UNITED HEALTH SERVICES HOSPITALS, INC. PROJECT), SERIES 2020**

Dated: Date of Delivery

Due: April 1, as shown on inside cover

On the issuance date, the Broome County Local Development Corporation (the “Issuer”) will issue its Revenue Bonds (United Health Services Hospitals, Inc. Project), Series 2020 (the “Series 2020 Bonds” or the “Bonds”). The Series 2020 Bonds are issuable only as fully registered bonds without coupons, and when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York. So long as Cede & Co. is the registered owner of the Series 2020 Bonds, principal, premium, if any, and interest payments on the Series 2020 Bonds will be made by the bond trustee to Cede & Co., which in turn will remit such payments to the DTC Participants and DTC Indirect Participants for subsequent disbursement to the beneficial owners of the Series 2020 Bonds. Purchase of the Series 2020 Bonds will be made in book-entry form only and individual purchasers will not receive physical delivery of bond certificates representing their beneficial interest in the Series 2020 Bonds. So long as Cede & Co. is the registered owner of the Series 2020 Bonds, references herein to the holders or registered owners of the Series 2020 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2020 Bonds. See “**THE SERIES 2020 BONDS -- Book-Entry-Only System**” herein.

The Series 2020 Bonds are issued pursuant to a Trust Indenture dated as of August 1, 2020 (the “Indenture”), by and between the Issuer and Manufacturers and Traders Trust Company, as bond trustee (the “Bond Trustee”). The proceeds of the Series 2020 Bonds will be loaned by the Issuer to United Health Services Hospitals, Inc. (the “Borrower”) pursuant to a Loan Agreement, dated as of August 1, 2020 (the “Loan Agreement”), and applied as described herein and therein.

The Series 2020 Bonds will be secured by (i) certain funds and accounts established under the Indenture; (ii) all right, title and interest of the Issuer, in and to the Loan Agreement and all Revenues payable to the Issuer; and (iii) United Health Services Hospitals Obligation No. 1 delivered with respect to the Series 2020 Bonds (the “Series 2020 Obligation”) issued under the Amended and Restated Master Trust Indenture, dated as of August 1, 2020 (the “Master Indenture”), by and between the Borrower and Manufacturers and Traders Trust Company, as master trustee (the “Master Trustee”), and under the Supplemental Master Indenture for Obligation No. 1, dated as of August 1, 2020 (the “Supplemental Master Indenture”) by and between the Borrower and the Master Trustee. The Series 2020 Obligation is secured by a pledge of Gross Receivables (as described herein) and a Mortgage (as described herein). The Borrower is currently the only Member of the Obligated Group established under the Master Indenture. **By virtue of the purchase of the Series 2020 Bonds, the beneficial owners of the Series 2020 Bonds are granting their consent to the amendment and restatement of the existing master trust indenture, as described herein.**

In accordance with the Indenture, the Series 2020 Bonds will be issued in the Fixed Rate Mode (as defined herein) and will bear interest at the Fixed Rates (as defined herein) listed on the inside front cover of this Official Statement until their maturity as set forth on the inside cover page hereof, or earlier redemption or conversion. Interest on the Series 2020 Bonds will be computed as described in this Official Statement. Interest on the Series 2020 Bonds will be payable on April 1, 2021 and semiannually thereafter on October 1 and April 1 in each year. **The Series 2020 Bonds are subject to optional redemption (or mandatory tender), mandatory redemption and extraordinary redemption prior to maturity and purchase in lieu of redemption in certain circumstances, as described in this Official Statement.**

The scheduled payment of principal of and interest on the Series 2020 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2020 Bonds by Assured Guaranty Municipal Corp (“AGM” or the “Insurer” or the “Bond Insurer”).



This Official Statement describes the provisions of the Series 2020 Bonds only when such Series 2020 Bonds bear interest at Fixed Rates during the Initial Fixed Rate Period (as defined herein). Should any Series 2020 Bonds be converted to operate in a different interest rate mode or for a different fixed interest rate period, such Series 2020 Bonds will be subject to mandatory tender for purchase, and, except as otherwise provided in the related Indenture, at that time, it is expected that a reoffering circular or supplement to this Official Statement or other disclosure document will be prepared for the remarketing of such Series 2020 Bonds.

AN INVESTMENT IN THE SERIES 2020 BONDS INVOLVES A DEGREE OF RISK. A PROSPECTIVE BONDOWNER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO THE SECTIONS ENTITLED “**PAYMENT AND SECURITY PROVISIONS RELATING TO THE SERIES 2020 BONDS**” AND “**BONDHOLDERS’ RISKS**” HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2020 BONDS.

THE SERIES 2020 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES (AS DEFINED IN THE LOAN AGREEMENT). NONE OF THE ISSUER, THE STATE OF NEW YORK, BROOME COUNTY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK, BROOME COUNTY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2020 BONDS OR ANY COSTS INCIDENTAL THERETO. THE ISSUER HAS NO TAXING POWER.

**MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND CUSIP NUMBERS
(See Inside Cover)**

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this Series 2020 Bond issue. Investors are instructed to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2020 Bonds are offered subject to prior sale, when, as and if issued by the Issuer and accepted by the Underwriters, subject to certain conditions, including the approval of legality by Harris Beach PLLC, Bond Counsel to the Issuer. Certain legal matters will be passed upon by Hinman, Howard & Kattell, LLP, special counsel to the Obligated Group, and by Katten Muchin Rosenman LLP, counsel to the Underwriters. It is expected that the Series 2020 Bonds in definitive form will be available for delivery to The Depository Trust Company, on or about August 26, 2020.

BofA Securities

Wells Fargo Securities

The date of this Official Statement is August 12, 2020.

* For an explanation of the ratings, see “**RATINGS**” herein.

\$257,495,000
BROOME COUNTY LOCAL DEVELOPMENT CORPORATION
REVENUE BONDS (UNITED HEALTH SERVICES HOSPITALS, INC. PROJECT), SERIES 2020

MATURITY SCHEDULE

Due (April 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP[†] Number
2024	\$ 3,900,000	5.00%	115.867	0.54%	114731AA0
2025	4,120,000	5.00	119.820	0.62	114731AB8
2026	4,330,000	5.00	123.190	0.76	114731AC6
2027	4,780,000	5.00	125.984	0.93	114731AD4
2028	5,020,000	5.00	128.517	1.08	114731AE2
2029	6,600,000	5.00	130.761	1.22	114731AF9
2030	6,935,000	5.00	133.494	1.28	114731AG7
2031	7,295,000	5.00	132.856*	1.34	114731AH5
2032	7,670,000	5.00	132.117*	1.41	114731AJ1
2033	8,250,000	5.00	131.278*	1.49	114731AK8
2034	8,635,000	4.00	120.679*	1.66	114731AL6
2035	9,120,000	3.00	107.965*	2.08	114731AM4
2036	9,405,000	3.00	107.604*	2.12	114731AN2
2037	9,690,000	3.00	107.244*	2.16	114731AP7
2038	10,035,000	4.00	118.535*	1.88	114731AQ5
2039	10,445,000	4.00	118.150*	1.92	114731AR3
2040	10,875,000	4.00	117.766*	1.96	114731AS1

\$59,820,000 3.00% Term Bonds due April 1, 2045, Price 105.114*, Yield 2.40%, CUSIP 114731AT9[†]
\$41,865,000 4.00% Term Bonds due April 1, 2050, Price 116.719*, Yield 2.07%, CUSIP 114731AV4[†]
\$28,705,000 3.00% Term Bonds due April 1, 2050, Price 104.677*, Yield 2.45%, CUSIP 114731AU6[†]

* Price and Yield calculated to the April 1, 2030 optional call date.

[†] CUSIP® is a registered trademark of the American Bankers Association (the “ABA”). CUSIP Global Services (“CGS”) is managed on behalf of the ABA by S&P Capital IQ. Copyright©2020. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an organization not affiliated with the Issuer, the Borrower, the Bond Trustee, the Master Trustee or the Underwriters. None of the Issuer, the Borrower, the Bond Trustee, the Master Trustee, the Underwriters or their agents or counsel makes any representation with respect to such CUSIP® numbers or assumes any responsibility for the accuracy of such numbers.

The information contained in this Official Statement under “THE ISSUER” and “LITIGATION – The Issuer” has been furnished by the Broome County Local Development Corporation (the “*Issuer*”). The information concerning The Depository Trust Company (“*DTC*”) and the book-entry system set forth herein under the “THE SERIES 2020 BONDS – Book-Entry-Only System” has been furnished by DTC. The information concerning Assured Guaranty Municipal Corp. (“*AGM*”) and the insurance policy provided by AGM set forth herein under “BOND INSURANCE” and in APPENDIX G – “Specimen Municipal Bond Insurance Policy” has been furnished by AGM. All other information herein has been obtained from the Borrower and other sources that are believed to be reliable. Such other information is not guaranteed as to accuracy or completeness by, and is not to be relied upon as or construed as a promise or representation by the Issuer. None of the information contained in this Official Statement has been supplied or verified by the Master Trustee or the Bond Trustee, and the Master Trustee and the Bond Trustee make no representation, warranty or guarantee as to the accuracy or completeness of any information in this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized by the Issuer, the Borrower or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2020 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Borrowers or DTC since the date hereof.

None of the Series 2020 Bonds or the Series 2020 Obligation have been registered under the Securities Act of 1933, or the securities laws of any state, nor has the Indenture or the Master Indenture been qualified under the Trust Indenture Act of 1939, in reliance upon exemptions contained in such acts. The Series 2020 Bonds have not been registered or qualified under the securities laws of any state in reliance upon the state securities law exemption provisions under the Securities Act of 1933, as amended. In certain states, however, the filing of a notice with the state securities commission is required for the public sale of the Series 2020 Bonds in such states. The fact that a notice may have been filed in certain states cannot be regarded as a recommendation. No states nor any of their agencies have passed upon the merits of the Series 2020 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement contains a general description of the Series 2020 Bonds, the Issuer, the Borrower, and the plan of finance, and sets forth certain provisions of the Indenture, the Loan Agreement, the Master Indenture and the Supplemental Master Indenture. The description and summaries herein do not purport to be complete. Persons interested in purchasing the Series 2020 Bonds should review carefully the Appendices attached hereto as well as copies of such documents, which are held by the Master Trustee and the Bond Trustee at their respective principal offices. A wide variety of other information, including financial information, concerning the Borrower is available from publications and website of the Borrower and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

AGM makes no representation regarding the Series 2020 Bonds or the advisability of investing in the Series 2020 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and in APPENDIX G – “Specimen Municipal Bond Insurance Policy.”

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Official Statement.

Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of the Issuer or any Member of the Obligated Group have remained unchanged after the date of this Official Statement.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

CAUTIONARY STATEMENTS REGARDING
FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute projections or estimates of future events, generally known as forward-looking statements. These statements are generally identifiable by the terminology used such as “may,” “believe,” “will,” “expect,” “project,” “intend,” “estimate,” “anticipate,” “plan,” “continue,” “budget” or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under “**PLAN OF FINANCE**” and “**BONDHOLDERS’ RISKS**” in the forepart of this Official Statement and the statements under the heading “**FINANCIAL INFORMATION**” in **APPENDIX A** to this Official Statement. The forward looking statements contained in this Official Statement are based on the current plans and expectations of the Borrower and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the control of the Borrower, that could significantly affect current plans and expectations and the Borrower’s future financial position and results of operations. These risk factors include, but are not limited to, (i) the highly competitive nature of the health care business, (ii) the efforts of insurers, health care providers and others to contain health care costs, (iii) possible changes in the Medicare and Medicaid programs that may affect payments to health care providers and insurers, (iv) changes in federal, state or local regulations affecting the health care industry, (v) the implementation of health care reform, (vi) the ability to attract and retain qualified management and other personnel, including affiliated physicians, nurses and medical support personnel, (vii) liabilities and other claims asserted against the Borrower, (viii) changes in accounting standards and practices, (ix) changes in general economic conditions, (x) future divestitures or acquisitions which may result in additional changes, (xi) changes in revenue mix and the ability to enter into and renew managed care provider arrangements on acceptable terms, (xii) the availability and terms of capital to fund expansion plans of the Borrower and to provide for ongoing capital expenditure needs, (xiii) changes in business strategy or development plans, (xiv) delays in receiving payments, (xv) the ability to implement shared services and other initiatives and realize decreases in administrative, supply and infrastructure costs, (xvi) the outcome of pending and any future litigation, (xvii) the Borrower’s continuing efforts to monitor, maintain and comply with appropriate laws, regulations, policies and procedures relating to their status as tax-exempt organizations as well as their ability to comply with the requirements of the Medicare and Medicaid programs, (xviii) the ability to achieve expected levels of patient volumes and control the costs of providing services, (xix) results of reviews of the Borrower’s cost reports, and (xx) the Borrower’s ability to comply with recently enacted legislation and/or regulations. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward looking statements made by or on behalf of the Borrower. Investors are cautioned not to unduly rely on such forward looking statements when evaluating the information presented in this Official Statement.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks; uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The Borrower does not plan to issue any updates or revisions to those forward-looking statements if or when changes in its expectations, or events, conditions or circumstances on which such statements are based, occur.

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OFFICIAL STATEMENT

\$257,495,000

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION REVENUE BONDS (UNITED HEALTH SERVICES HOSPITALS, INC. PROJECT), SERIES 2020

INTRODUCTORY STATEMENT

This Introductory Statement is subject in all respects to more complete information contained in this Official Statement. This entire Official Statement, including its appendices, should be read by any prospective purchaser of the Series 2020 Bonds. No person is authorized to detach this Introductory Statement from this Official Statement or otherwise to use it without this entire Official Statement, including the appendices.

Purpose of this Official Statement. The purpose of this Official Statement, including the cover page, the inside cover page and the appendices hereto, is to set forth information relating to the issuance and sale of \$257,495,000 aggregate principal amount of Revenue Bonds (United Health Services Hospitals, Inc. Project), Series 2020 (the “*Series 2020 Bonds*” or the “*Bonds*”) of the Broome County Local Development Corporation (the “*Issuer*”). The Series 2020 Bonds are to be issued pursuant to a Trust Indenture dated as of August 1, 2020 (the “*Indenture*”), by and between the Issuer and Manufacturers and Traders Trust Company, as bond trustee (the “*Bond Trustee*”).

The Issuer. The Issuer is a not-for-profit local development corporation formed under Article 14 of the New York Not-For-Profit Corporation Law as a public instrumentality of Broome County, New York (the “*County*”) and is authorized and empowered to issue the Series 2020 Bonds for the purposes described in this Official Statement. See “**THE ISSUER**” herein.

The Borrower. United Health Services Hospitals, Inc. (the “*Borrower*”) is a clinically integrated healthcare delivery system serving patients in its primary service area of Broome, Tioga, Chenango and Delaware Counties in the State of New York, with further reach throughout the 8-county Southern Tier of New York and northern Pennsylvania, with a total of 500 certified beds. A New York not-for-profit corporation, the Borrower is exempt from federal income tax pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the “*Code*”) as an organization described in section 501(c)(3) of the Code. See “**APPENDIX A**” hereto.

The Borrower is currently the sole Member of the Obligated Group created pursuant to a Master Trust Indenture dated as of July 1, 2015, as supplemented and amended (the “*Original Master Indenture*”) between the Borrower and Manufacturers and Traders Trust Company, as master trustee (the “*Master Trustee*”).

Amendment and Restatement of the Original Master Indenture; Deemed Consent. Concurrently with the issuance of the Series 2020 Bonds, the Borrower and the Master Trustee will execute and deliver (i) the Amended and Restated Master Trust Indenture (the “*Amended and Restated Master Indenture*”) supplementing, amending and restating the Original Master Indenture and (ii) the Supplemental Master Indenture For Obligation No. 1 dated as of August 1, 2020 (the “*Supplemental Master Indenture*”), by and between the Borrower and the Master Trustee, providing for, among other things, the issuance thereunder of Obligation No. 1 (the “*Series 2020 Obligation*”) hereinafter referred to and a replacement obligation for a working capital line of credit previously issued under the Original Master Indenture (“*Obligation No. 2*”). The Amended and Restated Master Indenture, as supplemented and amended by the Supplemental Master Indenture and as hereafter amended or supplemented, is referred to herein as the “*Master Indenture*.”

The Original Master Indenture may be amended and restated upon receipt of the consent of the holders of not less than a majority in aggregate principal amount of the Obligations outstanding under the Original Master Indenture, with the prior written consent of each Credit Facility Issuer, as defined in the Original Master Indenture. **By acceptance of the Series 2020 Bonds, the purchasers thereof will be deemed to have consented to the amendment and restatement of the Original Master Indenture in its entirety.** Upon the

issuance of the Series 2020 Bonds, a majority of the Obligations outstanding under the Original Master Indenture and all Credit Facility Issuers will have consented to the amendment and restatement and such amendment and restatement shall become effective. Therefore, the Master Indenture as described in this Official Statement is the amended and restated Original Master Indenture. See **“FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1”** in **APPENDIX D** hereto.

Security for the Series 2020 Bonds. The Series 2020 Bonds will be secured by (a) certain funds and accounts established under the related Indenture; (b) all right, title and interest of the Issuer, in and to the Loan Agreement (as defined below) and all Revenues payable to the Issuer; and (c) the Series 2020 Obligation issued under the Master Indenture.

The Series 2020 Obligation will be secured by a pledge of the Gross Receivables (as defined below) of the Borrower and any other future Members of the Obligated Group and a mortgage lien on and security interest in certain health care facilities of the Borrower, comprising the Wilson Regional Medical Center Campus, including the Wilson Medical Center and Emergency and Trauma Services, located at 33 Harrison Street, Johnson City, New York (the *“Mortgaged Property”*).

The Borrower will deliver to the Master Trustee a title insurance policy in the face amount of \$10,000,000 with respect to the Mortgage. The principal amount of all Outstanding Obligations, in the aggregate, is greater than the face amount of title insurance policy. See **“BONDHOLDERS’ RISKS – Matters Related to Mortgaged Property and Title Insurance”** herein.

Plan of Finance. The Issuer will lend the proceeds of the Series 2020 Bonds to the Borrower pursuant to a Loan Agreement dated as of August 1, 2020 (the *“Loan Agreement”*), between the Issuer and the Borrower. The proceeds of the Series 2020 Bonds will be applied, together with other available funds, to (i) finance, refinance and/or reimburse the Borrower for the costs of the Project (as defined herein); (ii) refund or refinance the Refunded Bonds (as defined herein); (iii) pay fees associated with the termination of all or a portion of the outstanding interest rate swap agreement entered into by the Borrower in connection with the Series 2015 Bonds (as defined herein); and (iv) pay certain costs of issuance of the Series 2020 Bonds. See **“PLAN OF FINANCE”** and **“ESTIMATED SOURCES AND USES OF FUNDS”** herein.

The Series 2020 Bonds will be initially issued in the Fixed Rate Mode. This Official Statement does not describe terms specifically applicable to the Series 2020 Bonds bearing interest at rates other than Fixed Rates during the Initial Fixed Rate Period. In the event the Series 2020 Bonds are converted to bear interest in a different Interest Rate Mode or for a subsequent Fixed Rate Period, such Series 2020 Bonds will be subject to mandatory tender for purchase, and, except as otherwise provided in the Indenture, it is expected that a reoffering circular or supplement to this Official Statement or other disclosure document will be prepared with remarketing such Series 2020 Bonds when and if they are converted to another Interest Rate Mode.

Payment for the Series 2020 Bonds. The Series 2020 Bonds will be a special limited obligation of the Issuer, secured by and payable solely from Revenues, which consist primarily of payments required to be made by the Borrower under the Loan Agreement, payments to be made on the Series 2020 Obligation, and certain funds held under the Indenture. Pursuant to the Indenture, the Issuer will pledge certain of the Revenues and certain of the funds and accounts created thereunder, and assign to the Bond Trustee its interest in the Series 2020 Obligation and the Loan Agreement, pursuant to which the Borrower agrees to make loan repayments in amounts and at times which will enable the Issuer to pay the principal or redemption price of and interest on the Series 2020 Bonds when due.

Bond Insurance. The scheduled payment of principal of and interest on the Series 2020 Bonds when due will be guaranteed under a Municipal Bond Insurance Policy (the *“Policy”*) to be issued concurrently with the delivery of the Series 2020 Bonds by Assured Guaranty Municipal Corp (*“AGM”* or the *“Insurer”* or the

“Bond Insurer”). See “**BOND INSURANCE**” and “**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**” in **APPENDIX G** of this Official Statement.

Additional Indebtedness. The Obligated Group, upon compliance with the terms and conditions, and for the purposes described in the Master Indenture, may incur additional indebtedness. Such additional indebtedness may be secured or unsecured, and may or may not be issued in the form of Obligations under the Master Indenture. See “**FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1**” in **APPENDIX D** hereto.

Bondholders’ Risks. There are risks associated with the purchase of the Series 2020 Bonds. See “**BONDHOLDERS’ RISKS**” for a discussion of certain of these risks.

Defined Terms. All capitalized terms used in this Official Statement, unless otherwise defined or the context otherwise indicates, have the same meanings set forth in **APPENDIX C** and **APPENDIX D** of this Official Statement.

Underlying Documents. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all of its terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Copies of the Master Indenture, the Supplemental Master Indenture, the Mortgage, the Loan Agreement and the Indenture are available for inspection at the designated corporate trust office of the Master Trustee and the Bond Trustee.

THE ISSUER

The Issuer is a not-for-profit local development corporation created as a public instrumentality of Broome County, New York (the “*County*”) for the purpose of promoting the economic welfare of the inhabitants of the County. The Issuer was formed under Article 14 of the New York Not-For-Profit Corporation Law (the “*LDC Act*”) and is authorized and empowered under the LDC Act to issue the Series 2020 Bonds for the purposes described in this Official Statement. The Board of Directors of the Issuer is comprised of nine members, as follows:

<u>Name</u>	<u>Title</u>
John M. Bernardo	Chairman
Wayne L. Howard	Vice Chairman
John J. Stevens	Treasurer
Richard A. Bucci	Board Member
Daniel E. Crocker	Board Member
James R. Peduto	Board Member
Cheryl I. Sacco	Board Member
Brian T. Rose	Board Member
Joseph R. Mirabito	Board Member

Approval

The Issuer’s Board of Directors adopted the Bond Resolution approving the issuance of the Series 2020 Bonds on July 15, 2020.

THE SERIES 2020 BONDS ARE NEITHER A GENERAL OBLIGATION OF THE ISSUER, NOR A DEBT OR INDEBTEDNESS OF BROOME COUNTY OR THE STATE OF NEW YORK AND NEITHER BROOME COUNTY NOR THE STATE OF NEW YORK SHALL BE LIABLE THEREON. THE SERIES 2020 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE BY THE ISSUER

SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER AND PURSUANT TO THE INDENTURE. THE SERIES 2020 BONDS SHALL NOT BE PAYABLE FROM ANY OTHER FUNDS OF THE ISSUER. THE ISSUER HAS NO TAXING POWERS. THE ISSUER HAS NOT VERIFIED, REVIEWED OR APPROVED, AND DOES NOT REPRESENT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH HEREIN OTHER THAN INFORMATION SET FORTH UNDER THIS HEADING AND THE INFORMATION CONCERNING THE ISSUER UNDER THE HEADINGS “**INTRODUCTORY STATEMENT**” AND “**LITIGATION**” HEREIN.

THE SERIES 2020 BONDS

General

The Series 2020 Bonds will be initially issued in the Fixed Rate Mode. This Official Statement does not describe terms specifically applicable to any Series 2020 Bonds bearing interest at rates other than a Fixed Rate during the Initial Fixed Rate Period. In the event that any Series 2020 Bonds are converted to bear interest in a different Interest Rate Mode or for a subsequent Fixed Rate Period, such Series 2020 Bonds will be subject to mandatory tender for purchase, and, except as otherwise provided in the Indenture, it is expected that a reoffering circular or a supplement to this Official Statement or other disclosure document will be prepared in connection with the remarketing of such Series 2020 Bonds when and if they are converted to another Interest Rate Mode.

The Series 2020 Bonds will be dated their date of delivery (the “*Date of Delivery*”) and will mature, subject to the optional redemption (or mandatory tender), mandatory redemption and extraordinary redemption provisions set forth below, in the amounts and on the dates set forth on the inside front cover page hereof.

The Series 2020 Bonds may be converted to bear interest in another Interest Rate Mode, as described in the Indenture, and as may be directed by the Obligated Group Representative, which is the Borrower or any other Person designated as such pursuant to the Master Indenture. See “**FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1**” in **APPENDIX D** hereto.

Ownership interests in the Series 2020 Bonds will be in Authorized Denominations only; in the Fixed Rate Mode, that means \$5,000 and any integral multiple thereof. The regular record date for each Interest Payment Date for the Series 2020 Bonds will be the fifteenth (15th) day (whether or not a Business Day) of each month preceding the Interest Payment Date (the “*Record Date*”).

The Series 2020 Bonds will be issued only in book-entry form as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“*DTC*”). So long as Cede & Co. is the registered owner of the Series 2020 Bonds, principal of and premium, if any, and interest on the Series 2020 Bonds is payable by wire transfer by the Bond Trustee to Cede & Co., as nominee for DTC, which, in turn, will remit such amounts to DTC Participants for subsequent disbursement to the Beneficial Owners. See “Book-Entry-Only System” below.

Interest on the Series 2020 Bonds

The Fixed Rates for the Series 2020 Bonds are set forth on the inside front cover page. Except as noted below, interest on the Series 2020 Bonds will be payable on each April 1 and October 1, beginning April 1, 2021.

Mandatory Purchase; Conversion

On any date on or after the date on which the Series 2020 Bonds are subject to optional redemption at par, the Obligated Group Representative may elect that the Series 2020 Bonds be subject to mandatory tender and converted to bear interest in a new Fixed Rate Period at a different Fixed Rate or in a different Interest Rate Mode (a “*Conversion*”).

The Obligated Group Representative may effect a Conversion with respect to all (but not less than all) of the Series 2020 Bonds of a series by delivering written notice to the Notice Parties of its intention to effect a change in the Fixed Rate Period to a new Fixed Rate Period or a change in the Interest Rate Mode from the Fixed Rate Mode to another Interest Rate Mode specified in such written notice (the “*New Mode*”). Notice of the proposed Conversion shall be given by the Tender Agent to the Owners of the Series 2020 Bonds not later than the 20th day next preceding the Conversion Date for Series 2020 Bonds other than Series 2020 Bonds in the Fixed Rate Mode, and not earlier than the 60th day or later than the 30th day next preceding the Conversion Date for Series 2020 Bonds in the Fixed Rate Mode, provided that no notice need be given for a Conversion Date occurring on the first Business Day following the last day of a Flexible Rate Period or Term Rate Mode or on a Substitution Date. Such notice shall state: (1) the Interest Rate Mode to which the Conversion will be made and the Conversion Date; (2) (a) in the case of a change from any Interest Rate Mode other than from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode, that the Series 2020 Bonds will be subject to mandatory purchase on the Conversion Date (regardless of whether all of the conditions to the change in the Interest Rate Mode are satisfied except in the case of a Conversion from the Three Month LIBOR Indexed Mode or the Fixed Rate Mode) and the Purchase Price of the Series 2020 Bonds; and (b) in the case of a change from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode, that the Series 2020 Bonds will not be subject to mandatory purchase on the Conversion Date; and (3) if the Book-Entry System is no longer in effect, information with respect to required delivery of Series 2020 Bond certificates and payment of Purchase Price. If the Conversion is from Series 2020 Bonds in the Fixed Rate Mode, including during the Initial Fixed Rate Period, such notice shall also state that the Series 2020 Bonds are subject to mandatory purchase on the Conversion Date and that if notice of mandatory tender has been given and funds prove insufficient, the Series 2020 Bonds shall not be purchased and shall continue in the Fixed Rate Mode, without change in interest rate, Maturity Dates or other terms.

The Obligated Group Representative may rescind any election to change the Interest Rate Mode on the Series 2020 Bonds by giving written notice thereof to the Notice Parties prior to 10:00 A.M. on the Business Day preceding such Conversion Date, or not less than three days prior to the setting of the Bank Index Rates by the Market Agent in the case of a Conversion to the Bank Index Rate Period.

On or prior to the Conversion Date, the Indenture provides that the Bond Trustee must receive a favorable opinion of Bond Counsel dated the Conversion Date and addressed to the Notice Parties. If any Series 2020 Bonds are being converted to a Variable Rate Mode, the Borrower is also required to deliver a notice of the rating or ratings to be assigned to such Series 2020 Bonds as of the Conversion Date. If any condition is not satisfied, the new interest rate mode will not take effect. In such case, the Series 2020 Bonds will continue in the Fixed Rate Mode, without change in interest rate, maturity, sinking fund installments or other terms, and such failed Conversion will not constitute an event of default under the Indenture.

Redemption or Tender

Optional Redemption or Mandatory Tender. The Series 2020 Bonds are subject to optional redemption prior to their stated maturity, at the option of the Issuer at the direction of the Obligated Group Representative, from any source of available funds on any date on or after April 1, 2030 as a whole or in part selected by lot for the appropriate series from such maturities bearing a particular interest rate as is designated by the Obligated Group Representative (or if the Obligated Group Representative fails to designate such maturities, in inverse order of maturity, beginning with Series 2020 Bonds of each maturity bearing interest at the highest rate), at the applicable Redemption Price, without premium, plus accrued and unpaid interest.

Upon the written request of the Obligated Group Representative, the Issuer, may cause a mandatory tender of the Series 2020 Bonds that are eligible for optional redemption, and such Series 2020 Bonds will thereupon be subject to mandatory tender, on any date on or after April 1, 2030 at a purchase price of par plus accrued interest to the mandatory tender date. If notice of mandatory tender has been given and funds prove insufficient, such Series 2020 Bonds will not be purchased and will continue in the Fixed Rate Mode, without change in interest rate, maturity date or other terms, and such failed tender shall not constitute an Event of Default under the Indenture. Other modes to which the Series 2020 Bonds may be converted are not described in this Official Statement.

Mandatory Sinking Fund Redemption. The Series 2020 Bonds maturing on April 1, 2045 are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Sinking Fund Installment Date (April 1)	Sinking Fund Installments
2041	\$ 11,255,000
2042	11,600,000
2043	11,955,000
2044	12,315,000
2045 [†]	12,695,000

[†] Maturity.

The Series 2020 Bonds maturing on April 1, 2050 and bearing interest a rate of 4.00% per annum are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Sinking Fund Installment Date (April 1)	Sinking Fund Installments
2046	\$ 7,720,000
2047	8,035,000
2048	8,360,000
2049	8,700,000
2050 [†]	9,050,000

[†] Maturity.

The Series 2020 Bonds maturing on April 1, 2050 and bearing interest a rate of 3.00% per annum are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Sinking Fund Installment Date (April 1)	Sinking Fund Installments
2046	\$ 5,400,000
2047	5,565,000
2048	5,735,000
2049	5,905,000
2050 [†]	6,100,000

[†] Maturity.

Optional Redemption From Insurance and Condemnation Proceeds. The Series 2020 Bonds are subject to redemption prior to their respective stated maturities, at the option of the Obligated Group Representative (which option shall be exercised upon Request of the Obligated Group Representative given to the Bond Trustee at least 45 days prior to the date fixed for redemption (or such fewer number of days as is acceptable to the Bond Trustee)) in whole or in part (in such amounts as may be specified by the Obligated Group Representative) on any date, from hazard insurance or condemnation proceeds received with respect to the facilities of any of the members of the Obligated Group and deposited in the Special Redemption Account of the Redemption Fund, at the applicable Redemption Price without premium.

Purchase in Lieu of Redemption. Unless otherwise provided in the Indenture, whenever Series 2020 Bonds are subject to optional redemption, they may instead be purchased at the direction of the Obligated Group Representative at a purchase price equal to the Redemption Price. All such purchases may be subject to conditions to the Issuer's obligation to purchase such Series 2020 Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner set forth in the Indenture, if sufficient money to pay the purchase price of such Series 2020 Bonds is held by the Bond Trustee, the purchase price of the Series 2020 Bonds or portions thereof so called for purchase shall be paid upon presentation and surrender of such Series 2020 Bonds to be purchased at the office or offices specified in such notice on the date set for purchase. In the case of Series 2020 Bonds presented by a person other than the Owner, such Series 2020 Bonds shall be presented with a written instrument of transfer, duly executed by the Owner or his duly authorized attorney. No purchased Series 2020 Bond shall be considered to be no longer Outstanding by virtue of its purchase and each such purchased Series 2020 Bond shall be registered in the name or at the direction of the Obligated Group Representative. No Owner may elect to retain a Series 2020 Bond purchased in lieu of redemption.

Notice of Redemption; Effect of Redemption; Rescission of Notice of Redemption. Notice of redemption will be mailed by first-class mail by the Bond Trustee, not less than 20 days and not more than 60 days prior to the redemption date, to the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any), the Rating Agencies then rating the Series 2020 Bonds and to the respective Holders of any Series 2020 Bonds designated for redemption at their addresses appearing on the bond registration books of the Bond Trustee. Each notice of redemption shall state the date of such notice, the date of delivery and designation of the Series 2020 Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address of the Bond Trustee), the CUSIP number (if any) of the Series 2020 Bonds, to be redeemed and, in the case of Series 2020 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2020 Bonds the Redemption Price thereof, and that from and after such date, interest on such Series 2020 Bond shall cease to accrue, and shall require that such Series 2020 Bonds be then surrendered at the address of the Bond Trustee specified in the redemption notice. Neither the failure to receive such notice nor any defect in such notice so given shall affect the sufficiency of the proceedings for redemption. Failure by the Bond Trustee to mail notice of redemption pursuant to this Section to the Credit Facility Provider (if any), the Liquidity Facility Provider (if any), the Rating Agencies then rating the Series 2020 Bonds or to any one or more of the Holders of any Series 2020 Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holder or Holders to whom such notice was mailed.

Any notice of redemption, other than notice of redemption by application of Sinking Fund Installments, may be conditioned on sufficient funds being on deposit with the Bond Trustee to effect such redemption and if sufficient funds are not on deposit, the redemption shall be rescinded and be of no further force and effect.

Book-Entry-Only System

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from DTC or DTC's website, but the Issuer do not take any responsibility for the accuracy thereof.

DTC will act as securities depository for the Series 2020 Bonds. The ownership of one fully registered Series 2020 Bond for each maturity of each series as set forth on the inside cover page hereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2020 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNER, HOLDERS OR REGISTERED OWNERS OF THE SERIES 2020 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2020 BONDS.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking" organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in Series 2020 Bonds, except in the event that use of the book-entry-only system for the Series 2020 Bonds is discontinued.**

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, and defaults. For example, Beneficial Owners of the Series 2020 Bonds may wish to ascertain that the

nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While the Series 2020 Bonds are in the book-entry-only system, redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer, as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Bond Trustees, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Bond Trustees, the Issuer or the Members of the Obligated Group, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner must give notice to elect to have its Series 2020 Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and must effect delivery of such Series 2020 Bonds by causing the Direct Participant to transfer the Participant's interest in such Series 2020 Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Series 2020 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2020 Bonds are transferred by Direct Participants on DTC's records and following by a book-entry credit of tendered securities to the Remarketing Agent's DTC account.

DTC may discontinue providing its services with respect to the Series 2020 Bonds at any time by giving notice to the Issuer or the Bond Trustee, as applicable. Under such circumstances, in the event that a successor depository is not obtained, Series 2020 Bond certificates are required to be printed and delivered.

In addition, the Issuer, may discontinue the book-entry-only system for the Series 2020 Bonds at any time by giving reasonable notice to DTC. In that event, Series 2020 Bond certificates will be printed and delivered to DTC.

THE ISSUER, THE OBLIGATED GROUP, THE UNDERWRITERS AND THE BOND TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2020 BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE SERIES 2020 BONDS, (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2020 BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2020 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE

SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT “PROCEDURES” OF DTC TO BE FOLLOWED IN DEALING WITH THE PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE ISSUER, THE OBLIGATED GROUP, THE UNDERWRITERS OR THE BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE SERIES 2020 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2020 BONDS; (4) THE DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDOWNER; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2020 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

DTC may determine to discontinue providing its service with respect to any series of Series 2020 Bonds at any time by giving notice to the Issuer and the Bond Trustee, as applicable, and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the book-entry-only system for such Series 2020 Bonds will be discontinued unless a successor securities depository is appointed by the Issuer, as applicable. In addition, the Issuer may discontinue the book-entry-only system for the Series 2020 Bonds at any time by giving reasonable notice to DTC.

In the event that the book-entry-only system for the Series 2020 Bonds is discontinued, the following provisions would apply, subject in each case to the further conditions set forth in the Indenture.

Delivery of Certificates; Registered Owners

Series 2020 Bond certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC Participants may specify (which may be the DTC Indirect Participants or Beneficial Owners), in Authorized Denominations. The ownership of the Series 2020 Bonds so delivered (and any Series 2020 Bonds thereafter delivered upon a transfer or exchange described below) shall be registered in registration books to be kept by the Bond Trustee for the Series 2020 Bonds, or a successor Bond Trustee for the Series 2020 Bonds and the Issuer and the Bond Trustee shall be entitled to treat the registered owners of such Series 2020 Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Indenture.

Transfers and Exchanges

The Series 2020 Bonds may be transferred or exchanged for one or more Series 2020 Bonds in Authorized Denominations of like tenor and the same maturity and aggregate principal amount upon surrender thereof (together with an assignment duly executed by the registered owner or his attorney or legal representative in form satisfactory to the Bond Trustee) to the Bond Trustee by the registered owners or their duly authorized attorneys. Upon surrender of any Series 2020 Bonds to be transferred or exchanged, the Bond Trustee shall record the transfer or exchange in the registration books and shall authenticate and deliver new Series 2020 Bonds of like tenor and the same maturity and aggregate principal amount appropriately registered and in appropriate Authorized Denominations. The registered owner requesting any such transfer or exchange may be charged a sum sufficient to cover any tax, fee or other governmental charge which may be imposed with respect thereto. Neither the Issuer nor the Bond Trustee is required to make any such transfer or exchange of Series 2020 Bonds during the 15 days immediately preceding (a) the date on which notice of redemption has been given or (b) the date on which Series 2020 Bonds will be selected for redemption. No transfer or exchange

made other than as described above and in the Indenture shall be valid or effective for any purposes under the Indenture.

PAYMENT AND SECURITY PROVISIONS RELATING TO THE SERIES 2020 BONDS

THE SERIES 2020 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES (AS DEFINED IN THE LOAN AGREEMENT). NONE OF THE ISSUER, THE STATE OF NEW YORK, BROOME COUNTY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK, BROOME COUNTY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2020 BONDS OR ANY COSTS INCIDENTAL THERETO. THE ISSUER HAS NO TAXING POWER.

Indenture, Loan Agreement and the Series 2020 Obligation

The Series 2020 Bonds are a special limited obligations of the Issuer, payable solely from Revenues and certain other amounts pledged under the Indenture. “*Revenues*” means all amounts paid or payable to the Issuer or to the Bond Trustee for the account of the Issuer (excluding fees and expenses payable to the Issuer and the Bond Trustee, the Unassigned Rights, and the rights to indemnification of the Bond Trustee) under and pursuant to the Loan Agreement and the Series 2020 Obligation. The Series 2020 Obligation is a general obligation of the Obligated Group. As of the date of issuance of the Series 2020 Bonds, the Borrower is the only Member of the Obligated Group.

In the Loan Agreement, the Borrower agrees to make payments to the Issuer, which payments, in the aggregate, are required to be payable at such times and in such amounts sufficient, together with other available funds, for the payment in full of all amounts payable with respect to the Series 2020 Bonds, including the interest payable on the Series 2020 Bonds to their dates of maturity, the principal amount of such Series 2020 Bonds, the Redemption Price thereof and certain other fees and expenses, less any amounts available for such payments, as provided in the Indenture.

The Issuer will assign its right, title and interest in the Series 2019 Obligation and Loan Agreement (except for the Unassigned Rights) to the Bond Trustee.

The Indenture and the Loan Agreement may be amended from time to time, in certain circumstances without the consent of the Bondowner. Such amendments could be substantial and result in the modification, waiver or removal of any existing covenant or restriction contained in the Indenture or the Loan Agreement. See “**EXCERPTS FROM THE INDENTURE AND LOAN AGREEMENT**” in **APPENDIX C** hereto.

Master Indenture

CONCURRENTLY WITH THE ISSUANCE OF THE SERIES 2020 BONDS, THE OBLIGATED GROUP INTENDS TO AMEND AND RESTATE THE ORIGINAL MASTER INDENTURE. THE MASTER INDENTURE AS DESCRIBED IN THIS OFFICIAL STATEMENT IS THE AMENDED AND RESTATED MASTER INDENTURE. BY ACCEPTANCE OF THE SERIES 2020 BONDS, THE PURCHASERS THEREOF WILL BE DEEMED TO HAVE CONSENTED TO THE EXECUTION BY THE OBLIGATED GROUP AND THE MASTER TRUSTEE OF THE MASTER INDENTURE AND THE AMENDMENT AND RESTATEMENT OF THE ORIGINAL MASTER INDENTURE IN ITS ENTIRETY.

Issuance of Obligations; Joint and Several Obligations. Under the Master Indenture, each Member of the Obligated Group authorizes to be issued from time to time Obligations, without limitation as to amount, except as provided in the Master Indenture or as may be limited by law, and subject to the terms, conditions and

limitations established in the Master Indenture and any Related Supplement. Obligations may be in any form set forth in the Master Indenture. Each Member of the Obligated Group jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on or before the dates and in the manner provided in the Master Indenture or in the Related Supplement or Obligation. Each Member of the Obligated Group further covenants to faithfully observe and perform all of the conditions, covenants and requirements of the Master Indenture, any Related Supplement and any Obligation.

The Series 2020 Obligation is being issued by the Borrower pursuant to the Master Indenture, on parity with all Obligations issued or to be issued under the Master Indenture.

Gross Receivables Pledge. Pursuant to the Master Indenture, the Members of the Obligated Group have pledged, assigned and granted to the Master Trustee a security interest in the Gross Receivables as security for the payment of amounts due on any Obligations issued under the Master Indenture, including the Series 2020 Obligation. Gross Receivables consists of all rights of each Obligated Group Member in any accounts, chattel paper, instruments and general intangibles (all as defined in the New York Uniform Commercial Code (the “UCC”)), as are now in existence or as may be hereafter acquired and the proceeds thereof; excluding, however, all Restricted Moneys. The security interest in the Gross Receivables will be perfected to the extent, and only to the extent, that such security interest may be perfected by filing financing statements under the UCC. The security interest in the Gross Receivables are subject to Permitted Liens that exist prior to or that may be created subsequent to the time the security interest in the Gross Receivables attaches (see “**FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1**” in **APPENDIX D** hereto). The security interest in the Gross Receivables is also subject to the right of each Member of the Obligated Group to sell Property or to incur Indebtedness secured by Property under certain circumstances (see “**FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1**” in **APPENDIX D** hereto). In either event, the security interest held by the Master Trustee with respect to that Property would be released.

The remedies specified in the Loan Agreement, the Indenture and the Master Indenture may, in many respects, require judicial action of a nature that is often subject to discretion and delay. Under existing law, the remedies specified in the Loan Agreement, the Indenture and the Master Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in those documents. The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies, and by bankruptcy, fraudulent conveyance, reorganization, and other laws affecting the enforcement of creditors’ rights generally and by general equitable principles.

Changes to the Members of the Obligated Group. Entities may be added to and withdrawn from the Obligated Group from time to time. The Master Indenture imposes minimum conditions on the right of any Member of the Obligated Group to enter or withdraw from the Obligated Group, at any time. For a more detailed discussion of entry into or withdrawal from the Obligated Group, see “**FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1**” in **APPENDIX D** hereto.

Debt Service Coverage. Pursuant to the Master Indenture, the Obligated Group agrees to manage its businesses such that the Debt Service Coverage Ratio of the Obligated Group, calculated at the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2020, will not be less than 1.10:1.00 (the “*Debt Service Coverage Test*”).

If the Debt Service Coverage Ratio, at the end of any Fiscal Year, is less than 1.10:1.00, the Borrower covenants to retain an Independent Consultant to make recommendations to increase Income Available for Debt Service for subsequent Fiscal Years to the levels required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. In no event may the Debt Service

Coverage Ratio for any two consecutive Fiscal Years be less than 1.00:1.00. **“FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1”** in **APPENDIX D** hereto.

Days Cash on Hand. Pursuant to the Master Indenture, as amended by the Supplemental Master Indenture, the Obligated Group agrees to maintain Days Cash on Hand of at least 40 days at the end of each Fiscal Year (the “*Days Cash on Hand Test*”). If the Days Cash on Hand, as so calculated at the end of any Fiscal Year, is less than 40 days, the Obligated Group covenants to retain an Independent Consultant to make recommendations to increase the Days Cash on Hand for subsequent Fiscal Years to the levels required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. If at the end of any Fiscal Year commencing with the Fiscal Year ending December 31, 2021 the Days Cash on Hand is less than 30, then the Obligated Group shall be deemed to be in default. **“FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1”** in **APPENDIX D** hereto.

Additional Covenants in the Master Indenture. Pursuant to the Master Indenture, the Members of the Obligated Group are subject to other additional covenants under the Master Indenture restricting, among other things, incurrence of Indebtedness, existence of Liens on Property, consolidation and merger, disposition of assets, exchange of Obligations, addition of Members to the Obligated Group, and withdrawal of Members from the Obligated Group. See **“FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1”** in **APPENDIX D** hereto.

The Master Indenture permits the Borrower and any future Member of the Obligated Group to issue or incur additional indebtedness evidenced by Obligations that will be secured on a parity with the Series 2020 Obligation and any other obligations previously or hereafter issued under the Master Indenture. Such additional Obligations will not be secured by the money or investments in any fund or account held by the Bond Trustee under the Indenture as security for the Series 2020 Bonds.

Under certain circumstances, the Series 2020 Obligation may be exchanged, without the consent of any of the Holders of the Series 2020 Bonds, for an obligation of a different obligated group. Under certain circumstances, this could lead to the substitution of different security in the form of an obligation backed by an obligated group that is financially and operationally different from the then existing Obligated Group. That new obligated group could have substantial debt outstanding that would rank on a parity basis with the obligation substituted for the Series 2020 Obligation. See **“EXCERPTS FROM THE INDENTURE AND LOAN AGREEMENT”** in **APPENDIX C** hereto and **“FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1”** in **APPENDIX D** hereto.

Outstanding and Additional Obligations. As of the date of issuance of the Series 2020 Bonds, the outstanding aggregate principal amount of the Obligations (including the Series 2020 Obligation) issued under the Master Indenture to secure revenue bonds issued for the benefit of the Obligated Group will be \$257,495,000. Upon issuance of the Series 2020 Bonds and the application of the proceeds thereof, the Series 2020 Obligation and Obligation No. 2 will be the only obligations outstanding under the Master Indenture. Obligation No. 2 is a line of credit in the amount of \$15 million provided for working capital needs. At December 31, 2019 and 2018, \$1,729,740 and \$0 were outstanding under Obligation No. 2, respectively. As of the date hereof, \$0 is outstanding under Obligation No. 2.

Pursuant to the Master Indenture, Obligations may be issued from time to time in the future pursuant to the Master Indenture, and such other Obligations will be secured on parity under the Master Indenture with the Series 2020 Obligation and other Obligations then outstanding. See **“FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1”** in **APPENDIX D** hereto.

Amendments to the Master Indenture. The Master Indenture may also be amended from time to time, in certain circumstances without the consent of the holders of Outstanding Obligations or without the consent of the Bondowners. Such amendments could be substantial and result in the modification, waiver or removal of any existing covenant or restriction contained in the Master Indenture. See “**FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1**” in **APPENDIX D** hereto.

Mortgage

To secure the payment by the Obligated Group of all of Obligations under the Master Indenture, including the prompt payment of Series 2020 Obligation when due and payable, the Master Indenture requires the Borrower to execute and deliver one or more mortgages on the Mortgaged Property to the Master Trustee for the equal and ratable benefit of the Holders from time to time of all Obligations issued under the Master Indenture, including but not limited to the Series 2020 Obligation. Pursuant to the Master Indenture, the Borrower and any future Member of the Obligated Group covenants that it will not pledge or grant a security interest in or lien on the Mortgaged Property (except for Permitted Liens or as may be otherwise provided in the Master Indenture). The number and type of Permitted Liens are extensive and may impact the ability of the Bond Trustee to realize on the security interest in the Mortgaged Property. See “**FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1**” in **APPENDIX D** hereto.

Security and Enforceability

The state of the insolvency, fraudulent conveyance and bankruptcy laws relating to the enforceability of guaranties or obligations issued by one corporation in favor of the creditors of another or the obligations of a Member of the Obligated Group to make debt service payments on behalf of a Member of the Obligated Group is unsettled, and the ability to enforce the Master Indenture and the Obligations against any Member of the Obligated Group that would be rendered insolvent thereby could be subject to challenge.

The legal right and practical ability of the Bond Trustee to enforce its rights and remedies against the Borrower and the Obligated Group under the Loan Agreement and related documents and of the Master Trustee to enforce its rights and remedies against the Members of the Obligated Group under the Series 2020 Obligation may be limited by laws relating to bankruptcy, insolvency, reorganization, fraudulent conveyance or moratorium and by other similar laws affecting creditors’ rights. In addition, the Bond Trustee’s and the Master Trustee’s ability to enforce such rights will depend upon the exercise of various remedies specified by such documents which may in many instances require judicial actions that are often subject to discretion and delay or that otherwise may not be readily available or may be limited. See “**BONDHOLDERS’ RISKS**” herein.

BOND INSURANCE

*The information in this section has been prepared by the Insurer for inclusion in this Official Statement. None of the Issuer, the Borrower or the Underwriters has reviewed this information, nor do Issuer, the Borrower or the Underwriters make any representation as to the accuracy or completeness thereof. The following is not a complete summary of the Policy and reference is made to the specimen of the Policy attached as **APPENDIX G** hereto.*

Bond Insurance Policy

Concurrently with the issuance of the Series 2020 Bonds, AGM will issue its Policy for the Series 2020 Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2020 Bonds when due as set forth in the form of the Policy included as **APPENDIX G** to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 16, 2020, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 19, 2019, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 13, 2019, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At March 31, 2020:

- The policyholders’ surplus of AGM was approximately \$2,573 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. (“MAC”) (as described below) were approximately \$997 million. Such amount includes 100% of AGM’s contingency reserve and 60.7% of MAC’s contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,997 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned

subsidiary Assured Guaranty (Europe) plc (“AGE”), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders’ surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “**BOND INSURANCE – Assured Guaranty Municipal Corp.**” or included in a document incorporated by reference herein (collectively, the “*AGM Information*”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Series 2020 Bonds or the advisability of investing in the Series 2020 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “**BOND INSURANCE**” and in and “**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**” in APPENDIX G hereto.

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PLAN OF FINANCE

The Series 2020 Bonds

The Issuer will lend the proceeds of the Series 2020 Bonds to the Borrower pursuant to the Loan Agreement. The proceeds of the Series 2020 Bonds will be applied, together with other available funds, to (i) finance, refinance and/or reimburse the Borrower for the costs of the project described under the caption “**THE PROJECT**” in **APPENDIX A** hereto (the “*Project*”); (ii) refund or refinance (1) the Issuer's Tax-Exempt Revenue Bonds (United Health Services Hospitals, Inc. Project), Series 2019 issued in the original principal amount of \$50,000,000 (the “*Series 2019 Bonds*”), (2) the Dormitory Authority of the State of New York's (“*DASNY*”) United Health Services Hospitals, Inc. Revenue Bonds Series 2015 issued in the original principal amount of \$22,900,000 (the “*Series 2015 Bonds*”), (3) DASNY's United Health Services Hospitals, Inc. Revenue Bonds Series 2010 issued in the original principal amount of \$20,000,000 (the “*Series 2010 Bonds*”), (4) four tax-exempt lease purchase financings undertaken by the Corporation through DASNY (collectively, the “*TELP Financings*”); (5) a certain term loan (the “*2017 Term Loan*”); (6) a certain term loan (the “*2015 Term Loan*” and together with the Series 2019 Bonds, the Series 2015 Bonds, the Series 2010 Bonds, the TELP Financings and the 2017 Term Loan, the “*Refunded Bonds*”), (iii) pay fees associated with the termination of all or a portion of the outstanding interest rate swap agreement entered into by the Corporation in connection with the Series 2015 Bonds; and (iv) pay certain costs of issuance of the Series 2020 Bonds.

Estimated Sources and Uses of Funds

The following table sets forth the total estimated sources and uses of funds on the date of the issuance of the Series 2020 Bonds (with all amounts rounded to the nearest whole dollar):

	<u>Series 2020 Bonds</u>
Sources of Funds	
Principal Amount	\$ 257,495,000
Bond Premium	37,924,885
Other Available Funds	19,187,286
Total Sources of Funds	<u>\$ 314,607,171</u>
Uses of Funds⁽¹⁾	
Deposit to Project Fund	\$ 220,943,786
Refunded Bonds	69,939,973
Deposit to Capitalized Interest Account	12,182,660
Swap Termination	1,927,000
Costs associated with the Policy	7,187,612
Costs of Issuance ⁽²⁾	2,426,140
Total Uses of Funds	<u>\$ 314,607,171</u>

⁽¹⁾ Approximate, the exact application of funds will not be determined until closing.

⁽²⁾ Includes Underwriter's discount, fees and reimbursable expenses of bond counsel, counsel to Borrower, counsel to the Underwriters, counsel to the Issuer, the auditors, the verification agent, the Master Trustee and the Bond Trustee, printing costs, rating agencies' fees and other fees and expenses.

Totals may not foot due to rounding.

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each fiscal year ending December 31, (i) the debt service payments to be made on the Series 2020 Bonds during such fiscal year; (ii) the debt service on all other Outstanding prior bonds of the Obligated Group; and (iii) the total debt service requirements on all bonds. Totals may not add due to rounding.

Fiscal Year Ending (December 31)	The Series 2020 Bonds		Other Outstanding Indebtedness ⁽¹⁾	Total Debt Service
	Principal	Interest		
2020	--	--	\$ 831,109	\$ 831,109
2021	--	\$ 10,666,536	169,343	10,835,879
2022	--	9,721,400	108,693	9,830,093
2023	--	9,721,400	--	9,721,400
2024	\$ 3,900,000	9,623,900	--	13,523,900
2025	4,120,000	9,423,400	--	13,543,400
2026	4,330,000	9,212,150	--	13,542,150
2027	4,780,000	8,984,400	--	13,764,400
2028	5,020,000	8,739,400	--	13,759,400
2029	6,600,000	8,448,900	--	15,048,900
2030	6,935,000	8,110,525	--	15,045,525
2031	7,295,000	7,754,775	--	15,049,775
2032	7,670,000	7,380,650	--	15,050,650
2033	8,250,000	6,982,650	--	15,232,650
2034	8,635,000	6,603,700	--	15,238,700
2035	9,120,000	6,294,200	--	15,414,200
2036	9,405,000	6,016,325	--	15,421,325
2037	9,690,000	5,729,900	--	15,419,900
2038	10,035,000	5,383,850	--	15,418,850
2039	10,445,000	4,974,250	--	15,419,250
2040	10,875,000	4,547,850	--	15,422,850
2041	11,255,000	4,161,525	--	15,416,525
2042	11,600,000	3,818,700	--	15,418,700
2043	11,955,000	3,465,375	--	15,420,375
2044	12,315,000	3,101,325	--	15,416,325
2045	12,695,000	2,726,175	--	15,421,175
2046	13,120,000	2,300,350	--	15,420,350
2047	13,600,000	1,820,775	--	15,420,775
2048	14,095,000	1,323,375	--	15,418,375
2049	14,605,000	807,575	--	15,412,575
2050	15,150,000	272,500	--	15,422,500
Total	\$ 257,495,000	\$ 178,117,836	\$ 1,109,145	\$ 436,721,981

⁽¹⁾ Debt Service on Outstanding Debt of the Obligated Group excludes debt service on the Refunded Bonds, all of which are to be paid in full with the proceeds of the Series 2020 Bonds or Borrower funds. Excludes debt service payments for debt outside of the Obligated Group. As of June 30, 2020, there was approximately \$4.3 million of Chenango Memorial Hospital, \$2.4 million of Delaware Valley Hospital, and \$9.9 million of Ideal Senior Living Center debt outstanding. UHS intends to sell Ideal Senior Living Center, as further discussed in Appendix A.

BONDHOLDERS' RISKS

Some of the identifiable risks which should be considered when making an investment decision regarding the Series 2020 Bonds are discussed below. The discussion herein of risks to the Holders (including the Beneficial Owners) of the Series 2020 Bonds is not intended as dispositive, comprehensive or definitive, but rather is intended to summarize certain matters which could affect payment on the Series 2020 Bonds. The risks discussed below should be read in conjunction with APPENDIX A. Other sections of this Official Statement, as cited herein, should be referred to for a more detailed description of risks described in this section, which descriptions are qualified by reference to any documents discussed therein. The operations and financial condition of the Obligated Group Members (and any future Obligated Group Members) may be affected by factors other than those described in this section and elsewhere in this Official Statement. No assurance can be given as to the nature of such factors or the potential effects thereof on the Obligated Group Members. Copies of all such documents are available for inspection at the designated corporate trust office of the Master Trustee and Bond Trustee.

General

Payment of the Series 2020 Bonds depends directly on the ability of the members of the Obligated Group, currently the Borrower only, to collectively generate revenues sufficient to cover the debt service on the Series 2020 Bonds and all other indebtedness of the Obligated Group. In the last decade, health care providers, especially hospitals, have faced increasing economic pressures from both governmental health care programs and private purchasers of health care such as insurance companies and health maintenance organizations (collectively “third party payers”). The dependence of hospitals on governmental programs requires them to accept limitations on payments and comply with regulations and other restrictions and requirements triggered by participation in such programs. Some governmental and private third-party payers have entered into contracts with health care providers that require “capitated” or other fixed payments, which have the effect of shifting significant economic risks to health care providers.

Health care, especially at the hospital level, is a highly regulated industry with complicated and frequently changing regulations arising both from payment programs and extensive governmental oversight. Health care providers are increasingly subject to audits, investigations and litigation that may threaten access to governmental payment programs, require substantial fines and payments, generate adverse publicity and create significant legal and other transaction costs. In addition, because the Borrower is a 501(c)(3) organization under the Code, it is subject to regulation and restrictions that may have adverse effects on its economic performance or threaten its tax-exempt status and the economic benefits derived from such status. In particular, such regulations and restrictions may require the provision of health care services without payment to a greater degree than is currently the case.

Set forth below is a limited discussion of certain of the risks affecting the Borrower and its ability to provide for payment of the Series 2020 Bonds. Investors should recognize that the discussion below does not cover all such risks, that payment provisions and regulations and restrictions change frequently and that additional material payment limitations and regulations and restrictions may be created, implemented or expanded while the Series 2020 Bonds are outstanding. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any Series 2020 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following special factors along with all other information described elsewhere or incorporated by reference in this Official Statement, including the Appendices hereto, in evaluating the Series 2020 Bonds.

Adequacy of Revenues

Except to the extent otherwise noted herein, the Series 2020 Bonds are payable solely from the payments required to be made by the Borrower to the Issuer under the Loan Agreement and the Series 2020 Obligation. No representation or assurance can be made that revenues will be realized by the Borrower in

amounts sufficient to pay maturing principal of, redemption premium, if any, and interest on the Series 2020 Bonds. The ability of the Borrower to make payments under the Loan Agreement and the ability of the Issuer to make payments on the Series 2020 Bonds under the Indenture depends, among other things, upon the capabilities of management of the Borrower and the ability of the Borrower to maximize revenues under various third party payment programs and to minimize costs and to obtain sufficient revenues from their operations to meet such obligations. Revenues and costs are affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. The risk factors discussed below should be considered in evaluating the ability of the Borrower to make payments in amounts sufficient to meet its obligations under the Loan Agreement, the Master Indenture and the Series 2020 Obligation. This discussion is not, and is not intended to be, exhaustive.

The ability of the Borrower to make required payments under the Loan Agreement and the Series 2020 Obligation is subject to, among other things, future economic and other conditions, which are unpredictable and which may affect revenues and costs and, in turn, the payment of principal of, premium, if any, and interest on the Series 2020 Bonds. Future revenues and expenses of the Borrower will be affected by events and conditions relating generally to, among other things, demand for the Borrower's services, its ability to provide the services required by patients, physicians' relationships with the Borrower, patient and physician satisfaction with the Borrower and its facilities, management capabilities, the design and success of the Borrower's strategic plans, demographic, financial and economic developments in the United States, the State and the Borrower's service area, the Borrower's ability to control expenses, maintenance by the Borrower of relationships with managed care organizations ("MCOs") and PPOs (as defined herein), competition, rates, costs, third party payment, legislation and governmental regulation. The ability of the Borrower to operate successfully over the life of the Series 2020 Bonds may also be dependent upon its ability to finance, acquire and support additional capital replacements and improvements, which ability will be affected by legislation, regulations and applicable principles of reimbursement. Federal and state statutes and regulations are the subject of intense legislative debate and are likely to change, and unanticipated events and circumstances may occur which cause variations from the Borrower's expectations, and the variations may be material. There can be no assurance that the revenues of the borrower will be sufficient to enable the borrower to make such payments.

None of the provisions, covenants, terms and conditions of the Master Indenture or the Loan Agreement will afford the Bond Trustee any assurance that the principal and interest owing under the Loan Agreement and the Series 2020 Obligation (which, except for money held under the Indenture and the other collateral securing the Series 2020 Bonds, constitute the sole source of funds for the payment of the Series 2020 Bonds) will be paid as and when due, if the financial condition of the Borrower deteriorates to a point where it is unable to pay its debts as they come due, or otherwise become insolvent.

General Economic Factors and Credit Market Disruptions

The United States economy is unpredictable. Previous disruptions of the credit and financial markets, including the ongoing coronavirus ("*COVID-19*") pandemic, have led to volatility in the securities markets, significant losses in investment portfolios, increased business failures and consumer and business bankruptcies and economic recession. In response to the 2008 recession, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "*Dodd-Frank Act*") was enacted in 2010. The Dodd-Frank Act included broad changes to the existing financial regulatory structure, including the creation of new federal agencies to identify and respond to the financial stability of the United States. On June 5, 2018, President Trump signed into law the Economic Growth, Regulatory Relief and Consumer Protection Act, which relaxes restrictions on large parts of the banking industry. The effects of the new law are unclear.

In the past, the economic climate has adversely affected the health care sector generally. Patient service revenues and inpatient volumes have not increased as historic trends would otherwise indicate. When unemployment rates were increasing nationally, increases in self-pay admissions, increased levels of bad debt and uncompensated care, reduced demand for elective procedures, and reduced availability and affordability of health insurance resulted. The economic climate has also increased stresses on state budgets, potentially resulting in reductions in Medicaid payment rates or Medicaid eligibility standards and delays in payment of

amounts due under Medicaid and other state or local payment programs. Any similar economic recession in the future could have similar or worse effects.

Impact of COVID-19

The current economic climate has, and will continue to have, a direct impact on the Borrower. See **“FINANCIAL INFORMATION – Response to COVID-19”** in **APPENDIX A** hereto. The rapid spread of COVID-19 has significantly and negatively affected the global, national, state and local economies. In addition to this current market disruption, in general, patient service revenues and inpatient volumes have not increased as historic trends would otherwise indicate and health care providers have also experienced increases in self-pay admissions; increased levels of bad debt and uncompensated care; and reduced availability and affordability of health insurance.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, President Trump declared a national emergency. Social distancing measures to slow the spread of COVID-19 were implemented across the region. Nonessential workers are required to stay home, and travel restrictions were implemented in New York and other states to slow the spread of the disease. The Borrower implemented emergency preparedness and response protocols related to the outbreak of COVID-19 resulting in various operational challenges. See **“FINANCIAL INFORMATION – Response to COVID-19”** in **APPENDIX A** hereto. On March 18, 2020, CMS issued guidance that all elective surgeries and procedures should be postponed nationwide to mitigate the burden on health systems due to increasing COVID-19 incidence and make necessary equipment, supplies (including personal protective equipment), and personnel available to treat patients presenting COVID-19 symptoms. Similarly, on March 23, 2020, Governor Cuomo issued Executive Order 202.10, directing hospitals to cancel all elective surgeries and procedures to increase the beds available to COVID-19 patients. In response, the Borrower canceled all non-emergent and elective procedures to allow for additional acute care capacity for those impacted by COVID-19 and implemented restrictions on patient visitors in its facilities. Such restrictions have significantly impacted the Borrower’s utilization and patient service statistics, and have materially adversely impacted its financial condition. Depending on the length of time these restrictions remain in place and the resources devoted by the Borrower to its COVID-19 response, the Borrower’s operations and financial condition may be further materially adversely impacted. The extent to which business interruption insurance would be available in connection with any events resulting from the COVID-19 pandemic is dependent upon the specific facts of the events, and there can be no assurance that adequate business interruption insurance coverage would be available to cover losses. Management cannot predict the likelihood or the severity of the ultimate impact on the Borrower’s operations or financial condition, though such impact could be material and adverse. Management is monitoring developments with respect to the COVID-19 pandemic and intends to follow recommendations of the CDC and other applicable federal, state and local regulatory agencies. See **“FINANCIAL INFORMATION – Response to COVID-19”** in **APPENDIX A** hereto.

Effects of a weaker economy on hospitals and restrictions required as a result of COVID-19 have and continue to result in, among other things, lower patient volumes; unfavorable changes in payor mix; financial pressures and decreasing membership at health care insurers; and increased difficulty attracting philanthropy. See **“FINANCIAL INFORMATION – Response to COVID-19”** in **APPENDIX A** hereto. State budgets, including the State of New York, are also under increased stress, resulting in increased review and possible reductions in their Medicaid programs. The COVID-19 pandemic and the adverse global economic consequences thereof may further exacerbate state budgetary pressures by reducing state tax collections. Any such state financial pressures could result in further delays and/or decreases in Medicaid reimbursement. See **“FINANCIAL INFORMATION – Response to COVID-19”** in **APPENDIX A** hereto.

Financial markets in the U.S. and globally have recently seen significant volatility attributed to COVID-19 concerns. The continued spread of COVID-19 or any other similar outbreaks in the future may materially adversely impact global, national, state and local economies and, accordingly, may materially adversely impact the financial condition of the Borrower.

A variety of federal, state and local government efforts have been initiated in response to the COVID-19 outbreak. On March 27, 2020, the approximately \$2 trillion Coronavirus Aid, Relief, and Economic Security Act (the “*CARES Act*”) was enacted into law to provide stimulus to individuals and businesses impacted by the COVID-19 outbreak. The CARES Act and subsequent government action, such as the enactment on April 24, 2020 of the Paycheck Protection Program and Health Care Enhancement Act, include several provisions important to health care providers, including provisions for certain emergency funds, making available \$175 billion to reimburse eligible health care providers for health care-related expenses or lost revenues not otherwise reimbursed that are directly attributable to COVID-19. Eligible providers include Medicare or Medicaid enrolled suppliers and providers, for-profit entities and nonprofit entities in the United States that provide diagnoses, testing or care for individuals with possible or actual cases of COVID-19. The CARES Act also provides for other provisions designed to boost Medicare and Medicaid reimbursement for COVID-19 related services, including, among other items, payments for inpatient hospital admissions relating to COVID-19, accelerated payment to providers, and the suspension of certain policies that reduced payments to providers, including a temporary elimination of the Medicare sequester. Additionally, the CARES Act expands the ability of providers to offer telehealth by changing certain restrictions on reimbursement for those services. While management intends to take advantage of such relevant CARES Act programs and policies, the timing, adequacy and other ultimate effects of such relief on the Borrower cannot be predicted at this time. CARES Act funding and other emergency government support is likely to lead to significant auditing, oversight, and enforcement by the government concerning such funding. Further, it is not possible to predict the scope or effect of any future legislative or regulatory actions enacted in response to the COVID-19 outbreak on the Borrower’s operations and financial condition.

Further, the ongoing coronavirus (COVID-19) pandemic, and any other future healthcare pandemic or related crisis, could result in a spike in demand for health care services or otherwise impair operations or the generation of revenues from the facilities operated by the Borrower. The treatment of a highly contagious disease at a facility operated by the Borrower could also result in a temporary shutdown or diversion of patients. In addition, unaffected individuals may decide to defer elective procedures or otherwise avoid medical treatment, resulting in reduced patient volumes and operating revenues at the Borrower’s outpatient facilities. Management is not able to predict the potential impact of such a disruption on the financial condition of the Borrower.

Event of Taxability of the Series 2020 Bonds

If the Borrower does not comply with certain covenants set forth in the Loan Agreement or if certain representations or warranties made by the Borrower in the Loan Agreement or in certain certificates of the Borrower are false or misleading, the interest paid or payable on the Series 2020 Bonds may become subject to inclusion in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Bonds, regardless of the date on which such noncompliance or misrepresentation is ascertained. In the event that the interest on the Series 2020 Bonds becomes subject to inclusion in gross income for federal income tax purposes, the Indenture does not provide for payment of any additional interest on the Series 2020 Bonds, the redemption of the Series 2020 Bonds or the acceleration of the payment of principal on the Series 2020 Bonds.

Maintenance of 501(c)(3) Status

The federal tax-exempt status of the Series 2020 Bonds presently depends upon maintenance by the Borrower of its status as organizations described in Section 501(c)(3) of the Code. The Borrower has been determined to be a tax-exempt organization described in Section 501(c)(3) of the Code. To maintain such status, such entity must conduct its operations in a manner consistent with representations previously made to the Internal Revenue Service (the “*IRS*”) and with current and future IRS regulations and rulings governing tax-exempt health care facilities.

Compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Borrower to charge and collect revenues, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2020 Bonds. Although the

Borrower has covenanted to maintain its status as a tax-exempt organization, loss of tax-exempt status would likely have a significant adverse effect on the Borrower and its operations and could result in the includability of interest on the Series 2020 Bonds in gross income for federal income tax purposes retroactive to their date of issue. See “**TAX MATTERS**” herein.

The tax-exempt status of not-for-profit corporations, and the exclusion of income earned by them from taxation, has been the subject of review by various federal, state and local legislative, regulatory and judicial bodies. This review has included proposals to broaden and strengthen existing federal tax law with respect to unrelated business income of not-for-profit corporations.

There can be no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of the Borrower by requiring it to pay income, real estate or other taxes.

Not-for-profit Health Care Environment

The Borrower is a not-for-profit corporation, exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code. As a not-for-profit tax-exempt organization, the Borrower is subject to federal, state and local laws, regulations, rulings and court decisions relating to its organization and operation, including its operation for charitable purposes.

An increasing number of the operations or practices of health care providers have been challenged or questioned to determine if they are consistent with the regulatory requirements for not-for-profit tax-exempt organizations. These challenges, in some cases, are broader than concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, and instead in some cases examine core business practices of health care organizations. Areas which have come under examination have included pricing practices, billing and collection practices, charitable care methods of providing and reporting community benefit, executive compensation, exemption of property from real property taxation, and others. These challenges and questions have come from a variety of sources, including state attorneys general, the IRS, labor unions, Congress, state legislatures, and patients, and in a variety of forums, including hearings, audits and litigation. If the Borrower were to face a challenge of this nature, it could have a material impact on the financial condition of the Borrower in the future. These challenges or examinations include the following, among others:

Litigation Relating to Billing and Collection Practices. Lawsuits have been filed against various not-for-profit health care providers in federal and state courts across the country regarding billing and collection practices relating to the uninsured. The lawsuits are premised on the notion that federal and state laws require not-for-profit health care providers to provide certain levels of free or discounted health care to the uninsured. Thus, the plaintiffs in those lawsuits have alleged, among other things, that the defendants violated federal and state law by billing the uninsured at undiscounted rates, that the medical bills the defendants sent to the uninsured are inflated, and that the defendants engaged in unfair debt collection practices.

Congressional Hearings. In recent years, multiple congressional committees have conducted hearings and other proceedings inquiring into various practices of not-for-profit hospitals and health care providers. Among the legislation proposed or discussed as a result of these hearings and proceedings are: (i) establishment of minimum required levels of charity care to be provided by not-for-profit health care providers; (ii) periodic review of hospitals’ tax-exempt status by the IRS; and (iii) greater and more uniform reporting of charitable and community benefit activities.

IRS Form 990 for Not-for-Profit Corporations. The IRS Form 990 is used by 501(c)(3) not-for-profit organizations (including the Borrower) to submit information required by the federal government for tax exemption. Form 990 requires detailed public disclosure of compensation practices, corporate governance, loans to management and others, joint ventures and other types of transactions, political campaign activities, and other areas the IRS deems to be compliance risk areas. Form 990 makes a wealth of detailed information on compliance risk areas available to the IRS and other enforcement agencies.

IRS Enforcement of Community Benefit. The IRS has undertaken a community benefit initiative directed at hospitals. The IRS determined that a lack of uniformity in definitions of community benefit used by reporting hospitals, including those regarding uncompensated care and various types of benefits, made it difficult for the IRS to assess whether any particular hospital is in compliance with current law. As a result, hospitals are required to complete Schedule H of Form 990 to report their community benefit activities, including the cost of providing charity care and other tax-exemption related information. Proposals have also been made in Congress to codify the requirements for hospitals' tax-exempt status, including requirements to conduct a regular community needs analysis and to provide minimum levels of charity care.

The Patient Protection and Affordable Care Act. The Affordable Care Act (as hereinafter defined) imposed additional requirements on not-for-profit hospitals in order to maintain their tax-exempt status. First, each hospital must conduct a community health needs assessment at least once every three taxable years and adopt an implementation strategy to meet the needs identified, or be subject to an excise tax penalty of \$50,000. Hospitals must disclose a summary of the assessment and implementation strategy and audited financial statements on Form 990. The Secretary of the Treasury must review the community benefit of the activities of each tax-exempt hospital at least once every three years and must submit an annual report to Congress with information regarding the levels of charity care, bad debt expenses, unreimbursed costs of government programs, and costs incurred by tax-exempt hospitals for community benefit activities. Second, each hospital must adopt, implement and publicize a financial assistance policy and a policy relating to emergency medical care. Third, hospitals must limit the charges for emergency or other medically necessary care provided to individuals eligible for assistance under the financial assistance policy to not more than the amounts generally billed to individuals who have insurance that covers such care. Finally, a hospital may not engage in extraordinary collection actions before making reasonable efforts to determine whether an individual is eligible for assistance under the organization's financial assistance policy.

The IRS has expanded the annual reporting requirements in IRS Form 990 to include information concerning a hospital's community benefit and billing practices that are required as part of the Affordable Care Act. In addition, the IRS has increased its scrutiny of the community benefits provided by not-for-profit hospitals. Due to a lack of uniformity in definition of community benefit used by reporting hospitals, the IRS has created four new standardized requirements necessary to maintain tax-exempt status, which include: conducting and implementing a community health needs assessment, adopting, implementing and publicizing financial assistance policies; limiting the charges for emergency or necessary care; and refraining from engaging in extraordinary collection activities before making a reasonable effort to determine whether an individual is eligible for financial assistance. In February 2019, the Senate Finance Committee requested additional information from the IRS regarding its oversight of tax-exempt hospitals and compliance with the new requirements imposed by the Affordable Care Act.

The Treasury Department and IRS oversight and reporting on community benefit activities of 501(c)(3) hospitals may increase the likelihood that Congress will require such hospitals to provide a minimum level of charity care in order to retain their tax-exempt status and may increase IRS scrutiny of particular 501(c)(3) hospital organizations.

IRS Focus on Private Benefit and Private Inurement. The Code contains restrictions on the issuance of tax-exempt bonds for the purpose of financing and refinancing different types of health care facilities for not-for-profit organizations, including facilities generating taxable income. The Code continues to subject unrelated business income of not-for-profit organizations to taxation.

As a tax-exempt organization, the Borrower is limited with respect to the use of practice income guarantees, reduced rent on medical office space, below market interest loans, joint venture programs, and other means of recruiting and retaining physicians. The IRS scrutinizes a broad variety of contractual relationships commonly entered into by hospitals and affiliated entities, including the Borrower, and has issued detailed hospital audit guidelines suggesting that field agents scrutinize numerous activities of hospitals in an effort to determine whether any action should be taken with respect to limitations on, or revocation of, their tax-exempt status or assessment of additional tax. The IRS has also commenced intensive audits of select health care

providers to determine whether the activities of these providers are consistent with their continued tax-exempt status. The IRS has indicated that, in certain circumstances, violation of the fraud and abuse statutes could constitute grounds for revocation of a hospital's tax-exempt status

Any suspension, limitation, or revocation of the tax-exempt status of the Borrower or assessment of significant tax liability would have a material adverse effect on the Borrower.

Section 501(c)(3) of the Code specifically conditions the continued exemption of all Section 501(c)(3) organizations upon the requirement, among others, that no part of the net earnings of the organization inure to the benefit of any private individual. Any violation of the prohibition against private inurement may cause the organization to lose its tax-exempt status under 501(c)(3) of the Code. The IRS has issued guidance in informal private letter rulings and general counsel memoranda on some situations that give rise to private inurement, but there is no definitive body of law and no regulations or public advisory rulings that address many common arrangements between exempt health care providers and nonexempt individuals or entities. There can be no assurances concerning the outcome of an audit or other investigation given the lack of clear authority interpreting the range of activities undertaken by the Borrower.

Intermediate sanctions legislation enacted in 1996 imposes penalty excise taxes in cases where an exempt organization is found to have engaged in an "excess benefit transaction" with a "disqualified person." Such penalty excise taxes may be imposed in lieu of revocation of exemption or in addition to such revocation in cases where the magnitude or nature of the excess benefit call into question whether the organization functions as a public charity. The tax is imposed both on the disqualified person receiving such excess benefit and on any officer, director, trustee or other person having similar powers or responsibilities who participated in the transaction willfully or without reasonable cause, knowing it will involve "excess benefit." "Excess benefit transactions" include transactions in which a disqualified person receives compensation for services that exceeds the fair market value of the services provided by the disqualified person. "Disqualified persons" include "insiders" such as board members and officers, senior management, and members of the medical staff, who in each case are in a position to substantially influence the affairs of the organization; their family members; and entities which are more than 35% controlled by a disqualified person.

Any imposition of a penalty excise tax or the loss of tax-exempt status, based upon a finding that the Borrower engaged in an excess benefit transaction could result in negative publicity and other consequences that could have a materially adverse effect on the operations, property or assets of the Borrower.

Tax Audits. Taxing authorities have historically conducted tax audits of not-for-profit organizations to confirm that such organizations are in compliance with applicable tax rules and in some instances have collected significant payments as part of the settlement process. Such audit processes may be prolonged, and it may take several years to reach the final determination of allowable amounts. the Borrower is not currently under audit.

The foregoing are some examples of the challenges and examinations facing not-for-profit health care organizations. They are indicative of a greater scrutiny of the billing, collection and other business practices of these organizations, and may indicate an increasingly more difficult operating environment for health care organizations. The challenges and examinations, and any resulting legislation, regulations, judgments, or penalties, could have a material adverse effect on the Borrower.

Challenges to Real Property Tax Exemptions. Recently, the real property tax exemptions afforded to certain not-for-profit health care providers by state and local taxing authorities have been challenged on the grounds that the health care providers were not engaged in charitable activities. These challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices and excessive financial margins. While the Borrower is not aware of any current challenge to the tax exemption afforded to any material real property of the Borrower, it is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of not-for-profit corporations. There can be no assurance that future changes in the laws and regulations of state or local governments will not materially adversely affect the financial condition of the Borrower by requiring payment of income, local property or other taxes.

Charity Care. Hospitals are permitted to qualify for tax-exempt status under the Code because the provision of health care historically has been treated as a “charitable” enterprise. This treatment arose before most Americans had health insurance, when charitable donations were required to fund the health care provided to the sick and disabled. Some commentators and others have taken the position that, with the onset of employer health insurance and governmental payment programs, there is no longer any justification for special tax treatment for the health care industry, and the availability for tax-exempt status should be eliminated. Furthermore, federal and state tax authorities are beginning to demand that tax-exempt hospitals justify their tax-exempt status by documenting their charitable care and other community benefits.

As described above under the caption “**Not-for-profit Health Care Environment – Litigation Relating to Billing and Collection Practices,**” charity care issues also serve as the basis of certain claims against major hospital systems throughout the United States on behalf of uninsured patients. Many lawsuits filed against not-for-profit hospitals raise a number of claims against the hospital defendants, including claims that the defendants, by accepting tax-exempt status, entered into agreements with the federal, state and local governments promising to provide free or reduced care to all those who need it; the uninsured patients are beneficiaries of those agreements and can bring suit on them; the defendants engaged in illegal and oppressive tactics against the uninsured; the defendants engaged in illegal price discrimination by charging the uninsured rates far in excess of the rates charged to such third party payors as Medicare and certain insurers; the defendants violated state consumer fraud statutes; the defendants allowed a portion of their properties to be used by for-profit entities at less than fair value and engaged in other inappropriate transactions with doctors and certain insiders; the defendants transferred monies illegally to their affiliates for other than charitable purposes; and the defendants and the American Hospital Association, another named defendant in many of the lawsuits, conspired with the defendants to charge illegal prices to the uninsured.

Litigation has been initiated against several hospitals in the United States by individual uninsured plaintiffs alleging, among other things, that the defendants violated their duty to the plaintiffs by charging higher rates and fees for services to those plaintiffs than the hospitals received from Blue Cross Blue Shield entities, Medicare, Medicaid or other insurers. Among the remedies sought by the plaintiffs are money damages and a court order against the defendants compelling them to reduce the rates and fees charged to uninsured patients.

Federal Legislation

On January 2, 2013, the American Taxpayer Relief Act of 2012 (the “*Taxpayer Relief Act*”) was signed into law to address the federal deficit and the budget sequestration provisions of the Budget Control Act of 2011. The Taxpayer Relief Act postponed the budget sequestration provisions of the Budget Control Act of 2011 for two months to allow Congress to attempt to reach a budget compromise. With no budget compromise forthcoming, on March 1, 2013, President Obama issued a sequestration order, requiring across-the-board reductions in Federal spending. Accordingly, on March 8, 2013, Centers for Medicare and Medicaid Services (“*CMS*”) announced that Medicare claims for payment with a date of service or date of discharge on or after April 1, 2013, will incur a two percent (2%) reduction in Medicare payment. The Bipartisan Budget Act of 2018 extended these reductions through 2027, though the CARES Act has suspended the Medicare sequestration from May 1, 2020 to December 1, 2020. It is possible that Congress could act to extend or increase these across-the-board reductions, which would have a material adverse financial impact on the Borrower by reducing Medicare revenue.

In 2010, the Patient Protection and Affordable Care Act was signed into law along with the Health Care and Education Reconciliation Act. Together, these laws (hereinafter referred to as the “*Affordable Care Act*”) introduced the most far reaching changes in our national health care system since the creation of Medicare in 1965. The Affordable Care Act affects health care organizations in countless ways through insurance reforms, changes in Medicare and Medicaid provider payments, quality and transparency initiatives, and delivery system reforms. The most significant health insurance coverage reforms began in 2014 and included such provisions as prohibiting health insurers from denying coverage or refusing claims based on pre-existing conditions, expanding Medicaid eligibility, subsidizing insurance premiums, providing incentives for businesses to provide health care benefits, and establishing health insurance exchanges.

The Affordable Care Act is complex, and includes many new programs and initiatives and changes to existing programs, policies, practices and laws. Further, as discussed below, the Affordable Care Act is highly politicized. President Trump's stated goal is to roll back implementation of key elements of the Affordable Care Act or repeal it entirely. At the same time, several of the Democratic candidates for President of the United States are campaigning to replace the Affordable Care Act with a national single-payer health system. Some of the specific provisions of the Affordable Care Act that may affect hospital operations, financial performance or financial conditions are described below. This list is not exhaustive.

- Annual inflation adjustments to Medicare payments have been reduced.
- Many state Medicaid programs have been expanded to a broader population.
- Medicare has begun reducing payments to hospitals found to have an excess readmissions ratio for certain conditions.
- To reduce waste, fraud, and abuse in public programs, the Affordable Care Act provides for provider enrollment screening, enhanced oversight periods for new providers and suppliers, enrollment moratoria in areas identified as being at elevated risk of fraud in all public programs, increased penalties for fraud and abuse violations, and increased funding for anti-fraud activities.
- Medicare payments to certain hospitals to cover conditions acquired during hospitalization have been reduced and federal payments to states for Medicaid services related to hospital-acquired conditions are prohibited.
- A value-based purchasing program has been established under the Medicare program. Under this program, hospital payments will increase or decrease depending on a hospital's performance vis-a-vis established quality measures.
- Medicare and Medicaid Disproportionate Share Hospital ("DSH") allotments to each state were slated for reductions, based on state-wide reduction in uninsured and uncompensated care. However, Congress has repeatedly delayed these cuts.

The Affordable Care Act has been subject to significant opposition in the political and judicial arenas. Multiple lawsuits challenging the constitutionality of the Affordable Care Act have been filed by private and state parties in federal courts. The U.S. Supreme Court decided the constitutionality of certain provisions of the Affordable Care Act in *National Federation of Independent Business v. Sebelius*: (i) the "individual mandate" that requires individuals to purchase health insurance starting in 2014 or be penalized, and (ii) the expansion of the Medicaid program. On June 28, 2012, the Supreme Court of the United States upheld a constitutional challenge to the Affordable Care Act. The Court held that the insurance mandate was constitutional under Congress's taxing power. However, the Court ruled that Congress's expansion of the Medicaid program was unconstitutional because it would have withdrawn all federal funding to states that did not abide by the expansion. Accordingly, states have the option of expanding Medicaid under the Affordable Care Act. In a subsequent case decided in June 2015, *King v. Burwell*, the Supreme Court upheld the grant of federal subsidies to individuals who obtain insurance through the federally managed health insurance exchange.

Although the Supreme Court's ruling in this case removed a significant source of uncertainty surrounding the implementation of the Affordable Care Act, further challenges pose a significant risk. For example, ongoing litigation challenging the Affordable Care Act is underway now. In the case of *Texas v. Azar*, a group of states, including Texas challenged the Affordable Care Act on the grounds that the individual mandate with no tax penalty was not a tax and therefore unconstitutional. On December 18, 2019, the U.S. Court of Appeals for the Fifth Circuit ruled 2-1 in this case that the Affordable Care Act's individual mandate is unconstitutional, remanding the case to the original trial court in the Northern District of Texas to determine whether this invalidates the entire Affordable Care Act. In early January 2020, 19 Democratic state attorneys

general and the Kentucky governor petitioned the U.S. Supreme Court to hear the case on an expedited basis, without waiting for the District Court's review. It is uncertain whether the Supreme Court will do so. The stakes of the lawsuit are significant. If the entire Affordable Care Act is invalidated, that could mean that health insurers could once again refuse coverage or otherwise discriminate against patients who have preexisting conditions. Additionally, it would mean that roughly 20 million people who obtained insurance after the Affordable Care Act was implemented could lose it.

Beyond court challenges, President Trump and Republican leaders of Congress have repeatedly advocated for the repeal and replacement of the Affordable Care Act as a key goal. In December 2017, Congress enacted the Tax Cuts and Jobs Act of 2017 (the "*Tax Cuts and Jobs Act*"), which repealed the penalty for failing to obtain health insurance under the Affordable Care Act (this is the source of the challenge in *Texas v. Azar*). The Borrower cannot predict with any reasonable degree of certainty or reliability any interim or ultimate effects of the legislation. Moreover, uncertainties regarding the implementation of the Affordable Care Act on a national level and in New York State create unpredictability for the strategic and business planning efforts of health care providers, which in itself constitutes a risk.

Administrative Actions regarding the Affordable Care Act

The implementation of the Affordable Care Act and the Affordable Care Act insurance exchange markets can be significantly affected by executive branch actions. In 2017, President Trump issued an executive order requiring all federal agencies with authorities and responsibilities under the Affordable Care Act to "exercise all authority and discretion available to them to waive, defer, grant exemptions from or delay" parts of the Affordable Care Act that place "unwarranted economic and regulatory burdens" on states, individuals or health care providers. The Borrower cannot predict the effect of these executive branch actions on the Borrower's business or financial condition, though such effects could be material.

On June 21, 2018, the U.S. Department of Labor published a final rule, amending the definition of "employer" under section 3(5) of the Employee Retirement Income Security Act ("*ERISA*") to allow for the establishment of group or association health plans ("*AHPs*") that broadens the criteria under ERISA for determining when and how employers may form associations to offer group health plans to multiple employers and self-employed individuals. The final rule was intended to expand access to group health coverage; however, the final rule also eliminates certain requirements for a health plan under the Affordable Care Act.

Tax Reform. On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act. The Tax Cuts and Jobs Act lowered corporate and individual tax rates and eliminated certain tax preferences and other tax expenditures. The Tax Cuts and Jobs Act also eliminated, effective 2019, the tax penalties associated with failure to comply the Affordable Care Act's individual mandate. The elimination of the individual mandate may result in a higher uninsured rate, which may adversely affect the financial condition of the Borrower.

The Tax Cuts and Jobs Act also eliminated the issuance of tax-exempt bonds to advance refund outstanding tax-exempt bonds; imposed an excise tax on exempt entities' executive compensation in excess of \$1,000,000 per year; required that the tax on an exempt organization's unrelated business income be computed separately for each line of business; required the inclusion of certain fringe benefits in the calculation of unrelated business income tax; and limits the use of net operating losses in computing unrelated business income tax, each of which may, collectively or individually, adversely affect the financial condition of the Borrower.

Federal and State Policies Affecting Health Care Facilities. Legislation is periodically introduced in Congress and in the New York State Legislature that could result in limitations on the Borrower's revenue, third-party payments, and costs or charges, or that could result in increased competition or an increase in the level of uncompensated care required to be provided by the Borrower. From time to time, legislative and regulatory proposals are made at the federal and state level to engage in broader reform of the health care industry, including proposals to promote competition in the health care industry, to contain health care costs, eliminate the 340B drug discount program, change existing nurse staffing ratios, impose administratively burdensome regulations and to impose additional requirements and restrictions on health care insurers, providers

and other health care entities. Additionally, members of Congress and candidates for President of the United States have introduced proposals to adopt a national, single-payer health system. Similar proposals are being pushed in New York State. The impact of future reform efforts on the Borrower cannot be predicted at this time, and may have a material effect on the Borrower's finances and operations.

Risks Related to Rules Governing Payment for Health Care Services

The Medicare and Medicaid Programs

Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, disabled or qualify for the End Stage Renal Disease Program. Medicare is administered by the CMS of the federal Department of Health and Human Services (“*DHHS*”). Medicaid is funded jointly by the federal government and the states and provides medical assistance to certain needy individuals and families. Significant changes have been and may be made in the Medicare and Medicaid programs that could have a material adverse impact on the financial condition of the Borrower, for example, by decreasing the amount of payment for services. In addition, the requirements for Medicare and Medicaid certification are subject to change, and to remain qualified for participation in such programs, it may be necessary for the Borrower to effect changes from time to time in its facilities, equipment, personnel, billing processes, policies and services.

Medicare

Medicare pays acute care hospitals for services provided on an inpatient basis according to the inpatient prospective payment system (“*IPPS*”). IPPS pays hospitals a pre-determined amount for services. The amount of the payment is the product of a nationally determined base payment rate, which is adjusted for a variety of factors on a hospital-specific basis, and a relative weight that reflects the anticipated costs of care in a particular clinical category compared with a national average of all cases. The base rate is designed to provide some payment to hospitals for both inpatient operating and capital related costs. The base rate is adjusted by factors related to market conditions of a hospital's geographic location and other circumstances of a particular hospital, such as whether it is a teaching hospital. The relative weight factor of an IPPS calculation depends on the clinical category of services rendered to a patient. The clinical category is determined by how a patient's case is classified at discharge under one of hundreds of Severity Diagnosis Related Groups (“*MS-DRG*”) defined by the CMS.

The IPPS standardized base rates are updated annually based on a statistical estimate of the increase (the “*update factor*”) in the cost of goods and services used by hospitals in providing care (the “*market basket*”). Currently, the update factor equals the percentage increase in the market basket, but from time to time Congress has set updates legislatively that are less than the market basket. For every year since 1983, Congress has modified the increases and given substantially less than the increase in the market basket index. The Affordable Care Act provides for additional reductions to the market basket update, as well as other payment adjustments, in future years. There is, therefore, no assurance that future updates in MS-DRG payments will keep pace with the increases in providing inpatient hospital services.

Hospitals receive additional payment for cases that exceed MS-DRG-specific cost thresholds, referred to as “outlier payments”. In addition, hospitals that satisfy specific program requirements may be eligible to receive additional revenue to defray the costs of organ procurement and treatments that use new technologies. With the exception of outlier cases, PPS payments are not adjusted for actual costs or variations in service or length of stay. The PPS amount and adjustments described above are calculated using formulae established by CMS that are revised periodically pursuant to federal budgetary policy. There is no assurance that the Borrower will be paid amounts that adequately reflect the actual cost of providing health care or the cost of the health care technologies available to patients.

Medicare also pays providers for inpatient psychiatric services on a PPS basis. Under that system, Medicare pays for the *per diem* routine, ancillary, and capital costs associated with those services. A base *per*

diem payment is adjusted to account for differences in the cost of care related to patient characteristics (*e.g.*, age, diagnosis, and length of stay) and facility characteristics (*e.g.*, location and teaching status).

The Affordable Care Act also contains reductions in Medicare market basket updates and cuts in DSH payments for providing care to low income and uninsured patients. However, Congress has repeatedly delayed cuts to DSH payments. There is no certainty that Congress will continue to delay cuts in DSH payments in future years, so this is still an area of significant risk.

CMS has implemented a rule to change the methodology of Medicare DSH allotments according to a calculation using limited data from the Medicare Cost Report Worksheet S-10. The rule has caused the Borrower to experience payment reductions in connection with Medicare DSH allotments.

Beginning in 2013, Medicare inpatient payments to each hospital were reduced based on the dollar value of that hospital's percentage of preventable Medicare readmissions for certain medical conditions. In addition, as permitted by the Affordable Care Act, CMS expanded the conditions measured for the readmission rate penalties beginning in 2015 to include additional conditions.

Teaching hospitals receive adjustments to their Medicare IPPS payment rates for costs related to training physicians and other medical professionals (graduate medical education ("*GME*") payments), as well as for providing care to a high level of Medicaid and disabled patients (disproportionate share payments or DSH payments). There are two forms of payment for GME: Direct Graduate Medical Education ("*DGME*") and Indirect Medical Education ("*IME*") payments. DGME payments support the direct costs of training (*e.g.*, resident stipends, supervision), while IME payments support the higher infrastructure relating to teaching, greater patient acuity and the extensive "stand-by" capabilities of teaching hospitals. While a recommendation from The Medicare Payment Advisory Commission ("*MedPAC*") and a CMS proposed rule both have suggested reducing the level of IME adjustments, such reduction has not yet been implemented. There can be no assurance that payments to the Borrower for providing medical education will be adequate to cover the costs attributable to medical education programs for training residents, nurses and allied health professionals.

Hospital outpatient services also are paid by Medicare according to a prospective payment system for hospital outpatient services ("*OPPS*"). Under OPPS, most outpatient services are grouped into one of approximately 800 Ambulatory Patient Classifications and paid a uniform national payment amount adjusted for area wage differences and the average amount of resources required to provide the service (*e.g.*, visit, chest x-ray, surgical procedure). OPPS applies to most hospital outpatient services, other than ambulance and rehabilitation services, clinical diagnostic laboratory services, dialysis for end-stage renal disease, non-implantable durable medical equipment, prosthetic devices and orthotics. Hospitals can receive three additional payments in addition to the amount determined under the standard OPPS rule: pass-through payments for certain new technologies; outlier payments for unusually costly cases; and special payments to certain children's and cancer hospitals. Outpatient services not covered by OPPS are paid on the basis of fee schedules, the lower of costs or charges, or a blend of fee schedules and costs.

In 1986 Congress enacted the Emergency Medical Treatment and Active Labor Act ("*EMTALA*") in response to allegations of inappropriate hospital transfers of low-income and/or uninsured emergency patients. EMTALA imposes strict requirements on hospitals in the treatment and transfer of patients with emergency medical conditions.

If a hospital with 100 beds or more violates EMTALA, whether knowingly and willfully or negligently, it is subject to a civil money penalty of up to \$50,000 per violation. Failure to satisfy the requirements of EMTALA may also result in termination of the hospital's provider agreement. In addition, EMTALA creates a private cause of action for individuals who suffer personal harm as a result of an EMTALA violation, and for any hospital that suffers financial loss as a result of another hospital's violation of EMTALA. This is a complaint-driven process, so any patient or family member could allege an EMTALA violation. The statute of limitations for filing such a civil action is two years.

The Medicare payment rules are reviewed, and many of them are revised, annually based on recommendations from government advisory commissions, such as MedPAC, and other sources, including health care providers. MedPAC has encouraged CMS to reduce payments for hospital-based services to the levels paid for comparable services to freestanding independent facilities, which could lead to a decrease in Medicare payments received by the Borrower. In the future, continuing revisions to these rules may also lead to a decrease in Medicare payments received by the Borrower. The Medicare program has experienced frequent legislative, regulatory and administrative revisions in its payment methodologies and other provisions, many of which have sought to reduce the rate of increase in the cost of the program. It is likely that revisions will continue, some of which may adversely affect the Medicare payment which the Borrower receives.

In the 2014 Medicare inpatient prospective payment system final rule, CMS promulgated the two-midnight rule. Under this rule administrative contractors auditing the medical necessity of inpatient hospital admissions have been directed to consider admissions spanning less than two midnights to be, except in rare and unusual cases, outpatient cases.

Medicare Advantage

Medicare Advantage plans are alternate insurance products offered by private companies that engage in direct managed care risk contracting with the Medicare program. Under the Medicare Advantage program these private companies agree to accept a fixed, per-beneficiary payment from the Medicare program to cover all care that the beneficiary may require.

Future legislation or regulations may alter the financial incentives available to private insurers who offer Medicare Advantage plans. For example, on October 3, 2019, President Trump signed an Executive Order that will affect Medicare Advantage plans. Regulations will need to be developed to implement the Executive Order but the order sets out to provide beneficiaries with “*more diverse and affordable plan choices*” under the Medicare Advantage (MA) program. Depending on how the regulations affect Medicare Advantage plans, this might increase or decrease its popularity and level of acceptance among Medicare beneficiaries. The effect of such future legislation/regulation is unknown but could materially and adversely affect the Borrower.

Other Medicare Service Payments. Medicare payment for skilled nursing services, psychiatric services, inpatient rehabilitation services, general outpatient services and home health services are based on regulatory formulas or pre-determined rates. There is no guarantee that these rates, as they may change from time to time, will be adequate to cover the actual cost of providing these services to Medicare patients.

The Medicaid Program

Under Medicaid, the federal government provides grants to states that have medical assistance programs that meet federal standards. Competing pressures on the federal budget and New York State’s attempt to address its own budgetary needs have also resulted in uncertainty with respect to Medicaid spending. Further, federal legislative efforts to cap Medicaid spending have been debated in Congress. Such decreases in spending could have a material adverse impact on the future financial condition of the Borrower.

Under federal law, Medicaid coverage is mandatory for persons receiving assistance from Temporary Assistance for Needy Families (previously known as Aid to Families With Dependent Children) or the federal Supplemental Social Security (“SSP”) program and for certain categories of children and pregnant women. Implementation of the Medicaid program falls to each state, however, and there are significant variations in virtually all aspects of the Medicaid program across states. State specific variations arise from the fact that the Medicaid statute allows for optional benefits and categories of beneficiaries, as well as waivers of general statutory requirements to implement specific programs or demonstration projects.

Under provisions of the Affordable Care Act, the combinations of health insurance exchanges, increased employer insurance coverage requirements and Medicaid expansions have resulted in decreases in the number of

uninsured patients. The increase in insured patients could result in lower levels of bad debt and increased utilization or profitable shifts in utilization patterns for hospitals generally.

New York State, which has established its own exchange and participated in the Medicaid expansion, announced in October 2019 that approximately one million people have enrolled since the Marketplace opened in 2013 and the number of uninsured has decreased by 1.2 million since 2010. However, given the risks in the current political climate it remains unclear whether these gains can be sustained and how that will impact the Borrower.

Audits and Withholds

Participating providers are subject to audits and retroactive audit adjustments with respect to the Medicare and Medicaid programs. Such adjustments could exceed reserves and could be substantial. Medicare and Medicaid regulations also provide for withholding payments in certain circumstances. Any withholds that may occur could have a material adverse impact on the future financial condition of the Borrower. Management of the Borrower is not aware of audits or any material payment withhold by either Medicare or Medicaid.

Compliance and Payment

Hospitals must comply with standards called “Conditions of Participation” to be eligible for Medicare and Medicaid payments. CMS is responsible for ensuring that hospitals meet these regulatory Conditions of Participation. Under applicable Medicaid rules, hospitals accredited by The Joint Commission are deemed to meet the Conditions of Participation, subject to CMS’s requirement that hospitals satisfy reenrollment criteria as required by CMS. Failure to maintain The Joint Commission accreditation or to otherwise comply with the Conditions of Participation or other applicable state licensing requirements could have a material adverse effect on the revenues of the Borrower.

Private Health Plans and Insurers

Certain private insurance companies contract with hospitals on an “exclusive” or a “preferred” provider basis, and some insurers have plans known as “preferred provider organizations” (“PPOs”). Under such plans, there may be financial incentives for subscribers to use only those hospitals which contract with the plans. Under an exclusive provider plan, which includes most HMOs, private payors limit coverage to those services provided by selected hospitals within the provider plan. With this contracting authority, private payors may direct patients away from nonselected hospitals by denying coverage for services provided by them. In addition, PPOs and HMOs may limit the participation of a provider.

Such programs individually negotiate payment terms with the Borrower, which terms include discounted fee-for-service payments or discounted fixed rate per day/case of care payments. There also are additional provisions for bonuses if the Borrower meets certain criteria. There is no assurance that the Borrower’s exposure to such contracts or arrangements will not increase in the future. Increased participation may maintain or increase the patient base, but the discounts offered to HMOs and PPOs may result in reduced payments and lower net revenue to the Borrower.

Some HMOs are now offering or mandating a “capitation” payment method under which hospitals are paid a predetermined periodic rate for each enrollee in the HMO who is “assigned” to, or otherwise directed to receive care at, a particular hospital. In a capitated payment system, the health care provider assumes an insurance type risk for the cost and scope of care given to the HMO’s enrollees. If payment under an HMO or PPO contract is insufficient to meet the provider’s costs of care, the financial condition of the provider may erode rapidly and significantly. Often, HMO or PPO contracts are enforceable for a stated term, regardless of provider losses. Recently, certain HMOs and PPOs have experienced financial difficulties, and some have resorted to bankruptcy proceedings. It is not possible, at this time, to predict the future of the managed care industry in general in relation to specific HMOs or PPOs with which the Borrower contracts.

Legislative and Regulatory Actions Affecting Health Care Facilities

Federal and state governments have enacted health care fraud and abuse laws to regulate both the provision of services to government program beneficiaries and the methods and requirements for submitting claims for services rendered to those beneficiaries. These laws penalize individuals and organizations for submitting claims for services (i) they did not provide, (ii) that were not medically necessary, (iii) provided by an improper person, (iv) that involved an illegal inducement to utilize or refrain from utilizing a service or product, or (v) billed in a manner that does not comply with applicable government requirements. The scope of certain federal and state fraud and abuse laws has been expanded to include non-governmental, private health care plans.

Federal and state governments have a range of criminal, civil and administrative sanctions available to penalize and remediate health care fraud and abuse, including imposing civil money penalties, suspending payments and excluding the provider from participating in the federal and state health care programs. One or more government entities and/or private individuals can prosecute fraud and abuse cases, and courts and/or regulators can impose more than one of the available penalties for each violation.

Laws governing fraud and abuse apply to virtually all individuals and entities with which a hospital does business, including other hospitals, home health agencies, long term care entities, infusion providers, pharmaceutical providers, insurers, MCOs, PPOs, third party administrators, physicians, physician groups and physician practice management companies. Fraud and abuse prosecutions can have a catastrophic effect on any of these entities, which can result in a material adverse impact on the financial condition of other entities in the same health care delivery system.

Federal Fraud and Abuse Law. In recent years, both the federal and state governments have increased enforcement of laws designed to combat health care fraud and practices that the governments regard as abusive, and additional fraud legislation has been adopted at both federal and state levels. Under the federal Medicare Medicaid Fraud and Abuse Amendments of 1977 to the Social Security Act, as amended (the “*Anti-Kickback Law*”), it is a felony to knowingly and willfully offer, pay, solicit or receive any remuneration (including any kickback, bribe or rebate) directly or indirectly, overtly or covertly, in cash or in kind in order to induce business for which payment is provided, in whole or in part, under a federal health care program, including Medicare and Medicaid. Penalties for each violation of the Anti-Kickback Law include criminal fines and civil monetary penalties. The Affordable Care Act amended the Anti-Kickback Law to provide that a claim that includes items or services resulting from a violation of the Anti-Kickback Law now constitutes a false or fraudulent claim for purposes of the False Claims Act. The Anti-Kickback Law has been further amended to provide that a violation may be established without showing that an individual knew of the statute’s proscriptions or acted with specific intent to violate the Anti-Kickback Law, but only that the conduct was generally unlawful. Violation of the Anti-Kickback Law is a felony, subject to a maximum fine of \$100,000 for each criminal act, imprisonment for up to five years and exclusion from the Medicare and Medicaid programs. The Office of Inspector General of Department of Health and Human Services (the “*OIG*”), the enforcement arm of the DHHS, can also initiate an administrative exclusion of a provider from the Medicare and Medicaid programs. In addition, civil monetary penalties of \$100,000 for each violation of the Anti-Kickback Law or damages equal to three times the amount of prohibited remuneration may be imposed and violation of this law also renders the violator civilly liable under the False Claims Act. The statute does include some exceptions, and federal regulations establish numerous “safe harbors.” Arrangements that meet the safe harbor requirements are deemed not to be violations of the Anti-Kickback Law. Failure to comply with the safe harbors, however, does not mean that the activity violates the law. Arrangements that fail to qualify for safe harbor protection may or may not violate the Anti-Kickback Law depending on the facts and the intent of the parties.

The scope of the Anti-Kickback Law prohibition is, however, broadly drafted and liberally interpreted by some federal regulators and enforcement authorities. Thus, the Anti-Kickback Law may create liability in connection with a wide range of economic arrangements involving managed care entities, hospitals, physicians and other health care providers, including joint ventures, space and equipment rentals, purchases of physician practices, managed care arrangements, and management and personal services contracts.

On October 9, 2019, the DHHS issued two proposals that update and clarify regulations on the Physician Self-Referral Law (known as the Stark Law) and the Federal Anti-Kickback Statute. According to

HHS, they seek to provide more certainty to providers in value-based arrangements and improve coordinated care for patients. Final regulations will not be issued until 2020, so the effects of the proposal cannot be determined at this time.

In the Health Insurance Portability and Accountability Act of 1996 (“*HIPAA*”), Congress established a fraud and abuse control program to coordinate federal, state and local health care fraud and abuse activities. HIPAA also creates several new federal health care crimes, many of which are broadly worded and potentially applicable to a wide range of conduct. For example, HIPAA created a general prohibition on knowingly and willfully executing or attempting to execute schemes to defraud any public or private health care benefit program or making any false or fraudulent representations in any matter involving any private or public health care program.

Several federal statutes, including the Social Security Act, the Program Fraud Civil Remedies Act of 1986 and the Federal False Claims Act (the “*FCA*”) (which is discussed in more detail below), also provide for imposition of civil monetary penalties for knowingly making false or improper claims to federal health care programs. Penalties under these statutes can be severe. In addition, because the Borrower has various relationships with parties located in foreign jurisdictions, the Borrower is subject to certain laws applicable to businesses generally, including the Foreign Corrupt Practices Act and other anti-corruption laws. If the Borrower fails to comply with these or other applicable laws and regulations, it could be subject to penalties or other adverse consequences.

Penalties for noncompliance with the above referenced statutes can be substantial and could include criminal or civil liability and/or exclusion from participation in Medicare, Medicaid and other health programs. Based on its internal processes, the Borrower believes that it is in material compliance with the above referenced statutes; however, there can be no assurance that enforcement authorities would agree

State Anti-Fraud and Abuse Law. In addition to the federal laws prohibiting kickbacks and other types of exchanges of remuneration for referrals of patients, New York law also prohibits such conduct and provides criminal and civil penalties for licensed facilities and individuals who make or receive payments for referrals of patients for health care services. Entities and individuals found to have violated this provision are subject to loss of licensure, fines and/or imprisonment.

Federal and State Self Referrals Prohibitions. The Federal Ethics in Patient Referrals Act (known as the “*Stark Law*”) prohibits the referral of Medicare and Medicaid patients for certain “designated health services” to entities with which the referring physician (or an immediate family member of such physician) has a financial relationship. The statute also prohibits the entity furnishing the “designated health services” from billing the Medicare or Medicaid program for designated health services furnished pursuant to a prohibited referral. The designated health services subject to these prohibitions are clinical laboratory services, physical and occupational therapy services, radiology services (including magnetic resonance imaging, computerized tomography and ultrasound), radiation therapy services and supplies (not including nuclear medicine), durable medical equipment and supplies, parenteral and enteral nutrients (including equipment and supplies), orthotic and prosthetic devices and supplies, speech language pathology, home health services, outpatient prescription drugs and inpatient and outpatient hospital services (not including lithotripsy).

The New York Health Care Practitioner Referral Law (the “*State Provisions*”) is similar to the Stark Law; however, it covers all patients (irrespective of payor) and prohibits practitioners from referring a patient to a health care provider for clinical laboratory services, x-ray imaging services, radiation therapy services, physical therapy, or pharmacy services if the referring practitioner (or an immediate family member) has a financial interest in the health care provider.

A financial relationship, for purposes of the Stark Law and State Provisions (the Stark Law and State Provisions are hereinafter collectively referred to as “*Stark*”), is defined as either an ownership or investment interest in the entity or a compensation arrangement between the practitioner (or immediate family member) and the entity. An ownership or investment interest may be through equity, debt, or other means and includes an

interest in an entity that holds an ownership or investment interest in an entity providing the designated health services. Many ordinary business practices and economically desirable arrangements with physicians would constitute “financial relationships” within the meaning of Stark.

The Stark provisions provide certain exceptions to these restrictions, but these exceptions are narrow and an arrangement must fully comply with an exception. If the relationship (which would include compensation arrangements such as employment and other professional services relationships, and ownership or investment interests) between a physician/practitioner and the hospital cannot be made to fit within the exceptions, the hospital will not be permitted to accept referrals for designated services from the physician/practitioner who has such financial relationship.

Violations of Stark can result in denial of payment, substantial civil money penalties, and exclusion from the Medicare and Medicaid programs. In certain circumstances, knowing violations may also create liability under the FCA. Enforcement actions for any such violations could have a material adverse impact on the financial condition of a health care provider, including the Borrower.

CMS provides waivers of certain fraud and abuse laws as necessary for purposes of testing payment and service delivery models, including those implemented through certain ACOs.

The Borrower has and may have in the future various relationships with physicians that may be characterized as financial arrangements under the Stark Law and/or the State self-referral statute. The statutes and interpretive regulations contain numerous ambiguities and are subject to varying interpretations. Under these circumstances, it is not possible to ascertain with certainty the effects that the Stark Law or the State self-referral statute may have on the Borrower’s operations or financial results.

The False Claims Act. The criminal False Claims Act (“*criminal FCA*”) makes it illegal to submit or present a false, fictitious or fraudulent claim to the federal government. Violation of the criminal FCA can result in imprisonment and/or a fine. The civil False Claims Act (“*civil FCA*”), one of the government’s primary weapons against health care fraud. Under the civil FCA, those who knowingly submit, or cause another person or entity to submit, false claims for payment of government funds are liable for three times the government’s damages plus civil penalties of \$11,665 to \$23,331 per civil FCA false claim. As of August 1, 2016, the civil FCA penalties are indexed for inflation based on the Bureau of Labor Statistics’ Consumer Price Index. The civil FCA also permits individuals to initiate actions on behalf of the government in lawsuits called qui tam actions. These qui tam plaintiffs, or “whistleblowers,” can share in the damages recovered by the government. The Affordable Care Act expanded the activities that are violations of the civil FCA, including, among other actions, failure to report and return to a federal health care program a known overpayment within 60 days of having identified the overpayment or, for cost-reporting entities, the date (if later) on which a hospital cost report is due.

Under the civil FCA, health care providers may be liable if they take steps to obtain improper payments from the government by submitting false claims. Civil FCA violations have been alleged solely on the basis of alleged kickbacks or self-referrals or other conduct not in full compliance with applicable legal and regulatory standards. It is impossible to predict with certainty whether courts will uniformly hold that regulatory non-compliance and anti-kickback or self-referral violations are subject to prosecutions as false claims. If a provider, is faced with a civil FCA prosecution based on one of these theories, however, allocation of the funds required to contest or settle the matter could have a material adverse impact on that provider.

Federal Civil Monetary Penalty Law. The federal Civil Monetary Penalty Act (“*CMPA*”) provides for administrative sanctions against health care providers for a broad range of billing and other abuses. These include violations of the fraud and abuse and Stark Law, as noted elsewhere in this discussion. In addition, a health care provider is liable under the CMPA if it knowingly presents, or causes to be presented, improper claims for payment under Medicare, Medicaid and other federal health care programs. A hospital that participates in arrangements known as “gainsharing” by paying a physician to limit or reduce services to Medicare fee-for-service beneficiaries also would be subject to CMPA penalties. A health care provider that

provides benefits to Medicare or Medicaid beneficiaries that the provider knows or should know are likely to induce the beneficiaries to choose the provider for their care also would be subject to CMPA penalties. The CMPA authorizes imposition of a civil money penalty and treble damages.

Health care providers may be found liable under the CMPA even when they did not have actual knowledge of the impropriety of their action. Knowingly undertaking the action is sufficient. Ignorance of the Medicare regulations is no defense. The imposition of civil money penalties on the Borrower if it were found to be in violation of CMPA could have a material adverse impact on the Borrower's financial condition. The Affordable Care Act also amended the CMPA laws to establish various new grounds for exclusion and civil monetary penalties, as well as increased penalty thresholds for existing civil monetary penalties.

The Health Insurance Portability Act and Accountability Act of 1996. HIPAA established criminal sanctions for health care fraud and applies to all health care benefit programs, whether public or private. HIPAA also provides for punishment of a health care provider for knowingly and willfully embezzling, stealing, converting or intentionally misapplying any money, funds, securities, premiums, credits, property or other assets of a health care benefit program. A health care provider convicted of health care fraud could be subject to mandatory exclusion from the Medicare program.

HIPAA also required DHHS to adopt national standards for electronic health care transactions, including federal privacy standards for the protection of health information kept by health care providers that conduct certain financial and administrative transactions electronically (the "*Privacy Rule*") and standards relating to the security of such health information (the "*Security Rule*"). Compliance with the requirements of the Privacy Rule, the Security Rule and other HIPAA requirements has required the Borrower to develop and use policies and procedures designed to inform patients about their privacy rights and how their protected health information may be used, to keep protected information secure, to train employees so that they understand the privacy procedures and practices of the Borrower and to designate a privacy officer responsible for seeing that privacy procedures are adopted and followed.

HIPAA imposes civil monetary penalties for violations and criminal penalties for knowingly obtaining or using individually identifiable health information. The penalties are in four tiers, the highest of which would impose a fine of \$50,000 per violation and up to \$1,500,000 for all such violations of an identical requirement or prohibition during a calendar year. A civil monetary penalty is not imposed if the violation was due to reasonable cause and was corrected within 30 days.

The HITECH Act. Provisions in the 2009 Health Information Technology for Economic and Clinical Health Act (the "*HITECH Act*"), enacted as part of the economic stimulus legislation, increase the maximum civil monetary penalties for violations of HIPAA and grant enforcement authority of HIPAA to state attorneys general. The HITECH Act also (1) extends the reach of HIPAA beyond "covered entities," (2) imposes a breach notification requirement on HIPAA-covered entities, (3) limits certain uses and disclosures of individually identifiable health information and (4) restricts covered entities' marketing communications.

The HITECH Act also established programs under Medicare and Medicaid to provide incentive payments for the "meaningful use" of certified electronic health record ("*HER*") technology. The Medicare and Medicaid EHR incentive programs provide incentive payments to eligible professionals and eligible hospitals for demonstrating meaningful use of certified EHR technology. Health care providers demonstrate their meaningful use of EHR technology by meeting objectives specified by CMS for using health information technology and by reporting on specified clinical quality measures.

The Office for Civil Rights of HHS ("*OCR*") is putting increased emphasis on enforcement. OCR has entered into a number of highly publicized, high value settlements with HIPAA-covered entities stemming from alleged violations of HIPAA. The settlements are also noteworthy because they indicate that OCR is interested in enforcing violations of the HIPAA Security Rule, not just the HIPAA Privacy Rule. There have also been additional cases where state attorneys general, exercising the powers given them under the HITECH Act, have brought actions against covered entities for alleged HIPAA violations seeking significant penalties.

Exclusions from Medicare or Medicaid Participation. The Secretary of DHHS is required to exclude from governmental program participation (including Medicare and Medicaid) for not less than five years any individual or entity who has been convicted of a criminal offense relating to the delivery of any item or service paid under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, felony fraud against any federal, state or locally financed health care program or an offense relating to the illegal manufacture, distribution, prescription or dispensing of a controlled substance. DHHS also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud, theft, embezzlement, breach of fiduciary duty or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. The New York State Office of the Medicaid Inspector General also has the authority to exclude individuals and entities from participation in Medicaid. Providers are excluded for reasons that may include program-related convictions, patient abuse or neglect convictions, and licensing board disciplinary actions. The ACA authorizes the Secretary of DHHS to exclude a provider from participation in Medicare and Medicaid, as well as to suspend payments to a provider pending an investigation or prosecution of a credible allegation of fraud against the provider. Exclusion of the Borrower from governmental program participation could have a material, adverse effect on the Borrower.

Enforcement. Enforcement activity against health care providers has increased and enforcement authorities have adopted aggressive approaches. In the current regulatory climate, it is anticipated that many health care providers will be subject to investigation, audit or inquiry regarding the health care fraud laws mentioned above. As with other health care providers, the Borrower may be the subject of Office of the Inspector General, U.S. Attorney General and/or Justice Department investigations, audits or inquiries in the future. Because of the complexity of these laws, the instances in which an alleged violation may arise to trigger such investigations, audits or inquiries is increasing and could result in enforcement action against the Borrower.

Enforcement authorities are in a position to compel settlements by providers charged with kickback, referral, billing practice or false claims violations by imposing or threatening to withhold Medicare, Medicaid and/or similar payments and/or exclusion and/or criminal action. In addition, the cost of defending such investigations or litigation, the time and management attention consumed thereby and the facts of a particular case may dictate settlement. Therefore, regardless of the merits of a particular case or cases, the Borrower could experience materially adverse settlement and/or litigation costs. Prolonged and publicized investigations could be damaging to the reputation, business and credit of the Borrower, regardless of the outcome, and could have material adverse consequences on the financial condition of the Borrower. In addition, the IRS has stated that violations by a tax exempt entity of certain of the fraud and abuse laws may also result in revocation of the entity's tax-exempt status. Certain acts or transactions may result in violation or alleged violation of a number of the federal health care fraud laws described above, and therefore penalties or settlement amounts often are compounded. Generally these risks are not covered by insurance.

Increased Enforcement Affecting Academic Research In addition to increasing enforcement of laws governing payments to hospitals, the federal government has also increased enforcement of laws and regulations governing the conduct of clinical trials at hospitals. DHHS elevated and strengthened its Office of Human Research Protection, one of the agencies with responsibility for monitoring federally funded research. In addition, the National Institutes of Health significantly increased the number of facility inspections that these agencies perform. The United States Food and Drug Administration ("FDA") also has authority over the conduct of clinical trials performed in hospitals when these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that is the subject of the research. The Borrower is subject to complex and ambiguous coverage principles and rules governing billing for items or services it provides to patients participating in clinical trials funded by governmental agencies and private sponsors, as well as complex rules related to the actual administration of these clinical trials, including those related to the protection of human research subjects. These agencies' enforcement powers range from substantial fines and penalties to exclusion of researchers and suspension or termination of entire research programs, and errors in the billing of Medicare for care provided to patients enrolled in clinical trials that are not eligible for Medicare payment can subject the Borrower to sanctions as well as repayment obligations. Additionally, the Borrower may suffer adverse

consequences for enforcement actions taken against research collaborators at other institutions both in the United States and abroad, any of which could have a material adverse impact on the Borrower's finances.

Outside of enforcement actions at the federal, state, and local levels, the Borrower may be bound to particular research protocols, deliverables, timetables, and other restrictions in contracts with entities with whom the Borrower is partnering to conduct research. Such entities may include pharmaceutical companies, other academic research institutions, or other not-for-profit or for-profit corporations located in the United States or abroad. Failure or alleged failure to adhere to these provisions could result in reduced reimbursement from such research partners, litigation to resolve contractual and other disputes, or reputational harm to the Borrower, among other potential consequences, any of which could have a material adverse financial impact on the Borrower.

Corporate Compliance. The Office of Inspector General ("OIG") has published guidelines urging hospitals to adopt and implement effective programs to promote compliance with applicable federal and state law and the program requirements of federal, state, and private health plans. Compliance with the guidance is voluntary but is nevertheless an important factor in controlling risk because the OIG will consider the existence of an effective compliance program that pre-dated any governmental investigation when addressing the appropriateness of administrative penalties.

The Borrower has adopted and implemented a voluntary corporate compliance program ("*Compliance Plan*"). The purpose of a Compliance Plan is to detect and deter violations of law. One of the major goals of such a plan is to identify and address issues involving the submission of claims to governmental payers such as Medicare and Medicaid and whether those claims comply with statutes, regulations and other guidance provided by the programs. Integral components of the Compliance Plan include a code of conduct, adoption of written standards, education, policies and procedures, auditing and monitoring, remediation of identified issues, and encouraging employees to identify potential issues. However, the presence of a compliance program is not an assurance that health care providers will not be investigated by one or more federal or state agencies that enforce health care fraud and abuse laws or that they will not be required to make repayments to various health care insurers (including the Medicare and/or Medicaid programs).

It is possible that the Compliance Plan may bring to the attention of the Borrower issues with respect to prior practices and payments. Depending upon the nature of the issue and whether an overpayment has occurred, such a discovery may result in either voluntary or involuntary refunds to governmental payers. Enforcement authorities take into account the existence and efficacy of a provider's voluntary compliance efforts in assessing the application and severity of penalties for a violation of federal or state rules governing reimbursement to or business relationships among providers of medical services; however, the decision of whether and how much weight to attach to voluntary compliance efforts is solely within the enforcement authorities' discretion.

New York also requires hospitals to have an effective compliance program. The compliance program must include, among other things, a chief compliance officer, written policies and the conduct of audits after the identification of risk areas. It is expected that the Office of the Medicaid Inspector General will conduct audits of compliance programs and assess their effectiveness.

HIPAA – Administrative Simplification. In addition to provisions governing the portability of health insurance and health care fraud, HIPAA includes administrative simplification provisions ("*AS Provisions*") intended to reduce costs and administrative burdens in the health care industry by standardizing the electronic transmission of many administrative and financial transactions that currently are carried out manually on paper or in many different electronic formats. The AS Provisions also impose privacy and security requirements on entities covered by HIPAA ("*Covered Entities*") as well as mandate other standards such as national identifiers. Covered Entities are health plans; health care clearinghouses; and health care providers, such as the Borrower, that engage in covered transactions. Additionally, Covered Entities must enter into contracts with their business associates with whom they share protected health information to assure that such information is appropriately safeguarded and that other HIPAA requirements are met.

Under the final transaction and code set regulations promulgated by DHHS, Covered Entities must use the prescribed standards for designated electronic transactions. The final HIPAA privacy regulations impose requirements on the use and disclosure of protected health information, create individual rights, and mandate certain administrative requirements for Covered Entities. Covered Entities were expected to be in compliance with the privacy regulations. Additionally, security regulations require Covered Entities to assess risks and develop and implement appropriate security measures to protect individually identifiable health information, with particular focus on administrative procedures, physical safeguards, technical security services, and technical security mechanisms. Covered Entities such as the Borrower must comply with the security regulations as well.

Penalties for noncompliance with the AS Provisions include civil monetary penalties of up to \$100 for any violation not to exceed \$25,000 in any calendar year for identical violations. Criminal penalties include up to \$50,000 in fines and/or one year imprisonment for wrongful disclosure of individually identifiable health information; \$100,000 and/or imprisonment of not more than five years for wrongful disclosure under false pretenses; and up to \$250,000 and/or 10 years imprisonment for wrongful disclosure with the intent to sell, transfer, or use individually identifiable health information for commercial advantage, personal gain, or malicious harm.

Certificate of Need. The State employs a certificate of need program, whereby health care facilities are required to obtain approval from the State before undertaking certain projects, including constructing or developing a new health care facility, selling, purchasing or leasing part or all of any existing hospital, changing bed capacity in a manner which increases the total number of licensed beds or redistributes beds, and/or offering a new tertiary health service. See “**THE PROJECT**” in **APPENDIX A** hereto.

Environmental Laws Affecting Health Care Facilities. Hospitals and other health care facilities are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations that address, among other things, hospital operations or facilities and properties owned or operated by hospitals. Among the types of regulatory requirements faced by hospitals are: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos, hospital, medical and infectious waste, polychlorinated biphenyls, and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the hospital; requirements for worker safety and training employees in the proper handling and management of hazardous materials and waste; and other requirements. In their role as owners and operators of properties or facilities, hospitals may be subject to liability for investigating and remedying any hazardous substances that have come to be located on the property, including any such substances that may have migrated off the property. Typical health care operations include, in various combinations, the handling, use, storage, transportation, disposal and discharge of infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. For this reason, health care facility operations are particularly susceptible to the practical financial and legal risks associated with compliance with such laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations or increase their costs or both; may result in legal liability, damages, injunctions or fines, or may trigger investigations, administrative proceedings, penalties or other government agency actions.

Antitrust. Enforcement of antitrust laws against health care providers is becoming more common, and antitrust liability may arise in a wide variety of circumstances including medical staff privilege disputes, third party contracting, physician relations, employee compensation and joint venture, merger, affiliation and acquisition activities. In some respects, the application of federal and state antitrust laws to health care is still evolving, and enforcement activity by federal and state agencies appears to be increasing. At various times, health care providers may be subject to an investigation by a governmental agency charged with the enforcement of the antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. Violation of the antitrust laws could be subject to criminal or civil enforcement by federal and state agencies, as well as by private litigants. Among the remedies available against persons found liable of violating antitrust prohibitions are treble damages and payment of plaintiff’s attorney fees, both of which may be significant.

From time to time, the Borrower is or will be involved in a variety of activities which could receive scrutiny under the antitrust laws, and it cannot be predicted when or to what extent liability may arise. With respect to payor contracting, the Borrower may, from time to time, be involved in joint contracting activity with other hospitals or providers. The precise degree to which this or similar joint contracting activities may expose the participants to antitrust risk from governmental or private sources is dependent on a myriad of factual matters which may change from time to time.

Hospitals, including the Borrower, regularly have disputes regarding credentialing and peer review, and may be subject to liability in this area. In addition, hospitals occasionally indemnify medical staff members who are involved in such credentialing or peer review activities, and may also be liable with respect to such indemnity. Court decisions have also established private causes of action against hospitals which use their local market power to promote ancillary health care businesses in which they have an interest. Such activities may result in monetary liability for the participating hospitals under certain circumstances where a competitor suffers business damage.

Charity Care

Tax exempt hospitals often treat large numbers of low-income and/or underinsured patients who are unable to pay in full for their medical care. These hospitals may be susceptible to economic and political changes that could increase the number of low-income and/or underinsured patients or their responsibility for caring for this population. General economic conditions that affect the number of employed individuals who have health coverage affects the ability of patients to pay for their care. Similarly, changes in governmental policy, which may result in coverage exclusions under local, state and federal health care programs (including Medicare and Medicaid) may increase the frequency and severity of charity care treatment by such hospitals and other providers. It also is possible that future legislation could require that tax exempt hospitals and other providers maintain minimum levels of charity care as a condition to federal income tax exemption or exemption from certain state or local taxes.

Federal law and regulations reduced the amount of funding available in the future for DSH payments under the Medicare and Medicaid programs under the theory that the Affordable Care Act will result in more insured patients, and therefore, there will be less of a need to make funds available to hospitals that provide care to the uninsured.

Licensing, Surveys, Investigations and Audits

On a regular basis, health facilities, including those of the Borrower, are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements relating to Medicare and Medicaid participation and payment, State licensing agencies, private payors and The Joint Commission. Renewal and continuance of certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative action or response by the Borrower. These activities generally are conducted in the normal course of business of health care facilities. Nevertheless, an adverse determination could result in a loss or reduction in the Borrower's scope of licensure, certification, or accreditation, or could reduce the payment received or require repayment of amounts previously remitted. See **"ACCREDITATIONS, AFFILIATIONS, LICENSES AND MEMBERSHIPS"** in APPENDIX A hereto.

Employment and Labor Issues

As with all large employers, the Borrower bears a wide variety of risks in connection with its employees. These risks include strikes and other related work actions, contract disputes, difficulties in recruitment, discrimination claims, wage and hour claims, personal tort actions, work related injuries, exposure to hazardous materials, interpersonal torts, risks related to its benefit plans, and other risks that may flow from the relationships between employer and employee or between physicians, patients and employees. Many of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance.

Management of the Borrower believes that the Borrower's retirement plans are in material compliance with the Employee Retirement Income Security Act of 1974, as amended, the Code and other applicable laws.

Increasingly, employees of hospitals and other providers are becoming unionized, and many hospitals and other providers have collective bargaining agreements with one or more labor organizations. Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation of such agreements upon expiration may result in significant cost increases to the affected members. In addition, employee strikes or other adverse labor actions may have an adverse impact on the Borrower.

Physician, Nursing and Staff Shortages

In recent years, the health care industry has suffered from a scarcity of physician specialists and sub specialists, nursing personnel, respiratory therapists, pharmacists and other trained health care technicians. A significant factor underlying this trend includes a decrease in the number of persons entering such professions. A further factor is that competition for physicians has intensified in recent years, with frequent recruitment efforts by hospitals both locally and nationally to attract physicians away from competing hospitals in order to bolster admissions and profitability attributable to the patients such physicians frequently bring with them or are able to attract. These factors are expected to intensify in the future, aggravating the general shortage and increasing the likelihood of hospital specific shortages. To the extent that the Borrower is unable to maintain adequate staff levels, utilization and, thus, financial performance may be adversely affected.

In order to recruit and retain professional and nursing staff to strengthen clinical services, the Borrower has offered, and in the future may have to offer, competitive salaries to both newly recruited individuals and existing staff. In some years such salaries have increased, and in the future may be required to increase, more than the rate of inflation. Such increases in the future may exceed increases in the Borrower's rates of payment.

Competition

Competition from other hospitals may adversely affect revenues. In New York, hospital systems continue to consolidate, increasing competitive pressures on acute care hospitals, including the Borrower. Development of health maintenance and other alternative delivery programs and future medical and scientific advances could result in decreased usage of the Borrower's facilities. The Borrower further faces and will continue to face increased competition from other hospitals, integrated delivery systems, ambulatory care providers, rehabilitation facilities, urgent care centers, drug stores and other retail businesses offering health care services, freestanding independent diagnostic treatment facilities and increasingly sophisticated physician group practices, among others that offer similar health care services as well as expanded preventive medicine treatment.

Insurers may further encourage competition among hospitals and providers on the basis of price, payment terms and quality. Payors have used the threat of patient steerage, restrictive physician contracting, carve outs and network exclusion to drive provider prices lower. This may lead to increased competition among hospitals based on price where insurance companies attempt to steer patients to the hospitals that have the most favorable contracts.

Insurance

In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased in health care nationwide, resulting in substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional liability and other actions alleging wrongful conduct are often filed against health care providers. Insurance does not provide coverage for judgments for punitive damages.

Litigation also arises from the corporate and business activities of hospitals, from a hospital's status as an employer or as a result of medical staff or provider network peer review or the denial of medical staff or provider network privileges. As with professional liability, many of these risks are covered by insurance, but some are not. For example, some antitrust claims or business disputes are not covered by insurance or other sources and may, in whole or in part, be a liability of the Borrower if determined or settled adversely.

Many hospitals and health care providers have experienced difficulty renewing or obtaining all types of commercial insurance, including insurance against malpractice and general liability claims, at reasonable cost. The insurers are mandating lower amounts of coverage, requiring greater deductibles, and charging more in premium. See **"PROFESSIONAL AND GENERAL LIABILITY INSURANCE PLAN"** in **APPENDIX A** hereto.

Cost Increases

In recent years, substantial cutbacks in personnel and other cost-cutting measures have been instituted at hospitals throughout the State. Generally, these cutbacks have been instituted to address the disparity between rising medical costs and State-regulated reimbursement formulas, including those for Medicaid, Blue Cross and Blue Shield, and other third-party payors. Rising health care costs resulted from, among other factors, health care costs exceeding inflation, increased minimum wage, staff shortages, increased pharmaceutical and medical device costs, and the highly technical nature of the industry. The Borrower has been affected by the impact of such rising costs, and there can be no assurance that the Borrower would not be similarly affected by the impact of additional unreimbursed costs in the future.

Construction and Project Risk

Uncontrollable delays are common in the construction industry. Such delays caused by, for example, strikes, weather, other environmental factors, lack of regulatory approvals (including required certificates of need) or unavailability of materials, may delay completion of projects undertaken by the Borrower, result in cost overruns or even prevent completion of any such projects. See **"THE PROJECT"** in **APPENDIX A** hereto.

Affiliation, Merger, Acquisition and Divestiture

As part of its on-going planning process, the Borrower will continue to consider the potential acquisition of operations or properties which may become affiliated with or become part of the Obligated Group in the future, as well as the potential disposition of certain existing Obligated Group operations or properties. As a result, it is possible that the organizations and assets which currently make up the Obligated Group may change from time to time, subject to the provisions in the Master Indenture and other financing documents which apply to merger, sale, disposition or purchase of assets, or with respect to joining or withdrawing from the Obligated Group. See **"POTENTIAL FUTURE AFFILIATIONS OR ACQUISITIONS"** in **APPENDIX A** hereto.

Secondary Market

There can be no assurance that there will be a secondary market for the purchase or sale of the Series 2020 Bonds. From time to time there may be no market for them depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of the Obligated Group's capabilities and the financial conditions and results of operations of the Obligated Group.

State Budget

In January 2011, Governor Andrew M. Cuomo issued Executive Order No. 5 creating the Medicaid Redesign Team and setting in motion a process of substantial reform of New York's Medicaid program. State budgets in subsequent years included additional recommendations, such as expanding managed care plan

services and integrating physical and behavior health services. The 2019-2020 budget in particular, included reductions in payment for long-term care services and funding for efforts to reduce health care utilization.

Since the 2011-12 budget, each of the budgets assumes a targeted growth rate for Medicaid equal to the ten-year average change in the medical component of the Consumer Price Index (“CPI”) (currently at 3%) and grant DOH and the State Department of Budget authority to hold Medicaid spending to this rate. If spending is projected to exceed the budget cap, DOH and the State Division of the Budget are authorized to develop and implement a plan of action to bring spending in line with the cap, which could include modifying or reducing payment methods or program benefits. The global spending cap has increased from \$15.9 billion for the 2012-2013 Final Budget to \$20.8 billion for the 2018-2019 Final Budget and was \$19.4 billion for the 2019-2020 Final Budget. Between fiscal years 2015 and 2018, to ensure compliance with the cap, DOH managed the timing of payments across State fiscal years that ranged from \$50 million to approximately \$435 million. To avoid surpassing the cap in fiscal year 2019, DOH deferred \$1.7 billion in Medicaid payments to Medicaid Managed Care Organizations, as well as other payments, from fiscal year 2019 to fiscal year 2020. Various factors, including higher-than-average Medicaid enrollment, threaten the ability of DOH to continue to meet the ambitious savings goals in future years. Additionally, state lawmakers may at any time legislate to raise or lower these spending caps or to otherwise adjust Medicaid payment rates, which could have a material positive or negative effects on the Borrower’s finances that are not possible to predict. Currently, projections show that New York State is trending to be over the spending cap.

Although recent budgets contain the statutory tools necessary to implement the recommendations of the Medicaid Redesign Team, there can be no assurance that these proposals will achieve the level of gap-closing savings anticipated or limit the rate of annual growth in DOH State Funds Medicaid spending. In addition, many of the cost-saving initiatives are dependent upon timely federal approvals, appropriate amendments to existing systems and processes and a collaborative working relationship within the health care industry stakeholders.

New York State officials estimate that the State’s share of Medicaid spending is \$4 billion over budget this fiscal year, including the \$1.7 billion in Medicaid costs held over from the previous fiscal year’s budget. In light of this, in his recent State of the State address Governor Cuomo called for a further restructuring of the Medicaid system. On December 31, 2019, the Cuomo Administration announced a 1% cut in Medicaid payments affecting hospitals and other providers. Governor Cuomo recently released his 2021 executive budget proposal, which calls for reconvening a Medicaid Redesign Team to identify \$2.5 billion in savings. Under the Governor’s proposal, the State would no longer cover costs over budget by 3%. This could materially impact providers in New York State.

The effect of the Medicaid redesign process on the Borrower will depend significantly on participation in new models of integrated care delivery, the ability to collaborate with different types of providers and relationships with Medicaid managed care plans, as those plans will play an increasingly larger role over the next several years. There can be no assurance that the anticipated gap-closing savings will be achieved or that the rate of annual growth in DOH State Funds Medicaid spending will be limited. In addition, many of the cost-saving initiatives are dependent upon timely federal approvals, appropriate amendments to the existing systems and processes and a collaborative working relationship with health care industry stakeholders.

New York State Executive Order 38

On January 18, 2012, Governor Cuomo signed Executive Order No. 38 (the “*Executive Order*”) limiting spending for administrative costs and executive compensation at state-funded service providers. The Borrower may be subject to the limitations contained in the Executive Order. The Executive Order limits reimbursement with State funds for executive compensation to \$199,000 annually per executive and requires that 85% of State-authorized payments be directed to direct care or services, rather than administrative costs. On May 30, 2012, NYSDOH published proposed regulations to implement the Executive Order, effective January 1, 2013.

The order has been subject to multiple legal challenges; most recently, the New York Court of Appeals held in 2018 that, while certain caps on executive compensation from any funding source was promulgated in

excess of DOH authority, DOH's caps on the use of state funds for executive compensation and for administrative expenses were permissible.

Realization of Value on the Mortgaged Property

The existence of any liens on the Mortgaged Property having priority over the Lien created by the Mortgage may reduce the amount realized by the Master Trustee in the event of a foreclosure of the Mortgage.

The Mortgaged Property is not comprised of general purpose buildings and would not generally be suitable for industrial or commercial use and does not constitute all facilities of the Borrower. Consequently, it would be difficult to find a buyer or lessee for the Mortgaged Property if it were necessary to foreclose on the Mortgaged Property. Thus, upon any default, it may not be possible to realize funds in an amount equal to the outstanding interest on and principal of the Obligations issued under the Master Indenture from a sale or a lease of the Mortgaged Property.

Furthermore, in order to operate the Mortgaged Property as a health care facility, a purchaser of the Mortgaged Property at a foreclosure sale would under present law have to obtain a certificate of need from the NYSDOH and a license for the health care components of the facilities located on the Mortgaged Property. The Borrower is not granting a lien on equipment or furnishings at the Mortgaged Property. Therefore, the ability to operate the Mortgaged Property as a health care facility might be affected accordingly.

In addition, under applicable federal and New York environmental statutes, in the event of any past or future releases of pollutants or contaminants on or near the Mortgaged Property, a lien superior to the Master Trustee's mortgage lien could attach to the Mortgaged Property to secure the costs of removing or otherwise treating such pollutants or contaminants. Such a lien would adversely affect the Master Trustee's ability to realize sufficient amounts to pay the outstanding Obligations in full. Furthermore, in determining whether to exercise any foreclosure rights with respect to the Mortgaged Property, the Master Trustee may have to take into account the potential liability of any owner of the Mortgaged Property, including an owner by foreclosure, for clean-up costs with respect to such pollutants and contaminants. No environmental assessment of the Mortgaged Property has been made prior to the issuance of the Series 2020 Bonds.

Enforceability of Remedies

The Series 2020 Obligation is secured by a mortgage lien on the Mortgaged Property of the Borrower and a security interest in the Gross Receivables of the Borrower and any future Member of the Obligated Group. The practical realization of money from the Obligated Group upon any default will depend upon the exercise of various remedies specified by the Master Indenture. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay.

Under existing law, the remedies specified by the Master Indenture may not be readily available or may be limited. A court may decide not to order the performance of the covenants contained in those documents. The legal opinion to be delivered concurrently with the delivery of the Series 2020 Bonds will be qualified as to the enforceability of the various agreements and other instruments by limitations imposed by State and Federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights generally.

Negative Pledge

While the Series 2020 Obligation will be secured by a pledge of Gross Receivables of the Borrower and any future Members of the Obligated Group, such parties have covenanted not to mortgage, pledge or otherwise encumber any or all of their Property, except for Permitted Liens.

The security interest in the Gross Receivables created by the Master Indenture may not extend to any revenues generated from the use and operation of any facilities after any person who is not a Member of the

Obligated Group obtains possession of such property, whether by voluntary transfer, foreclosure under a mortgage or other security agreement or enforcement of a statutory or judicially created lien.

Enforceability of the Master Indenture

Under New York law, a not-for-profit corporation may guarantee the debt of another corporation only if such guaranty is in furtherance of the corporate purposes of such guarantor not-for-profit corporation. In addition, it is possible that the joint and several obligation of a member to make payments due under an Obligation, relating to indebtedness issued for the benefit of another member, may be declared void in an action brought by a third-party creditor pursuant to the New York fraudulent conveyance statutes or may be avoided by a member or a trustee in bankruptcy in the event of the bankruptcy of the member from which payment is requested. An obligation may be voided under the Federal Bankruptcy Code or under the New York fraudulent conveyance statute, if (a) the obligation was incurred without receipt by the obligor of “fair consideration” or “reasonably equivalent value,” and (b) the obligation renders the obligor “insolvent,” as such terms are defined under the applicable statute. Interpretation by the courts of the tests of “insolvency,” “reasonably equivalent value” and “fair consideration” has resulted in a conflicting body of case law. For example, a member’s joint and several obligation under the Master Indenture to make all payments thereunder, including payments in respect of funds used for the benefit of the other members, may be held to be a “transfer” which makes such member “insolvent” in the sense that the total amount due under the Master Indenture could be considered as causing its liabilities to exceed its assets. Also, one of the members may be deemed to have received less than “fair consideration” for such obligation because none or only a portion of the proceeds of the indebtedness is to be used to finance projects occupied or used by such member. While the members may benefit generally from the projects financed from the indebtedness for the other members, the actual cash value of this benefit may be less than the joint and several obligation. The rights under the New York fraudulent conveyance statutes may be asserted for a period of up to six years from the incurring of the obligations under the Master Indenture.

In addition, the assets of any member may be held by a court to be subject to a charitable trust which prohibits payments in respect of obligations incurred by or for the benefit of others if a member has insufficient assets remaining to carry out its own charitable functions or, under certain circumstances, if the obligations paid by such member were issued for purposes inconsistent with or beyond the scope of the charitable purposes for which the member was organized. The enforceability of similar master trust indentures has been challenged in jurisdictions outside of the State. In the absence of clear legal precedent in this area, the extent to which the assets of any member can be used to pay Obligations issued by or on behalf of others cannot be determined at this time.

In addition, there exists common law authority and authority under state statutes for the ability of the state courts to terminate the existence of a not-for-profit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court’s own motion or pursuant to a petition of the state attorney general or such other persons who have interests different from those of the general public, pursuant to common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

An action to enforce a charitable trust and to see to the application of its funds could also arise if an action to enforce the obligation to make payments on an Obligation issued for the benefit of another Member of the Obligated Group would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Borrower from which payment is requested.

Exercise of Remedies under Master Indenture

“Events of Default” under the Master Indenture include the failure of the Obligated Group to make payments on any Obligation Outstanding under the Master Indenture (such as the Series 2020 Obligation) and the occurrence of an event of default under any Related Bond Indenture. The Master Indenture provides that upon an “Event of Default” thereunder, the Master Trustee may in its discretion, declare the principal of all

Obligations Outstanding thereunder to be due and payable immediately and may exercise other remedies thereunder. However, the Master Trustee is not required to declare amounts under the Master Indenture to be due and payable immediately except as provided in the Master Indenture. Consequently, upon the occurrence of an “Event of Default” with respect to the Series 2020 Bonds and an acceleration of the maturity of the Series 2020 Bonds, the Master Trustee may not be required to accelerate all Obligations Outstanding under the Master Indenture.

Matters Related to Mortgaged Property and Title Insurance

The Mortgaged Property is pledged as security for the Obligations pursuant to the Master Indenture. Such Mortgaged Property represents only a portion of the health care facilities of the Borrower and as a result, upon any default and foreclosure, the Master Trustee will likely not obtain an amount equal to the amount of outstanding Obligations from the sale or lease of such Mortgaged Property.

The Mortgaged Property is not currently suitable for general industrial or commercial use, and a proposed change in the current use would require the consent of governmental authorities. In addition, in order to continue to operate the Mortgaged Property as a health care facility, a potential purchaser or lessee operator would have to obtain approval from the necessary governmental authorities and secure licenses to operate such facilities. The foregoing requirements may render it difficult to find a purchaser for the Mortgaged Property and as a result, it may not be possible, following an event of default, to realize any value in a foreclosure or other disposition of the Mortgaged Property.

The Borrower is delivering to the Master Trustee a title insurance policy in the face amount of \$10,000,000 with respect to one of the Mortgage. The principal amount of all Outstanding Obligations, in the aggregate, is greater than the face amount of title insurance policy. The title insurance policy is in an amount significantly less than both the aggregate amount of the Obligations and the value of the Mortgaged Property. Losses caused by a defect in title, unmarketability of title, statutory liens, unenforceability of the mortgage lien, priority of the Mortgage or other matters covered by the title insurance policy will result in a recovery, if any, not greater than the amount of the policy.

The Bond Insurer

In the event the Obligated Group fails to make regularly scheduled payments of the principal of and interest on any Bonds when the same become due, the Bond Trustee on behalf of the owners of such Bonds shall have recourse against the Bond Insurer under the Policy for such payments. There can be no assurance that the Bond Insurer will have sufficient revenues to enable it to make timely payments on such Bonds. Moreover, the Policy does not insure the principal of or interest on the Bonds coming due by reason of acceleration, optional redemption, extraordinary redemption or purchase in lieu of redemption, nor does it insure the payment of any redemption premium payable upon the optional redemption of the Bonds.

So long as the Bonds are Outstanding and the Bond Insurer is not in default under the Policy, the Bond Insurer shall be deemed the owner of the Bonds for purposes of all actions under the Indenture which require or permit the consent, direction or request of the owners of the Bonds. Under no circumstances can the Bonds be accelerated except with the consent of the Bond Insurer, unless the Bond Insurer has defaulted on its obligations under the Policy or renounced its obligations thereunder. Furthermore, so long as the Bond Insurer performs its obligations under such Policy, it may direct, and must consent to, any remedies that the Bond Trustee exercises under the Agreement with respect to the Bonds.

In the event that the Bond Insurer is unable to make payments of principal and interest on the Bonds as such payments become due, such Bonds will be payable solely from moneys received by the Bond Trustee pursuant to the Indenture and the Master Indenture. See “BOND INSURANCE” herein for further information concerning the Bond Insurer and the Policy.

The insured ratings on the Bonds are dependent on the ratings of the Bond Insurer. The Bond Insurer's current ratings are predicated upon, among other things, a level of reserves in excess of the levels required by the various state agencies regulating insurance companies and an assessment by the rating agencies of potential future claims against these reserves. The level of reserves maintained by the Bond Insurer and the assessment by rating agencies of potential future claims and the adequacy of reserves to meet these claims could change over time and this could result in a downgrading of the ratings on the Bonds. The Bond Insurer is not contractually bound to maintain its present level of reserves in the future or to increase them in order to maintain its present ratings.

Bankruptcy

The rights and remedies of the holders of the Series 2020 Bonds are subject to various provisions of Title 11 of the United States Code (the “*Bankruptcy Code*”). If the Borrower were to file a petition for relief under the Bankruptcy Code, the filing would automatically stay the commencement or continuation of any judicial or other proceedings against the Borrower and its property. The Borrower would not be permitted or required to make payments of principal or interest under the Obligations, unless an order of the United States Bankruptcy Court were issued for such purpose. In addition, without an order of the United States Bankruptcy Court the automatic stay may serve to prevent the Bond Trustee from applying amounts on deposit in certain funds and accounts held under the Resolution from being applied in accordance with the provisions of the Resolution, and the application of such amounts to the payment of principal and interest on, the Series 2020 Bonds. Moreover, any motion for an order canceling the automatic stay and permitting such funds and accounts to be applied in accordance with the provisions of the Resolution would be subject to the discretion of the United States Bankruptcy Court, and may be subject to objection and/or comment by other creditors of such Member of the Obligated Group, which could affect the likelihood or timing of obtaining such relief. The automatic stay may also adversely affect the ability of the Master Trustee under to exercise remedies upon default, including the acceleration of all amounts payable by the Borrower, the Master Indenture, and may adversely affect the Master Trustee’s or the Bond Trustee’s ability to take all steps necessary to file a claim under the applicable documents on a timely basis.

The Borrower could file a plan for the adjustment of its debts in a proceeding under the Bankruptcy Code, which plan could include provisions modifying or altering the rights of creditors generally, or any class of them, whether secured or unsecured. The plan, when confirmed by the United States Bankruptcy Court, would bind all creditors who have notice or knowledge of the plan and could discharge all claims against the Borrower provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are that the plan is in the best interests of creditors, is feasible and has been (except as set forth below) accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

In the event of bankruptcy of the Borrower, transfers of property by the bankrupt entity, including the payment of debt on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court may be subject to avoidance or recoupment as preferential transfers. Under certain circumstances a court may have the power to direct the use of revenues meet expenses of the Borrower before paying debt service on the Series 2020 Bonds.

Considerations Relating to Other Indebtedness

The Master Indenture permits the Borrower and any future Member of the Obligated Group to incur additional indebtedness subject to compliance with provisions of the Master Indenture. See “**FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1**” in “**APPENDIX D**” hereto. Any additional indebtedness could

increase the Obligated Group's debt service and repayment requirements and may adversely affect debt service coverage on the Series 2020 Bonds.

Security Breaches and Unauthorized Releases of Personal Information

State and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. Many states, including New York State, have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed. State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, the public nature of security breaches exposes the Borrower to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage the Borrower's reputation and materially adversely affect business operations.

Like many other large organizations, the Borrower relies on digital technologies to conduct its customary operations. In the past several years, a number of entities have sought to gain unauthorized access to digital systems of large organizations for the purposes of misappropriating assets or information or causing operational disruption. These attempts include highly sophisticated efforts to electronically circumvent network security as well as more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access. The Borrower maintains a network security system designed to stop "security breaches" by third parties, and minimize its impact on operations; however, no assurances can be given that such network security systems will be completely successful.

Other Risk Factors

In the future, the following factors, among others, may adversely affect the operations of health care providers, including the Borrower, or the market value of the Series 2020 Bonds, to an extent that cannot be determined at this time:

- Adoption of proposed legislation in New York State that would set nurse-to-patient ratios by unit.
- Adoption of legislation that would establish a national or statewide single-payor health program or that would establish national, statewide or otherwise regulated rates.
- Increased unemployment or other economic conditions in the service area of the Borrower, which could increase the proportion of patients who are unable to pay fully for the cost of their care.
- Competition in the Borrower's service area could increase from alternative modes of care, including life care, assisted living facilities, and home care.
- Efforts by insurers and governmental agencies to limit the cost of hospital and physician services, to reduce the number of beds and to reduce the utilization of hospital facilities by such means as preventive medicine, improved occupational health and safety and outpatient care, or attempts by third-party payors to control or restrict the operations of certain health care facilities.
- Reduced demand for the services of the Borrower that might result from decreases in population or innovations in technology.
- Bankruptcy of an indemnity/commercial insurer, managed care plan or other payor.

- The occurrence of a natural or man-made disaster, including but not limited to acts of terrorists, that could damage the facilities of the Borrower, interrupt utility service to the facilities, result in an abnormally high demand for health care services or otherwise impair the operations and the generation of revenues from the Borrower's facilities.
- Adoption of a so-called "flat" Federal income tax, a reduction in the marginal rates of Federal income taxation or replacement of the Federal income tax with another form of taxation, any of which might adversely affect the level of charitable donations to the Borrower.
- Increases in cost and limitations in the availability of any insurance, such as fire, and/or business interruption, automobile and comprehensive general liability, that the Borrower generally carries.
- Developments affecting the Federal or state tax-exempt status of not-for-profit hospitals.
- Technical issues and delays associated with development and implementation of information technology systems to support critical clinical and financial operations, including Epic.
- Termination, non-renewal or renegotiation of provider participation agreements with third-party payers could reduce demand for the Borrower's services, resulting in reduced market share, reduced net patient services revenues and reduced net income.

LITIGATION

The Issuer

To the Issuer's knowledge, as of the date of this Official Statement, there is not pending or threatened, any litigation restraining or enjoining the issuance or delivery of the Series 2020 Bonds or questioning or affecting the validity of the Series 2020 Bonds or the proceedings or authority under which they are to be issued or which in any manner questions the right of the Issuer to enter into the Series 2020 Indenture or the Loan Agreement or to secure the Series 2020 Bonds in the manner provided therein. From time to time the Issuer receives inquiries and requests for documents and information pertaining to unrelated bond issues from various regulatory agencies, including the Securities and Exchange Commission, and in connection with audits by the IRS.

The Obligated Group

The Obligated Group has advised that there is no controversy or litigation of any nature now pending against any Member of the Obligated Group or, to the knowledge of its officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2019 Obligations or either series of the Series 2020 Bonds, or in any way contesting or affecting the validity of the Series 2019 Obligations or either series of the Series 2020 Bonds, any proceedings of the Borrowers or any other Member of the Obligated Group taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Series 2020 Bonds.

As with most health care providers, the Borrower is subject to certain legal actions that, in whole or in part, are not or may not be covered by insurance because of the type of action or amount or types of damages requested (e.g., punitive damages), because of a reservation of rights by an insurance carrier, or because the action has not proceeded to a stage that permits full evaluation. There are certain legal actions currently pending against the Borrower known to management of the Borrower for which insurance coverage is uncertain for the above reasons. Management does not anticipate that any such suits will ultimately result in punitive damage awards or judgments in excess of applicable insurance limits, or if such awards or judgments were to be entered, that they would have a material adverse impact on the operations or financial condition of the Borrower, taken as a whole. The Borrower is also involved in other litigation and regulatory investigations arising in the course

of doing business. After consultation with legal counsel, management of the Borrower estimates that these matters will be resolved without material adverse effect on the Obligated Group's future consolidated financial position or results of operations. See **APPENDIX A** under the caption "**LITIGATION**."

LEGAL MATTERS

The legality of the authorization, issuance, sale and delivery of the Series 2020 Bonds is subject to the approval of Harris Beach PLLC, Bond Counsel to the Issuer, whose approving opinion will be delivered upon the issuance and delivery of the Series 2020 Bonds. The proposed forms of Co-Bond Counsel's opinions are set forth in "**PROPOSED FORM OF OPINION OF BOND COUNSEL**" in **APPENDIX E** hereto.

Certain legal matters will be passed on for the Underwriters by their counsel, Katten Muchin Rosenman LLP, and for the Obligated Group by its counsel, Hinman, Howard & Kattell, LLP.

TAX MATTERS

Federal Income Taxes

In the opinion of Harris Beach PLLC, Bond Counsel to the Issuer, and subject to the limitations set forth below, under existing statutes, regulations, administrative rulings and court decisions as of the date of such opinion, interest on the Bonds is excluded from gross income for federal income tax purposes, pursuant to Section 103 of the Code and is not an "item of tax preference" for purposes of computing the federal alternative minimum tax imposed on individuals.

Certain of the Bonds (the "Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. In general, the "issue price" of a Bond means the first price at which at least 10 percent of such Bond was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bond. The issue price for each maturity of the Bonds is generally expected to be the initial public offering price set forth on the inside cover page of the Official Statement. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement, who holds that Premium Bond to maturity (or, in the

case of a callable Premium Bond to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to Discount or Premium Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

The Code establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes, pursuant to Section 103 of the Code. These continuing requirements include certain restrictions and prohibitions on the use of the proceeds of the Bonds and the Project, restrictions on the investment of proceeds and other amounts and the rebate to the United States of certain earnings in respect of such investments. Failure to comply with such continuing requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds, irrespective of the date on which such noncompliance occurs. In the Indenture, the Loan Agreement, the Tax Compliance Agreement, and accompanying documents, the Issuer and the University have covenanted to comply with certain procedures, and have made certain representations and certifications, designed to assure compliance with the requirements of the Code. The opinion of Bond Counsel described above is made in reliance upon, and assumes continuing compliance with, such covenants and procedures and the continuing accuracy, in all material respects, of such representations and certifications.

Bond Counsel expresses no opinion regarding any other federal income tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Bonds. The proposed form of opinion of Bond Counsel is attached hereto as “APPENDIX E– Proposed Form of Approving Opinion of Bond Counsel.”

In addition to the matters referred to in the preceding paragraphs, prospective purchasers of the Bonds should be aware that the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences may depend upon the recipient’s particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Examples of such other federal income tax consequences of acquiring or holding the Bonds include, without limitation, that (i) with respect to certain insurance companies, the Code reduces the deduction for loss reserves by a portion of the sum of certain items, including interest on the Bonds, (ii) interest on the Bonds earned by certain foreign corporations doing business in the United States may be subject to a branch profits tax imposed by the Code, (iii) passive investment income, including interest on the Bonds, may be subject to federal income taxation under the Code for certain S corporations that have certain earnings and profits, and (iv) the Code requires recipients of certain Social Security and certain other federal retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Bonds. In addition, the Code denies the interest deduction for indebtedness incurred or continued by a taxpayer, including, without limitation, banks, thrift companies, and certain other financial companies to purchase or carry tax exempt obligations, such as the Bonds. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors regarding any possible collateral consequences with respect to the Bonds.

Certain requirements and procedures contained in or referred to in the Indenture, the Loan Agreement, the Tax Compliance Agreement, and other relevant documents may be changed, and certain actions may be taken or omitted subsequent to the date of issue, under the circumstances and subject to the terms and conditions set forth in such documents or certificates, upon the advice of or with the approving opinion of a nationally recognized bond counsel. Bond Counsel expresses no opinion as to any tax consequences with respect to the Bonds, or the interest thereon, if such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Harris Beach PLLC.

State Income Taxes

In the opinion of Bond Counsel, under existing law as of the date of the issuance of the Bonds, for so long as interest on the Bonds is and remains excluded from gross income for federal income tax purposes, such interest is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof. Noncompliance with any of the federal income tax requirements set forth above resulting in the interest on the Bonds being included in gross income for federal tax purposes would also cause such interest to be subject to personal income taxes imposed by the State of New York and any political subdivision thereof.

Bond Counsel expresses no opinion regarding any other state or local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Bonds.

Interest on the Bonds may or may not be subject to state or local income taxes in jurisdictions other than the State of New York under applicable state or local tax laws. Bond Counsel expresses no opinion as to the tax treatment of the Bonds under the laws of such other state or local jurisdictions. Each purchaser of the Bonds should consult his or her own tax advisor regarding the taxable status of the Bonds in a particular jurisdiction other than the State of New York.

Other Considerations

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or omitted) or any events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

No assurance can be given that any future legislation, including amendments to the Code or the State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Bonds to be subject to federal or State income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service examination of the Bonds or of obligations which present similar tax issues, will not affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

All quotations from and summaries and explanations of provisions of law do not purport to be complete, and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THESE AND OTHER FEDERAL AND STATE TAX CONSEQUENCES, AS WELL AS ANY LOCAL TAX CONSEQUENCES, OF PURCHASING OR HOLDING THE BONDS.

FINANCIAL ADVISOR

Ponder & Co. has served as financial advisor to the Borrower in connection with the Series 2020 Bonds. Ponder & Co. is not obligated to undertake, and has not undertaken, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Ponder & Co. is an independent advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities.

UNDERWRITING

The Series 2020 Bonds are being purchased by BofA Securities, Inc. and Wells Fargo Bank, National Association (together, the “*Underwriters*”) at the purchase price of \$294,225,108.50 (representing the principal amount thereof, plus bond premium of \$37,924,885.30, less an underwriter’s discount of \$1,194,776.80).

The Underwriter may offer and sell the Series 2020 Bonds to certain dealers (including dealers depositing Series 2020 Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside cover page, which may be changed after the initial offering by the Underwriter. The Underwriter will be required to purchase all the Series 2020 Bonds, if any are purchased.

BofA Securities, Inc., as an underwriter of the Series 2020 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2020 Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the Series 2020 Bonds, has entered into an agreement (the “*WFA Distribution Agreement*”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “*Wells Fargo Advisors*”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2020 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2020 Bonds with WFA. WFBNA has also entered into an agreement (the “*WFSLLC Distribution Agreement*”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2020 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

CERTAIN RELATIONSHIPS

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Borrower and to persons and entities with relationships with the Borrower, for which they received or will receive customary fees and expenses. Under certain circumstances, the Underwriters and their respective affiliates may have creditors’ and other rights against the Borrower or its affiliates in connection with such activities.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Borrower (directly, as collateral

securing other obligations or otherwise) and/or persons and entities with relationships with the Obligated Group. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to the Borrower that it should acquire, long and/or short positions in such assets, securities and instruments.

CONTINUING DISCLOSURE

Because the Series 2020 Bonds are special limited obligations of the Issuer, payable solely from amounts received from the Obligated Group, financial or operating data concerning the Issuer is not material to an evaluation of the offering of the Series 2020 Bonds or to any decision to purchase, hold or sell the Series 2020 Bonds. Accordingly, the Issuer is not providing any such information. The Obligated Group has undertaken all responsibilities for any continuing disclosure to Holders of the Series 2020 Bonds, as described below, and the Issuer shall have no liability to the Holders of the Series 2020 Bonds or any other Person with respect to Rule 15c2-12, referred to in this Official Statement as the “Rule”, promulgated under the Securities Exchange Act of 1934 by the Securities and Exchange Commission.

The Obligated Group will covenant pursuant to the Continuing Disclosure Agreement to be entered into in connection with the Series 2020 Bonds (the “*Continuing Disclosure Agreement*”) to provide (a) certain financial information and operating data relating to the Obligated Group by not later than 120 days after the end of the Borrower’s fiscal year (which fiscal year currently ends on December 31), commencing with the report for the fiscal year ending December 31, 2020 (the “*Annual Report*”), (b) certain financial information relating to the Obligated Group by not later than 60 days after the end of each of the first three quarters of the Borrower’s fiscal year, commencing in the fiscal quarter ending September 30, 2020 and (c) notices of the occurrence of certain enumerated events. United Health Services Hospitals will file, or cause to be filed, the Annual Report and quarterly information with the Municipal Securities Rulemaking Board (the “*MSRB*”) through its Electronic Municipal Market Access (“*EMMA*”) system for municipal securities disclosures. Any notice of an event required to be disclosed as a significant event under Rule 15c2-12 is also required to be filed by the Obligated Group with the MSRB through its EMMA system. The specific nature of the information to be contained in the Annual Report, the quarterly reports and the notices of material events is described in **FORM OF CONTINUING DISCLOSURE AGREEMENT** attached **APPENDIX F** hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

The Continuing Disclosure Agreement requires the Obligated Group to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Series 2020 Bonds at any particular time.

The Obligated Group may from time to time disclose certain information and data in addition to the requirements of the Continuing Disclosure Agreement. Notwithstanding anything herein to the contrary, the Obligated Group shall not incur any obligation to continue to provide, or to update, such additional information or data.

In the past five years, Members of the Obligated Group have not failed to comply in any material respect with any undertakings pursuant to Rule 15c2-12.

RATINGS

S&P is expected to assign the rating of “AA” to the Series 2020 Bonds based on the issuance of the Policy by the Insurer at the time of delivery of the Series 2020 Bonds. In addition, S&P has assigned the underlying rating on the Series 2020 Bonds of “BBB”, without regard to the issuance of the Policy. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Series 2020 Bonds. Any explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if in the judgment of such rating agencies circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2020 Bonds.

FINANCIAL STATEMENTS

The financial statements as of and for the years ended December 31, 2019 and 2018, which are included in in **APPENDIX B** to this Official Statement, have been audited by Freed Maxick, independent accountants, as stated in their reports appearing therein.

OTHER MATTERS

Only the information set forth under “**THE ISSUER**” and “**LITIGATION – The Issuer**” was furnished by the Issuer.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated as such, are so intended and are not representations of fact. The summaries or descriptions of provisions of the LDC Act, the Series 2020 Bonds, the Loan Agreement, the Indenture, the Master Indenture, the Mortgage, the Supplemental Master Indenture, and the Continuing Disclosure Agreement, and all references to other materials not purported to be quoted in full, are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Section and table headings and captions are included for convenience only and should not be construed as modifying the text of this Official Statement.

The Issuer and the Obligated Group have duly authorized the execution and delivery of this Official Statement.

**BROOME COUNTY LOCAL DEVELOPMENT
CORPORATION**

By: /s/ Stacey Duncan

Name: Stacey Duncan

Title: Chief Executive Officer

**UNITED HEALTH SERVICES HOSPITALS,
INC.**

By: /s/ Rick Borschuk

Name: Rick Borschuk

Title: Senior Vice President, Finance/Chief
Financial Officer

INFORMATION CONCERNING THE OBLIGATED GROUP

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HISTORY AND BACKGROUND

United Health Services Hospitals, Inc. (“UHS Hospitals” or “UHS”) is the leading, clinically integrated healthcare delivery system serving patients in its primary service area of Broome, Tioga, Chenango and Delaware Counties in the State of New York, with further reach throughout the 8-county Southern Tier of New York and northern Pennsylvania. As the sole provider of trauma care in the region, UHS is a safety net hospital in the Southern Tier of New York providing high-acuity clinical services not offered by other health systems in its broader geographic area. The sole member of UHS Hospitals is United Health Services, Inc. (“UHS, Inc.”), whose primary purpose is to plan, coordinate, support and monitor the development of a comprehensive health services system (the “System” or the “UHS System”) for the community.

UHS Hospitals owns and operates two hospital campuses in Broome County, New York: (i) Binghamton General Hospital (“Binghamton General”) in the City of Binghamton, and (ii) the Wilson Medical Center (formerly known as Charles S. Wilson Memorial Hospital) (“Wilson Medical”) in the Village of Johnson City. Hospital operations began at those sites in 1927 and 1896, respectively.

Affiliates of the system include United Medical Associates, P.C. (the “UHS Physician Enterprise”), which operates 47 provider sites with approximately 450 physicians and advanced practice providers (“APPs”) throughout the UHS service area. The UHS Physician Enterprise has gradually grown in size from its origins as a group of fewer than ten providers in 1991.

UHS Hospitals has merged governance, management, medical staff and clinical and support services operations of its hospitals and the UHS Physician Enterprise since their formation. Clinical services and support departments function with uniform policies and procedures across the two hospital campuses, and the UHS Physician Enterprise is governed and managed in a similar fashion. There is a single administrative structure for nursing, medical staff affairs, human resources, finance, operations, and other support functions. That administrative structure has gradually expanded to the UHS Physician Enterprise to support clinical and non-clinical operations, streamline and consolidate functions, and reduce duplication and overhead expenses.

Specific highlights for the System:

<ul style="list-style-type: none">▪ 500-licensed bed health system serving an 8-county service area located in New York’s Southern Tier, including: 280-bed Wilson Medical Campus; 200-bed Binghamton General Campus; 58-bed Chenango Memorial; and 25-bed Delaware Valley Hospital▪ Flagship (Wilson) is a Level 2 Trauma Center and the only Trauma Center in the region▪ Leading provider of high-acuity services, including oncology, cardiology, orthopedics and neurological surgical services<ul style="list-style-type: none">– Largest medical oncology program in Southern Tier and only NICU within primary, secondary and tertiary referral area▪ Comprehensive service offering across the healthcare continuum, including:	<ul style="list-style-type: none">▪ Medical staff comprised of 650 members, including 456 providers employed through United Medical Associates and UHS Medical Group▪ Two teaching hospitals (Wilson and Binghamton) with affiliations at both Binghamton University for Nursing and Upstate Medical University for Providers▪ Sponsoring institution for GME with 70 residents in family practice, internal medicine, podiatry and three fellowships in Sports Medicine, Geriatrics, Endocrinology, Cardiology and Gastroenterology▪ Market leader with an estimated 56% market share within the primary service area¹▪ Total operating revenue of over \$899.0 million²▪ Total assets of \$667.2 million²
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<ul style="list-style-type: none"> - Four hospitals - 40+ ambulatory access points - Two Skilled Nursing Facilities - Home care services 	<ul style="list-style-type: none"> ▪ 16,548 discharges^{2,3} and 405,200 outpatient clinic visits²
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1. Source: Statewide Planning and Research Cooperative System Data as well as UHSH and Our Lady of Lourdes Memorial Hospital internal data; IBM MarketExpert for market projections
2. FYE 12/31/2019
3. Excludes Transitional Care Unit, Newborn, Psych and Rehab

UHS Hospitals is the sole member of the Obligated Group (as defined herein), and as such, the only entity obligated with respect to the Series 2020 Bonds.

CORPORATE STRUCTURE

United Health Services, Inc.: The sole member of UHS Hospitals is United Health Services, Inc. (“UHS, Inc.”). The primary purpose of UHS, Inc. is to plan, coordinate, support and monitor the development of a comprehensive health services system (the “System” or the “UHS System”) for the community. UHS, Inc. was formed in 1981 as a New York not-for-profit corporation, and has received a ruling from the Internal Revenue Service that it is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

UHS, Inc. is also the sole member of Ideal Senior Living Center, Inc., Ideal Senior Living Center Housing Corporation, Chenango Memorial Hospital, Inc., Delaware Valley Hospital, Twin Tier Home Health, Inc., and owns all of the issued and outstanding common stock of Professional Home Care, Inc.

UHS Hospitals is the sole member of the Obligated Group pursuant to the Amended and Restated Master Trust Indenture dated as of April 1, 2020 (the “Master Indenture”) between UHS Hospitals and Manufacturers and Traders Trust Company, as master trustee; and as such, the only entity obligated with respect to the Series 2020 Bonds. Neither UHS, Inc. nor any of the UHS, Inc. subsidiaries, other than UHS Hospitals, are members of the Obligated Group (as such term is defined in the Master Indenture).

United Health Services Hospitals, Inc.: UHS Hospitals owns and operates Binghamton General and Wilson Medical. UHS Hospitals has received a ruling from the Internal Revenue Service that it is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. UHS Hospitals was formed in 1984 as a New York not-for-profit corporation and has received a ruling from the Internal Revenue Service that it is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. UHS Hospitals is the sole member of the Obligated Group pursuant to the Master Indenture, and as such, is the only entity obligated with respect to the Series 2020 Bonds.

United Health Services Foundation, Inc.: United Health Services Foundation, Inc. (The “Foundation”), is an independent New York not-for-profit corporation formed in 1983, after consolidation of Binghamton General and Wilson Medical 1981. Pursuant to the Foundation’s bylaws, not more than six voting members of its board of directors (which shall number not less than 18) shall be voting members of boards of directors of UHS, Inc. and its affiliates. Members of the Foundation’s board elect its directors. Subsequent to the formation of the Foundation, separate foundations for Binghamton General and Wilson Medical merged into the Foundation. The Foundation has received a ruling from the Internal Revenue Service that it is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

The purpose of the Foundation is to raise funds primarily for the benefit of UHS, Inc., and any tax-exempt corporation affiliated with it. The Foundation launched a major fundraising campaign in the Spring of 2020 to assist with financing the Project (as defined herein). As part of the campaign, the Foundation appointed a member of the UHSH Board and Finance Committee as its Campaign Chairperson and began outreach to individuals, local and national charitable organizations, and employees and providers of UHSH. As of June 30, 2020, Foundation assets included approximately \$25 million in short-term investments. The Foundation has committed \$10 million to the Project.

Ideal Senior Living Center, Inc. and Ideal Senior Living Center Housing Corporation: Ideal Senior Living Center Housing Corporation (“ISLCHC”) was formed in 1988, owns the Ideal Senior Living Center campus, and operates 95 apartments for the elderly at that site. Ideal Senior Living Center, Inc. (“ISLC”) was formed in 1988, leases space from ISLCHC, and operates the geriatric health care components at the Ideal campus. ISLC and ISLCHC are New York not-for-profit corporations and have received rulings from the Internal Revenue Service that they are exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. UHS, Inc. has agreed to sell the ISLC to UpState Group, which currently operates 18 skilled nursing facilities in the areas of Central New York and the Southern Tier. The sale was scheduled to close by June 30, but was delayed to September 30, 2020 due to COVID-19 issues surrounding New York State nursing homes and other administrative issues. As of June 30, there have been no positive COVID-19 test results for either patients or staff at ISLC.

Professional Home Care, Inc.: Professional Home Care Inc. (“PHC”) is a New York not-for-profit corporation formed in 1985 and licensed in New York to provide home health care services. All PHC stock is owned by UHS, Inc., which elects its directors. PHC has received a ruling from the Internal Revenue Service that it is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

Twin Tier Home Health, Inc.: Twin Tier Home Health, Inc. (“Twin Tier”) is a New York not-for-profit certified home care agency, providing extensive home nursing services, home health aides and a wide range of specialty services for the home-bound. Services are offered 24 hours a day, seven days a week. Twin Tier is located in Binghamton, New York, and serves a population of over 200,000 throughout Broome County. Its sole member is UHS, Inc., which elects its directors. Twin Tier has received a ruling from the Internal Revenue Service that it is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

Chenango Memorial Hospital, Inc.: Chenango Memorial Hospital, Inc. (“Chenango Memorial”) is a New York not-for-profit corporation with a 138-bed health care facility (58 acute care beds and 80 residential health care facility (“RHCF”) beds) located in Norwich, New York. Chenango Memorial provides inpatient and outpatient services, and operates four family health centers in Sherburne, Norwich, and Oxford in Chenango County and Sidney in Delaware County. Chenango Memorial’s services include medical/surgical care, intensive care, maternity and emergency care. Chenango Memorial also operates an 80-bed skilled nursing facility (the aforementioned RHCF), a long-term home health care program, a women’s center, a dental clinic, and physical and occupational medicine. Chenango Memorial joined UHS, Inc. in 1995. Chenango Memorial is a New York not-for-profit corporation and has received a ruling from the Internal Revenue Service that it is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

Delaware Valley Hospital, Inc.: Delaware Valley Hospital (“DVH”) is a New York not-for-profit corporation and a Critical Access Hospital (effective February 17, 2005) located in Walton, New York. DVH is licensed for 25 special use beds and a 10-bed addiction treatment unit. It offers medical/surgical, maternity, emergency and intensive care services. The hospital operates three family health centers in Walton, Roscoe and Downsville. A new seven-bed emergency department was constructed in 2008. DVH

joined UHS, Inc. in June, 1997. DVH has received a ruling from the Internal Revenue Service that it is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

United Medical Associates, P.C.: United Medical Associates, P.C. (“UHS Physician Enterprise”), operates 47 provider sites with approximately 450 physicians and advanced practice providers throughout the UHS service area. UHS Physician Enterprise has received a ruling from the Internal Revenue Service that it is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

Southern New York Indemnity Company, LLC: Southern New York Indemnity Company LLC is a wholly-owned subsidiary of UHS Inc., operates as a captive insurance company domiciled in Vermont, and underwrites professional & general liability insurance for UHS, Inc. and its subsidiary corporations.

GOVERNANCE

UHS, Inc. appoints directors to the Boards of UHS Hospitals, Chenango Memorial Hospital, Delaware Valley Hospital, Ideal Senior Living Center, Ideal Senior Living Center Housing Corporation, Professional Home Care, and Twin Tier Home Health. Each board of directors elects officers of its corporation. Members of the UHS, Inc. board may serve four (4) year terms. As of June 30, 2020, members of the UHS, Inc. Board of Directors (and officers where indicated) are:

Board of Directors and Officers

Jerome Canny, Chair

Bruce Bowling, MD, Vice Chair

Susan Mistretta, Esq., Secretary

John Carrigg, President/CEO

Keith Chadwick

Eric Larsen

Larry Light

Judith Peckham

Matthew Salanger

Catherine Scarlett

Mark Shumeyko, MD

James Tallon

Natalie Thompson

Occupation/Affiliation

President & CFO, Mirabito Holdings, Inc. (retired)

Physician, Endwell Family Physicians

VP/General Counsel, Security Mutual Life Insurance

President/CEO, UHS, Inc. & UHS Hospitals

CEO, United Methodist Homes (retired)

CEO, Family & Children’s Society (retired)

Principle, Laral Management (real estate management company)

Pastor, New Hope Community Church

Executive Director, Klee Foundation (retired)

Sr. Strategic Advisor, UHS, Inc.

President/CEO, UHS, Inc. & UHS Hospitals (retired)

EVP, Chief Ethics and Human Resources Officer, NBT Bank

Physician, UHS Gastroenterology

President, United Hospital Fund (retired)

Member, New York State Board of Regents (2002-2017)

Member, New York State Assembly (1975-1994), Majority

Leader (1987-1993)

Chair, NYS Assembly Health Committee (1979-1987)

Director, Employment & Transitional Services, Tioga County

Department of Social Services

Members of the UHS Hospitals Board of Directors (and officers where indicated) are:

Board of Directors and Officers

Jerome Canny, Chair
Bruce Bowling, MD, 1st Vice Chair
John Carrigg, President/CEO,
2nd Vice Chair
Susan Mistretta, Esq., Secretary
Linda Best
Frank Floyd, MD
Roy Gill, MD
Julia Miller, MD

JoAnn Navarro
Peter Newman
Judith Peckham
Matthew Salanger

Gary VanNostrand
Sharon Yapple

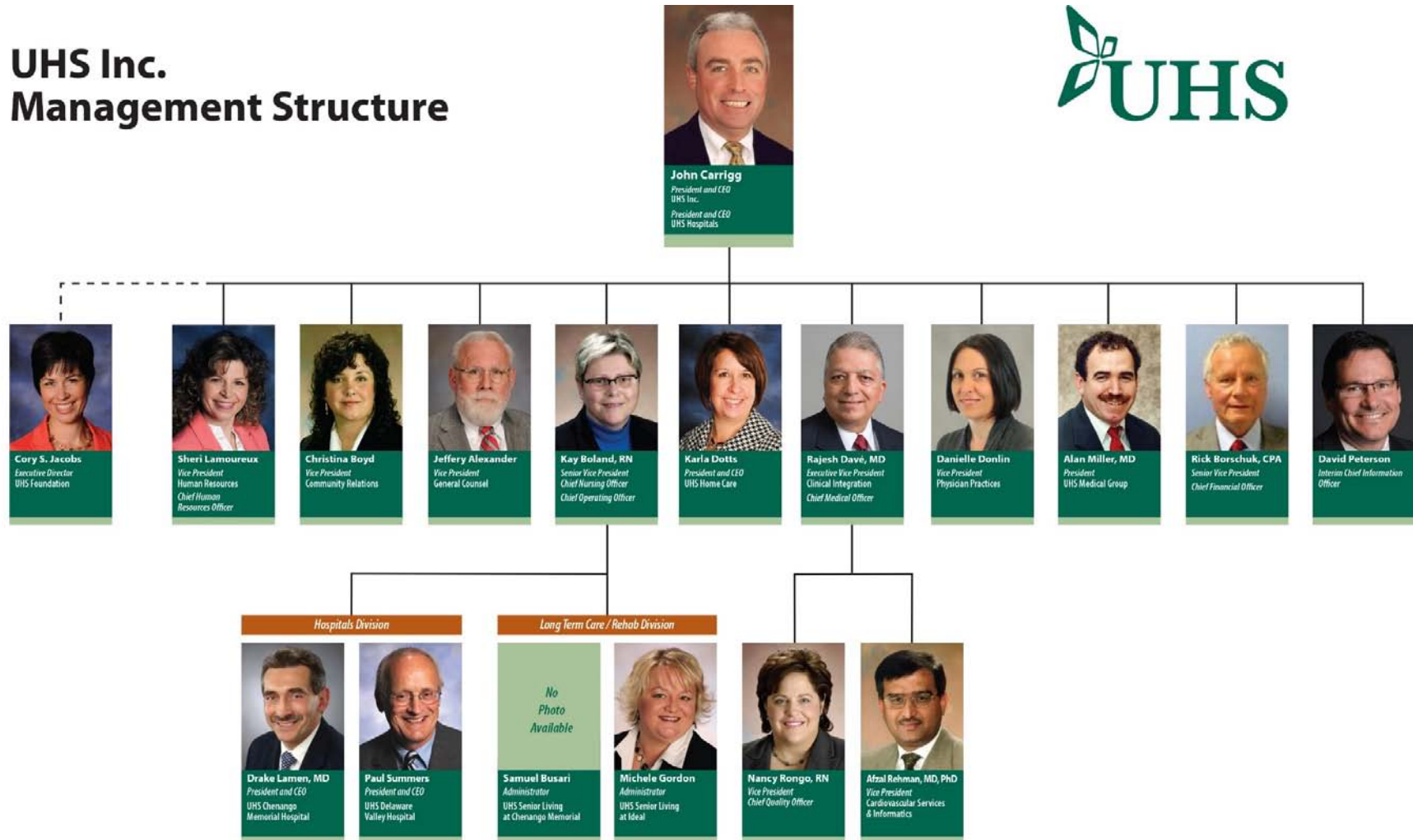
Occupation/Affiliation

President & CFO, Mirabito Energy Products (retired)
Physician, Endwell Family Physicians
President/CEO, UHS, Inc. & UHS Hospitals
VP/General Counsel, Security Mutual Life Insurance
COO, Reporters Transcription Services (retired)
Physician, UHS Primary Care
Physician, UHS Primary Care
Physician, Southern Tier Pulmonary & Critical Care
Management, LLC
VP, Operations, Binghamton University
Sr. VP/Regional President, M&T Bank
Executive Director, Klee Foundation (retired)
Sr. Strategic Advisor, UHS, Inc.
President/CEO, UHS, Inc. & UHS Hospitals (retired)
VP, Sr. Financial Advisor, Merrill Lynch
Sr. VP, Retail Banking & Business Development, Tioga State
Bank (retired)

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MANAGEMENT

UHS Inc. Management Structure



John M. Carrigg – President and Chief Executive Officer, UHS Hospitals. Mr. Carrigg joined United Health Services in July 1983 as Employee Relations Coordinator. He was promoted to the position of Manager, Employee Relations in August 1984; and subsequently to the positions of Manager, Organizational Development and Manager, Employment and Employee Relations. In April 1989, he was promoted to the position of Director, Support Services. In June 1993, Mr. Carrigg assumed the role of Vice President, Operations/Hospital Director. In May 2007, Mr. Carrigg became Senior Vice President/Chief Operating Officer of UHS Hospitals. Mr. Carrigg was elected by the Board of Directors to become the President and Chief Executive Officer on January 1, 2018. Mr. Carrigg also serves as the Chief Executive Officer of both Binghamton General and Wilson Medical. He is a board member of numerous organizations including the Johnson City Community Action team, Binghamton University, Goodwill Theatre in Johnson City, Care Compass Network (New York State Delivery System Reform Incentive Payment Program), and serves in various capacities for the Iroquois Healthcare Alliance as well as the Healthcare Association of New York State (HANYs). Mr. Carrigg received his Bachelor's degree from St. Andrews Presbyterian College in Laurinburg, North Carolina and his Master's degree in Business Administration from the State University of New York at Binghamton.

Rajesh Dave, MD – Executive Vice President, Clinical Integration/Chief Medical Officer. Dr. Dave is accountable to the Chief Executive Officer and Board of Directors for the organization and conduct of the medical staff including medical staff credentials and privilege determination, quality assurance/improvement, clinical resource utilization, and medical staff development. He also manages the medical education programs at UHS Hospitals, which includes three residency programs and four affiliate residencies. Board certified in Pediatrics and Neonatology, Dr. Dave obtained his medical degree from Bombay University, did his residency at Mercy Catholic Medical Center in Pennsylvania, and completed his fellowship at Thomas Jefferson University Hospital in Philadelphia. He obtained his Master's degree in business administration from the State University of New York at Binghamton. Dr. Dave is the Dean for Undergraduate and Graduate Education for the clinical Campus, and is Clinical Associate Professor in Pediatrics at the State University of New York. He has served as Director of the Neonatal Intensive Care Unit at UHS Hospitals since 1980. Dr. Dave is active on various community boards and education institutes. He is past President of the South Central Healthy Mothers/Healthy Babies and South Central New York State Perinatal Association. He is also a member of the Board for HealtheConnections, a regional health information network; and a Board member of the Community Foundation of South Central New York.

Rick Borschuk – Senior Vice President, Finance/Chief Financial Officer. Mr. Borschuk joined UHS Hospitals in his current role in December 2019 after a short period as Interim Senior Vice President/Chief Financial Officer. Mr. Borschuk has over 35 years of health care management experience as Executive Vice President and Chief Financial Officer of hospitals, health systems and physician groups; and as owner of his own firm, which provided health care management consulting and Interim C-Suite services. His hospital executive roles include Chief Financial Officer of St. Vincent's Catholic Medical Centers of New York, Barnes Jewish Hospital in St. Louis, Lovelace Health System in Albuquerque, and Greater Baltimore Medical Center in Maryland. Mr. Borschuk has held interim Chief Financial Officer positions with Catholic Health Initiatives Franciscan Medical Group in Tacoma, Washington; Reading Physician group in Reading, Pennsylvania; and University Medicine (now Brown Medicine) in Rhode Island. After graduating from the University of Iowa with degrees in Finance and Accounting, Mr. Borschuk worked in Chicago with Ernst & Young as an auditor and management consultant; William G. Ceas and Co., a boutique investment bank specializing in health care financing; and the Illinois Health Finance Authority, a quasi-government agency charged with controlling hospital costs. Mr. Borschuk became a Certified Public Accountant in 1976.

Elizabeth Kay Boland – Chief Operating Officer and Chief Nursing Officer, UHS Hospitals. Ms. Boland began her health care career in 1972 as a staff nurse at Binghamton General. In 1978, she was

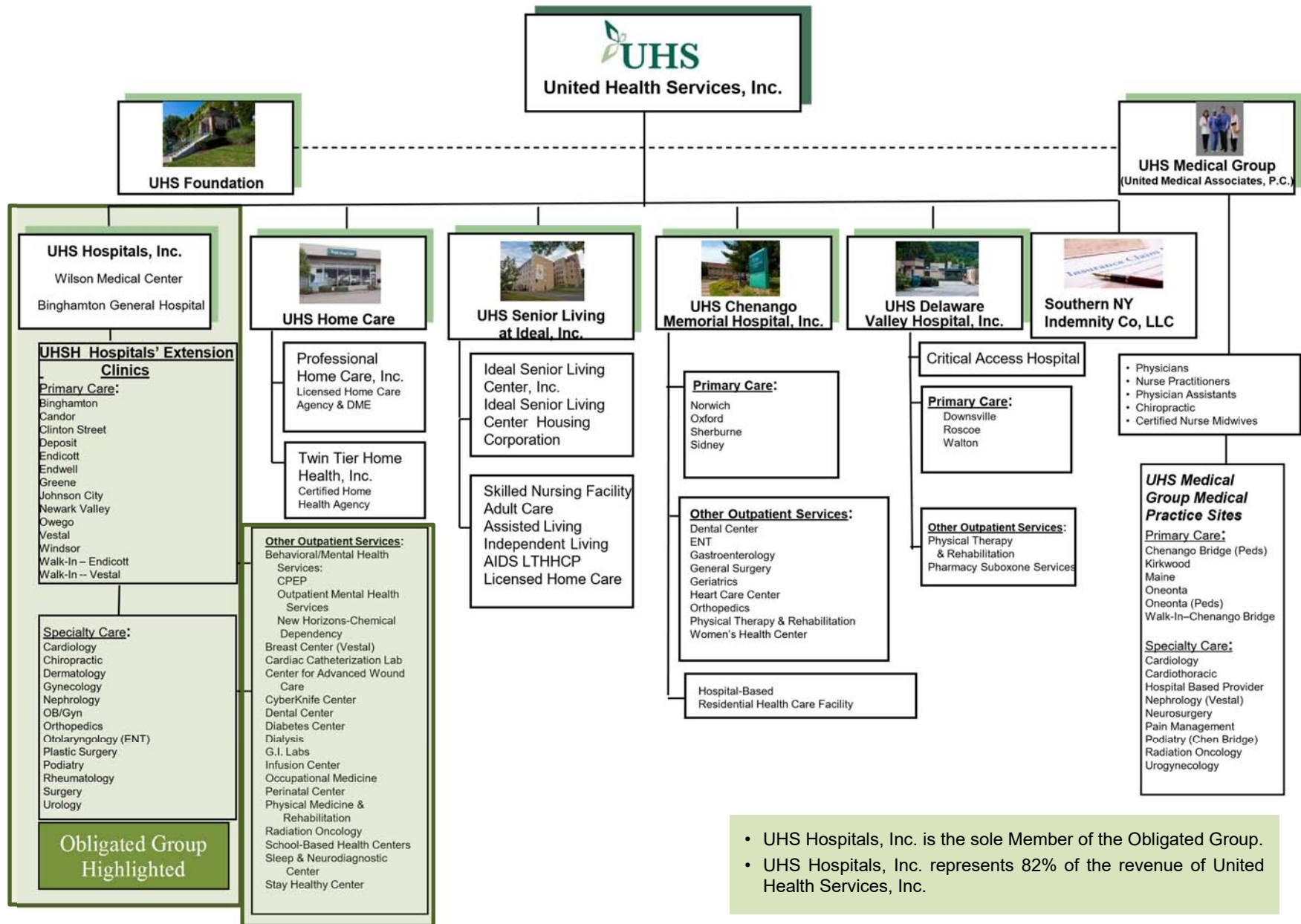
a nurse in the nursing staff development office of Wilson Memorial. With the formation of United Health Services in 1981, Ms. Boland assumed the position of Director of Ideal Hospital and its nursing division. In 1984, when Ideal Hospital closed, Ms. Boland rejoined the administrative staff at United Health Services and rose to Vice President of Operations in 1993. Ms. Boland assumed her current position of Chief Nursing Officer in 1999 and added the role of Chief Operating Officer in 2018. She holds a Master's degree in Nursing from Binghamton University, and is a certified family nurse practitioner. She also holds a post-graduate certificate in health care administration from Marywood College.

Daneille Donlin – Vice President, Physician Practice Division for UHS Hospitals. Danielle joined UHS 19 years ago and has held a variety of key leadership positions in the physician practice division, including Manager of Radiation Oncology, Vascular & General Surgery, Dermatology, Urology, Otolaryngology, Plastic Surgery and Sleep Center, Director of the Musculoskeletal Service Line and Sr. Director of Physician Practice & Service Lines. She received her undergraduate degree in Psychology from St. John Fisher College, completed graduate work in Social Sciences at Binghamton University, and received a MBA, Healthcare Management from Western Governors University. She is active in the community and is a member of the Board of Directors of Binghamton University Bearcats Athletics Association and the Danielle House in Binghamton, NY.

Sheri Lamoureux – Vice President – Human Resources, Chief Human Resources Officer. Ms. Lamoureux has more than 25 years' experience in the Human Resources field. Most recently she was Vice President for Human Resources at Avangrid, and previously held executive and leadership positions in such areas as Human Resource services, Human Resource planning, employee relations and workforce diversity with New York State Electric and Gas, Energy East Corporation and Iberdrola USA. Certified as a Senior Professional in Human Resources, Ms. Lamoureux received a bachelor's degree in psychology from Binghamton University and a Master of Business Administration degree, with an emphasis in Human Resources and Healthcare, from the State University of New York at Buffalo. She is active in the community and is a member of the Board of Directors of the Broome County Council of Churches, is the Vice-Chair of Binghamton University Forum, and is on the campaign cabinet for health care at United Way.

Michelle Karedes – Senior Director, Facility Master Planning, UHS Hospitals. Ms. Karedes began her professional career in public accounting and private industry over 30 years ago, and her health care career in 1999. After seven years in the Finance Division at UHS Hospitals, she was appointed a Special Projects Director supporting the Office of the President. In 2011, she was appointed Director of Specialty Practices for the Physician Practice Division. In 2013, she was appointed to the position of Director of the Oncology Service Line where she remained until 2018 when she was appointed to her current position. She holds a Bachelor's of Science and Masters in Business Administration degrees from the University of Scranton. She is active in the community and is a member of the Board of Directors of Achieve.

Jay Smith – Senior Director, System Controller, UHS Hospitals. Mr. Smith, a graduate of Bloomsburg University of Pennsylvania with a degree in Accounting, began his career in public accounting. Mr. Smith spent the first years of his career auditing financial statements of various companies in the Philadelphia area. Then he moved to New York City and continued his career in public accounting with large regional Certified Public Accountant firms such as EisnerAmper and Baker Tilly (formerly ParenteBeard). After more than a decade of experience in public accounting, auditing public and private entities across a multitude of industries, Mr. Smith and his family moved back to Pennsylvania. Prior to joining UHS he held two different corporate controller positions for international manufacturing companies. Mr. Smith was directly in charge of multi-country consolidations of financial statements as well as overseeing banking relationships, auditor relationships and enterprise risk management for both entities. Mr. Smith joined UHS Hospitals in October of 2018, and is in charge of all accounting aspects for the system. Mr. Smith is an active Certified Public Accountant.



STRATEGY

The Mission of UHS is to improve the health of those served through an organizational commitment to excellence in all areas of service. UHS' Vision is to be the region's leading integrated healthcare system demonstrating exceptional value in the delivery of coordinated, patient-centered care. UHS' core values of Compassion, Trust, Respect, Teamwork and Innovation drive the patient experience. UHS has four key strategies to maintain the Mission and Vision:

Improve care: Using state of the art technologies providing real time access to clinical and operational data, UHS looks to effectively advance implementation of the High Reliability Organizational Principles. UHS develops its leadership and partnership capabilities to build cross-functional relationships necessary to transform the patient experience.

Optimize Team Potential: UHS is in the early stages of implementing a comprehensive talent management and total rewards strategy that attracts, develops and retains a values-based, high-performing, patient-centered workforce. This new focus on human capital will create an aligned and engaged workforce where employees can thrive, and providers are able to pursue their clinical passions to produce a patient experience that will be sought in the market.

Manage Costs: By focusing on productive and effective processes, UHS will improve key financial indices to achieve sustained financial success, allowing UHS to be strategic in deployment of capital and other resources. UHS will continue to focus on financial stewardship through integrated partnerships and analysis of key operational data.

Grow Market Share: Using new technology and by achieving the other strategies discussed above, UHS will continue to expand access to primary and specialty clinical services in new care models, such as expanding virtual care to all of its providers and service areas. UHS will implement strategies to best serve our growing geriatric population and continue to promote our specialty services across the system.

In July 2020, UHS conducted its annual Leadership Meeting to discuss its current and potential future strategic initiatives. The session focused on how to best prepare UHS and its affiliated entities for a changed healthcare landscape following COVID-19. Included in the sessions were an analysis of current clinical service lines, organizational productivity and efficiency, preparedness to assume financial risk under value-based payment models, benchmarking comparisons of clinical and financial metrics with similar organizations, and an assessment of the UHS culture. Results of the Leadership Meeting will help develop the 2021 Operating Plan and a 3-5 year strategic plan for the health system.

EXISTING FACILITIES

UHS Hospital campuses are located in the City of Binghamton, New York and in the Village of Johnson City, New York, six miles apart. Both hospitals provide a mix of acute care and rehabilitative services. The UHS Physician Enterprise flagship campus is located in Vestal, New York, and comprises three medical office buildings, a retail pharmacy, cafe, imaging and laboratory services, and other services and amenities for patients and employees. The Vestal campus is located directly across from State University of New York ("SUNY") at Binghamton, and is equal distance and drive time from the two UHS hospitals.

The Wilson Medical campus in Johnson City has 280 licensed inpatient beds and provides Acute Medical/Surgical Services, Obstetrics, Pediatrics, Neonatal Intensive Care, Emergency Department/Trauma Center, Radiology, Laboratory, Intensive Care, Interventional Cardiology, Open Heart Surgery and other advanced cardiac services, Ambulatory Surgery, and a full range of Ambulatory,

Diagnostic Treatment, and Support Services from its main hospital building. The Picciano Building and adjacent 450-car parking structure, constructed in 1976 and located across the street from the main hospital facility, was demolished in 2019. In order to provide the campus with administrative and physician offices, conference center, data center, and cafeteria, the Gateway Building was resurrected on this site, opening in January 2020. In 1991, the 80,000 square foot Decker Center was added to house high acuity diagnostic and treatment services, ambulatory surgery suites, renovated emergency department space, operating rooms, three cardiac catheterization labs, and a 14-bed coronary intensive care unit and Chest Pain Center. In 1991, the Wilson Square Medical Office Building opened on the Wilson Medical campus. UHS Hospitals leased the land to developers who built, owned and operated the facility until it was purchased by UHS Hospitals in November 1997.

The Binghamton General campus has a similar mix of buildings, including the original Park Avenue building built in 1924, and more recent major additions. Binghamton General is currently the location of Acute Medical/Surgical Services for Orthopedic patients, Psychiatry Services, Physical Medicine and Rehabilitation beds, Alcohol Treatment beds, a Brain Injury Unit, Ambulatory Surgery Suites, a GI procedure suite, and a full range of Ambulatory Diagnostic and Treatment Services. The main facility houses 200 licensed inpatient beds, a transitional care unit, an emergency room, radiology, physical medicine and rehabilitation, and all support services.

The Binghamton campus also serves as the corporate headquarters for UHS, Inc. Johnson (built in 1923) and Phelps (built in 1930) Halls (former nursing student dorms) were converted in 1979 to house various support operations for the hospital, including finance and accounting for acute care and UHS Physician Enterprise operations, certain information technology personnel and services, community relations and marketing staff, and UHS Foundation offices. Cardiac Rehabilitation facilities are located in Phelps Hall but will be relocated to the revitalized Wilson Medical Center Campus upon completion of The Project.

DISTINGUISHING SERVICES

Wilson Memorial Hospital Campus

Medical & Surgical Cardiology: UHS Hospitals has the most highly developed cardiology services in the primary service area, offering cardiac and cardio-thoracic surgery services since 1989. In June 1992, cardiac surgery services were transferred from Binghamton General to Wilson Medical. The program includes a 12-bed Cardiac Ambulatory Care Unit, three cardiac catheterization laboratories, and a dedicated electrophysiology lab. Wilson Medical Center operates the only dedicated Cardiovascular Intensive Care Unit (“CVICU”) in the service area, complemented by a Cardiac Step-Down (sub-intensive care) unit with dedicated Cardiology Nursing Staff on two 28-bed nursing units. In 1995, a cardiac chest pain center (“CPC”) was initiated in the emergency department to expedite the diagnosis of heart attacks and administration of thrombolytics. It moved to be co-located with the CVICU in 2007. Patients are triaged in the emergency department before going to the CPC.

Neurosciences: Inpatient services to patients with neurological and neurosurgical problems are centralized at the Wilson Medical campus. The program has developed a specialized neurosciences inpatient unit that includes a step-down sub-intensive care unit. Wilson Medical has two dedicated neurosurgical operating rooms. A private magnetic resonance imaging service is located adjacent to the hospital, and a digital angiography suite was installed at Wilson Medical in 1996. Wilson Medical was designated as a Stroke Center by the New York State Department of Health (“NYS DOH”) in December of 2005.

Oncology Services: In 2015, UHS Hospitals entered into a Professional Services Agreement with Broome Oncology (“Broome”), a group of five medical oncologists and their clinical and support staff. The

relationship has resulted in the largest medical oncology program in the Southern Tier of New York, with more than 500 inpatient cases and 38,000 outpatient visits for oncology services in 2019, including chemotherapy infusions. UHS Hospitals' 340b drug program supports this program, allowing oncology patients to benefit significantly from UHS' specialty pharmacy program. Advance Radiation Oncology is available through UHS Hospitals' linear accelerator that provides the TrueBeam radiotherapy system. This system is an advanced medical linear accelerator—fully-integrated for image-guided radiotherapy and radiosurgery.

Intensive Care: UHS Hospitals' Wilson Medical campus provides 24 hour on-site physician coverage for a 12-bed intensive care unit and a 14-bed coronary care unit.

Obstetrics: UHS Hospitals' obstetrics unit at Wilson Medical operates 23 postpartum beds. High-risk antepartum patients are cared for on either the postpartum unit or a dedicated women's unit. This unit is associated with a perinatal center for high-risk prenatal services. UHS Hospitals also operates a full-range of birth preparation and family support services.

Neonatal Intensive Care (Level II Non-Regional): At the Wilson Medical campus, UHS Hospitals operates the region's only neonatal intensive care unit within its primary, secondary and tertiary referral area. The 14-bed unit is directed by board certified Neonatologists who receive referrals throughout the Southern Tier of New York and surrounding areas.

Pediatrics: Wilson Medical Center provides more than 80% of the pediatric inpatient care in UHS' primary service area. In conjunction with medical education, the service includes specialists in pediatric cardiology, cystic fibrosis, hemophilia, diabetes and endocrinology, and gastroenterology.

Women's Health Center: In 1996, UHS Hospitals established a women's center whose services include the perinatal center for high risk and normal obstetrical care, led by the area's only perinatologist; a breast and osteoporosis center, medical/surgical inpatient unit dedicated to women; an inpatient pediatrics unit; and teaching classrooms and a resource center for women.

Ambulatory Surgery: UHS Hospitals operates a full service ambulatory surgery unit on Wilson Medical and Binghamton General campuses. Both units were modernized in 1989. In 2008, UHS Hospitals developed a 4-suite ambulatory surgery center across the street from Wilson Medical. In 2017, UHS purchased the building and converted it to a full-service ambulatory care facility housing retail pharmacy, specialty physician practices, and pre-admission testing services.

Ophthalmology: Ophthalmological inpatient and outpatient services are offered at both campuses. The program offers fully developed diagnostic and therapeutic services that include Yttrium, Aluminum, and Garnet and argon laser service.

Laboratory Services: Wilson Medical operates a regional referral laboratory with advanced equipment performing lab and pathology services including but not limited to cytopathology, flow cytometry, hematology coagulation, histology, immunology, microbiology including bacteriology, virology, mycobacteriology, and parasitology, pathology, transfusion services and urinalysis. Laboratory services for Binghamton General and Wilson are centralized on the Wilson campus.

Radiology: UHS Hospitals maintains a comprehensive range of radiology services across its various locations. Services include MRI, angiography, CT, bone densitometry, mammography, and interventional radiology. Many UHS provider offices have imaging services on site to better serve patients by accelerating diagnosis and treatment. As described below in "The Project" section, these services at Wilson will expand upon completion of work.

Pharmacy Services: UHS pharmacy staff has reimaged services for the region's patients and providers. The pharmacy department operates five retail pharmacies throughout the service area at convenient locations in proximity to provider offices to improve patient care and convenience. Participation in the 340b drug program allows UHSH to provide services to qualified patients at significant price advantages at its retail pharmacies. UHSH provides this advantage to patients who use more than a dozen other contracted retail pharmacies, such as CVS and Walgreens throughout its service area. In late 2019, a Specialty Pharmacy program was launched after three years of planning and development. With a diverse group of specialty providers, discounts up to 90% are provided on new, high cost drugs, which would otherwise be beyond the financial reach of many patients. Patients' co-pays assure continued access to medications they need. These programs provide significant revenue and income to UHSH. Growth plans are under development.

Emergency Services: In addition to a full service emergency program, Wilson is a Level II Regional Trauma Center, designated by the State of New York. As described below in "The Project" section, these services are being expanded and renovated to accommodate growing demand, and to benefit UHS, its providers and staff, and its patients.

Graduate Medical Education: UHS Hospitals offers graduate medical education with 70 residents in family practice, internal medicine, podiatry and three fellowships in Sports Medicine, Geriatrics, Endocrinology, Cardiology and Gastroenterology. Since 1940, UHS Hospitals at the Wilson campus has provided post-graduate training experiences for over 1,000 physicians. Over 50% of all physicians practicing in the service area have trained at UHS Hospitals. One hundred twenty-five (125) members of the medical staff participate in the graduate medical education program.

Undergraduate Medical Education: UHS Hospitals is a major teaching affiliate hospital for Upstate Medical University at Syracuse. Forty-two medical students are currently in training at UHS Hospitals, chiefly on the Wilson Medical campus in a "Clinical Campus Program" for third- and fourth-year medical students. This program began in 1981.

BINGHAMTON GENERAL HOSPITAL CAMPUS

Physical Rehabilitation/Traumatic Brain Injury Rehabilitation: A 24-bed physical medicine and traumatic brain injury rehabilitation unit operates at Binghamton General Hospital. Patients transfer to this unit following the acute portion of a neurological or orthopedic illness, and are treated over an average stay of 15 days. The program is managed by two full-time physiatrists and offers inpatient and outpatient services.

Transitional Care Unit: A 20-bed Transitional Care Unit ("TCU") opened at Binghamton General on October 3, 2006. UHS Hospitals was selected and approved with four other hospitals in New York State to develop a TCU program. NYS DOH defines transitional care as "sub-acute care services provided to patients of a general hospital who no longer require acute care general hospital inpatient services but continue to need specialized medical, nursing and other hospital ancillary services and are not yet appropriate for discharge."

Orthopedics: The Binghamton General campus is the location of the highest volume of inpatient orthopedic cases in the primary service area. Services include joint replacement and arthroscopic surgery performed in a specially equipped and dedicated operating room. This is the largest surgical program at the Binghamton General campus.

Psychiatry: UHS Hospitals operates 56 staffed beds for psychiatric patients at Binghamton General. This program is for both voluntary and involuntary admissions. Electroconvulsive Therapy services are included

in the service line for inpatient and outpatient procedures. In addition, Binghamton General is a certified psychiatric emergency center.

Alcoholism/Chemical Dependency/Substance Abuse Treatment: The Binghamton General campus is the location of the only inpatient alcoholism treatment service in the region. It includes 20 rehabilitation beds. The program began in 1983 with the inpatient services, and expanded its inpatient capacity and added an intensive outpatient program in 1988. The comprehensive program of family care, co-dependency care, and aftercare is provided on an outpatient basis. All programs are operated on the Binghamton General campus.

Cardiac Rehabilitation: This service was centralized in 1982 at Binghamton General Hospital. It provides monitored and supervised exercise for recovering cardiac surgery patients in a gymnasium and former nurses' dormitory, and has grown as the UHS Hospitals cardiology program has expanded in scope and size.

Plastic Surgery: Highly specialized plastic surgery procedures are performed on both an inpatient and outpatient basis at the Binghamton General campus. Four UHS Physician Enterprise plastic surgeons are located within the hospital facility adjacent to the operating room and they perform a broad range of specialized procedures such as maxillofacial surgery, reconstructive surgery and surgical reattachments.

Renal Dialysis: UHS Hospitals and Fresenius Dialysis joined to provide dialysis services to patients in this region. Inpatient dialysis operations at Wilson Medical and Binghamton General, and outpatient dialysis services at offsite treatment centers are clinically managed by UHS Hospitals Nephrology providers.

Comprehensive Psychiatric Emergency Program ("CPEP"): This program operates out of the emergency room and provides crisis intervention treatment planning and referral services. CPEP also includes a 4-bed Extended Observation unit for patients not in need of inpatient care, but who cannot return to the community after their initial evaluation.

Emergency Services: A full service emergency room functions on the Binghamton General campus, generating more than 30,000 annual visits. Upon completion of the Project, non-behavioral patients will be directed to the Wilson Emergency Department, and the Binghamton campus will concentrate on behavioral emergency medicine.

UHS PHYSICIAN ENTERPRISE

The UHS Physician Enterprise includes hospital clinics regulated and accredited under Article 28 of the New York Public Health Laws ("Article 28") and non-Article 28 clinics. Hospital-owned Article 28 clinics operate under New York State law, and in accordance with Medicare regulations, as an extension of the hospitals. As a result, these clinics are able to bill professional and facility fees. These clinics are incorporated as UHS Medical Group, and operate at UHS Hospitals, Chenango Memorial and DVH.

In 2012, most UHS Physician Enterprise physician practices became Article 28 hospital extension clinics owned, managed and controlled by UHS Hospitals with all professional services provided by former United Medical Associates physicians and advanced practice providers ("APP"). This resulted in an increase in physicians and APPs in the region, and opportunities for future growth. The change has improved care quality and reduced unnecessary competition and resource duplication.

Non-Article 28 practices within the UHS Physician Enterprise continue to operate as United Medical Associates. These practices will eventually become Article 28 clinics when all of the facility and staffing requirements are in place for certification as hospital-based clinics. Because these clinics are not

formally Article 28 designated, they bill only a professional component, as would an independent medical practice.

There are 47 clinics and practices located throughout the UHS System service area offering 42 medical and surgical specialties. Through contracted service agreements, the organizations provide professional and operational services and support to each other. From a day-to-day business management perspective, the UHS Physician Enterprise operates as a single organization to optimize clinical, operational, and financial performance and to ensure common UHS System service and quality. The breakdown of Article 28 and non-Article 28 providers is in the table below.

UHS PHYSICIAN ENTERPRISE BY ORGANIZATION AND CLINICAL SPECIALTY
(as of December 31, 2019)

	United Medical Associates			UHS Medical Group			
<u>PROVIDER SPECIALTY</u>	Physicians	APPs	Total	Physicians	APPs	Total	Overall
Primary Care	4	2	6	35	34	69	75
Total Internal Medicine	-	-	-	17	10	27	27
Total Pediatrics	6	2	8	10	4	14	22
Total Walk In	2	4	6	5	26	31	37
Total Primary Care	<u>12</u>	<u>8</u>	<u>20</u>	<u>67</u>	<u>74</u>	<u>141</u>	<u>161</u>
Specialty Care	Physicians	APPs	Total	Physicians	APPs	Total	Overall
Addiction Medicine	-	-	-	1	-	1	1
Breast Surgery	-	-	-	1	1	2	2
Cardiology	8	7	15	4	1	5	20
Cardiothoracic	2	2	4	-	-	-	4
Chiropractor	-	-	-	2	-	2	2
Dental	-	-	-	2	-	2	2
Dermatology	-	-	-	1	3	4	4
Diabetes Center	-	-	-	2	3	5	5
Emergency Department	12	9	21	-	-	-	21
Emergency Dept – Chenango Memorial	-	-	-	6	6	12	12
Emergency Department – DVH	-	-	-	-	4	4	4
Geriatrics	7	8	15	1	1	2	17
Gastrointestinal Services	7	5	12	-	-	-	12
Gynecology	-	-	-	2	5	7	7
Hospitalists	21	7	28	-	-	-	28
Infectious Disease	-	-	-	3	-	3	3
Nephrology – BGH – UHSH	1	2	3	3	2	5	8
Neuro Critical Care	-	-	-	2	2	4	4
Neuro-Endovascular	-	-	-	2	-	2	2
Neurosurgery	5	5	10	-	-	-	10
OBGYN	-	-	-	4	3	7	7

Occupational Medicine	-	-	-	2	-	2	2
Oncology - Radiation	2	-	2	-	-	-	2
Oncology - Medical	-	-	-	7	3	10	10
Orthopedic Surgery	-	-	-	10	14	24	24
Orthopedics – Chenango Memorial	-	-	-	-	3	3	3
Otolaryngology	-	-	-	2	1	3	3
Pain Management	4	5	9	-	-	-	9
Palliative Care	-	-	-	1	3	4	4
Pathology	9	-	9	-	-	-	9
Plastic Surgery	-	-	-	2	1	3	3
Podiatry	1	-	1	8	-	8	9
Pulmonary	-	-	-	1	-	1	1
Rheumatology	-	-	-	1	3	4	4
Sleep Center	-	-	-	1	1	2	2
Surgery – Chenango Memorial	-	-	-	2	-	2	2
Surgery General/Vascular	-	-	-	8	4	12	12
Trauma Services	-	-	-	-	3	3	3
Urogynecology	3	1	4	-	-	-	4
Urology	-	-	-	4	3	7	7
Women’s Health Center	-	-	-	1	3	4	4
Wound Care	-	-	-	3	-	3	3
Total Specialty Care	82	51	133	89	73	162	295
Total UHS Providers	94	59	153	156	147	303	456

In addition to the provider complement above, UHS Hospitals enjoys a close affiliation with Endwell Family Physicians, a group of 21 primary care providers located in Endicott, New York. Endwell physicians readily participate in numerous UHS Hospitals strategic and clinical initiatives such as the Epic enterprise-wide information system project. Endwell providers for years have consistently referred the great majority of their patients to UHS Hospitals, specialty physicians, ancillary services, and other UHS Hospitals services.

MEDICAL STAFF

There are approximately 650 active, associate, senior active and courtesy physicians and allied health professionals with medical staff privileges at UHS Hospitals, as shown in the table below. Active, associate, senior active and courtesy members have full admitting privileges, with some seeing outpatients only. Other classifications, such as visiting and honorary staff, have no admitting privileges.

Physician Enterprises and UHS Hospitals employ approximately 460 physicians and advanced practice providers, as detailed in an earlier section of this document. Primary care physicians comprise approximately 25% of providers in the Physician Enterprises and UHS Hospitals. Medical and surgical specialists comprise about 20% of the medical staff count, with the rest being hospital-based providers (e.g., pathology).

Specialty	Physicians on staff	Allied health professionals
Anesthesiology	15	30
Dentistry	7	-
Emergency medicine	24	12
Family practice	66	74
Dept. of Medicine:		54
Allergy/immunology	1	-
Cardiology	14	-
Dermatology	4	-
Endocrinology	3	-
Gastroenterology	9	-
General medicine	52	-
Hematology/oncology	7	-
Infectious disease	3	-
Nephrology	4	1
Neurology	9	-
Pulmonary disease	6	-
Rheumatology	1	-
Obstetrics/gynecology	27	11
Orthopedics	12	22
Pathology	10	-
Pediatrics	39	10
Physical Rehabilitation	3	-
Psychiatry	7	9
Radiology	17	1
Surgery:		21
General surgery	17	-
Neurosurgery	4	-
Ophthalmology	7	-
Otolaryngology	5	-
Plastic surgery	5	-
Thoracic surgery	3	-
Urology	8	-
Vascular surgery	5	-
Podiatry	15	-
Total	409	245

AWARDS AND ACCOLADES

UHS Hospitals routinely receives significant awards and accolades, both locally and nationally for patient-centered quality of care. UHS Hospitals also strives to make progress through its quality improvement process and through participating in regional and national programs.

- In 2020 UHS Hospitals was one of the first ever URAC accredited telehealth providers. This achievement distinguishes an organization as a high-performing telehealth provider who believes in and practices excellence. The accreditation is valid through December, 2021, and telehealth services have been a major advantage to UHS providers and patients during the recent COVID-19 pandemic.

- In 2019, UHS Hospitals received the silver level achievement index from the American Heart Association for taking significant steps to build a culture of health in the workplace.
- In 2019, UHS Hospitals received a “Get with the Guidelines-Stroke Gold Plus Performance Achievement Award.” The award from the American Stroke Association recognizes UHS Hospitals’ commitment to implementing a higher standard of stroke care and its success in ensuring that stroke patients receive treatment according to nationally accepted standards and recommendations. In addition, Wilson Medical is a New York State designated Stroke Center.
- In 2019, UHS Hospitals received a “Get with the Guidelines-Heart Failure Gold Plus Quality Achievement Award” for implementing specific quality measures in caring for patients who have heart failure. The award is made by the American Heart Association and the American College of Cardiology Foundation.
- UHS Hospitals is a Heart Failure Accredited location as designated by the American College of Cardiology for the healthcare system’s commitment to effectively treating patients with heart failure.
- Wilson Medical is a Level II trauma center, as designated by the American College of Surgeons’ Committee on Trauma.
- The Centers for Medicare and Medicaid Services (“CMS”) has recognized UHS Hospitals for hip and knee replacement surgery. UHS Hospitals is one of only six hospitals in New York State, and one of 97 nationally designated by CMS.
- UHS Hospitals is an accredited Breast Center and is the first facility to receive this designation three years in a row in the Greater Binghamton Area.
- UHS Hospitals Primary Care offices have achieved Patient-Centered Medical Home Accreditation from the National Committee for Quality Assurance in Washington, D.C.
- UHS Hospitals is an accredited center for cancer treatment. Our Oncology Program received accreditation from the Commission on Cancer of the American College of Surgeons. UHS Hospitals is accredited by the American College of Radiation Oncology Practice for Radiation Oncology treatments
- The internally respected Society of Chest Pain Centers designates UHS Hospitals as an Accredited Chest Pain Center, reflecting UHS’ high level of expertise in caring for patients who arrive in the Emergency Department with chest pain.
- UHS Hospitals is recognized for outstanding surgical outcomes from the National Surgical Quality Improvement Program of the American College of Surgeons.

QUALITY AND SAFETY INITIATIVES

High quality, safe and effective care is the number one priority at UHS Hospitals. High quality care is patient centered, timely, efficient and equitable. UHS Hospitals seeks to have rigorous quality and safety programs, and its ability to maintain and improve the quality of its services is shown by the nationally recognized awards described in “Awards and Accolades” above.

UHS Hospitals is on a journey to become a High Reliability Organization. High Reliability Organizations are those that operate in complex environments without serious accidents or catastrophic failures. This framework is adaptive to many industries, particularly in healthcare since the consequences of failed processes may cause patient harm. The principles of high reliability go beyond process improvement, focusing on a culture of relentless pursuit for perfection, prioritizing safety above all other organization goals.

THE PROJECT

On November 6, 2019, UHS Hospitals submitted to, and on February 6, 2020 received approval from, the New York State Department Of Health, its Administrative Review Certificate of Need (“CON”) application for the revitalization of the Wilson campus (the “Project”). The Project includes the construction of a new bed tower for the Wilson Medical Center (the “New Patient Tower”), which includes up to four medical surgical patient care floors to replace approximately 120 inpatient beds in an all private-room setting, a new Emergency Department that will connect to the existing Wilson Emergency Department, and a new helipad. The Project will also replace aging generators; renovate and expand the existing Wilson Emergency Department from 27 positions to 45 private rooms plus two new trauma rooms containing four bed positions; and install the first MRI unit in the hospital facility while renovating the Imaging Department. Related medical and surgical support spaces will also be included in the Project. No new beds are being added to Wilson’s licensed bed capacity. The Project is estimated to cost approximately \$150.0 million, \$135.0 million of which is expected to be financed, refinanced, or reimbursed from Series 2020 bond proceeds. The total square footage of the Project is approximately 169,000 square feet.

Total project timing is complex due to the level of phasing required to renovate the existing Emergency Department while minimizing impact on patient care. UHSH intends to maintain access for the community to its vital services throughout the Project. As a result, the phasing of the Wilson Emergency Department construction and patient flow during renovations extends the construction time substantially. However, the New Patient Tower build, which is approximately 90% of the construction financing, is expected to take approximately 24 months to complete.

The construction manager for the Project is LeChase Construction (“LeChase”). UHS Hospitals has utilized LeChase for all major projects for more than 20 years. The Project has entered the construction development phase which is expected to be completed in December 2020. This timing will not yield a guaranteed maximum price (“GMP”) before the anticipated bond sale date. However, LeChase has provided an estimated cost for the Project, and UHS has previously completed numerous construction projects with LeChase within project estimate limits.

Expanding and renovating the Wilson Emergency Department is critical for many reasons. The Wilson Medical Center is a Level Two Trauma Center and Stroke Center of Excellence, and the Wilson Emergency Department serves over 40,000 patients annually in 27 rooms including two trauma bays. Patient demand for UHS Hospitals Emergency Department services at Wilson Medical Center exceeds current capacity. Approximately 70% of admissions to the Wilson Medical Center come through the Emergency Department, and approximately 31% of patients treated in the Emergency Department are admitted. Each lost admission due to overcrowding or long wait times leads to patients leaving without being seen, representing an average of \$11,000 in foregone net patient revenue. Accordingly, the Project aims to increase privacy and room size to care for acutely ill patients within the Wilson Emergency Department, in turn providing an environment for better patient care, improved throughput, and higher patient and staff satisfaction. A new Wilson Emergency Department will also improve recruitment and retention of clinical talent by improving the work environment for staff.

As part of the Project, a replacement helipad will be constructed on the roof of Wilson Medical Center's New Patient Tower, and will be served by two elevators to the Emergency Department. This will reduce the time from landing to treatment by seven minutes, a critical period for stroke and trauma patients. Reducing time to treatment will increase our travel radius, allowing UHS Hospitals to service additional geography, bring more high acuity cases, and improve outcomes for patients whose treatment is time sensitive.

The New Patient Tower includes four inpatient medical surgical units. Each unit will be comprised of 30 private rooms for a total of 120. Our ability to offer private rooms currently is limited to critical care units and a few medical surgical rooms. Upon completion and occupancy of the four inpatient units in the new building, rooms in the existing patient units are expected to convert to private rooms. This move is expected to improve infection prevention, increase patient placement flexibility, improve efficiency and staff productivity, and enhance patient, staff, family, and visitor satisfaction.

In addition to the new construction and renovation described above, UHS Hospitals intends to restructure its current debt portfolio through this financing. For a description of the plan of finance, see "PLAN OF FINANCE" in the front part of this Official Statement.

LONG-TERM CAPITAL PLAN

Over the next five years, the majority of UHS Hospitals' capital spending will be committed to the Project. In addition to the Project, UHS Hospitals anticipates annual routine capital expenditures for existing facilities and other compliance-related issues to approximate \$10-15 million per year. UHS Hospitals also anticipates spending capital dollars, as available, to continue growing outpatient services in its primary and secondary markets through the selective renovation of existing sites.

POTENTIAL FUTURE AFFILIATIONS OR ACQUISITIONS

UHS Inc., regularly considers potential candidates for affiliation and collaboration as part of its overall strategic planning process. UHS Inc., routinely conducts discussions and/or receives offers from third parties concerning affiliations, joint ventures, investments or acquisitions. It is possible that the corporate entity, its organization and its assets may change from time to time.

ACCREDITATIONS, AFFILIATIONS, LICENSES, MEMBERSHIPS

UHS Hospitals is licensed by the Office of Health Systems Management, New York State Department of Health. UHS Hospitals maintains accreditation with the Joint Commission ("TJC"), which surveys UHS Hospitals every three years. The most recent TJC survey was conducted in 2018. Based on that survey, the hospital's accreditation was extended for a three-year period through 2021. The hospital is a member of the American Hospital Association and the Veterans Health Administration.

Other licenses, certifications, and accreditations held by UHS Hospitals include: Accreditation of the Council for Graduate Medical Education, American Osteopathic Association, American College of Surgeons Committee on Cancer, College of American Pathologists, Medical Society of the State of New York- Continued Medical Education Certificate of Accreditation, New York State Division of Alcoholism and Substance Abuse, Cardiac Advisory Committee Certification for Cardiac Catheterization, New York State Health Department certified hospital based Ambulatory Surgery Program, Island Peer Review Organization certified Early Intervention Program, New York State Health Department certified HIV Program, New York State Health Department certified Prenatal Care Assistance Program, New York State Health Department certified Renal Dialysis Program, New York State Health Department certified

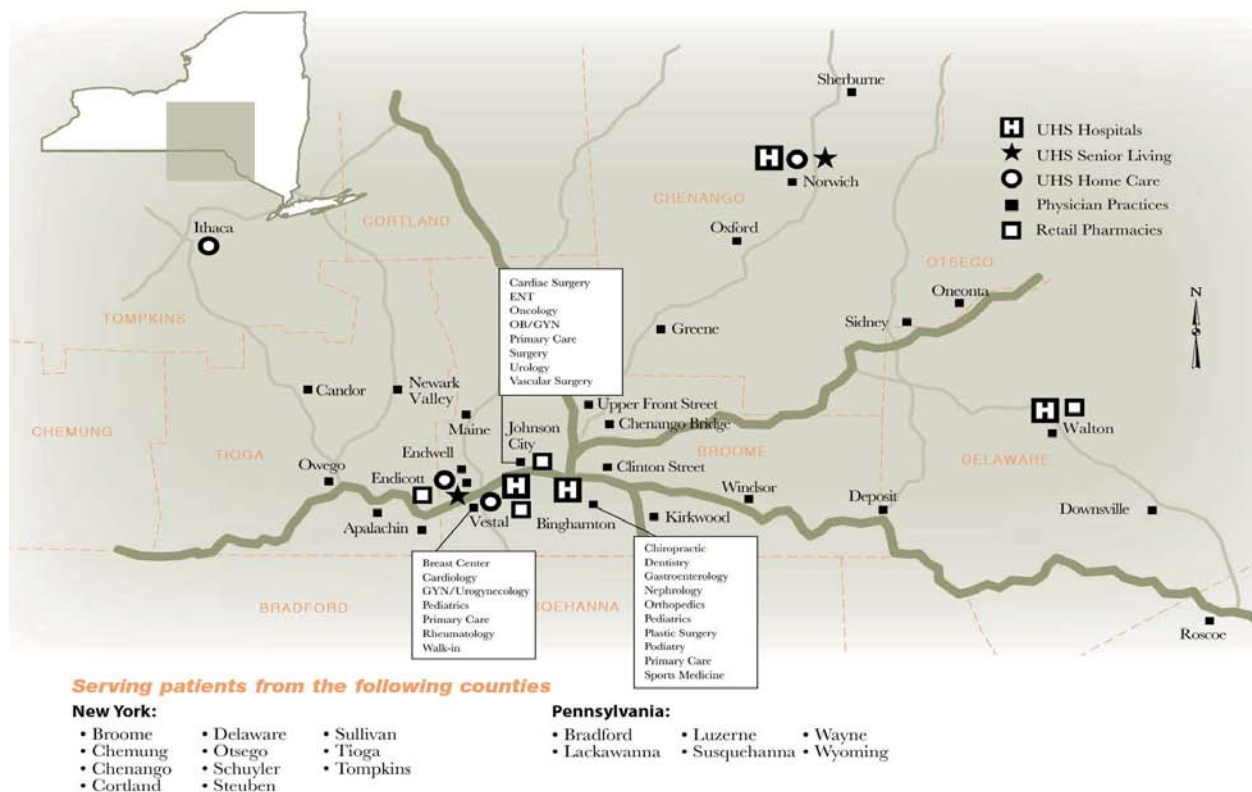
Stroke Program, New York State Health Department certified Transitional Care Unit, New York State Office of Mental Health, and the Residency Review Committee for Family Practice.

UHS Hospitals maintains active educational affiliations with:

Greater Binghamton Health Center
Board of Cooperative Education Services (“BOCES”)
Broome Community College
Elmira College
Hartwick College
Hudson Valley Community College
Ithaca College
Kansas City University of Medicine and Biosciences
Lackawanna College
Lake Erie College of Osteopathic Medicine
Mansfield University
Marywood College
New York College of Osteopathic Medicine and NYCOM Education Consortium
Philadelphia College of Osteopathic Medicine
Russell Sage College
State University College at Cortland
State University of New York, Agricultural & Technical College at Cobleskill
State University of New York at Binghamton, Delhi, Plattsburgh, and Syracuse
State University of New York- The Health Science Center at Syracuse
State University of New York-Clinical Campus at Binghamton
State University of New York Stonybrook
Temple University
Touro College of Osteopathic Medicine
University of New England College of Osteopathic Medicine
University of Scranton
Upstate University
Utica College
Wilkes University

SERVICE AREA

UHS Hospitals’ service area is the eight-county area referred to as the Southern Tier of New York, and northern Pennsylvania (see map below). This includes the primary service area of Broome County, with an estimated population of 196,000; Tioga County, with an estimated population of 48,400; Chenango County, with an estimated population of 47,700; and Delaware County with an estimated population of 63,100, all in New York State. UHS Hospitals also draws patients from surrounding counties for tertiary services such as cardiac catheterization and angioplasty, cardiac surgery, neurosurgery, neonatal intensive care, renal dialysis, chemical dependency, trauma, mental health, physical medicine and medical rehabilitation services.



The core service area in Broome County has three hospitals: Wilson Medical and Binghamton General, operated by UHS Hospitals and described above; and Our Lady of Lourdes Memorial Hospital (“Lourdes”) in the City of Binghamton, licensed for 267 beds. UHS Hospitals’ primary and secondary markets are highlighted above in green. Lourdes is a member of Ascension Health System, headquartered in St. Louis, Missouri. The following table shows comparative discharge data for UHS Hospitals and Lourdes.

Primary Service Area Discharges	2017*		2018*		2019**	
Hospital	Discharges	%	Discharges	%	Discharges	%
UHS Hospitals [†]	11,766	49%	12,072	50%	13,626	56%
- Wilson	9,709		10,255		11,512	
- Binghamton General	2,057		1,817		2,114	
Our Lady of Lourdes	8,769	37%	9,117	38%	8,879	36%
All Other New York State Hospitals	3,328	14%	3,104	13%	1,836	8%
Market	23,863	100%	24,293	100%	24,341	100%

[†] Excludes Transitional Care Unit, Newborn, Behavioral, and Rehabilitation patient volume.

* Source: Statewide Planning and Research Cooperative System Data

** Source: UHSH and Our Lady of Lourdes Memorial Hospital internal data; IBM MarketExpert for market projections

Chenango Memorial Hospital in Chenango County and Delaware Valley Hospital in Delaware County are also part of the United Health Services system. There are seven other hospitals in the secondary and tertiary service areas. Six have fewer than 100 medical/surgical beds. The Guthrie Healthcare System operates Robert Packer Hospital, a 238-bed tertiary teaching hospital in Sayre, Pennsylvania, an approximately 45-minute drive from Broome County.

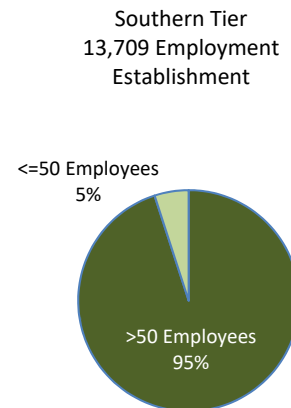
Population and Economic Climate

Overall populations across the primary and secondary service areas have been relatively stable. Population demographics for the UHS service areas include a larger cohort of elderly patients than the national average. The median age is 41 years versus the median national age of 38.5 years. These patients, most of who are enrolled in the Medicare Insurance program, use healthcare services at a rate of up to three times the general population. Median household wealth in our market is significantly higher than New York State overall, according to Claritas. New York State average household wealth is \$51,282 and for the UHS Hospitals service area median household wealth is \$86,063.

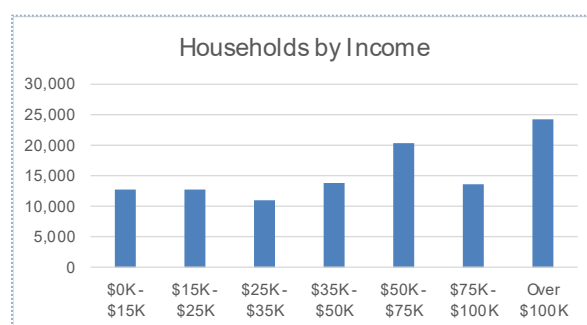
UHS Hospitals is the largest employer in the region. Other key employers rounding out the top ten are:

Key Employers⁽¹⁾
<ul style="list-style-type: none"> • Binghamton University (approximately 5,500 employees) • Lockheed Martin (approximately 2,700 employees) • Broome County Government (approximately 2,500 employees) • Lourdes Hospital (approximately 2,300 employees) • BAE Systems (approximately 1,300 employees) • I3 (approximately 1,100 employees) • Maines Paper & Food (approximately 1,100 employees) • IBM (approximately 1,100 employees)
⁽¹⁾ As of December 31, 2019.

The chart to the right shows the proportionate breakdown of employers in the region noting the majority of the population is employed by companies with more than 50 employees.



Selected Demographic Indicators Primary Service Area (Source: Claritas)



Primary Service Area	2019-2024		Median Household Wealth*
	% Change	Population Median Age	
USA	3.6%	38.5	\$80,280
New York	1.5%	39.0	\$51,282
UHS System	-1.7%	41.0	\$83,812
UHS Hospitals	-1.6%	41.0	\$86,063
UHS Chenango Memorial Hospital	-2.5%	44.7	\$83,088
UHS Delaware Valley Hospital	-2.2%	47.6	\$72,615

*sum of all financial assets minus financial liabilities

Utilization Statistics

The following table depicts historical utilization statistics for UHS Hospitals:

Inpatient and Outpatient Statistical Highlights

	December 31,			Six Months Ended June 30	
	2017	2018	2019	2019	2020
Inpatient:					
Acute (non-exempt)					
Licensed Beds **	338	338	338	338	338
Discharges **	14,343	15,545	16,548	9,145	9,127
Patient Days **	73,504	77,112	79,872	41,335	46,459
Average Length of Stay	5.1	5.0	4.8	4.7	5.1
Non-Acute (exempt)					
Licensed Beds	80	80	80	80	80
Discharges	1,777	1,960	1,941	930	853
Patient Days	21,380	21,490	22,138	10,838	9,990
Average Length of Stay	12.0	11.0	11.4	11.7	11.7
Transitional Care Unit					
Licensed Beds	20	20	20	20	20
Discharges	408	451	455	234	185
Patient Days	6,354	6,555	6,443	3,183	3,087
Average Length of Stay	15.6	14.5	14.2	13.6	16.7

** Excludes Transitional Care Unit, Newborn, Psych & Rehab

Outpatient:

Emergency Department/Outpatient Visits (Treated & Released)	41,009	44,270	43,483	21,648	17,480
Ambulatory Surgery Procedures					
Operating Room	15,845	15,549	15,506	7,677	5,595
Electrophysiology Lab	517	582	572	276	262
Gastroenterology Lab	11,696	11,830	11,331	5,913	3,937
Radiation Oncology Treatments	6,154	6,332	7,448	3,903	3,141
Total Ambulatory Surgery Procedures	75,221	78,563	78,340	39,417	30,415
Laboratory Tests	1,176,461	1,212,328	1,252,810	622,498	541,687
Primary Care Clinic Visits	270,549	272,632	280,466	143,474	125,823
Outpatient Department Clinic Visits					
O/P Mental Health	11,598	11,748	12,371	5,866	7,254
Women's Health Center (Breast Center)	25,593	24,737	24,645	12,322	8,366
New Horizons	22,183	17,910	17,715	9,119	7,689
Methadone Clinic	63,458	84,902	109,329	46,337	60,315
Specialty Care Clinic Visits	179,835	196,333	207,025	101,971	87,284
Wound Care Center	4,069	3,996	4,044	2,041	2,024
Hyperbaric Oxygen Treatments	450	414	330	124	162
Occupational Medicine	32,797	32,902	29,741	15,810	10,086
Total Outpatient Department Clinic Visits	339,983	372,942	405,200	193,590	183,180

Sources of Net Patient Revenue by Payor

The following table sets forth the sources of net patient revenue by payor for the Obligated Group as of December 31, 2019, 2018 and 2017:

Obligated Group Payor Mix %	2017 Average	2018 Average	2019 Average
Commercial	11.4%	10.9%	9.5%
Medicare	21.7	21.3	21.2
Medicaid	2.4	2.3	1.9
Excellus	34.7	35.1	36.8
Medicare Managed Care	12.2	14.4	15.2
Medicaid Managed Care	13.8	12.4	11.7
Self-Pay	0.7	0.5	0.4
All Other	3.0	3.2	3.2
Total	100.0%	100.0%	100.0%

INFORMATION SYSTEMS AND TECHNOLOGY INVESTMENTS

UHS Hospitals continually seeks to improve the value and quality of care provided to patients. In 2018, the UHS Hospitals Board of Directors approved the acquisition, implementation and installation of the Epic electronic health record (“EHR”). Epic represents a fully integrated, enterprise EHR system, which will provide significant enhancements to the technology and information system capabilities of UHS Hospitals. The process of planning, acquiring, implementation, and training has been more than a two-year endeavor. The “go live” day was originally expected to occur on April 26, 2020, but it has been delayed due to the COVID-19 pandemic. Currently, all clinical and revenue cycle applications are scheduled to “go live” at all UHS Hospitals locations on September 12, 2020; and the conversion is planned to be completed that day. The total project will integrate UHS Hospitals ambulatory services, primary care and walk-in facilities, home health services, laboratory, imaging, and pharmacy services, and inpatient acute-care services across the system. This integration and the ability to share clinical data more effectively will provide UHS Hospitals’ providers with a comprehensive clinical and administrative unified patient record. This system will enable better coordination of patient information across the entire continuum of care.

During the go-live delay from April 26, 2020 to September 12, 2020 due to COVID-19, upgrades and enhancements were made to the system, additional testing and training was conducted, and virtual training protocols for providers and other staff were trialed and improved. In addition to the Epic team, UHS has worked from the start of the Epic project with Guidehouse / Navigant Consulting and Encore LLC, both of whom have experience with dozens of Epic build, testing, training and installation projects nationally. UHS has also trained more than 750 super-users to assist with training and testing, at go-live, and for several weeks following go-live so that providers, nursing and other clinical and support staff new to Epic will have immediate “at the elbow” support to facilitate a smooth implementation and stabilization process.

The total cost of the Epic project is \$252 million, including acquisition, building, testing, training, go-live costs for consulting expertise, and a contingency fund for unexpected expenses of \$20 million. As of June 30, the project was under budget.

In addition to the investment in Epic, UHS Hospitals made significant investments in other key areas of Information Technologies and Unified communications. In 2016, the hospital installed a data center at Binghamton General and instituted a satellite data center as well. In 2017 and 2018, UHS Hospitals expanded its physical and virtual servers, updated the IT disaster recovery plan, and installed a

new firewall/VPN and redundancy capabilities. In 2019, Cisco Security Solutions, web filtering, additional virus/malware protections, email security, storage and standardized Wi-Fi access point upgrades were made. Wi-Fi upgrades continue, with additional Wi-Fi access points added to accommodate the Epic system.

Over the last several years, numerous hardware, server, and PC upgrades have been made, including an integrated Shortel phone system and new switchboard platform associated with integrated telecommunications.

In 2019, UHS initiated a robotics surgical program with the purchase of a DaVinci Xi robotic surgery system from Intuitive Surgical. The system is comprised of three main components - a patient cart, a vision tower and a surgeon console. Capital acquisition costs for UHS totaled about \$2.5M, including an initial stocking order of disposable instruments. The DaVinci system will allow UHS to retain several hundred surgical cases currently transferred to other facilities, including approximately 80 urology cases that go to Upstate Medical System in Syracuse.

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FINANCIAL INFORMATION

UHS Hospitals maintains financial records on a fiscal year basis ending December 31. The following summary of financial statements of UHS Hospitals comes from financial statements of UHS Hospitals for fiscal years ended December 31, 2017, 2018 and 2019.

Consolidated financial statements as of and for the years ended December 31, 2018 and 2019, included in **APPENDIX B** to this Official Statement, were audited by Freed Maxick CPAs, PC, an independent certified public accountant (“Freed Maxick”).

UHS Hospitals’ unaudited, interim financial statements for the six-month periods ended June 30 2020 and 2019 are included. The summary financial information and other data contain information determined by methods other than in accordance with accounting principles generally accepted in the United States of America (“GAAP”); however, any differences are not material. The unaudited interim financial information should be read in conjunction with the audited financial statements and related notes included in **APPENDIX B** to this Official Statement. Neither Freed Maxick nor any other firm has audited the interim financial information.

UNITED HEALTH SERVICES HOSPITALS, INC.

Summary Statements of Operations

	Years Ended December 31,			Unaudited	Unaudited
	2017	2018	2019	6/30/2019	6/30/2020
Revenue					
Net patient service revenue	\$609,456,020	\$646,259,672	\$695,183,465	\$340,557,058	\$320,906,102
Other revenue including investment income	45,644,302	48,990,465	47,718,703	20,989,734	40,250,364
Net assets released from restriction	220,000	240,000	240,000	120,000	119,940
Total revenues, gains and other support	\$655,320,322	\$695,490,137	\$743,142,168	\$361,666,792	\$361,276,406
Expenses					
Salaries and wages	\$230,806,694	\$243,047,371	\$252,432,664	\$123,872,515	\$117,153,071
Employee benefits	71,662,179	77,150,634	79,826,458	38,598,889	38,030,367
Supplies, services and other	302,030,894	326,873,819	358,201,358	174,482,509	189,630,834
Interest expense	3,379,150	3,729,074	3,555,481	1,803,710	1,700,487
Depreciation and amortization	25,856,676	26,020,691	25,972,128	13,174,317	13,408,046
Total operating expenses	\$633,735,593	\$676,821,589	\$719,988,089	\$351,931,940	\$359,922,805
Excess of revenue over expenses	\$21,584,729	\$18,668,548	\$23,154,079	\$9,734,852	\$1,353,601

UNITED HEALTH SERVICES HOSPITALS, INC.
SUMMARY OF BALANCE SHEETS

	December 31,			Unaudited	Unaudited
	2017	2018	2019	Six Months	Ended June 30
				2019	2020
Assets					
Current assets less investments	\$117,318,496	\$126,589,168	\$131,593,224	\$123,887,375	\$132,545,324
Investments	36,537,676	36,215,168	51,568,057	58,306,451	91,023,184
Assets limited as to use	84,978,678	84,070,607	83,672,425	78,633,747	87,809,372
Property and equipment, net	201,419,035	204,175,412	240,922,698	210,954,170	258,788,996
Interest in net assets of UHS Foundation Inc.	12,233,501	11,500,598	12,921,923	11,500,598	12,921,923
Other assets	6,349,540	19,049,559	12,347,505	15,702,292	17,031,916
Total assets	\$458,836,926	\$481,600,512	\$533,025,832	\$498,984,633	\$600,120,715
Liabilities and Net assets					
Current Liabilities	\$89,243,118	\$94,296,854	\$111,169,326	\$90,275,040	\$167,531,981
Noncurrent Liabilities	166,099,646	183,948,088	185,655,257	190,059,708	197,791,812
Total liabilities	255,342,764	278,244,942	296,824,583	280,334,748	365,293,793
Net assets:					
Without donor restrictions	\$188,896,017	\$189,591,394	\$221,134,800	\$204,696,239	\$219,719,975
With donor restrictions	14,598,145	13,764,176	15,066,449	13,680,646	15,106,947
Total net assets	203,494,162	203,355,570	236,201,249	218,649,885	234,826,922
Total liabilities and net assets	\$458,836,926	\$481,600,512	\$533,025,832	\$498,984,633	\$600,120,715

Management's Discussion of Recent Financial Performance

The preparation of financial statements in conformity with GAAP requires management of UHS Hospitals to make assumptions, estimates and judgments that affect the amounts reported in the financial statements, including notes thereto, and related disclosures of commitments and contingencies, if any. UHS Hospitals considers critical accounting policies to be those that require the more significant judgments and estimates in the preparation of financial statements, including the following:

Recognition of net patient service revenues and operating expenses includes estimating contractual allowances, provision for bad debts and reserves for losses and expenses related to healthcare professional risk and general liability risk. Management relies on historical experience and assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ materially from those estimates.

Results of Operations

A summary of the operating results for the years ended December 31, 2017, 2018 and 2019 follows:

For the three years of financial information provided, net patient service revenue increased by 6.0% from 2017 to 2018, and by 7.46% from 2018 to 2019. Increases in net patient service revenue resulted from a combination of increased patient volume and rate increases from commercial insurers. Discharges from inpatient visits increased from 14,343 in 2017 to 15,545 in 2018 and to 16,548 in 2019. For the same periods, patient days increased in line with discharges while UHS Hospitals reduced average length of stay

from 5.1 days in 2017 to 4.8 days in 2019. Outpatient volumes over the same period also increased year over year with 339,983 in 2017, 372,942 in 2018 and 405,200 in 2019.

Over the same period, operating expenses increased less than net patient service revenue. A significant portion of salaries decreased due to capitalized labor in 2019 related to the Epic project. Salaries as a percentage of net patient revenues were 37.9% in 2017 compared to 37.6% in 2018 and 36.3% in 2019. Benefits were consistent at 11.5% of salaries during 2017, 2018, and 2019. Supplies and services associated with net patient service revenue increased from 48.4% in 2017 to 49.3% in 2018 and 50.5% in 2019. The 2.1% increase from 2017 to 2019 was less than growth in revenue.

Excess of revenues over expenses decreased during the same period for several reasons. UHS Hospitals recorded income from operations of over 2% in 2017 and experienced other non-operating income gains due to investment holdings, favorable swap positions and an insurance settlement on a property damage case. In 2018, UHS Hospitals incurred an increase in bad debt expense which accounted for a \$2 million reduction in operating income. Those costs were completely offset by other non-operating income. Investments provided strong returns and swap positions provided positive results. The single most significant item affecting non-operating revenue in 2018 was a one-time benefit received from demutualization of a commonly-owned pool of insurance policies when Medical Liability Mutual Insurance Company (“MLMIC”) was acquired by Berkshire Hathaway. The transaction generated a distribution event to individual policy holders under MLMIC. UHS Hospitals received approximately \$6 million from this event. In 2019, UHS Hospitals operating margin increased to 1.7% based on stabilization of bad debts and capitalization of labor costs for the build portion of the Epic project. Non-operating other revenues and expenses for 2019 were similar to 2018 due to the prospective adoption of Accounting Standards Update (ASU) 2016-01 *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. Pursuant to adoption of the standard in 2019, UHS Hospitals included approximately \$9 million of unrealized gains on investments within non-operating revenue, which had historically been excluded from non-operating revenue. Excluding that effect, non-operating other revenues for 2019 were substantially lower than the prior two years due to increased pension costs and a \$1.2 million change in interest rate swap positions due to continued pressure on interest rates.

Response to COVID-19

General. The recent global pandemic, COVID-19, had an impact on every individual in the world in some fashion; but the health care industry and UHS Hospitals were severely affected. This virus is a global health concern and the response of the healthcare industry and UHS Hospitals needed to be swift and tactical. Throughout the course of the entire pandemic, UHS Hospitals has followed the recommendations or requirements of the Centers for Disease Control (“CDC”) and the New York State Department of Health (“DOH”).

The UHS Hospitals response was swift and allowed our system to be one of the first hospital systems in New York State to reopen for elective procedures. In January 2020, our emergency operations team and our infection prevention department began tracking the spread of the virus. On February 3, 2020, New York State hosted a webinar and shared information known at that point in time. The guidelines outlined included how hospitals should prepare, including the evaluation of supplies of personal protective equipment (“PPE”). UHS Hospitals immediately began monitoring all levels of PPE. On March 2, 2020, New York State confirmed its first coronavirus case and New York City became the national hotspot for the spread of the virus. Fortunately, UHS Hospitals did not experience a surge of infected patients, and have treated 78 patients as of June 25, 2020.

On March 11, 2020, UHS Hospitals established a command center to manage its response to the changing landscape. Over the next several months, multiple interdisciplinary teams were engaged to

manage, track, adjust and change as needed to meet the needs of staff, providers and patients. Key decisions were made with support of senior management to ensure that our system was able to accommodate a potential surge and treat affected patients in our care. In response to a directive from the Governor, UHS prepared plans to double bed capacity, establish higher par levels of PPE, and monitor and manage ventilator supply in the event other New York State hospitals ran short. Every member of the management team and every department across the system were involved in this effort.

An occupational medicine command center was established to develop required algorithms for patients, and to track and treat employee health needs and inform employees of the latest developments regarding the virus and its presence in the UHS service area. A Human Resources (“HR”) command center was established to centralize communication regarding all employee inquiries and information being managed by Human Resources staff. When schools were ordered closed, the HR staff developed and opened within 72 hours a day care center to support UHS staff whose children would be home schooled. Within a few days of cancellation of elective surgery cases on March 13, 2020, UHS maintenance staff converted several nursing units to negative pressure rooms where COVID-19 patients were treated in isolation. In total, 79 rooms were created in a matter of a few weeks.

The command center sponsored daily calls open to all UHS employees during which new cases throughout the country, New York, and the Southern Tier were reported, and UHS activity regarding patient and staff exposure was communicated. Hundreds of employees joined in a focused effort to coordinate all UHS responses to the pandemic through phone calls, intranet messaging and daily emails tracking clinical and operational changes. Management chose to openly communicate with all staff throughout this pandemic.

During the first several weeks of the pandemic, UHS Hospitals identified and began to implement cost savings totaling approximately \$5 million per month. In spite of those savings, March and April were financially challenging. Elective surgeries were suspended by UHS Hospitals on March 13, 2020, ahead of the directive from New York State, to preserve PPE. Visitor restrictions were implemented across the system and numerous sites and service lines were closed (including physical therapies, cardiac rehab and provider offices).

The impact of COVID-19 on the results of operations for UHS Hospitals is highlighted in the table below (unaudited) through June 2020.

	January	February	March	April	May	June	YTD 2020
Total Revenue	66,091,000	63,973,000	58,415,000	42,366,000	52,988,000	77,279,000	361,112,000
Total Expenses	65,687,000	64,391,000	64,713,000	52,803,000	53,867,000	58,462,000	359,923,000
Operating Income/(loss)	404,000	(418,000)	(6,298,000)	(10,437,000)	(879,000)	18,817,000	1,189,000
CARES Funds Recognized *	-	-	-	4,168,000	1,767,000	14,562,000	20,497,000

*Represents the amount of CARES Act funds included in Total Revenue above.

The Southern Tier was allowed to start elective cases May 4, 2020 under strict guidelines. UHS management developed a plan in April 2020 for reopening. The plan was implemented May 4, 2020 with a focus on treating patients in greatest need first. May’s results, prior to reserving methodologies, yielded operating income of approximately \$3.8 million. In addition to restarting procedures, UHS established a significantly lower staffing level through voluntary furloughs and by selectively calling off employees and

whole departments based on productivity levels. Non-clinical/non-salary discretionary costs cuts of approximately \$30 million annualized, including cell phone reimbursement, travel and continuing education, association dues, and other items. Without federal funding, operating income for May would have been break-even based on all of these efforts.

On March 27, 2020, President Trump signed The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). This legislation included multiple rounds of funding and access to cash to provide hospital systems with the needed liquidity during the pandemic. In total, through June 30, 2020, UHS received \$134.6 million in funding through the various programs within the CARES Act. The programs accessed as well as the amounts and the portion attributed to the obligated group are outlined below.

Paycheck Protection Program. UHS accessed \$21.8 million in funding through the Paycheck Protection Program (“PPP”) for entities with fewer than 500 employees. The PPP provided affiliates other than UHS Hospitals \$21.8 million in funding. The obligated group did not receive any PPP due to the size of the organization. Under current accounting guidance, these funds were treated as “in-substance conditional governmental grants pursuant to FASB ASC 958-605” contributions as non-exchange transactions under ASC 605 Topic 958, classifying these funds as current liabilities until the conditions of the PPP are met. Through June, system affiliates have recognized \$12.3 million in other operating income and anticipate fully satisfying all conditions of the PPP by or before August 31, 2020.

CMS Advance. Medicare has allowed hospitals and other Medicare providers and suppliers to request an immediate advance of their future Medicare payments under its expanded Accelerated and Advance Payment Program. CMS advance funds provided \$64 million across UHS and \$55.9 million for UHS Hospitals. While there is political pressure to extend payment or forgive all or a portion of this funding, they are recorded as a current liability with payback anticipated starting August 15, 2020. The table below shows the effect of these advance payments on UHS Hospitals’ Days Cash on Hand.

Department of Health and Human Services (“HHS”). HHS was the issuing body for the stimulus funds under the CARES Act. These funds were used to offset lost revenues or pandemic response related expenses incurred by healthcare providers by COVID-19. UHS received \$48.7 million from HHS. These funds were treated as “in-substance conditional governmental grants pursuant to FASB ASC 958-605” and are classified as current liabilities until the conditions are met. UHS Hospitals received \$35.1 million in HHS funds. Through June, UHS Hospitals recognized \$20.5 million in other operating income of this total as other operating revenue on the income statement. The remaining balance of \$14.6 million continues to be treated as a current liability and UHS Hospitals anticipates recognizing this entire amount as other operating revenue on the income statement over the remaining six months of 2020. Other system affiliates, not part of the obligated group, received \$13.6 million.

Days Cash on Hand and CMS Advance (unaudited)*

	December 31, 2019	March 31, 2020	April 30, 2020	May 31, 2020	June 30, 2020
Days Cash on Hand Without Advance Payments	75	59	67	60	72
Days Cash on Hand from Advance Payments	0	-	28	29	29
Total Days Cash on Hand	75	59	95	89	101

* Table does not reflect other deferral activities under CARES Act such as FICA tax and pension payment deferrals.

See “HISTORICAL AND PRO FORMA DEBT SERVICE COVERAGE RATIOS” below for further discussion of the UHS Hospitals’ Days Cash on Hand.

Enhancement of Reimbursement. Until the public health emergency declaration related to COVID-19 is terminated, CMS will increase the Diagnosis Related Group weighting factor for inpatients diagnosed with COVID-19 by 20%. The previously planned 2% Medicare sequestration adjustment from May 1, 2020 through December 31, 2020 will be deferred. The effect of the sequestration deferral is estimated to be worth approximately \$2 million annually to UHS Hospitals.

Increased Liquidity Through Deferral of Payroll Taxes. The UHS Hospitals is deferring the employer portion of Social Security wage taxes beginning April 15, 2020 through December 31, 2020. These deferred payroll taxes must be repaid, 50% in calendar year 2021 and 50% in calendar year 2022. This deferral will amount to approximately \$9.0 million through December 31, 2020.

UHS Hospitals has incurred additional pandemic related expenses relating to operation changes, such as the creation of negative-pressure rooms, during COVID-19. These expenses incurred are approximately \$3.0 million through June 30, 2020. UHS Hospitals anticipates accessing other funding sources such as FEMA for reimbursement of costs as allowed. While UHS Hospitals expects to receive funding from FEMA or other grant sources, these amounts have not been considered or included in any results presented or discussed in this document.

Business Interruption Insurance. The extent to which business interruption insurance is available in connection with any events resulting from the COVID-19 pandemic is dependent upon the specific facts and circumstances of the pandemic and its effects on the organizations operations. UHS Hospitals intends to pursue any recovery available for such a claim, but cannot accurately predict the amount of any recovery.

Summary of Results for the Six-Month Period Ended June 30, 2019 and 2020

A summary of the operating results for the six-month period ended June 30, 2019 and 2020 are as follows:

While the June 2020 results were impacted by COVID-19, UHS Hospitals were able to resume elective procedures again in May. For the six months ended June 30, 2020, net revenues, including the recognition of CARES Act funds, increased 0.4%. May results as compared to the prior year were 9.1% below prior year. June results were back in line with June 2019.

The reopening of procedures pushed June 2020 expenses back in-line with prior year through the first six months at 2.2% above the prior period but were below budget by 8.3% due to management's concerted efforts to cut costs during the economic downturn caused by COVID-19. Cost cutting measures have yielded, on average, savings of \$4.5 million per month in May and June.

The overall results for the six-months ended June 30, 2020 were boosted by the various CARES Act funding relief dollars received by UHS Hospitals. Through the first six months of 2020, \$20.5 million dollars was recognized as other operating revenues in the results from operations presented above. Using a consistent method of revenue recognition, UHS Hospitals has \$14.6 million left to recognize over the remaining portion of 2020. The remaining balances to recognize are currently included in current liabilities on the balance sheet to reserve against any changes in regulations as the funding and relief of funding becomes more apparent through the various funding channels.

Historical and Pro Forma Debt Service Coverage Ratios

The following table sets forth, for fiscal years ended December 31, 2017, 2018 and 2019, historical debt service coverage ratios and pro forma debt service coverage ratios, in accordance with the Master Indenture assuming that the Series 2020 Bonds were issued as of the first day of the fiscal year ended December 31, 2019. The following table includes only Obligated Group debt.⁽¹⁾

See Appendix D for the definitions of “Income Available for Debt Service”, “Maximum Annual Debt Service” and “Debt Service Coverage Ratio.”

	2017	2018	2019
Excess of revenue over expenses	\$21,584,729	\$18,668,548	\$23,154,079
Add (deduct):			
Depreciation and amortization	25,856,676	26,020,691	25,972,128
Interest expense	3,379,150	3,729,074	3,555,481
Less: Change in net unrealized gains and losses on investments ⁽¹⁾	-	-	9,072,878
Income Available for Debt Service (A)	\$50,820,555	\$48,418,313	\$43,608,810
Maximum Annual Debt Service on Outstanding Long-Term Indebtedness (B)	\$16,940,513	\$15,637,672	\$16,509,877
Debt Service Coverage Ratio (A/B)	2.99x	3.10x	2.64x
Pro Forma Maximum Annual Debt Service on Long-Term Indebtedness (C) ⁽²⁾	\$15,422,850	\$15,422,850	\$15,422,850
Pro Forma Debt Service Coverage Ratio (A/C)	3.30x	3.14x	2.83x

⁽¹⁾ In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The standard also requires UHS Hospitals to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any change in fair value in excess of revenues over expenses. UHS Hospitals adopted the new standard on January 1, 2019, and applied the standard prospectively as required. The adoption of ASU 2016-01 had no impact on total net assets.

⁽²⁾ Excludes debt service payments for debt outside of the Obligated Group. As of June 30, 2020, there was approximately \$4.3 million of Chenango Memorial Hospital, \$2.4 million of Delaware Valley Hospital, and \$9.9 million of Ideal Senior Living Center debt outstanding. UHS intends to sell Ideal Senior Living Center, as further discussed herein.

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Historical and Pro Forma Debt to Capitalization Ratios

The following table sets forth the capitalization ratio for UHS Hospitals as of December 31, 2019, and the pro forma capitalization ratio, assuming the issuance of the Series 2020 Bonds and the application of the proceeds thereof as of such date. The following table includes only Obligated Group debt.⁽¹⁾

	2019	Pro Forma 2019 ⁽¹⁾
Total Indebtedness	\$ 95,140,639	\$ 296,453,885
Unrestricted Net Assets	221,134,800	221,134,800
Total Capitalization	316,275,439	517,588,685
Indebtedness as a Percentage of Total Capitalization	30%	57%

⁽¹⁾ Excludes debt outside of the Obligated Group. As of June 30, 2020, there was approximately \$4.3 million of Chenango Memorial Hospital, \$2.4 million of Delaware Valley Hospital, and \$9.9 million of Ideal Senior Living Center debt outstanding. UHS intends to sell Ideal Senior Living Center, as further discussed herein.

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-02 *Leases*. The ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease will primarily depend on its classification as a finance (previously known as a ‘capital’ lease) or an operating lease. This ASU amends existing guidance that requires only capital leases to be recognized on the lessee’s balance sheet. Accordingly, upon adoption of this ASU, operating leases will be recognized on the balance sheet as a right-of-use asset and a lease liability, initially measured at the present value of the lease payments. Operating lease cost will be recognized over the lease term on a generally straight-line basis, and all operating lease related cash payments will be classified within operating activities in the statement of cash flows.

ASU 2016-02 was originally effective for UHS Hospitals for reporting periods beginning after December 15, 2021, as it had not issued, nor was it a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market. However, due to the issuance of the Series 2020 Bonds, UHS Hospitals will become a conduit bond obligor and will also be required to provide continuing disclosure pursuant to SEC rule 15c2-12, and as such will be required to adopt ASU 2016-02 effective January 1, 2020.

Amounts disclosed in this Official Statement for the six months ended June 30, 2020 or any other period do not include the effects of the anticipated adoption of ASU 2016-02.

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Historic Liquidity Portfolio

This table sets forth UHS Hospitals' liquidity measured by operating cash, general investments and funded depreciation as of December 31, 2017, 2018 and 2019, and the 2019 pro forma liquidity assuming issuance of the Series 2020 Bonds and the application of the proceeds thereof as of such date.

	2017	2018	2019	2019 Pro Forma
Cash and Cash Equivalents	\$ 29,625,397	\$ 32,876,559	\$ 25,731,449	\$ 53,831,449
Investments and Funded Depreciation	106,275,730	103,639,202	117,103,508	117,103,508
Total Cash and Investments	\$135,901,127	\$136,515,761	\$142,834,957	\$170,934,957
Operating Expenses	633,735,593	676,821,589	719,988,089	719,988,089
Depreciation and Amortization Expenses	(25,856,676)	(26,020,691)	(25,972,128)	(25,972,128)
Net Operating Expenses	607,878,917	650,800,898	694,015,961	694,015,961
Days	365	365	365	365
Daily Requirements	1,665,422	1,783,016	1,901,414	1,901,414
Days Cash on Hand	82	77	75	90

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INVESTMENT POLICY

UHS Hospitals' Board of Directors has adopted an investment policy setting forth investment goals, objectives, responsibilities and criteria for management of UHS Hospitals' available funds. Through the direction of the Board and as governed by the Finance Committee, assets of UHS Hospitals shall be invested in a prudent manner in accordance with the investment philosophy. The primary objects are to provide UHS Hospitals with sufficient liquidity to meet continuing cash flow needs, stable growth for anticipated future capital needs, maximum return within stated risk parameters, minimum investment risk within those same parameters, and limited adverse impact to UHS Hospitals' financial statements. The funds were designated into three portfolios:

Liquidity Portfolio – The operating funds of UHS Hospitals pertain to the maintenance of short-term liquid investments in combination of daily and weekly maturities, or money market funds whose primary objective is preservation and safety of capital. Balanced maintained “within” these parameters will be based upon the short-term operating cash flow needs of UHS Hospitals (with a target of 10 Days Cash on Hand), as determined by management.

Short Duration Portfolio – A portfolio established for UHS Hospitals' non-operating, short-term cash flow needs. In an effort to maximize the income/yield on all funds not required for immediate or routine liquidity, these are invested in the Short Duration Portfolio (with a target of 15-20 Days Cash on Hand). Investments in this portfolio will, in general, be for shorter-terms (core capital), with complementary growth component (return enhancement), and an emphasis on income and liquidity.

Return

Enhancement:

	<u>12/31/2019</u>	<u>Target</u>	<u>Range</u>
<u>U.S. Equity</u>			
Large Cap Equity	5.1%	5.0%	0-15%
All Cap Equity	10.1%	10.0%	0-15%
International Passive Equity	5.2%	5.0%	0-15%

Core Capital:

Short Duration Fixed Income (Vanguard Ultra-Short)	26.4%	15.0%	0-50%
Short Duration Fixed Income (Merganser Short-Term)	53.2%	65.0%	50-80%

Liquidity:

Cash Equivalent	0.0%	0.0%	0-20%
Total	100.0%	100%	

Long Duration Portfolio – A portfolio for UHS Hospitals’ corporate capital, established as a reserve for future cash flow and capital expenditure needs, but whose time horizon exceeds two years or is undetermined. In an effort to maximize income and growth potential on all funds not required for immediate or backstop liquidity, any available funds designated as a reserve for future capital spending or with a time horizon of beyond two years, are invested in the Long Duration Portfolio. Investments in this fund are, in general, designed for shorter-term (core capital) and longer-term (return enhancement) with an emphasis on growth and income.

	<u>12/31/2019</u>	<u>Target</u>	<u>Range</u>
<u>Return</u>			
<u>Enhancement:</u>			
<u>U.S. Equity</u>			
Passive S&P 500 Equity	26.8%	26.0%	15-35%
Small Cap Equity	7.5%	8.0%	0-15%
International Passive Equity	12.6%	12.5%	5-20%
Global Equity	6.2%	6.0%	0-15%
U.S. Fixed Income (High Yield)	7.4%	7.5%	0-10%
<u>Core Capital:</u>			
<u>U.S. Fixed Income</u>			
Intermediate Duration Fixed Income	31.8%	32.5%	25-50%
Short Duration Fixed Income	2.8%	2.5%	0-20%
Global Government Fixed Income	4.8%	5.0%	0-10%
<u>Liquidity:</u>			
Cash Equivalent	0.1%	0.0%	0-20%
Total	100.0%	100.0%	

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OUTSTANDING LONG-TERM DEBT

UHS Hospitals has various capital leases outstanding amounting to approximately \$26 million. Leases of approximately \$1 million are taxable in nature and are not secured as an indenture under the Master Indenture.

UHS Hospitals also has an obligation outstanding under the Master Indenture (“Obligation No. 2”) to provide a working capital line of credit. The line of credit is in the amount of \$15 million and is utilized for working capital needs. At December 31, 2019 and 2018, \$1,729,740 and \$0 were outstanding under this line respectively. Upon issuance of the Series 2020 Bonds and the application of the proceeds thereof, the Series 2020 Obligation and Obligation No. 2 will be the only obligations outstanding under the Master Indenture.

EMPLOYEE PENSION PLANS AND PENSION ADJUSTMENTS TO NET ASSETS

UHS Hospitals sponsors the Employees’ Retirement Plan of United Health Services (the “Plan”), a pension equity plan covering substantially all eligible employees of UHS Hospitals and certain other affiliates. The benefits are based on years of service and employees’ compensation during the last five years of eligible service (referred to as pension benefits). UHS Hospitals’ funding policy is to contribute amounts to the Plan sufficient to meet the minimum requirements set forth in the Employee Retirement Income Security Act of 1974. Effective January 1, 2012, the Plan was amended such that any employee hired or rehired on or after January 1, 2012, will not be eligible to participate in the Plan and will be eligible to participate in the United Health Services, Inc. 403(b) Retirement Plan (the “403(b) Plan”). These participants are eligible to receive an employer contribution to the 403(b) Plan ranging from 2% to 6% of the participant’s eligible wages based on the participant’s age if they have completed 1,000 hours of service and are employed on December 31st of each year. Employees participating in the Plan before January 1, 2012 are not eligible for this employer contribution to the 403(b) Plan. UHS Hospitals contributed approximately \$2,675,000 and \$2,445,000 to the 403(b) Plan during the years ended December 31, 2019 and 2018, respectively.

UHS Hospitals also sponsors a postretirement health and life insurance plan (postretirement plan) which provides benefits to certain retirees of UHS Hospitals and certain other affiliates (referred to as postretirement benefits). The cost of these benefits is accounted for on an earned basis in accordance with the Compensation - Retirement Benefits Topic of the FASB Accounting Standards Codification. The retiree life insurance plan closed December 31, 2010, so that only participants who were retired at that time will continue to receive that benefit.

The discount rate is determined based on the plan’s expected future benefit payments using a bond portfolio developed from high quality bonds that are rated Aa or better by Moody’s Investor Service or AA or better by Standard & Poor’s or better, each as of the measurement date. The yield curve is fitted to yields developed from bonds at various maturity points. The present value of the plan’s benefits is calculated by applying the spot/discount rates to projected benefit cash flows.

The expected long-term rate of return on plan assets is based on expected returns for each asset class, taking into account historical returns for each asset class and the target allocation percentage for each asset class. The target asset allocation has been selected consistent with UHS Hospitals’ desired risk and return objectives for the Plan.

For measurement purposes, a 7.00% pre-Medicare and 6.00% post-Medicare annual rate of increase in the per capita cost of covered health care benefits have been assumed through 2020 and 2021, respectively. The rates are assumed to decrease gradually to 4.50% by 2029.

Assumed health care cost and prescription drug trend rates have a significant effect on the amounts reported for the medical plan. A 1% change in assumed trend rates would have the following effects:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total service and interest cost components of net periodic postretirement benefit cost	\$ 86,565	\$ (71,288)
Effect on the medical component of the accumulated postretirement benefit obligation	\$ 2,184,595	\$ (1,793,411)

Estimated future benefit payments:	Pension Payments	Post-Retirement Payments
2020	\$ 27,383,000	\$ 383,850
2021	\$ 28,880,000	\$ 403,209
2022	\$ 29,539,000	\$ 344,393
2023	\$ 31,128,000	\$ 356,962
2024	\$ 30,715,000	\$ 327,379
2025 – 2029	\$ 147,091,000	\$ 1,373,942

EMPLOYEES

As of December 31, 2019, UHS Hospitals had 5,068 full-time equivalent employees representing 2,994 full time and 2,074 part-time employees. UHS Hospitals does not have any employees covered under collective bargaining agreements. UHS Hospitals contributes annually to a cash balance 403(b) plan. Contributions are based on a person's decade to which they were born on a scale going from 2% for employees in their 20's to 6% for those age sixty and above.

UHS Hospitals has a non-contributory defined benefit pension plan covering substantially all employees employed prior to January 2012. The plan was closed to new entrants on that date. As of December 31, 2019 the plan was funded at 78% according to ERISA standards. Employees of UHS Inc., ISLC, ISLCHC, Professional Home Care, and UHS Physician Enterprise participate in the defined pension plan in addition to those from UHS Hospitals.

PROFESSIONAL AND GENERAL LIABILITY INSURANCE PLAN

Primary insurance coverage for hospital medical professional (malpractice) and general liability are provided by a captive insurance company, Southern New York Indemnity Insurance Co., LLC ("SNYICL"), licensed by the Vermont Department of Financial Regulation. On August 1, 2013, SNYICL began providing excess hospital medical professional and general liability insurance with limits of \$5 million per occurrence and \$5 million in the aggregate to key operating divisions of UHS. That scope was expanded, beginning on August 1, 2015, to include the primary layers of hospital medical professional and general liability insurance (\$2 million per occurrence and \$6 million in the aggregate) for UHS entities (except Chenango Memorial Hospital and UHS Physician Enterprise) in response to insurance pricing increases by the commercial market in New York State.

UHS, Inc. and its affiliated entities have umbrella coverage of \$15 million per occurrence and \$15 million in the aggregate brokered through the London Market and is currently insured with Lloyds London/Dale Syndicate. On August 1, 2016, Lloyds London/Dale Syndicate agreed to attach the first layer umbrella directly above the primary limit for SNYICL for general liability, thereby reducing SNYICL'S liability for general liability to \$2 million per occurrence and \$2 million in the aggregate.

The second layer of umbrella coverage, which provides an additional \$10 million per occurrence and \$10 million in the aggregate is insured with Ironshore/Ironhealth.

UHS, Inc. and its affiliated entities will renew coverage with the London Market effective August 1, 2020. A two year policy was requested. UHS, Inc will not have renewal quotes until mid-July. Other companies currently in their renewal period experienced rate increases ranging from 10-100% depending on limits and experience. UHS, Inc is expecting to renew at lower end of this range given its attachment point and favorable claim history.

LITIGATION

UHS Hospitals is involved in litigation arising in the normal course of business. To the knowledge of UHS Hospitals, there is no litigation or claims pending or threatened against UHS Hospitals for which any possible recoveries and the associated costs and defense expenses would exceed the organization's applicable insurance policy coverage limits, or which would have a material adverse effect upon UHS Hospitals' financial condition or results of operations.

AUDITED FINANCIAL STATEMENTS OF UNITED HEALTH SERVICES HOSPITALS, INC.

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FINANCIAL STATEMENTS

UNITED HEALTH SERVICES HOSPITALS, INC.

DECEMBER 31, 2019

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Independent Auditor's Report

To the Board of Directors
United Health Services Hospitals, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Health Services Hospitals, Inc. (whose sole member is United Health Services, Inc.), which comprise the balance sheets as of December 31, 2019 and 2018, the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheets of United Health Services Hospitals, Inc. as of December 31, 2019 and 2018, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Freed Maxick CPAs, P.C.

Buffalo, New York
March 30, 2020

UNITED HEALTH SERVICES HOSPITALS, INC.
BALANCE SHEETS
December 31,

ASSETS	2019	2018
Current assets:		
Cash and cash equivalents	\$ 25,731,449	\$ 32,876,559
Short-term investments	49,654,268	34,421,584
Patient accounts receivable	65,625,465	59,109,791
Inventories	13,104,749	12,433,598
Prepaid expenses and other assets	17,048,310	16,286,086
Due from affiliates, net	10,083,251	5,883,134
Total current assets	<u>181,247,492</u>	<u>161,010,752</u>
Assets limited as to use:		
Board-designated investments:		
Collateral funds	5,177,761	4,507,380
Other funds	5,894,624	4,847,435
Funded depreciation	67,449,240	69,217,618
Trustee held funds - long-term obligations	5,150,800	5,498,174
Total assets limited as to use	<u>83,672,425</u>	<u>84,070,607</u>
Interest in net assets of UHS Foundation, Inc.	12,921,923	11,500,598
Long-term investments	1,913,789	1,793,584
Property and equipment, net	240,922,699	204,175,412
Other assets, net	12,347,504	19,049,559
Total assets	<u>\$ 533,025,832</u>	<u>\$ 481,600,512</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term obligations	\$ 14,846,641	\$ 12,415,445
Accounts payable	41,279,361	27,760,552
Accrued other liabilities	32,308,452	31,881,882
Accrued paid time off benefits	13,166,308	9,393,462
Estimated due to third-party payors, net	7,447,379	9,991,912
Due to affiliates	2,121,185	2,853,601
Total current liabilities	<u>111,169,326</u>	<u>94,296,854</u>
Long-term liabilities:		
Long-term obligations, net of current portion	80,293,998	66,148,488
Accrued pension and postretirement liabilities	68,500,982	75,462,290
Estimated due to third-party payors, net	8,153,065	6,928,065
Other liabilities	28,707,212	35,409,245
Total liabilities	<u>296,824,583</u>	<u>278,244,942</u>
Commitments and contingencies (note 9)		
Net assets:		
Without donor restrictions	221,134,800	189,591,394
With donor restrictions	15,066,449	13,764,176
Total net assets	<u>236,201,249</u>	<u>203,355,570</u>
Total liabilities and net assets	<u>\$ 533,025,832</u>	<u>\$ 481,600,512</u>

See accompanying notes.

UNITED HEALTH SERVICES HOSPITALS, INC.

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
For the Years Ended December 31,

	2019	2018
Revenues and other support without donor restrictions:		
Net patient service revenue before provision for bad debts	\$ -	\$ 662,765,853
Provision for bad debts	-	(16,506,181)
Net patient service revenue	695,183,465	646,259,672
Other operating revenue	37,279,074	39,261,041
Net assets released from restrictions used for operations	240,000	240,000
Total revenues and other support without donor restrictions	<u>732,702,539</u>	<u>685,760,713</u>
Expenses:		
Salaries and wages	252,432,664	243,047,371
Employee benefits	79,826,458	77,150,634
Supplies, services and other	358,201,358	326,873,819
Interest expense	3,555,481	3,729,074
Depreciation and amortization	25,972,128	26,020,691
Total expenses	<u>719,988,089</u>	<u>676,821,589</u>
Income from operations	<u>12,714,450</u>	<u>8,939,124</u>
Other revenue:		
Investment income, net	6,029,289	3,338,385
Change in net unrealized gains and losses on investments	9,072,878	-
Change in fair value of interest rate swaps	(818,488)	346,819
Other gains	121,517	6,480,225
Other expenses, net	(3,965,567)	(436,005)
Total other revenue, net	<u>10,439,629</u>	<u>9,729,424</u>
Excess of revenues over expenses	<u><u>\$ 23,154,079</u></u>	<u><u>\$ 18,668,548</u></u>

See accompanying notes.

UNITED HEALTH SERVICES HOSPITALS, INC.

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)

For the Years Ended December 31,

	2019	2018
Without donor restrictions:		
Excess of revenues and other support without donor restrictions over expenses	\$ 23,154,079	\$ 18,668,548
Change in net unrealized gains and losses on investments	-	(6,513,714)
Retirement plan obligation changes other than net periodic benefit cost	7,871,847	(12,546,265)
Net assets released from restrictions used for purchases of property and equipment	176,483	594,666
Donations for purchases of property and equipment	340,997	492,142
Increase in net assets without donor restrictions	31,543,406	695,377
With donor restrictions:		
Investment income, net	123,948	141,926
Change in interest in net assets of UHS Foundation, Inc.	1,421,325	(732,903)
Contributions	173,483	591,674
Net assets released from restrictions used for operations	(240,000)	(240,000)
Net assets released from restrictions used for purchase of property and equipment	(176,483)	(594,666)
Increase (decrease) in net assets with donor restrictions	1,302,273	(833,969)
Increase (decrease) in net assets	32,845,679	(138,592)
Net assets at beginning of year	203,355,570	203,494,162
Net assets at end of year	\$ 236,201,249	\$ 203,355,570

See accompanying notes.

UNITED HEALTH SERVICES HOSPITALS, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2019	2018
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 32,845,679	\$ (138,592)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	25,972,128	26,020,691
Amortization of debt issuance costs	95,725	95,725
Provision for bad debts	-	16,506,181
Change in affiliate reserves	18,885,552	9,861,046
Loss on disposition of equipment	505,436	-
Change in fair value of interest rate swaps	818,488	(346,819)
Change in net unrealized gains and losses on investments	(9,072,878)	6,513,714
Net realized gains and losses on investments	(2,389,909)	(753,701)
Retirement plan obligation changes other than net periodic benefit cost	(7,871,847)	12,546,265
Change in interest in net assets of UHS Foundation, Inc.	(1,421,325)	732,903
Contributions received for long-term purposes and other	(517,480)	(1,086,808)
Proceeds from demutualization event	(121,517)	(6,480,225)
Change in operating assets and liabilities:		
Patient accounts receivable	(6,515,674)	(18,977,214)
Inventories	(671,151)	(2,147,389)
Prepaid expenses and other assets	6,084,427	(12,562,271)
Accounts payable	13,518,809	903,189
Other liabilities	(7,093,951)	15,450,215
Accrued pension and postretirement liabilities	910,539	(3,921,904)
Accrued paid time off benefits	3,772,846	(154,285)
Due from/to affiliates, net	(23,962,681)	(11,976,765)
Estimated due to third-party payors, net	(1,319,533)	(1,195,592)
Net cash provided by operating activities	42,451,683	28,888,364
Cash flows from investing activities:		
Purchase of property and equipment	(53,158,851)	(15,845,622)
Proceeds from demutualization event	121,517	6,480,225
Decrease in assets limited as to use, net	9,091,798	551,987
Increase in investments, net	(13,022,744)	(585,180)
Net cash used in investing activities	(56,968,280)	(9,398,590)
Cash flows from financing activities:		
Principal payments on long-term obligations	(13,687,118)	(12,828,179)
Proceeds from issuance of long-term obligations	18,905,210	-
Proceeds from line of credit	1,729,740	-
Payment of debt issuance costs	(532,851)	(1,000)
Contributions received for long-term purposes	517,480	1,086,808
Net cash provided by (used in) financing activities	6,932,461	(11,742,371)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(7,584,136)	7,747,403
Cash, cash equivalents, and restricted cash at beginning of year	39,341,770	31,594,367
Cash, cash equivalents, and restricted cash at end of year	\$ 31,757,634	\$ 39,341,770
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 3,530,271	\$ 3,726,806
Equipment financed with capital lease obligations	\$ 10,066,000	\$ 10,065,000
Construction in progress and equipment purchases financed with accounts payable	\$ 1,781,258	\$ 2,866,446

See accompanying notes.

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: United Health Services Hospitals, Inc. (UHS) is a not-for-profit corporation whose sole member is United Health Services, Inc. (UHSI) (a not-for-profit parent holding corporation). UHS operates two main campuses (Binghamton General Hospital and Wilson Medical Center) and various facilities in the Southern Tier region of New York, which provide a broad range of health care services including: inpatient, outpatient, emergency care, psychiatric care, primary care, walk-in centers, pediatric care, cancer care, cardiac surgery and catheterization, regional trauma, neonatal care, and treatment of substance use disorders. UHS is affiliated through a common member corporation with various healthcare related organizations including Ideal Senior Living Center, Inc. (ISLCI), Ideal Senior Living Center Housing Corporation (ISLCHC), Professional Home Care, Inc. (PHC), Twin Tier Home Health, Inc. (TTHH), Chenango Memorial Hospital, Inc. (CMH), Delaware Valley Hospital, Inc. (DVH) and Southern New York Indemnity Company, LLC (SNYICL). UHS is also affiliated with United Medical Associates, P.C. (UHS Medical Group) through contracted service agreements.

The United Health Services Foundation, Inc. (UHSF), a separate not-for-profit corporation, is an organization which solicits and manages gifts and bequests on behalf of UHSI.

Basis of Accounting and Presentation: The financial statements have been prepared on the accrual basis of accounting. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP).

Display of Net Assets by Class: The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of US GAAP. US GAAP requires that resources be classified for reporting purposes into two categories (without donor restrictions and with donor restrictions) according to the existence or absence of donor-imposed restrictions. Net assets with donor restrictions are those whose use has been limited by donors to a specific purpose or time period, or for which donors require the principal of the gift to be maintained in perpetuity. Investment returns are included in net assets without donor restrictions unless the return is restricted by donor or law.

Use of Estimates: The accompanying financial statements have been prepared in accordance with US GAAP which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made by UHS include, but are not limited to, estimated fair value of investment securities, reserve for third-party payors, implicit price concessions, insurance reserves and assumptions used in determining pension and postretirement benefit costs and liabilities.

Cash and Cash Equivalents: For purposes of the statements of cash flows, UHS considers all highly liquid investments, generally with original maturities of three months or less, to be cash equivalents.

The reconciliation of cash, cash equivalents and restricted cash within the balance sheets that comprise the amount reported on the statements of cash flows at December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 25,731,449	\$ 32,876,559
Restricted cash in assets whose use is limited	5,997,341	6,437,237
Cash in investments	28,844	27,974
	<u>\$ 31,737,634</u>	<u>\$ 39,341,770</u>

At December 31, 2019 and 2018, UHS has cash and cash equivalents in major financial institutions which exceed Federal Deposit Insurance Corporation limits. These financial institutions have strong credit ratings and management believes that credit risk related to these deposits is minimal.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income: Short-term investments include debt securities and marketable equity securities which are intended to be used for current operations and to fund current liabilities. Long-term investments include investments in securities that are not intended to be used for current operations. Donor-restricted endowment gifts are reported as long-term investments.

Investment income included in the statements of operations and changes in net assets for investments and assets limited as to use was approximately \$6,153,000 and \$3,480,000 for the years ended December 31, 2019 and 2018, respectively, including net realized gains of approximately \$2,390,000 and \$754,000 for the years ended December 31, 2019 and 2018, respectively.

Investments are recorded at fair value based on quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. When the fair value of a security has declined below cost and the decline is deemed to be other-than-temporary, an impairment has occurred which is recognized as a realized loss. There were no impairments during the years ended December 31, 2019 and 2018.

Assets Limited as to Use: Assets limited as to use represent assets held by trustees under financing arrangements, and amounts held under third-party reimbursement arrangements, deferred compensation contracts, and amounts for other board-designated purposes.

Inventories: Inventories consist of drugs and other supplies and are stated at the lower of first-in, first-out or net realizable value.

Property and Equipment: Property and equipment acquisitions are recorded at cost. Expenditures for maintenance, repairs, and renewals of minor items are charged to operations as incurred. Major renewals and improvements are capitalized. Interest costs incurred on borrowed funds during periods of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from 2 to 40 years and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations in regards to how long these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

UHSB follows Financial Accounting Standards Board (FASB) issued guidance regarding accounting for the impairment or disposal of long-lived assets. This guidance addresses financial accounting and reporting for the impairment of long-lived assets, excluding goodwill and intangible assets, to be held and used or disposed. There were no impairments during the years ended December 31, 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs: Debt issuance costs relate to costs incurred in connection with obtaining long-term financing. These costs have been capitalized and included as a reduction of debt (note 6). These costs are being amortized over the term of the related obligations using a method approximating the effective interest method. During the years ended December 31, 2019 and 2018, UHSH incurred debt issuance costs of approximately \$533,000 and \$1,000, respectively. Amortization of approximately \$96,000 was charged to operations during the years ended December 31, 2019 and 2018, and is included in interest expense within the statements of operations and changes in net assets. Accumulated amortization on debt issuance costs was approximately \$1,029,000 and \$933,000 at December 31, 2019 and 2018, respectively.

Deferred Compensation Plans: UHSH has deferred compensation agreements with certain members of their management and medical staff which provide for a fixed amount of their salaries or fees to be deposited under UHSH's control into mutual funds, certificates of deposit or insurance policies until the member elects to discontinue the agreement. Approximately \$5,500,000 and \$4,500,000 have been reflected in the financial statements as board-designated fund investments and a corresponding liability included in other liabilities on the accompanying balance sheets to the participating member at December 31, 2019 and 2018, respectively. Gains or losses in value are absorbed by the member.

Self-Insurance: UHSH is self-insured for workers' compensation for the period November 1, 2012 through December 31, 2019 and periods prior to September 1, 2002. UHSH is also self-insured for employees' medical insurance. Amounts related to self-insurance are included in other liabilities (note 9).

Asset Retirement Obligations: UHSH accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, UHSH will recognize a gain or loss for any difference between the settlement amount and liability recorded. The asset retirement obligations approximated \$4,407,000 and \$4,193,000 as of December 31, 2019 and 2018, respectively, and is included in other liabilities on the accompanying balance sheets.

Performance Indicator: The statements of operations and changes in net assets include excess of revenues over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, permanent affiliate transfers for other than goods and services, contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets) and pension and postretirement plan obligation changes other than net periodic benefit cost.

Net Patient Service Revenue and Patient Accounts Receivable: UHSH has agreements with third-party payors that provide for payments at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge or visit, cost-based reimbursement, discounted charges and per diem payments. Net patient service revenue and the related receivables are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

UHSH participates in various pay for performance arrangements with various nongovernmental third-party payors based primarily on achievement of quality and customer service metrics. For the years ended December 31, 2019 and 2018, these arrangements were structured as additional incentive reimbursements with amounts recognized in net patient service revenue of approximately \$5,170,000 and \$5,015,000, respectively.

As a result of changes in estimates or settlements relating to third-party and other accrual adjustments, UHSH recognized approximately \$1,695,000 and \$1,731,000 of net patient service revenue during the years ended December 31, 2019 and 2018, respectively.

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Under the New York Health Care Reform Act (NYHCRA), hospitals are authorized to negotiate reimbursement rates for inpatient acute care services with all other non-Medicare payors except for Medicaid fee for service, Workers' Compensation and No-Fault, which are regulated by New York State. These negotiated rates may take the form of rates per discharge, reimbursed costs, discounted charges or per diem payments. Reimbursement rates for non-Medicare payors regulated by New York State are determined on a prospective basis. These rates also vary according to a patient classification system defined by NYHCRA that is based on clinical, diagnostic, and other factors.

Outpatient services are paid under various reimbursement methodologies, including prospectively determined rates, cost reimbursement, fee schedules, charges, and percentage of charges arrangements.

A significant portion of UHSH's revenues are derived through arrangements with third-party payors (Medicare, Medicaid, and Commercial Insurers). As such, UHSH is dependent on these payors to carry out its operating activities.

UHSH recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. UHSH estimates the transaction price for patients with deductibles, coinsurance, and those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. The implicit price concession for the year ended December 31, 2019 amounted to approximately \$14,602,000. Patient service revenue recognized from these major payor sources, is as follows for the years ended December 31:

	2019			
	<u>Government payors</u>	<u>Commercial insurance and others</u>	<u>Self-pay</u>	<u>Total</u>
Net patient service revenue before implicit price concessions	<u>\$470,589,494</u>	<u>\$232,037,955</u>	<u>\$ 7,157,771</u>	<u>\$709,785,220</u>
	2018			
	<u>Government payors</u>	<u>Commercial insurance and others</u>	<u>Self-pay</u>	<u>Total</u>
Net patient service revenue before provision for bad debts	<u>\$439,370,710</u>	<u>\$215,377,792</u>	<u>\$ 8,017,351</u>	<u>\$662,765,853</u>

Financial Assistance: UHSH provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than established rates. Because UHSH does not pursue collection of amounts determined to qualify as financial assistance, they are not reported as net patient service revenue. During the years ended December 31, 2019 and 2018, costs incurred by UHSH in the provision of financial assistance were based on a ratio of UHSH's costs to gross charges and approximated \$3,931,000 and \$4,198,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vital Access Provider Program: The Vital Access Provider (VAP) Program was created to provide operating assistance to certain providers for the purpose of redesigning their healthcare delivery systems in order to improve financial viability, meet community service needs, and improve quality of care. The program is funded through even shares of State and Federal dollars. The Centers of Medicare and Medicaid Services (CMS) just approve the New York State Plan Amendment (SPA) before the federal portion of funds can be distributed. The VAP program was established by the Medicaid Redesign Team and the New York State Department of Health (DOH). Under the VAP program, the DOH establishes goals and agreed upon metrics for each facility which must be achieved to receive future payments.

In 2016, a VAP award was authorized for UHSH for inpatient mental health services totaling \$10,871,879 over a three-year period. For the years ended December 31, 2019 and 2018, UHSH recorded revenue related to this grant in the amounts of \$799,021 and \$1,561,590, respectively, which is included in other operating revenue on the statements of operations and changes in net assets. UHSH believes it is operating in compliance with program requirements.

Donor-Restricted Gifts: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which becomes the reported basis of the asset. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions.

Income Taxes: UHSH is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

As of December 31, 2019, and 2018, UHSH did not have any unrecognized tax benefits or any related accrued interest or penalties.

The tax years open to examination by federal and state taxing authorities are 2016 through 2019.

Risks and Uncertainties: Investment securities are exposed to various risks, such as interest rate, market and credit. Due to level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near term could materially affect the amounts reported in the accompanying balance sheets and statements of operations and changes in net assets.

Recently Adopted Accounting Pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that UHSH recognizes revenue to depict the transfer of promised goods or services to patients in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UHSH's process for implementation began with a preliminary evaluation of ASU 2014-09 and consideration of subsequent interpretations by the FASB Transition Resource Group for Revenue Recognition and the American Institute of Certified Public Accountants. UHSH performed an analysis of revenue streams and transactions under ASU 2014-09. In particular, for net patient service revenue, UHSH performed an analysis into the application of the portfolio approach as a practical expedient to group patient contracts with similar characteristics, such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. Upon adoption, the majority of what was previously classified as provision for bad debts and presented as a reduction to net patient service revenue on the statements of operations and changes in net assets is treated as an implicit price concession that reduces the transaction price, which is reported as net patient service revenue. The new standard also requires enhanced disclosures related to the disaggregation of revenue and significant judgments made in measurement and recognition.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The standard also requires UHSH to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any change in fair value in excess of revenues over expenses. UHSH adopted the new standard on January 1, 2019, and applied the standard prospectively as required. The adoption of ASU 2016-01 had no impact on total net assets.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230)*. This ASU requires entities to show the changes in to total of cash, cash equivalents, and restricted cash in the statement of cash flows and reconcile those amounts to the balance sheet. UHSH adopted ASU 2016-18 on December 31, 2019 and applied the provisions retrospectively to all periods presented in the financial statements. For the years ended December 31, 2019 and 2018, UHSH added \$6,026,185 and \$6,465,211, respectively, of restricted cash to the total cash, cash equivalents and restricted cash presented in the statements of cash flows. The adoption of ASU 2016-18 had no impact to total operating revenues, excess of revenue over expenses, or total net assets.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The ASU requires the service cost component of net periodic benefit cost related to defined benefit pension and postretirement benefit plans to be reported in the same financial statement line as other compensation costs arising from services rendered during the period. Other components of net periodic benefit cost are required to be presented separately from service costs and outside of operating income in the statement of operations. Further, only the service cost component of net periodic benefit cost will be eligible for capitalization in assets. UHSH adopted ASU 2017-07 in 2019 and applied the changes retrospectively. The adoption of ASU 2017-07 in 2019 had no impact on excess of revenues over expenses.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). The standard clarifies the definition of an exchange transaction. As a result, not-for-profit entities will account for most federal and/or state and local government grants as donor-restricted conditional contributions, rather than as exchange transactions. The ASU is effective for years beginning after December 15, 2019. UHSH adopted the ASU in the current year; however, the ASU had no impact on revenues or net assets in the current year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software* (Subtopic 350-40): *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which applies to all entities that are a customer in a hosting arrangement that is a service contract. This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal use software and hosting arrangements that include internal use software license. This update also requires UHSH to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangements. The ASU is effective for years beginning after December 31, 2020. UHSH early adopted ASU 2018-15 in the current year.

Recently Issued Accounting Pronouncements: In August 2016, the FASB issued ASU 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease will primarily depend on its classification as a finance or operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee's balance sheet. ASU 2016-02 will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for UHSH for reporting periods beginning after December 15, 2020 with early adoption permitted. UHSH is currently evaluating the impact that ASU 2016-02 will have on its financial statements and will adopt the provisions upon the effective date.

Reclassifications: Certain prior year amounts were reclassified to conform to the 2019 financial statement presentation. The reclassifications had no effect on excess of revenues over expenses, net assets, or the change in net assets.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 25,731,449	\$ 32,876,559
Short-term investments	49,654,268	34,421,584
Patient accounts receivable	65,625,465	59,109,791
Assets limited as to use	83,672,425	84,070,607
Long-term investments	<u>1,913,789</u>	<u>1,793,584</u>
Total financial assets	<u>\$226,588,396</u>	<u>\$212,272,125</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date except for the trustee held funds and long-term investments valued at \$7,064,589 and \$7,291,758 for the years ended December 31, 2019 and 2018, respectively. UHSH has a goal to maintain financial assets on-hand to meet 58 days of normal operating expenses, which are, on average, approximately \$110,283,000 and \$103,375,000 for the years ended December 31, 2019 and 2018, respectively. UHSH can also make board-restricted funds available by board approval.

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. INTEREST IN NET ASSETS OF UHS FOUNDATION, INC.

As a result of UHSH and UHSF being financially interrelated organizations, UHSH is required to recognize its share of the interest in the net assets of UHSF and adjust its interest for its share of the change in net assets of UHSF for each reporting period. At December 31, 2019 and 2018, UHSH's interest in the net assets of UHSF relating to contributions held by UHSF for the benefit of UHSH approximated \$12,922,000 and \$11,501,000.

UHSF contributed to UHSH approximately \$176,000 and \$595,000 the years ended December 31, 2019 and 2018, respectively, for purchases of capital equipment. A summary of UHSF's assets, liabilities, net assets and changes in net assets are as follows as of and for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Cash, investments and other assets	\$ <u>27,757,147</u>	\$ <u>23,410,172</u>
Liabilities	\$ <u>241,537</u>	\$ <u>271,866</u>
Net assets:		
Without donor restrictions	\$ 13,620,897	\$ 10,791,020
With donor restrictions	<u>13,894,713</u>	<u>12,347,286</u>
Total net assets	\$ <u>27,515,610</u>	\$ <u>23,138,306</u>
Change in net assets without donor restrictions	\$ 2,829,877	\$ (949,094)
Change in net assets with donor restrictions	<u>1,547,427</u>	<u>(864,378)</u>
	\$ <u>4,377,304</u>	\$ <u>(1,813,472)</u>

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fair Value Measurement Topic of the FASB Accounting Standards Codification requires disclosures that categorize assets and liabilities measured at fair value based on a fair value hierarchy. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Inputs used to measure fair value are classified into the following hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices in active markets for similar assets or liabilities, or quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 - Significant valuation assumptions not readily observable in a market.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Cash and cash equivalents: Stated at cost, which approximates fair value. Cash and cash equivalents are classified as Level 1.

Government and Corporate Bonds: Valued based on yields currently available on comparable securities of issuers with similar credit ratings. Government and corporate bonds are classified as Level 2.

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Mutual Funds and Equity Securities: Valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds and equity securities are classified as Level 1.

Interest Rate Swap: Estimated fair value is generally determined using an externally developed model using forward looking assumptions of interest rates and the resulting effect on the underlying cash flows of the swap. The interest rate swap is classified as Level 2.

The following tables set forth UHSH's financial assets and liabilities that were accounted for at fair value on a recurring basis:

	Fair value measurements at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Short term investments:				
Corporate obligations	\$ -	\$ 32,681,371	\$ -	\$ 32,681,371
Government obligations	-	6,817,971	-	6,817,971
Mutual funds	10,154,926	-	-	10,154,926
	<u>10,154,926</u>	<u>39,499,342</u>	<u>-</u>	<u>49,654,268</u>
Assets limited as to use:				
Cash and cash equivalents	5,977,341	-	-	5,977,341
Corporate obligations	-	16,478,688	-	16,478,688
Government obligations	-	17,448,828	-	17,448,828
Marketable equity securities	6,086,379	-	-	6,086,379
Mutual funds	37,681,189	-	-	37,681,189
	<u>49,744,909</u>	<u>33,927,516</u>	<u>-</u>	<u>83,672,425</u>
Long-term investments:				
Cash and cash equivalents	28,844	-	-	28,844
Marketable equity securities	1,369,235	-	-	1,369,235
Fixed income mutual funds & other	515,710	-	-	515,710
	<u>1,913,789</u>	<u>-</u>	<u>-</u>	<u>1,913,789</u>
Total	\$ 61,813,624	\$ 73,426,858	\$ -	\$ 135,240,482
Interest rate swap liability, net	\$ -	\$ (777,391)	\$ -	\$ (777,391)

	Fair value measurements at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Short term investments:				
Corporate obligations	\$ -	\$ 17,941,001	\$ -	\$ 17,941,001
U.S. government & agency bonds	-	4,943,863	-	4,943,863
Mutual funds	11,536,720	-	-	11,536,720
	<u>11,536,720</u>	<u>22,884,864</u>	<u>-</u>	<u>34,421,584</u>
Assets limited as to use:				
Cash and cash equivalents	6,437,237	-	-	6,437,237
Corporate obligations	-	15,581,085	-	15,581,085
U.S. government & agency bonds	-	9,986,759	-	9,986,759
Marketable equity securities	6,500,722	-	-	6,500,722
Mutual funds	45,564,804	-	-	45,564,804
	<u>58,502,763</u>	<u>25,567,844</u>	<u>-</u>	<u>84,070,607</u>

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Long-term investments:				
Cash and cash equivalents	27,974	-	-	27,974
Marketable equity securities	1,220,075	-	-	1,220,075
Fixed income mutual funds & other	545,535	-	-	545,535
	<u>1,793,584</u>	<u>-</u>	<u>-</u>	<u>1,793,584</u>
Total	<u>\$ 71,833,067</u>	<u>\$ 48,452,708</u>	<u>\$ -</u>	<u>\$ 120,285,775</u>
Interest rate swap receivable, net	<u>\$ -</u>	<u>\$ 41,097</u>	<u>\$ -</u>	<u>\$ 41,097</u>

Management evaluates securities for other-than-temporary impairment on an annual basis, and more frequently when economic or market concerns warrant such evaluation. In the evaluation of whether an impairment is other-than-temporary, UHSH considers the reasons for the impairment, its ability and intent to hold the investments until the market price recovers or the investment matures, compliance with its investment policy, the severity and duration of the impairment, and expected future performance. There were no other-than-temporary impairment write downs recognized during the years ended December 31, 2019 and 2018.

Various assets and liabilities are not required to be measured at fair value on a recurring basis. At December 31, 2019 and 2018, the recorded values approximate fair value for financial assets and liabilities which are not measured at fair value on a recurring basis. The fair value of UHSH's long-term debt was determined using discounted cash flow analysis, based on UHSH's current incremental borrowing rate for similar types of borrowing arrangements.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 12,954,186	\$ 13,012,707
Land improvements	15,076,416	14,600,798
Buildings	328,317,297	325,627,508
Fixed equipment	13,470,867	13,278,816
Major movable equipment	<u>286,615,929</u>	<u>271,881,600</u>
	656,434,695	638,401,429
Less accumulated depreciation	<u>(464,487,197)</u>	<u>(446,562,439)</u>
	191,947,498	191,838,990
Construction in progress	<u>48,975,201</u>	<u>12,336,422</u>
	<u>\$ 240,922,699</u>	<u>\$ 204,175,412</u>

Depreciation expense, including amortization of equipment under capital lease obligations, approximated \$25,972,000 and \$26,021,000 for the years ended December 31, 2019 and 2018, respectively.

NOTE 6. LONG-TERM OBLIGATIONS

UHSH has a Master Trust Indenture (MTI) structure providing for the issuance of long-term obligations by an obligated group. Any obligation issued pursuant to the MTI shall be a joint and several general obligation of each member of the obligated group. UHSH is the only member of the obligated group. The gross receipts of UHSH have been pledged as security for the underlying obligations of the MTI. Obligations issued as supplemental indentures under the MTI include the Series 2010 Bonds, 2015 Taxable term loan, Series 2015 Bonds, note payable, line of credit and interest rate swaps. Each obligation and supplemental indenture issued under the MTI also provides for a negative pledge as the creation of mortgages or other collateral of select properties on the campuses of Binghamton General Hospital and Wilson Medical Center.

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

Long-term obligations are comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Series 2010 Bonds - Mortgage note payable, Dormitory Authority of the State of New York. Principal and interest at 4.87% payable in monthly installments through 2032 (a).	\$ 14,853,524	\$ 15,650,874
2015 Taxable term loan, payable in monthly installments including interest at one-month LIBOR plus 236 basis points, through August 2025. One-month LIBOR was 1.76% and 2.52% at December 31, 2019 and 2018, respectively (b)(e).	5,961,333	7,013,333
Series 2015 Bonds – Mortgage note payable, Dormitory Authority of the State of New York. Principal and interest payable in monthly installments through July 2042. Interest is calculated at 75% of one-month LIBOR (0.77%) plus 157 basis points. Interest only payments were made through July 2017 (c)(e).	21,435,000	22,040,000
Note Payable – payable in monthly installments beginning after the two year draw period. Interest is calculated at 79% of one-month LIBOR (0.77%) plus 125 basis points (g).	18,905,210	-
Mortgage note, payable in monthly installments including interest at one-month LIBOR (0.77%) plus 235 basis points through April 2022, collateralized by the related property.	1,013,870	1,448,386
Mortgage note, payable in monthly installments including interest at one-month LIBOR (0.77%) plus 235 basis points through August 2022 (d).	6,755,556	7,288,889
Obligation under capital equipment leases, payable in monthly installments, with interest rates ranging from 0.00% to 5.01% with maturity dates through 2022 (f).	<u>26,261,900</u>	<u>26,461,818</u>
	95,186,393	79,903,300
Less unamortized debt issuance costs	(1,775,494)	(1,339,367)
Less current portion	<u>(13,116,901)</u>	<u>(12,415,445)</u>
	<u>\$ 80,293,998</u>	<u>\$ 66,148,488</u>

(a) Series 2010 Bonds - Mortgage note payable represents proceeds for the issuance of tax-exempt bank qualified bonds for \$20,000,000 by the Dormitory Authority of the State of New York (DASNY). The proceeds from the bond issuance were used for the construction costs related to the Vestal Outpatient Clinic Project. The obligation is collateralized by substantially all real and personal property used in the operation of the Vestal Outpatient Clinic. The Series 2010 Bonds are subject to mandatory tender upon the exercise of the bank's put option beginning on December 1, 2025.

(b) As part of the MTI, UHSH entered into a term loan agreement with a bank. The proceeds from this loan were used to defease the previous Series 2009 bonds.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

(c) Series 2015 Bonds - Mortgage note payable represents borrowings pursuant to the issuance of draw-down tax-exempt bonds of DASNY, in an amount of \$22,900,000. The proceeds from the bond issuance were used for the construction costs related to the Comprehensive Orthopedic Center. The obligation is collateralized by substantially all real and personal property used in the operation of the Comprehensive Orthopedic Center. The Series 2015 Bonds are subject to mandatory tender upon the exercise of the bank's put option beginning on July 1, 2025.

(d) In 2017, UHSH entered into a term note for the purchase of a medical office building. The financing totaled \$8,000,000 with principal and interest payable in 59 monthly installments with one final installment due August 2022. The obligation is collateralized by the related property.

(e) In conjunction with the MTI, UHSH entered into two interest rate swap agreements. The purpose of the swaps is to fix the interest rates on variable rate obligations and reduce certain exposures to interest rate fluctuations. The following is a summary of the outstanding positions under these interest rate swap agreements at December 31, 2019 and 2018:

<u>Description</u>	<u>2019 notional</u>	<u>2018 notional</u>	<u>Effective date</u>	<u>Maturity date</u>	<u>Rate paid</u>	<u>Rate received</u>
2015 taxable term loan payable	\$ 5,961,333	\$ 7,013,333	July 28, 2015	August 1, 2025	4.214%	One-month LIBOR plus 236 basis points
Series 2015 Bonds	\$ 21,435,000	\$22,040,000	Dec. 1, 2016	July 1, 2025	3.492%	75% of one-month LIBOR plus 157 basis points

Under the interest rate swap agreements, interest expense in the amount of approximately \$9,000 and \$111,000 was recognized as a result of settlements under these agreements for the years ended December 31, 2019 and 2018, respectively. The fair value of the interest rate swap agreements amounted to a liability of \$777,391 and receivable of \$41,097, included in other liabilities on the balance sheets at December 31, 2019 and 2018, respectively. UHSH elected not to utilize hedge accounting in accordance with the *Derivatives and Hedging* Topic of the FASB Accounting Standards Codification and accordingly changes in fair value are accounted for as a component of excess of revenues over expenses. UHSH recognized a loss of \$818,488 and a gain of \$346,819 for the years ended December 31, 2019 and 2018, respectively, representing the change in the fair value of the interest rate swap agreements. At December 31, 2019 and 2018, the interest rate swaps were marked to market (fair value).

(f) UHSH, in conjunction with the DASNY and commercial lenders, participate in the Tax-Exempt Equipment Leasing Program (TELP) for financing equipment. Capital leases are issued through a third-party, and UHSH is responsible for payments of principal and interest, ranging from 0.00%-5.01% at December 31, 2019. The interest for the obligations for capital leases approximate \$1,118,000 and \$1,078,000 at December 31, 2019 and 2018, respectively. TELP capital leases approximate \$25,228,000 and \$24,603,000 at December 31, 2019 and 2018, respectively. Capital lease obligations are collateralized by the related equipment, with an approximate net book value of \$32,207,000 and \$29,835,000 at December 31, 2019 and 2018, respectively.

(g) Note payable - represents borrowings utilized for the implementation of the electronic medical records (EMR) system. The note has a draw-down limit of \$50,000,000 with interest accruing at a variable rate during the implementation phase equal to seventy-nine percent of the sum of the LIBOR rate and 125 basis points. At the conclusion of the implementation phase, UHSH has the option to convert to a fixed interest rate equal to seventy-nine percent of the sum of the yield on United States Treasury Obligations adjusted to a corresponding maturity of the debt and 125 basis points. Principal payments commence in April 2021 through March 2029.

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

Future minimum payments under all long-term obligations as of December 31, 2019 are as follows:

	Series 2010 Bonds – mortgage note	2015 Taxable term loan payable	Series 2015 Bonds – mortgage note	Note Payable	Mortgage notes	Capital leases	Total
2020	\$ 837,393	\$ 1,052,000	\$ 625,000	\$ -	\$ 967,849	\$ 9,634,659	\$ 13,116,901
2021	879,447	1,052,000	650,000	4,105,000	967,849	7,063,914	14,718,210
2022	923,613	1,052,000	670,000	5,650,000	678,172	5,500,725	14,474,510
2023	969,998	1,052,000	690,000	5,850,000	533,333	3,172,948	12,268,279
2024	1,018,711	1,052,000	720,000	3,300,210	533,333	889,654	7,513,908
Thereafter	<u>10,224,362</u>	<u>701,333</u>	<u>18,080,000</u>	<u>-</u>	<u>4,088,890</u>	<u>-</u>	<u>33,094,585</u>
	<u>\$ 14,853,524</u>	<u>\$ 5,961,333</u>	<u>\$ 21,435,000</u>	<u>\$ 18,905,210</u>	<u>\$ 7,769,426</u>	<u>\$ 26,261,900</u>	<u>\$ 95,186,393</u>

UHS's long-term obligations require them to, among other things, meet a defined debt service coverage ratio, maintain a minimum for days cash on hand and not exceed a maximum percentage of total funded debt to net assets. UHS was in compliance with its financial debt covenants as of December 31, 2019 and 2018.

UHS has a bank line of credit available in the amount of \$15,000,000 at December 31, 2019 and 2018. For the year ended December 31, 2019 the outstanding balance under this line was \$1,729,740. There was no outstanding balance for the year ended December 31, 2018. Interest is at the bank's prime interest rate, 4.75% and 5.50% for the years ended December 31, 2019 and 2018, respectively.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2019</u>	<u>2018</u>
Indigent care	\$ 1,293,884	\$ 1,431,463
Purchases of equipment	684,995	687,995
Pediatric services	55,647	34,120
Investments held by UHSF (primarily for capital)	<u>8,777,066</u>	<u>7,412,656</u>
	<u>\$ 10,811,592</u>	<u>\$ 9,566,234</u>

Net assets with donor restrictions held in perpetuity at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Investments to be held in perpetuity, the income from which is expendable as authorized by the Board	\$ 10,000	\$ 10,000
Investments to be held in perpetuity, the income from which is expendable to be used for equipment, facilities and programs to improve the practice of pediatrics	100,000	100,000
Investments held by UHSF	<u>4,144,857</u>	<u>4,087,942</u>
	<u>\$ 4,254,857</u>	<u>\$ 4,197,942</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION AND OTHER POST RETIREMENT BENEFIT PLANS

UHSB sponsors the Employees' Retirement Plan of United Health Services (the Plan), a pension equity plan covering substantially all eligible employees of UHSB and certain other affiliates. The benefits are based on years of service and employees' compensation during the last five years of eligible service (referred to as pension benefits). UHSB's funding policy is to contribute amounts to the Plan sufficient to meet the minimum requirements set forth in the Employee Retirement Income Security Act of 1974. Effective January 1, 2012, the Plan was amended such that any employee hired or rehired on or after January 1, 2012, will not be eligible to participate in the Plan and will be eligible to participate in the United Health Services, Inc. 403(b) Retirement Plan (the 403(b) Plan). These participants are eligible to receive an employer contribution to the 403(b) Plan ranging from 2% to 6% of the participant's eligible wages based on the participant's age if they have completed 1,000 hours of service and are employed on December 31st of each year. Employees participating in the Plan before January 1, 2012 are not eligible for this employer contribution to the 403(b) Plan. UHSB contributed approximately \$2,675,000 and \$2,445,000 to the 403(b) Plan during the years ended December 31, 2019 and 2018, respectively.

UHSB also sponsors a postretirement health and life insurance plan (postretirement plan) which provides benefits to certain retirees of UHSB and certain other affiliates (referred to as postretirement benefits). The cost of these benefits is accounted for on an earned basis in accordance with the Compensation - Retirement Benefits Topic of the FASB Accounting Standards Codification. The retiree life insurance plan closed December 31, 2010, so that only participants who were retired at that time will continue to receive that benefit.

The following sets forth the funded status and amounts recognized before allocation to participating affiliates at December 31 (using a measurement date of December 31):

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Change in projected benefit obligation:				
Benefit of obligation at beginning of year	\$ 334,353,821	\$ 345,150,266	\$ 4,469,793	\$ 4,914,173
Service cost	10,970,528	11,822,653	28,646	56,816
Interest cost	14,793,687	12,958,250	175,439	190,836
Plan participants' contribution	-	-	541,772	545,750
Medicare reimbursements	-	-	598,688	573,499
Actuarial loss (gain)	36,240,274	(15,096,187)	177,985	13,782
Benefits paid	(21,223,950)	(20,481,161)	(1,588,328)	(1,825,063)
Benefit obligation at end of year	<u>\$ 375,134,360</u>	<u>\$ 334,353,821</u>	<u>\$ 4,403,995</u>	<u>\$ 4,469,793</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 247,098,853	\$ 268,990,608	\$ -	\$ -
Actual return on plan assets	57,848,974	(16,057,943)	-	-
Employer contributions	15,824,551	16,611,537	447,868	705,814
Benefits paid, net	(21,223,950)	(20,481,161)	(989,640)	(1,251,564)
Administrative expenses	(3,284,185)	(1,964,188)	-	-
Participant contributions	-	-	541,772	545,750
Fair value of plan assets at end of year	<u>\$ 296,264,243</u>	<u>\$ 247,098,853</u>	<u>\$ -</u>	<u>\$ -</u>

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION AND OTHER POST RETIREMENT BENEFIT PLANS (CONTINUED)

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Reconciliation of funded status: Funded status and accrued pension/postretirement liabilities at end of year	\$ (78,870,117)	\$ (87,254,968)	\$ (4,403,995)	\$ (4,469,793)
Less accrued/pension postretirement liabilities allocated to affiliates	<u>14,339,090</u>	<u>15,815,938</u>	<u>56,864</u>	<u>49,781</u>
Accrued pension/ postretirement liabilities allocated to UHSH	<u>(64,531,027)</u>	<u>(71,439,030)</u>	<u>(4,347,131)</u>	<u>(4,420,012)</u>
Less current portion	<u>-</u>	<u>-</u>	<u>377,176</u>	<u>396,752</u>
Total long-term	<u>\$ (64,531,027)</u>	<u>\$ (71,439,030)</u>	<u>\$ (3,969,955)</u>	<u>\$ (4,023,260)</u>

Items recognized in net assets not yet recognized as a component of net periodic benefit cost:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Prior service cost	\$ 348,507	\$ 661,166	\$ -	\$ -
Net actuarial loss (gain)	\$ 91,617,977	\$ 100,761,910	\$ (125,286)	\$ (350,206)

The estimated net actuarial loss and prior service cost for the Plan that will be amortized from net assets without donor restrictions into net periodic benefit cost over the next fiscal year is \$6,357,760 and \$134,528, respectively.

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Information for pension plan with an accumulated benefit obligation in excess of plan assets:				
Projected benefit obligation	\$375,134,360	\$334,353,821	\$ N/A	\$ N/A
Accumulated benefit obligation	330,367,623	295,417,880	N/A	N/A
Fair value of plan assets	296,264,243	247,098,853	N/A	N/A
Components of net periodic benefit cost:				
Service cost	10,970,528	11,822,653	28,646	56,816
Interest cost	14,793,687	12,958,250	175,439	190,836
Actuarial gain	-	-	(46,935)	-
Expected return on plan assets	(17,935,059)	(19,772,694)	-	-
Amortizations:				
Prior service cost	312,659	316,022	-	-
Actuarial loss	<u>8,754,477</u>	<u>6,254,448</u>	<u>-</u>	<u>-</u>
Net periodic benefit cost	16,896,292	11,578,679	157,150	247,652

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION AND OTHER POST RETIREMENT BENEFIT PLANS (CONTINUED)

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Allocation to participating affiliates	<u>(3,071,854)</u>	<u>(2,489,461)</u>	<u>(2,029)</u>	<u>(4,253)</u>
Net periodic benefit cost allocated to UHSH	<u>\$ 13,824,438</u>	<u>\$ 9,089,218</u>	<u>\$ 155,121</u>	<u>\$ 243,399</u>
Assumptions:				
Weighted-average assumptions used to determine benefit obligation at December 31:				
Discount rate	3.59%	4.52%	4.45%	4.45%
Increase compensation	4.00%	4.00%	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost for year ended December 31:				
Discount rate	4.52%	3.85%	4.45%	3.80%
Expected return on plan assets	7.50%	7.50%	N/A	N/A
Increase compensation	4.00%	4.00%	N/A	N/A

The discount rate is determined based on the plan's expected future benefit payments using a yield curve developed from high quality bonds that are rated as Aa or better as of the measurement date. The yield curve is fitted to yields developed from bonds at various maturity points. The present value of the plan's benefits is calculated by applying the spot/discount rates to projected benefit cash flows.

The expected long-term rate of return on plan assets is based on expected returns for each asset class, taking into account historical returns for each asset class and the target allocation percentage for each asset class. The target asset allocation has been selected consistent with UHSH's desired risk and return objectives for the Plan.

For measurement purposes, a 7.00% pre-Medicare and 6.00% post Medicare annual rate of increase in the per capita cost of covered health care benefits have been assumed through 2020 and 2021, respectively. The rates are assumed to decrease gradually to 4.50% by 2029.

Assumed health care cost and prescription drug trend rates have a significant effect on the amounts reported for the medical plan. A 1% change in assumed trend rates would have the following effects:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total service and interest cost components of net periodic postretirement benefit cost	\$ 86,565	\$ (71,288)
Effect on the medical component of the accumulated postretirement benefit obligation	\$ 2,184,595	\$ (1,793,411)

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION AND OTHER POST RETIREMENT BENEFIT PLANS (CONTINUED)

Estimated future benefit payments:

	<u>Pension payments</u>	<u>Postretirement payments</u>
2020	\$ 27,383,000	\$ 383,850
2021	\$ 28,880,000	\$ 403,209
2022	\$ 29,539,000	\$ 344,393
2023	\$ 31,128,000	\$ 356,962
2024	\$ 30,715,000	\$ 327,379
2025 – 2029	\$ 147,091,000	\$ 1,373,942

UHS's pension plan weighted average asset allocations at December 31 by asset category are as follows:

	<u>2019</u>	<u>2018</u>
Asset category:		
Domestic (US) equities	37%	34%
International (non-US) equity	24%	24%
Fixed income domestic (US) investment grade	39%	42%
Total	<u>100%</u>	<u>100%</u>

Investment Policy: The Plan's asset allocation agreement states the assets should be allocated as follows:

<u>Asset class</u>	<u>Target Allocation</u>
Domestic (US) equities	36%
International (non-US) equity	24%
Fixed income domestic (US) investment grade	40%
Total	<u>100%</u>

Ordinarily, cash flows will be used to maintain the allocation percentages that are as close as practical to the target allocation percentages. If cash flows are not sufficient to maintain allocation percentages within the above ranges as of any monthly valuation date, the trustee is authorized to transfer balances between funds in order to rebalance the funds at their target allocation percentages.

The following tables present Plan assets using the fair value hierarchy as of December 31, 2019 and 2018 measured on a recurring basis. See note 4 for fair value level definitions.

	<u>2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 1,171,237	\$ -	\$ -	\$ 1,171,237
Long-term bond index fund	113,825,841	-	-	113,825,841
Total domestic stock index fund	108,830,267	-	-	108,830,267
Total international stock index fund	<u>72,436,898</u>	<u>-</u>	<u>-</u>	<u>72,436,898</u>
	<u>\$296,264,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$296,264,243</u>

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION AND OTHER POST RETIREMENT BENEFIT PLANS (CONTINUED)

	2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 1,159,588	\$ -	\$ -	\$ 1,159,588
Total bond market fund	38,824,748	-	-	38,824,748
Long-term bond index fund	64,897,961	-	-	64,897,961
Total domestic stock index fund	84,476,901	-	-	84,476,901
Total international stock index fund	<u>57,739,655</u>	<u>-</u>	<u>-</u>	<u>57,739,655</u>
	<u>\$247,098,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$247,098,853</u>

For the years ended December 31, 2019 and 2018, there were no significant transfers in or out of levels 1, 2 or 3.

Cash Flows: Total contributions to the Plan were expected to be \$25,300,000 in 2020 of which UHSH's portion approximates \$20,700,000.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Operating Leases: UHSH has various non-cancelable operating lease agreements expiring through 2040. The rents under these agreements and cancelable rental agreements charged to operations amounted to approximately \$11,938,000 and \$10,511,000 for the years ended December 31, 2019 and 2018, respectively.

UHSH's future rental commitments under the non-cancelable operating leases are as follows:

2020	\$ 11,745,000
2021	11,110,000
2022	10,216,000
2023	9,617,000
2024	9,443,000
Thereafter	<u>27,735,000</u>
	<u>\$ 79,866,000</u>

Insurance: UHSH is insured for certain medical professional and general liability risks through a combination of both occurrence-based and claims-made insurance policies, as well as through self-insurance.

Certain professional and general liability claims have been asserted against UHSH by various claimants, including matters arising from services provided to patients in the past and other legal matters. These claims are in various stages of adjustment or adjudication, and some matters may ultimately be brought to trial. Although UHSH's management and legal counsel are unable to precisely determine as to the ultimate outcome of any of these claims or potential claims, it is the opinion of UHSH's management that the final disposition of these claims will not have a materially adverse effect on UHSH's financial position.

Effective August 1, 2013, UHSH was provided excess professional and general liability insurance on a claims-made basis above its primary layer of commercial medical professional and general liability insurance coverage. Such excess coverage was provided by SNYICL, a captive insurance company owned by UHSH.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

UHSI established a Vermont-domiciled captive insurance company, SNYICL, effective July 15, 2013. SNYICL is organized as a Vermont limited liability company and underwrites excess professional and general liability insurance for UHSI and for its subsidiary corporations. SNYICL is a wholly owned subsidiary of UHSI. SNYICL's excess policy is written on a claims-made basis insuring UHSI and its listed subsidiary corporations for limits of insurance coverage of \$5 million per claim and in the annual aggregate in excess of underlying primary policies.

In addition to SNYICL, UHSI purchased two commercial insurance policies in excess of the coverage provided by SNYICL.

On August 1, 2014, UHSI assumed responsibility for the specific layer of medical professional and general liability insurance directly below the coverage afforded by SNYICL, but above a primary layer of commercially insured professional and general liability insurance. The layer of insurance assumed by UHSI was \$1 million per claim and \$1 million in the annual aggregate for general liability insurance, and \$1 million per claim and \$3 million in the annual aggregate for professional liability insurance, both on a first-year, claims-made basis. UHSI established a self-insured retention layer of coverage, based on an independent actuarial projection of ultimate loss.

On August 1, 2015, SNYICL assumed the self-insured retention layer of coverage referenced above, as well as the liability previously insured by the commercial policy purchased as first layer coverage below the self-insured retention layer of coverage. All coverage was assumed by SNYICL on a claims-made basis. Primary policy limits directly below the excess layer provided by SNYICL are \$2 million per claim and \$2 million in the annual aggregate for general liability, and \$2 million per claim and \$6 million in the annual aggregate for medical professional liability.

On August 1, 2016, the commercial umbrella coverage provided by Lloyd's London/Dale Syndicate dropped down to directly above the primary coverage for General Liability, thereby reducing the liability for general liability for SNYICL.

Prior to September 1, 2002, UHSI had workers' compensation insurance coverage with deductibles of various amounts per claim and in aggregate. Effective September 1, 2002, UHSI was fully insured for claims incurred subsequent to August 31, 2002 through October 31, 2012. Effective November 1, 2012, UHSI together with other affiliates had workers' compensation insurance coverage with deductibles per claim and in aggregate. Each affiliate is jointly and severally liable for deductible amounts under this policy. UHSI pays claims and charges participating affiliates with a premium equivalent for insurance coverage provided under the policy. Amounts charged by UHSI were approximately \$938,000 and \$967,000 for the years ended December 31, 2019 and 2018, respectively. Estimated liabilities for asserted and unasserted claims under the self-insured workers' compensation programs amounted to approximately \$3,985,000 and \$4,147,000 at December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, UHSI has a letter of credit from a financial institution in the amount of approximately \$3,657,000, to cover its workers' compensation guarantee. As of December 31, 2019 and 2018, no amounts were drawn under this letter of credit.

UHSI is self-insured for medical benefits (limited to losses up to a stop-loss limit) and short and long-term disability available to eligible employees, and charge participating affiliates with a premium equivalent for medical benefits provided. Amounts charged by UHSI to participating affiliates for medical benefits were approximately \$14,373,000 and \$15,126,000 for the years ended December 31, 2019 and 2018, respectively.

UNITED HEALTH SERVICES HOSPITALS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Industry: The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations is subject to future government review and interpretations as well as potential regulatory actions unknown and/or unasserted at this time.

UHS is the administrator of a New York State Capital Restructuring Financing Program Grant for another New York not-for-profit. The funds received are to provide capital investments in information technology and to provide a Performing Provider System (PPS). This system will serve Medicaid and uninsured individuals in the region. For the years ended December 31, 2019 and 2018, approximately \$6,330,000 and \$13,000,000 of the funds received are recorded in other assets, net, respectively. As UHS is the administrator of the grant and not the recipient, UHS has recorded a corresponding liability within other liabilities.

NOTE 10. TRANSACTIONS WITH AFFILIATES

Significant transactions with affiliates are as follows:

UHS provides contributions to UHSI in exchange for management advisory services. Contributions aggregated approximately \$7,622,000 and \$7,205,000 for the years ended December 31, 2019 and 2018, respectively.

UHS is charged (through contracted service agreements) by UHS Medical Group for various expenses relating to physician and other services aggregating approximately \$73,654,000 and \$66,190,000 for the years ended December 31, 2019 and 2018, respectively.

UHS provides services (including payroll, billing, and other corporate oversight support) to various affiliates during the year. Operating revenues of approximately \$20,697,000 and \$19,350,000, included in other operating revenues on the accompanying statement of operations and changes in net assets for the years ended December 31, 2019 and 2018, respectively.

UHS has extended a \$250,000 combined working capital line of credit to ISLCI and ISLCHC. No amounts were outstanding under the line of credit at December 31, 2019 and 2018.

UHS has agreed to provide additional support, if necessary, to help UHS Medical Group, ISLCI and ISLCHC meet their obligations as they become due through at least June 30, 2020.

Amounts due from (to) affiliates at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Due from affiliates:		
United Health Services, Inc.	\$ 151,576	\$ -
Chenango Memorial Hospital, Inc.	6,264,440	3,459,057
Delaware Valley Hospital, Inc.	229,097	215,591
UHS Medical Group, P.C. (a)	53,446,106	40,752,422
Ideal Senior Living Center, Inc.	10,029,493	8,790,716
Ideal Senior Living Center Housing Corporation, Inc.	1,323,297	1,150,812
Twin Tier Home Health, Inc.	3,117,871	1,975,917
Professional Home Care, Inc.	<u>320,266</u>	<u>232,569</u>
	74,882,146	56,577,084
Less valuation allowance/reserve	<u>(64,798,895)</u>	<u>(50,693,950)</u>
Due from affiliates	<u>\$ 10,083,251</u>	<u>\$ 5,883,134</u>

UNITED HEALTH SERVICES HOSPITALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
NOTE 10. TRANSACTIONS WITH AFFILIATES (CONTINUED)

	<u>2019</u>	<u>2018</u>
Due to affiliates:		
United Health Services, Inc.	\$ -	\$ (632,978)
Chenango Memorial Hospital, Inc.	(153,846)	(53,275)
Delaware Valley Hospital, Inc.	(1,000)	(616)
UHS Medical Group, P.C.	(1,704,792)	(1,957,583)
Twin Tier Home Health, Inc.	(5,605)	(3,687)
Professional Home Care, Inc.	<u>(255,942)</u>	<u>(205,462)</u>
Due to affiliates	<u>\$ (2,121,185)</u>	<u>\$ (2,853,601)</u>

(a) \$1,751,596 of amounts due from UHS Medical Group bear interest at the prime rate plus 1.00%. As of December 31, 2019 and 2018, the prime rate was 4.75% and 5.50%, respectively. Interest on the notes receivable was waived by UHSH for the years ended December 31, 2019 and 2018. The amounts due are payable through November 2025.

NOTE 11. CONCENTRATIONS OF CREDIT RISK

UHSH grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31 was as follows:

	<u>2019</u>	<u>2018</u>
Medicare	39%	42%
Medicaid	18	19
Blue Cross	19	16
Self-pay	10	10
HMO, commercial and other	<u>14</u>	<u>13</u>
	<u>100%</u>	<u>100%</u>

For the years ended December 31, 2019 and 2018, the amount of patient accounts receivable classified as in-house or unbilled is \$45,233,000 and \$48,427,000, respectively.

NOTE 12. FUNCTIONAL EXPENSES

UHSH provides general health care services to residents within their geographic location including inpatient, outpatient, emergency care, psychiatric care, primary care, walk-in centers, pediatric care, cancer care, cardiac surgery and catheterization, regional trauma, neonatal care, and treatment of substance use disorder. Expenses related to providing these services are as follows for the years ended December 31:

	<u>2019</u>		
	<u>Patient Care</u>	<u>Administrative and General</u>	<u>Total</u>
Salaries and wages	\$ 214,789,285	\$ 37,643,379	\$ 252,432,664
Employee benefits	67,932,317	11,894,141	79,826,458
Supplies, services and other	315,217,196	42,984,162	358,201,358
Interest expense	3,128,823	426,658	3,555,481
Depreciation and amortization	<u>22,855,473</u>	<u>3,116,655</u>	<u>25,972,128</u>
Total	<u>\$ 623,923,094</u>	<u>\$ 96,064,995</u>	<u>\$ 719,988,089</u>

UNITED HEALTH SERVICES HOSPITALS, INC.**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12. FUNCTIONAL EXPENSES (CONTINUED)

	2018		
	Patient Care	Administrative and General	Total
Salaries and wages	\$ 207,415,741	\$ 35,631,630	\$ 243,047,371
Employee benefits	65,624,986	11,273,612	76,898,598
Supplies, services and other	287,648,961	39,224,858	326,873,819
Interest expense	3,259,210	469,864	3,729,074
Depreciation and amortization	22,742,084	3,278,607	26,020,691
Total	\$ <u>586,690,982</u>	\$ <u>89,878,571</u>	\$ <u>676,569,553</u>

The financial statements report certain categories of expenses that are attributable to both the program and its supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for overall support and direction of UHSH.

NOTE 13. SUBSEQUENT EVENT

UHSH evaluated its December 31, 2019 financial statements for subsequent events through the date the financial statements were issued. The spread of the COVID-19 coronavirus has resulted in economic uncertainties. The operational and financial impacts of such uncertainties are not reasonably estimable. Subsequent events have been evaluated through March 30, 2020, which is the date the financial statements were issued.

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EXCERPTS FROM THE INDENTURE AND THE LOAN AGREEMENT

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APPENDIX C

EXCERPTS FROM THE INDENTURE AND THE LOAN AGREEMENT

SUMMARY OF CERTAIN DEFINITIONS

"Account" or **"Accounts"** means, as the case may be, each or all of the accounts established in the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Act" means Section 1411 of the New York Not-For-Profit Corporation Law.

"Alternate Credit Facility" means a letter of credit, including, if applicable, a confirming letter of credit, bond insurance policy or similar credit facility issued and delivered to the Bond Trustee or Tender Agent, as appropriate, by a commercial bank, savings institution, insurer, pension fund or other financial institution, which by its terms shall constitute the irrevocable undertaking of the issuer thereof to pay the principal of and interest on the Bonds when due, delivered to the Bond Trustee or Tender Agent, as appropriate, pursuant to the section of the Loan Agreement under the heading "The Credit Facility; Alternate Credit Facility" and the section of the Indenture under the heading "Credit Facility and Liquidity Facility" which replaces a Credit Facility then in effect, in each case as from time to time amended, supplemented or modified.

"Alternate Liquidity Facility" means a line of credit, letter of credit, standby purchase agreement or similar liquidity facility issued by one or more commercial banks, pension funds or other financial institutions and delivered or otherwise made available to the Tender Agent in accordance with the section of the Loan Agreement under the heading "The Liquidity Facility; Alternate Liquidity Facility" and the section of the Indenture under the heading "Credit Facility and Liquidity Facility" which replaces a Liquidity Facility then in effect, in each case as from time to time amended, supplemented or modified.

"Alternate Rate" means, on any Rate Determination Date for any Interest Rate Mode, and for any current long-term unenhanced ratings assigned by Moody's, Fitch, or S&P to the Parity Debt of the Obligated Group (for purposes of this definition, a "Parity Debt Rating"), the rate per annum set forth in the following tables. The Tender Agent shall make the determinations required by this definition, upon notification from the Issuer, if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

Prior to a Determination of Taxability:

Prior to a Determination of Taxability:		
Tier	If the Parity Debt Rating level (Moody's/S&P/Fitch) equals:	The Alternate Rate shall equal the greater of:
1	Aaa/AAA/AAA	110% of SIFMA and 1.00%
2	Aa2/AA+/AA+	125% of SIFMA and 2.00%
3	Aa3/AA-/AA- or higher (but lower than Tier 2)	150% of SIFMA and 3.00%
4	A3/A-/A- or higher (but lower than Tier 3)	175% of SIFMA and 4.00%
5	Baa1/BBB+/BBB+	225% of SIFMA and 6.00%
6	Baa2/BBB/BBB	250% of SIFMA and 7.00%
8	Baa3/BBB-/BBB-	300% of SIFMA and 8.00%
9	Below Baa3/BBB-/BBB-	400% of SIFMA and 12.00%

"**Amortization End Date**" has the meaning set forth in the Bank Credit Agreement, if any.

"**Amortization Payment Date**" has the meaning set forth in the Bank Credit Agreement, if any.

"**Amortization Period**" means, if provided for in the Bank Credit Agreement, in the event the Bonds are not purchased or remarketed on a Bank Purchase Date and the conditions set forth in the Bank Credit Agreement, if any, are satisfied, the period commencing on such Bank Purchase Date and ending on the Amortization End Date.

"**Applicable Elected Representative**" means any Person constituting an "applicable elected representative" within the meaning given to the term in Section 147(f)(2)(E) of the Code.

"**Applicable Factor**" means, during a Bank Index Rate Period, 68% or such other percentage as may be designated in writing by the Obligated Group Representative or by the Market Agent as the Applicable Factor for such Bank Index Rate Period pursuant to paragraph (c) of the section of the Indenture under the heading "Bank Index Rates; Conversion to Bank Index Rate Periods".

"**Applicable Spread**" means, with respect to any Bank Index Rate Period, the number of basis points or schedule of basis points determined by the Market Agent in accordance with paragraph (c) of the section of the Indenture under the heading "Bank Index Rates; Conversion to Bank Index Rate Periods" (which may include a schedule for the Applicable Spread based upon the credit rating or ratings then assigned to the Parity Debt of the Obligated Group).

"**Authorized Denomination**" means (i) with respect to Bonds in a Daily Mode, a Weekly Mode, a Flexible Index Mode, an Index Mode, a Term Rate Mode during a Three Month Term Rate

Period or a Window Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, (ii) with respect to Bonds in a Flexible Mode, \$100,000 and any integral multiple of \$1,000 in excess thereof, (iii) with respect to Bonds in a Long-Term Mode, \$5,000 and any integral multiple thereof, and (iv) with respect to Bonds bearing interest at the Bank Index Rate, \$250,000 and any integral multiple of \$1,000 in excess thereof or, if the aggregate principal amount of Bonds Outstanding is at any time less than \$250,000, the aggregate principal amount of Bonds then Outstanding.

"Authorized Officer" means: (i) in the case of the Issuer, the Chairman, Vice Chairman, Chief Executive Officer, Chief Financial Officer, Treasurer, or any other duly authorized officer of the Issuer, and when used with reference to any act or document also means any other person authorized by Resolution of the Issuer to perform such act or execute such document; (ii) in the case of the Institution, the chairman, vice chairman, president, vice president for finance, treasurer, chief executive officer, chief financial officer, or chief operating officer of one of the Institution and any other person or persons authorized by resolution of the Institution or another Member of the Obligated Group to perform any act or execute any document; and (iii) in the case of the Bond Trustee, means any officer in its corporate trust administration department, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the governing body of the Bond Trustee.

"Automatic Termination Event" means an event of default set forth in a Reimbursement Agreement between the Obligated Group and a Liquidity Facility Provider which would result in the immediate termination or suspension of the Liquidity Facility prior to its stated expiration date without prior notice from the Liquidity Facility Provider to the Tender Agent.

"Available Amount" means the amount available under the Credit Facility or Liquidity Facility, as applicable, to pay the principal of and interest on the Bonds or the Purchase Price of the Bonds, as applicable.

"Available Moneys" means (i) moneys held by the Bond Trustee (other than in the Rebate Fund or the Bond Purchase Fund) under the Indenture for a period of at least 123 days and not commingled with any moneys so held for less than said period and during which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been commenced by or against, the Issuer or a Member of the Obligated Group, unless such petition or proceeding was dismissed and all applicable appeal periods have expired without an appeal having been filed, (ii) investment income derived from the investment of moneys described in clause (i) above, (iii) proceeds of refunding bonds or (iv) any moneys with respect to which an opinion of Bond Counsel or other nationally recognized bankruptcy counsel has been received by the Bond Trustee to the effect that payments by the Bond Trustee in respect of the Bonds, as provided in the Indenture, derived from such moneys should not constitute transfers avoidable under 11 U.S.C. §547(b) and recoverable from the Owners under 11 U.S.C. §550(a) should the Issuer or a Member of the Obligated Group be the debtor in a case under Title 11 of the United States Code, as amended.

"Bank" means, during any Bank Index Rate Period: (i) so long as the Bank Credit Agreement remains in effect, the Original Purchaser (as such party may change from time to time in accordance with the Bank Credit Agreement); and (ii) during such time as the Bank Credit

Agreement is of no force or effect, "Bank" means Holders or Beneficial Owners owning a majority of the aggregate principal amount of the Bonds then Outstanding.

"Bank Credit Agreement" means, during any Bank Index Rate Period, any agreement between one or more Members of the Obligated Group and a Bondholder relating to the Bonds.

"Bank Default Rate" has the same meaning as the term "Default Rate" set forth in the Bank Credit Agreement, if any, provided that such rate shall not exceed the Maximum Rate.

"Bank Direct Payment Period" has the meaning set forth in the Indenture.

"Bank Index Agent" means the Person described in paragraph (e) of the section of the Indenture under the heading "Bank Index Rates; Conversions to Bank Index Rate Periods".

"Bank Index Bond" means a Bond in the Bank Index Rate Period.

"Bank Index Computation Date" means, during a Bank Index Period, (a) if the Bank Index is SIFMA, Wednesday of each week, or if such day is not a Business Day, the next succeeding Business Day and (b) if the Bank Index is LIBOR, the date which is two London Banking Days prior to the first Business Day of each month.

"Bank Index Mode" means the Interest Rate Mode during which the Bonds bear interest at a Bank Index Rate.

"Bank Index Rate Conversion Date" means a date on which the Bonds begin to bear interest at a Bank Index Rate and includes a change from one Bank Index Rate Period to another Bank Index Rate Period.

"Bank Index Rate Period" means each period from and including a Bank Index Rate Conversion Date to but excluding the earliest of (i) the immediately succeeding Bank Purchase Date, (ii) the immediately succeeding Conversion Date, (iii) the date on which the Bonds are redeemed in full, and (iv) the Maturity Date.

"Bank Index Rate" means for any Bond in the Bank Index Rate Period, the interest rate calculated as provided in the section of the Indenture under the heading "Bank Index Rates; Conversions to Bank Index Rate Periods", and includes the Bank Default Rate, the Taxable Rate and the Purchaser Rate.

"Bank Index Reset Date" means the first Business Day of each calendar month, or such other day or days as shall be specified by the Obligated Group Representative pursuant to paragraph (d) in the section of the Indenture under the heading "Bank Index Rates; Conversions to Bank Index Rate Periods".

"Bank Index" means SIFMA or LIBOR as determined in accordance with the section of the Indenture under the heading "Bank Index Rates; Conversions to Bank Index Rate Periods".

"Bank Purchase Date" means (i) during a Bank Index Rate Period, the date designated by the Obligated Group Representative pursuant to the section of the Indenture under the heading "Bank

Index Rates; Conversions to Bank Index Rate Periods", and (ii) the date which is seven calendar days (or if such seventh calendar day is not a Business Day, the next Business Day) after the date on which the Bond Trustee receives written notice from the Bank under a Bank Credit Agreement, if any, which (x) advises the Bond Trustee of the occurrence and continuance of an "Event of Default" under and as defined in such Bank Credit Agreement, if any, and (y) directs the Bond Trustee to cause a mandatory tender of the Bonds by reason of such "Event of Default."

"Beneficial Owner" shall mean whenever used with respect to a Bond, the Person in whose name such Bond is recorded as the beneficial owner of such Bond by a participant on the records of such participant or such Person's subrogee.

"Bond Counsel" means the law firm of Harris Beach PLLC or an attorney or firm of attorneys designated by the Issuer and having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Trustee" means Manufacturers and Traders Trust Company and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Indenture.

"Bond Year" means a period of twelve (12) consecutive months beginning on July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

"Bondowner" or "Owner" or "Holder" or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any Bond.

"Bonds" means the Issuer's \$257,495,000 Revenue Bonds (United Health Services Hospitals, Inc. Project), Series 2020, authorized, issued and secured pursuant to the Indenture.

"Business Day" means any day other than (i) a Saturday or a Sunday; (ii) a day on which the New York Stock Exchange is closed; or (iii) a day on which banking institutions are authorized or required by law or executive order to be closed for commercial banking purposes in New York or Connecticut or such other state where the applicable corporate trust office of the Bond Trustee is located, or where the principal office of the Credit Facility Provider, the Liquidity Facility Provider or the Remarketing Agent is located or in which the documents are required to be delivered to draw upon the Credit Facility or the Liquidity Facility.

"Calculation Agent" means an agent appointed by the Obligated Group Representative to calculate the FRN Rate.

"Call Protection Date" means, with respect to a Tender Period, the date determined pursuant to paragraphs (f), (o) or (w) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode", as applicable.

"Capitalized Interest Account" means the account so designated, created and established in the Project Fund pursuant to Section 5.1 of the Indenture.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Consumer Price Index" or "CPI-U" means the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers as released monthly by the U.S. Department of Labor, Bureau of Labor Statistics. If a previously reported CPI-U index rate is revised, the CPI-U will continue to be the previously reported CPI-U for purposes of calculating interest payments. If CPI-U is rebased to a different year during a FRN Rate Period, Bonds using the CPI-U will continue to use the CPI-U based on the base reference year in effect on the first day of such FRN Rate Period. If the applicable methodology for computing the CPI-U in effect on the first day of the then-current FRN Rate Period is discontinued or altered and if the U.S. Treasury, in response to such discontinuance or alteration, substitutes an alternative index, and associated method of application ("Substitute Index and Methodology"), for the CPI-U for purposes of calculation of the inflation adjustment for the Treasury Inflation-Protection Securities, Bonds using the CPI-U will use the Substitute Index and Methodology for calculating the FRN Rate for such Bonds. Typically the CPI-U for a particular month is reported by the last date of the following month. If the CPI-U for a particular month is not reported by the last day of the following month, the U.S. Treasury has indicated it will announce an index number based on the last available twelve-month change in the CPI-U. Any calculations of interest on the Bonds that rely on that month's CPI-U will be based on the index number that the U.S. Treasury has announced. This index number will be used for all subsequent calculations that rely on that month's index number and will not be replaced by the actual CPI-U when it is reported.

"Continuing Disclosure Agreement" means the Agreement to Provide Continuing Disclosure among the Institution, Digital Assurance Certification, L.L.C. and the Bond Trustee, dated as of August 1, 2020, relating to the Bonds, pertaining to disclosure of future material events and annual financial information in accordance with Rule 15c2-12 of the Securities Exchange Commission.

"Conversion" has the meaning set forth in paragraph (b) of the section of the Indenture under the heading "Calculation and Payment of Interest; Change in Interest Rate Mode; Maximum Rate".

"Conversion Date" means with respect to the Bonds in a particular Interest Rate Mode, the day on which the interest rate on the Bonds changes to another Interest Rate Mode or from one Term Rate Period to a Term Rate Period of different duration or to another Fixed Rate Period at the end of the Initial Fixed Rate Period.

"Conversion Notice" means the notice from the Obligated Group Representative to the other Notice Parties of the Obligated Group Representative's intention to change the Interest Rate Mode with respect to the Bonds.

"Cost of Issuance Account" means the account for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Cost of Issuance" means all costs and expenses of the Issuer incurred in connection with the authorization, issuance, sale and delivery of the Bonds including, but not limited to, legal fees and expenses, financial advisory fees, Bond Trustee's acceptance fees and expenses under the Indenture and initial (including first annual) fees, fiscal or escrow agent fees, printing fees and travel expenses.

"Cost" or "Costs" means, as applied to the Project or any portion thereof financed with the proceeds of bonds issued under the provisions of the Act, as approved by the Issuer, all or any part of the cost of acquisition of the Premises, but shall not include such items which are customarily deemed to result in a current operating charge

"Credit Facility" means a letter of credit, including, if applicable, a confirming letter of credit, bond insurance policy or similar credit facility issued and delivered to the Bond Trustee or Tender Agent, as appropriate, by a commercial bank, savings institution, insurer, pension fund or other financial institution, which by its terms shall constitute the irrevocable undertaking of the issuer thereof to pay the principal of and interest on the Bonds when due, delivered to the Bond Trustee or Tender Agent, as appropriate, pursuant to the section of the Loan Agreement under the heading "The Credit Facility; Alternate Credit Facility", or, in the event of the delivery of an Alternate Credit Facility, such Alternate Credit Facility; provided, however, the Insurance Policy shall not be considered a Credit Facility for purposes of the Indenture or Loan Agreement.

"Credit Facility Agreement" means any agreement between the Institution and a Credit Facility Provider pursuant to which a Credit Facility is issued, together with any and all supplements to any such agreement.

"Credit Facility Default Purchase Date" shall mean any Business Day specified by the Bond Trustee for mandatory tender of the Bonds that is at least seven (7) and no more than ten (10) days following receipt by the Bond Trustee of written notice from the Credit Facility Provider that an Event of Default has occurred and is continuing under the Credit Facility Agreement and directing the Bond Trustee to call the Bonds for mandatory tender.

"Credit Facility Documents" means the Credit Facility and the Credit Facility Agreement and any and all other documents, pledge agreements or custodian agreements which the Institution or any other party or parties or their representatives, have executed and delivered or may hereafter execute and deliver to evidence or secure the Credit Facility Provider Payment Obligations, or any part thereof, or in connection therewith, together with any and all supplements thereto.

"Credit Facility Expiration Date" means the stated expiration date of the Credit Facility, as extended from time to time.

"Credit Facility Provider Bonds" means any Bond registered in the name of the Credit Facility Provider or its nominee pursuant to the Indenture or otherwise owned by or pledged to the Credit Facility Provider as security for the Credit Facility Provider Payment Obligations.

"Credit Facility Provider Failure" or "Liquidity Facility Provider Failure" means a failure of the Credit Facility Provider or Liquidity Facility Provider, as applicable, to pay a properly presented and conforming draw or request for advance under the Credit Facility or Liquidity Facility, as applicable, or the filing or commencement of any bankruptcy or insolvency proceedings by or against the Credit Facility Provider or Liquidity Facility Provider, as applicable, or the Credit Facility Provider or Liquidity Facility Provider, as applicable, shall declare a moratorium on the payment of its unsecured debt obligations or shall repudiate the Credit Facility or Liquidity Facility, as applicable.

"Credit Facility Provider Payment Obligations" means, with respect to a Credit Facility Provider, any loans, advances, debts, liabilities, obligations, contingent obligations, covenants and duties owing by the Institution to the Credit Facility Provider under the Credit Facility Documents, including, but not limited to, amounts due under the Credit Facility Agreement or with respect to the Credit Facility Provider Bonds. The amount of the Credit Facility Provider Payment Obligations shall be established or calculated by the Credit Facility Provider from time to time and furnished to the Bond Trustee in writing denominating the interest portion of such Credit Facility Provider Payment Obligations and the principal portion of such Credit Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

"Credit Facility Provider Rate" means the rate of interest applicable to the Credit Facility Provider Bonds as may be established pursuant to the Credit Facility Documents.

"Credit Facility Provider" means the commercial bank, savings institution, insurer, pension fund, or other financial institution issuing a Credit Facility or an Alternate Credit Facility; provided, however, that the Insurer shall not be considered a Credit Facility Provider for purposes of the Loan Agreement or the Indenture.

"Credit Facility Substitution Date" means the effective date on which an Alternate Credit Facility is to be substituted for an existing Credit Facility, which shall be no later than the date that is two (2) days prior to the Credit Facility Termination Date (or if such day is not a Business Day, the Business Day preceding such day) for the Credit Facility then being terminated or expiring and being replaced with the Alternate Credit Facility.

"Credit Facility Termination Date" means the Credit Facility Expiration Date or any earlier date on which the Credit Facility is terminated by the Institution.

"Credit Group" has the meaning set forth in the Master Indenture.

"Credit/Liquidity Enhancement Fee Account" means the account for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Current Mode" has the meaning set forth in clause (i) of paragraph (b) of the section of the Indenture under the heading "Conversion of Interest Rate Modes".

"Daily Mode" means the Interest Rate Mode during which the Bonds bear interest at the Daily Rate.

"Daily Rate" means the per annum interest rate on any Bond in the Daily Mode determined pursuant to paragraph (a) of the section of the Indenture under the heading "Determination of Interest Rates During the Daily Mode and the Weekly Mode".

"Daily Rate Period" means the period during which a Bond in the Daily Mode shall bear interest at a Daily Rate, which shall be from the Business Day upon which a Daily Rate is set to but not including the next succeeding Business Day.

"Debt Service Fund" means the fund so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Defeasance Obligations" means: (i) non-callable direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America; and (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the Bond Trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii) as appropriate, and (d) which are rated "AAA" by Standard & Poor's or "Aaa" by Moody's.

"Delayed Remarketing Period" has the meaning set forth in paragraph (a) of the section of the Indenture under the heading "Insufficient Funds for Tenders".

"Determination of Taxability" means, and shall occur when, (i) the Bond Trustee receives written notice from the Obligated Group Representative or the Issuer, supported by an opinion of Bond Counsel selected and approved by the Obligated Group Representative, that interest on the Bonds is includable in the gross income of Bondholders for federal income tax purposes or (ii) the Bond Trustee receives a copy of a written adverse determination sent to the Issuer or a bondholder by the Internal Revenue Service asserting that interest on the Bonds is includable in the gross income of Bondholders for federal income tax purposes, which adverse determination results in the right to seek administrative appeal before the IRS Office of Appeals; provided, however, that such a claim shall not be deemed a Determination of Taxability unless the Obligated Group Representative and the Issuer are afforded reasonable opportunity (at the Obligated Group's sole expense and for a period not to exceed six months) to pursue any judicial or administrative remedy available to the Members of the Obligated Group or the Issuer with respect to such claim and such judicial or administrative actions have resulted in a final determination that it is taxable.

"DTC" means The Depository Trust Company, New York, New York, a New York State limited purpose trust company, subject to regulation by the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System and the New York State Banking Department, or its successors appointed under the Indenture.

"Earliest Redemption Date" means, with respect to Bank Purchase Rate Bonds, Term Rate Bonds, Fixed Rate Bonds, SIFMA-Based Bonds, and LIBOR-Based Bonds, the earliest date, if

any, on which any such Bonds may be called for optional redemption, as specified in the applicable Bond Terms Certificate.

"Electronic Means" means telecopy, telegraph, facsimile transmission, e-mail, or other similar electronic means of communication, including a telephonic communication confirmed in writing or written transmission.

"Eligible Bonds" means any Bonds other than Credit Facility Provider Bonds, Liquidity Facility Bonds or any other Bonds owned by, for the account of, or on behalf of, the Issuer or the Institution.

"Event of Default" means, with respect to the Loan Agreement, any of the events of default set forth in the section of the Loan Agreement under the heading "Events of Default, and, with respect to the Indenture, any of the events of default set forth in the section of the Indenture under the heading "Events of Default".

"Expiration Date," when used with respect to a Liquidity Facility or a Credit Facility, means (i) the date upon which the Liquidity Facility or Credit Facility is scheduled to expire (taking into account any extensions of such Expiration Date by virtue of extensions of a particular Liquidity Facility or Credit Facility, from time to time) in accordance with its terms and (ii) a Liquidity Facility Cancellation Date.

"Facility" means the property of the Institution and the Project Users financed and refinanced with the proceeds of the Bonds.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel addressed to the Issuer, the Institution and the Bond Trustee to the effect that the action proposed to be taken is authorized or permitted by the Indenture and the Act and will not result in the inclusion of interest on the Bonds in gross income for federal income tax purposes.

"Fed Funds Rate" means the rate labeled Federal Funds (effective) as published in the Federal Reserve Bank Publication H.15.

"Fiscal Year" means the fiscal year of the Institution, currently from January 1 to December 31.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Bond Trustee.

"Fixed Rate Bond" means a Bond in the Fixed Rate Mode.

"Fixed Rate Mode" means the Interest Rate Mode during which the Bonds bear interest at the Fixed Rate.

"Fixed Rate Period" means (i) the period from the Conversion Date upon which the Bonds were converted to the Fixed Rate Mode to but not including the earlier to occur of the Conversion Date and the final Maturity Date for the Bonds, and (ii) the Initial Fixed Rate Period.

"Fixed Rate" means the per annum interest rate on any Bond determined pursuant to paragraph (b) of the section of the Indenture under the heading "Determination of Term Rates and Fixed Rates".

"Flexible Index Interest Period" means the period during which a Bond shall bear interest in the Flexible Index Mode, as provided in the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Flexible Index Mode" means the Interest Rate Mode in which the interest rate payable with respect to the Bonds is adjusted pursuant to the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode", and the Tender Period of which does not exceed 270 days.

"Flexible Mode" means the Interest Rate Mode during which the Bonds bear interest at the Flexible Rate.

"Flexible Rate Bond" means a Bond in the Flexible Mode.

"Flexible Rate Period" means the period of a duration of one to 270 calendar days (which period must end on a day preceding a Business Day) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established by the Remarketing Agent pursuant to the section of the Indenture under the heading "Determination of Flexible Rates and Interest Periods During Flexible Mode". The Bonds in the Flexible Mode may be in different Flexible Rate Periods.

"Flexible Rate" means the per annum interest rate on a Bond in the Flexible Mode determined for such Bond pursuant to the section of the Indenture under the heading "Determination of Flexible Rates and Interest Periods During Flexible Mode". The Bonds in the Flexible Mode may bear interest at different Flexible Rates.

"FRN Rate Mode" means the Interest Rate Mode during which the Bonds bear interest at a FRN Rate.

"FRN Rate Percentage" means, with respect to any Conversion of the Bonds to a FRN Rate Period, the percentage determined by the Remarketing Agent on or prior to the Conversion Date pursuant to paragraph (a) of the section of the Indenture under the heading "FRN Rate and FRN Rate Period".

"FRN Rate Period" means each period during which a FRN Rate is in effect.

"FRN Rate Spread" means, with respect to any Conversion of the Bonds to a FRN Rate Period, the spread determined by the Remarketing Agent on or prior to the Conversion Date pursuant to paragraph (a) of the section of the Indenture under the heading "FRN Rate and FRN Rate Period".

"FRN Rate" means a variable interest rate on the Bonds established in accordance with the section of the Indenture under the heading "FRN Rate and FRN Rate Period".

"Fund" or "Funds" means, as the case may be, each or all of the funds established in the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Hazardous Substance" means, without limitation, any flammable, explosive, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum constituents, petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials, pollutants, or toxic pollutants, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. Sections 1251, et seq.), Articles 17 and 27 of the New York State Environmental Conservation Law, or any other applicable Environmental Law and the regulations promulgated thereunder.

"ICE" means Intercontinental Exchange, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer determine LIBOR, any other generally recognized LIBOR benchmark determination agency designated by the Obligated Group Representative by notice in writing to the Issuer and the Bond Trustee.

"Immediate Notice" means notice by Electronic Means to such address or number, as applicable, as the addressee shall have directed in writing, promptly followed by written notice by first class mail postage prepaid to such address as the addressee shall have directed in writing.

"Indenture" means the Trust Indenture between the Issuer and the Bond Trustee, dated as of August 1, 2020, as the same may from time to time be amended or supplemented by a Supplemental Indenture or Indentures.

"Independent Insurance Consultant" means a person or firm who is not a director, Bond Trustee, employee or officer of a Member of the Obligated Group or a director, Bond Trustee, employee or member of the Issuer, appointed by an Authorized Officer of a Member of the Obligated Group and satisfactory to the Issuer, qualified to survey risks and to recommend insurance coverage for healthcare facilities and services and organizations engaged in like operations and having a favorable reputation for skill and experience in such surveys and such recommendations, and who may be a broker or agent with whom the Obligated Group transacts business.

"Index Interest Period" means the period during which a Bond shall bear interest in the Index Mode, as provided in the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Index Mode" means the Interest Rate Mode in which the interest rate payable with respect to the Bonds is adjusted pursuant to the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Rate Periods".

"Index Spread" means a fixed per annum rate determined by the Remarketing Agent in accordance with paragraphs (p) or (x) of the section of the Indenture under the heading

"Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode", as applicable.

"Index Tender Rate" means the rate of interest, determined for any Interest Accrual Period, equal to the sum of (a) the SIFMA Average Index Rate calculated for such Interest Accrual Period and (b) the Index Spread applicable for the related Tender Period.

"Index" means any of (a) One Month LIBOR, (b) Three Month LIBOR, (c) SIFMA, (d) the Consumer Price Index or (e) any other index chosen by the Obligated Group Representative in consultation with the Remarketing Agent.

"Initial Fixed Rate Period" means the Fixed Rate Period commencing on the Date of Issuance and ending the earlier to occur of a Conversion Date or the final Maturity Date of the Bonds.

"Initial Window Spread" means, with respect to any Conversion to a Window Rate Period, the spread determined by the Remarketing Agent on or prior to the Conversion Date pursuant to subparagraph (E) of clause (iii) of paragraph (b) of the section of the Indenture under the heading "Determination of Three Month LIBOR Index Rates".

"Insurance Policy" means the insurance policy issued by the Insurer, identified as Policy No: 220466-N with an effective date of August 26, 2020, guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

"Institution" means United Health Services Hospitals, Inc., a not-for-profit corporation formed under the laws of the state of New York.

"Institution Documents" means, collectively, the Loan Agreement, the Continuing Disclosure Agreement, the Letter of Representation and Indemnification, any Credit Facility Documents, any Liquidity Facility Documents, the Remarketing Agreement, the Tax Regulatory Agreement, and the Master Indenture including all supplements thereto.

"Institution Purchase Account" means the account by that name created in the section of the Indenture under the heading "Purchase Fund".

"Interest Account" means the account so designated, created and established in the Debt Service Fund pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Interest Accrual Date" means with respect to any period during which Bonds bear interest at an Index Tender Rate, the first day of each Tender Period and, thereafter, each Interest Payment Date during that Tender Period.

"Interest Accrual Period" means the period during which a Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the Date of Issuance) to, but not including, (a) the next Interest Payment Date on which interest is to be paid, or (b) any Redemption Date, as applicable. If, at the time of authentication of any Bond, interest is in default or overdue on the Bonds, such Bond shall bear

interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

"Interest Component" means the maximum amount stated in the Liquidity Facility or Credit Facility, as applicable (as reduced and reinstated from time to time in accordance with the terms thereof), which may be drawn for the payment of accrued interest on the Bonds, or the portion of the Purchase Price of tendered Bonds corresponding to interest accrued on the tendered Bonds.

"Interest Coverage Rate" means the rate per annum which is used in the Liquidity Facility or Credit Facility, as applicable, to calculate the Interest Component of such Liquidity Facility or Credit Facility, as applicable.

"Interest Payment Date" means each date on which interest is to be paid and is: (i) with respect to the Bonds in the Flexible Mode, each Mandatory Purchase Date applicable thereto; (ii) with respect to the Bonds in the Daily Mode, the Weekly Mode, the Flexible Index Mode, the FRN Rate Mode, the Bank Index Mode, or the Index Mode, the first Business Day of each calendar month, (and with respect to Bonds in a Bank Index Mode, any Conversion Date for such Bonds from the Bank Index Mode); (iii) with respect to the Bonds during the Initial Fixed Rate Period, each April 1 and October 1, commencing April 1, 2021; (iv) with respect to the Bonds in a Term Rate Mode (other than during a Three Month Term Rate Period) or a Fixed Rate Mode (other than during the Initial Fixed Rate Period), the first January 1 or July 1 following the month in which such Term Rate Mode or a Fixed Rate Mode (other than during the Initial Fixed Rate Period) takes effect, and the 15th day of each sixth calendar month thereafter or, upon the receipt by the Bond Trustee of a Favorable Opinion of Bond Counsel, any other six-month interval chosen by the Obligated Group Representative (beginning with the first such day which is at least three months after the Conversion Date) and the final day of the current Interest Period if other than a regular six-month interval; (v) with respect to the Bonds in the Three Month LIBOR Indexed Mode or a Term Rate Mode during a Three Month Term Rate Period, each January 1, April 1, July 1 and October 1 (beginning with the first such day after the applicable Conversion Date) or, with respect to a Three Month Term Rate Period, the first day of such other three calendar month intervals as may be selected by the Obligated Group Representative prior to the first Rate Determination Date applicable to such Three Month Term Rate Period (following a special Three Month Term Rate Period of either two calendar months or four calendar months in duration in order to accommodate the alternate three calendar month intervals selected by the Obligated Group Representative); (vi) with respect to Bonds in the Window Mode, the first Thursday of each calendar month, or if the first Thursday is not a Business Day, the next succeeding Business Day; (vii) (without duplication as to any Interest Payment Date listed above) each Maturity Date, Mandatory Purchase Date and Redemption Date; (viii) each Unscheduled Mandatory Tender Date on which all Outstanding Bonds are purchased as provided in paragraph (y) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode"; (ix) each Scheduled Mandatory Tender Date; (x) with respect to any Liquidity Facility Bonds, the dates set forth in the Reimbursement Agreement; and (xi) with respect to any Bank Index Bonds during the Amortization Period, if any, the dates set forth in the Bank Credit Agreement, if any, and if no Bank Credit Agreement is in effect, the dates described in clause (ii) of this definition.

"Interest Period" means, for the Bonds in a particular Interest Rate Mode, the period of time that the Bonds bear interest at the rate (per annum) which becomes effective at the beginning of such period, and shall include a Flexible Rate Period, a Daily Rate Period, a Weekly Rate Period, a Three Month LIBOR Interest Period, a Term Rate Period, a Fixed Rate Period, a Flexible Index Interest Period, an Index Interest Period, a Bank Index Rate Period, a FRN Rate Period and a Window Rate Period.

"Interest Rate Mode" means, as the context may require, the Flexible Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode, the Fixed Rate Mode, the Three Month LIBOR Indexed Mode, the Flexible Index Mode, the Index Mode, the Bank Index Mode, the FRN Rate Mode or the Window Mode.

"Investment Agreement" means an agreement for the investment of moneys held by the Bond Trustee or the Issuer pursuant to the Indenture with a Qualified Financial Institution (which may include the entity acting as Bond Trustee).

"Issuer" means (i) the Broome County Local Development Corporation, its successors and assigns, and (ii) any local governmental body resulting from or surviving any consolidation or merger to which the Issuer or its successors may be a party.

"Letter of Representation and Indemnification" means the Letter of Representation and Indemnification of the Institution to the Issuer and the initial underwriter of the Bonds, dated the date of the sale of the Bonds.

"LIBOR" means, on each Bank Index Reset Date, a fluctuating rate of interest per annum equal to the London Interbank Offered Rate, as published on the applicable Bloomberg (or other commercially available source providing such quotations of such rate as selected by the Bank from time to time), as determined by the Bank Index Agent at approximately 11:00 A.M. on the Bank Index Computation Date, for U.S. Dollar deposits (for delivery on the Bank Index Reset Date) with a one-month term; provided that if at any time, for any reason, LIBOR is no longer available or suitable for use by reason of circumstances affecting the Eurodollar market generally, then, immediately upon notice to the Obligated Group Representative, LIBOR shall be a comparable replacement index designed to measure average costs of borrowing by banks (and where feasible on loans from other banks) recommended by the Bank at such time in a commercially reasonable manner, provided that such replacement rate must be based upon an interest index, variations in the value of which reflect contemporaneous variations in the costs of newly-borrowed funds in U.S. dollars. In the event that LIBOR is less than zero on any Bank Index Reset Rate, LIBOR shall be deemed to be zero on such Bank Index Reset Date.

"Liquidity Facility Bonds" means Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) a Liquidity Facility, but excluding Bonds no longer considered to be Liquidity Facility Bonds in accordance with the terms of the Liquidity Facility.

"Liquidity Facility Cancellation Date" means the effective date of the cancellation of a Liquidity Facility pursuant to the section of the Indenture under the heading "Liquidity Facility Not Required in Certain Circumstances".

"Liquidity Facility Provider" means any commercial bank, insurance company, pension fund or other financial institution which provides a Liquidity Facility or Alternate Liquidity Facility for the Bonds.

"Liquidity Facility Purchase Account" means the account by that name created in the section of the Indenture under the heading "Purchase Fund".

"Liquidity Facility" means a line of credit, a standby bond purchase agreement, letter of credit or similar liquidity facility issued by a commercial bank, savings institution, pension fund or other financial institution which, by its terms, shall provide for the payment of the Purchase Price of Bonds tendered and not remarketed, and delivered to the Bond Trustee pursuant to the section of the Loan Agreement under the heading "The Liquidity Facility; Alternate Liquidity Facility", or, in the event of the delivery of an Alternate Liquidity Facility, such Alternate Liquidity Facility.

"Loan Agreement" means the Loan Agreement between the Issuer and the Institution, dated as of August 1, 2020, as the same may from time to time be amended or supplemented by a Supplemental Loan Agreement or Agreements.

"Loan Repayments" means the payments so designated and required to be made by the Obligated Group pursuant to the section of the Loan Agreement under the heading "Payment Obligations".

"Loan Term" means the duration of the loan term created in the Loan Agreement.

"London Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency) in the City of London, United Kingdom.

"Long-Term Mode" means a Three Month LIBOR Indexed Mode, a Term Rate Mode (except during a Three Month Term Rate Period), a FRN Rate Mode or a Fixed Rate Mode.

"Mandatory Purchase Date" means: (i) with respect to a Flexible Rate Bond the first Business Day following the last day of each Flexible Rate Period with respect to such Bond; (ii) for Bonds in the Term Rate Mode or the FRN Rate Mode, the first Business Day following the last day of each Term Rate Period or each FRN Rate Period, as applicable; (iii) any Conversion Date (except a Conversion between the Daily Mode and the Weekly Mode); (iv) any Substitution Date; (v) the fifth Business Day prior to the Expiration Date; (vi) the date specified by the Bond Trustee following the occurrence of an event of default (other than as a result of an Automatic Termination Event) under the Reimbursement Agreement, which date shall be a Business Day selected by the Bond Trustee and shall be the earliest practicable date: (A) not later than the Business Day preceding the termination date specified by the Credit Facility Provider or the Liquidity Facility Provider and (B) not more than 20 days after the Bond Trustee's receipt of notice of such event of default from the Credit Facility Provider or the Liquidity Facility Provider; (vii) the date specified by the Bond Trustee following receipt of notice by the Bond Trustee from the Credit Facility Provider that the Credit Facility will not be reinstated following a drawing to pay interest on the Bonds (other than interest on Bonds no longer Outstanding after such drawing) which date shall be a Business Day not more than five days after the Bond Trustee's receipt of such notice; (viii) for Bonds in the Daily Mode or Weekly Mode, any Business Day specified by the Obligated Group Representative not less than 20 days after the Bond Trustee's receipt of a notice from the Obligated

Group Representative of its intent to exercise the option to cause a mandatory tender of the Bonds and in no event later than the day preceding the Expiration Date; (ix) a Window Mandatory Tender Date; and (x) each Bank Purchase Date.

"Mandatory Tender Date" means each date on which the Bonds are subject to mandatory tender as provided in the section of the Indenture under the heading "Bank Index Rates; Conversions to Bank Index Rate Periods" or the article of the Indenture under the heading "Redemption, Tender and Remarketing of Bonds" and shall include a Bank Purchase Date.

"Mandatory Tender Window" means, during a Window Rate Period, (i) a period of 210 days, beginning on the Business Day a Window Optional Tender Notice is received by the Remarketing Agent, or (ii) a period of such other number of days specified by the Remarketing Agent, with the consent of the Obligated Group Representative, in a written notice to the Issuer, the Bond Trustee, the Tender Agent, the Liquidity Facility Provider (if any) and the Credit Facility Provider (if any). Any change in the Mandatory Tender Window shall become effective only on a Window Mandatory Tender Date or any other Mandatory Purchase Date for all of the Bonds that occurs during such Window Rate Period.

"Market Agent" means any Person appointed by the Obligated Group Representative to serve as market agent in connection with a conversion to a Bank Index Rate Period, which may be the Bank Index Agent (which may include the Original Purchaser or an Original Purchaser Affiliate thereof).

"Master Indenture Obligation" has the meaning of the term "Obligation" as set forth in the Master Indenture.

"Master Indenture" means the Amended and Restated Master Indenture dated as of August 1, 2020, as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

"Master Trustee" means Manufacturers and Traders Trust Company and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Master Indenture.

"Maturity Date" means each of the Maturity Dates established for the Bonds or if established pursuant to clause (v) of paragraph (c) of the section of the Indenture under the heading "Conversion of Interest Rate Modes" upon a change to a new Fixed Rate Mode, any Serial Maturity Date established thereunder.

"Maximum Rate" means (i) with respect to all Bonds other than Liquidity Facility Bonds or Bank Index Bonds, a rate of interest of 12% per annum, or, if lower, the highest rate allowed by law, (ii) with respect to Liquidity Facility Bonds, the rate specified in the Liquidity Facility, and (iii) with respect to the Bank Index Bonds and Unremarketed Bonds, the lesser of (A) the maximum rate permitted by applicable law or (B) 25%.

"Members of the Obligated Group" means the Institution and any other Members of the Obligated Group as defined in the Master Indenture.

"MMI Procedures" means the Securities Depository's Operational Arrangements and the Issuing/Paying Agent General Operating Procedures for Money Market Instruments as the same may be amended and modified from time to time.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Obligated Group Representative by notice in writing to the Issuer and the Bond Trustee.

"New Mode" has the meaning set forth in clause (i) of paragraph (b) of the section of the Indenture under the heading "Conversion of Interest Rate Modes".

"Notice Parties" means the Bond Trustee, the Tender Agent, the Remarketing Agent, the Paying Agent, the Credit Facility Provider, the Liquidity Facility Provider, the Bank, and the Obligated Group Representative.

"Obligated Group" means the Members of the Obligated Group from time to time.

"Obligated Group Representative" means the Institution or any other Person designated as the "Obligated Group Representative" pursuant to the Master Indenture.

"Obligation" means Obligation No. 1 issued under the Master Indenture and the Supplement.

"Officer's Certificate" means a certificate signed by an Authorized Officer of the Institution.

"Official Statement" means the Official Statement of the Issuer or, as applicable, a Remarketing Memorandum, relating to the Bonds, containing information, data and statistics concerning the Issuer, the Obligated Group, the Credit Group, the Bonds and other information, and the appendices thereto, including a letter from the Obligated Group.

"One Month LIBOR" means the rate for deposits in U.S. dollars with one-month maturity as published by Reuters (or such other service as may be nominated by ICE, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 A.M., London time, on the Rate Determination Date, except that, if such rate is not available on the Rate Determination Date, One Month LIBOR means a rate determined on the basis of the rates at which deposits in U.S. dollars for a one-month maturity and in a principal amount of at least U.S. \$1,000,000 are offered at approximately 11:00 A.M., London time, on the Rate Determination Date, to prime banks in the London interbank market by the Reference Banks (as defined in "Three Month LIBOR" below). The Quotation Agent shall request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, One Month LIBOR will be the arithmetic mean of such quotations. If fewer than two quotations are provided, One Month LIBOR will be the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or one, as applicable) major banks in New York City, selected by the Quotation Agent, at approximately 11:00 A.M., London Time, on the Rate Determination Date for loans in U.S. dollars to leading European banks in a principal amount of at least U.S. \$1,000,000 having a one-month maturity. If none of the banks in New York City selected by the Quotation Agent is then quoting rates for such loans, then One Month LIBOR will be a

replacement rate designed to measure average costs of borrowing by banks (and where feasible on loans from other banks) recommended by the Quotation Agent, provided that such replacement rate must be based upon an interest index, variations in the value of which reflect contemporaneous variations in the costs of newly-borrowed funds in U.S. dollars.

"Operating Expenses" means the total operating expenses of the Obligated Group, as determined in accordance with accounting principles generally accepted in the United States of America, consistently applied.

"Operating Revenues" means the total operating revenues of the Obligated Group less applicable deductions from operating revenues, as determined in accordance with accounting principles generally accepted in the United States of America, consistently applied.

"Opinion of Counsel" means an opinion in writing signed by legal counsel acceptable to the Issuer and who may be an employee of or counsel to the Obligated Group.

"Original Purchaser" means the initial purchaser of the Bonds upon Conversion of the Bonds to a Bank Index Mode.

"Original Purchaser Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Original Purchaser.

"Outstanding" when used in reference to Bonds, means as of a particular date, all Bonds authenticated and delivered under the Indenture except: (i) any Bond canceled by the Bond Trustee at or before such date; (ii) any Bond or portion thereof paid or deemed paid in accordance with the section of the Indenture under the heading "Defeasance"; (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and (iv) any unsurrendered Bond deemed to have been purchased as provided in the Indenture.

"Par Call Date" means, with respect to each FRN Rate Period: (a) for a FRN Rate Period of three years or longer, the date six months prior to the end of the then current FRN Rate Period, or (b) the date specified in a notice to the Bond Trustee delivered in accordance with clause (ii) of paragraph (b) of the section of the Indenture under the heading "FRN Rate and FRN Rate Period", as applicable.

"Parity Debt" means any debt of the Obligated Group evidenced and/or secured by a Master Indenture Obligation.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, any unincorporated organization, a limited liability company, a governmental body or a political subdivision, a municipality, a municipal authority or any other group or organization of individuals.

"Premises" means the Premises of the Members of the Obligated Group described in the Premises Schedule attached to the Loan Agreement.

"Principal Account" means the account so designated, created and established in the Debt Service Fund pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Principal Payment Date" means any date upon which the principal amount of Bonds is due hereunder, including each Maturity Date and any Redemption Date, or the date the maturity of any Bond is accelerated pursuant to the terms of the Loan Agreement and otherwise.

"Project Fund" means the fund for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Project Users" means the Members of the Obligated Group that own and operate portions of the Project Facilities.

"Project" means the healthcare and related facilities acquired, constructed, renovated, equipped, installed or provided for the Project Users, including necessary attendant facilities, equipment, site work and utilities thereof financed or refinanced with proceeds of the Bonds as set forth on the Project Schedule attached to the Loan Agreement.

"Purchase Contract" means the Bond Purchase Agreement with respect to the Bonds by and between the Issuer and the initial underwriter of the Bonds.

"Purchase Date" means (i) for a Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the Beneficial Owner of said Bond pursuant to the provisions of the section of the Indenture under the heading "Optional Tenders of Bonds in the Daily Mode or the Weekly Mode", and (ii) any Mandatory Purchase Date.

"Purchase Fund" means the Purchase Fund so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Purchase Price" means: (a) with respect to any Bonds to be purchased on any Purchase Date, Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date which is not an Interest Payment Date, an amount equal to 100% of the principal amount of any Bonds purchased on such date, plus unpaid accrued interest, if any, to such date; and (b) with respect to any Bonds to be purchased on any Purchase Date, Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date which is an Interest Payment Date, an amount equal to 100% of the principal amount of any Bonds purchased on such date.

"Purchaser Rate" has the meaning set forth in the Bank Credit Agreement, if any.

"Qualified Financial Institution" means a financial institution that is a domestic corporation, a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a foreign bank acting through a domestic branch or agency which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any

state of the United States of America; provided that for each such entity its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, guarantee, agreement or surety bond issued by any such organization, directly or by virtue of a guarantee of a corporate parent thereof have been assigned a long-term credit rating by any two Nationally Recognized Statistical Rating Organizations ("NRSRO") which is not lower than the two highest ratings then assigned (i.e., at the time an Investment Agreement or Repurchase Agreement is entered into) by such rating service without qualification by symbols "+" or "-" or a numerical notation.

"Qualified Investments" means the obligations described below:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself; mortgage pass-through securities, mortgage-backed securities pools, collateralized mortgage obligations and all mortgage derivative securities trusts shall not constitute Qualified Investments):

1) Direct obligations of or fully guaranteed certificates of beneficial ownership of the Export Import Bank of the United States,

2) Federal Financing Bank,

3) Participation certificates of the General Services Administration,

4) Guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association, and

5) Project notes, Local Housing Authority Bonds, New Communities Debentures and U.S. public housing notes and bonds fully guaranteed by the U.S. Department of Housing and Urban Development.

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies, provided such agency is rated at least "AA" or equivalent at the time of purchase by at least two of the NRSROs (stripped securities are only permitted if they have been stripped by the agency itself):

1) Federal Home Loan Bank System senior debt obligations,

2) Participation Certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation,

3) Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association, and

4) Consolidated system wide bonds and notes of the Farm Credit System Corporation.

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating of "AAA" or equivalent by at least two of the NRSROs.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above, issued by commercial banks, savings and loan associations or mutual savings banks where the collateral is held by a third party and the Bond Trustee or the Issuer has a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC.

G. Unsecured Investment Agreements (subject to approval of the Issuer of any Investment Agreement with a term in excess of thirty (30) days); any Investment Agreement with a term greater than three (3) years must be with an issuer rated at least "AA" or equivalent by at least two of the NRSROs unless a lower rating is consented to by the Issuer and the Obligated Group Representative.

In the event the counterparty is downgraded below either "AA-" or "Aa3" by Standard & Poor's or Moody's, respectively, or equivalent by an NRSRO:

i. The agreement will be transferred to an acceptable institution that meets the ratings requirement described above, or

ii. Collateral consisting of securities outlined in (A) or (B) above shall be posted that has a value equal to at least 102% of the principal plus accrued interest, or collateral consisting of securities outlined in (C) above shall be posted that has a value equal to at least 103% of the principal plus accrued interest, or

iii. The agreement must be converted into a Repurchase Agreement (See clause (L) below), or

iv. The agreement shall terminate at par plus accrued interest within ten (10) business days should (i), (ii) or (iii) above not be accomplished.

H. Collateralized Investment Agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) the same collateral requirements as outlined in (G)(ii) are followed and (ii) if the provider is downgraded below "A-" and "A3", or equivalent by at least two NRSROs, the agreement shall terminate at par plus accrued interest.

I. Commercial paper rated "Prime-1" by Moody's and "A-1+" by Standard & Poor's, or equivalent by at least two NRSROs and which matures no more than 270 days from the date of purchase and subject to the following limitations:

a. Only United States issuers of corporate (issued to provide working capital funding) commercial paper including United States issuers with a foreign parent; and

b. Limited-purpose trusts, structured investment vehicles, asset-backed commercial paper conduits, and any other type of specialty finance company, whose purpose is generally limited to acquiring and funding a defined pool of assets that are used to repay obligations, shall not constitute Qualified Investments.

J. Bonds or notes issued by any state or municipality which are rated by any two NRSROs in one of the two highest long-term rating categories assigned by such NRSROs (without qualification by symbols "+" or "-" or a numerical notation).

K. Federal funds or bankers' acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" by Moody's and "A-1" by Standard & Poor's, or equivalent by at least two NRSROs.

L. Repurchase Agreements as defined in the Appendix A to the Loan Agreement.

M. Forward delivery agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) permitted deliverables are limited to securities described in (A), (B) and (C) above and (ii) if the provider is downgraded below "A-" or "A3", or equivalent by an NRSRO, the agreement shall terminate at par plus accrued interest.

N. Any state administered pool investment fund in which the Issuer is statutorily permitted or required to invest, rated at least "AA" or equivalent by one of the NRSROs.

"Quotation Agent" means such quotation agent as may be designated by the Obligated Group Representative to perform the duties enumerated in the Loan Agreement.

"Rate Determination Date" means any date on which the interest rate on Bonds shall be determined, which, (i) in the case of the Flexible Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day (which must be a Business Day) the Bonds become subject to the Daily Mode; (iii) in the case of the Weekly Mode, (A) each Wednesday or, if Wednesday is not a Business Day, then the Business Day next succeeding such Wednesday and (B) a day not later than the Business Day preceding a Conversion Date, a Substitution Date or a Mandatory Purchase Date specified in clause (viii) of the definition of Mandatory Purchase Date; (iv) in the case of the Term Rate Mode, shall be a Business Day no earlier than 15 Business Days and no later than the Business Day next preceding the first day of an Interest Period (and with respect to a Three Month Term Rate Period, a Business Day no later than the fifth Business Day preceding the first day of each Three Month Term Rate Period unless (A) the Obligated Group Representative shall have provided to the Rating Agencies written notice of a proposed Three Month Term Rate Period Rate Determination Date that is less than the fifth Business Day before to the first day of the applicable Interest Period and (B) the

written notice contemplated by clause (A) above is provided at least 60 days in advance of the proposed Rate Determination Date), as determined by the Remarketing Agent; (v) in the case of the Three Month LIBOR Indexed Mode, shall be a date that is two London Banking Days preceding the first day of each Three Month LIBOR Interest Period; (vi) in the case of the Fixed Rate Mode (other than the Initial Fixed Rate Period), shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Conversion Date; (vii) in the case of the FRN Rate Mode, each Reset Date; (viii) in the case of the Window Mode, each Thursday or if Thursday is not a Business Day, then the Business Day next succeeding such Thursday; (ix) in the case of the Flexible Index Mode and the Index Mode, shall be the date determined according to the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for bonds in Index Mode or Flexible Index Mode"; and (x) in the case of the Bank Index Mode, shall be the Bank Index Computation Date.

"Rating Confirmation Notice" means a notice from Moody's, S&P or Fitch, as appropriate, confirming that the rating on the Bonds will not be lowered or withdrawn (other than a withdrawal of a short-term rating upon a change to a Long-Term Mode) as a result of the action proposed to be taken.

"Record Date" means (i) with respect to Bonds in a Short-Term Mode or the FRN Rate Mode, the last Business Day before an Interest Payment Date; and (ii) with respect to Bonds in a Long-Term Mode other than the FRN Rate Mode, the fifteenth day (whether or not a Business Day) of the month preceding the month in which the Interest Payment Date occurs.

"Refinancing Account" means the account for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Reimbursement Agreement" means the agreement between the Members of the Obligated Group and a Credit Facility Provider or Liquidity Facility Provider pursuant to which a Credit Facility or Liquidity Facility is issued, as amended, supplemented or extended from time to time in accordance with the provisions thereof.

"Remarketing Proceeds Account" means the account by that name created in the section of the Indenture under the heading "Purchase Fund".

"Remarketing Window" has the meaning set forth in the section of the Indenture under the heading "Optional and Mandatory Tender During Window Rate Period".

"Reset Date" means the Conversion Date upon which the Bonds begin bearing interest at a FRN Rate, and thereafter during a FRN Rate Period, every Thursday or if any Thursday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day, subject to being changed to a different day of the week as provided in Section 2.15(d).

"Rating Agency" means Standard & Poor's, Moody's, Fitch or any other nationally recognized securities rating agency acceptable to the Issuer and maintaining a credit rating with respect to the Bonds. Except as otherwise provided in the Loan Agreement, if more than one Rating Agency maintains a credit rating with respect to the Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to all such Rating Agencies.

"Rating Category" means one of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier, plus or minus sign, or otherwise.

"Rebate Fund" means the fund for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Rebate Requirement" means the amount of moneys required to be rebated to the United States Department of the Treasury, the method of calculation of which is described in the Tax Regulatory Agreement.

"Redemption Fund" means the fund for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Redemption Price" when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"Redemption Terms Certificate" means a certificate delivered to the Issuer, the Bond Trustee and the Institution by the Remarketing Agent or another investment banking firm (selected by the Institution and approved by the Issuer) prior to and in connection with a Conversion to any Term Rate Period or a Fixed Rate Period, which certificate shall establish, if applicable, a no-call period, if any, and an Earliest Redemption Date, if any, for the Bonds being converted, and, if applicable, the Redemption Price for the Bonds being converted, all as certified by the Remarketing Agent or such investment banking firm as being, based upon their experience, in their belief, industry standard at the time of such Conversion for tax-exempt bonds of similar remaining maturity, security and ratings as the Bonds.

"Remarketing Agent" means any remarketing agent for the Bonds pursuant to a Remarketing Agreement appointed pursuant to the section of the Indenture under the heading "Appointment of Remarketing Agent", and any successor thereto consented to by the Issuer.

"Remarketing Agreement" means any remarketing agreement by and between the Institution, or another member of the Obligated Group and the Remarketing Agent and consented to by the Issuer, as the same may from time to time be amended or supplemented, and if the Remarketing Agent has been replaced by a successor Remarketing Agent, any similar agreement between the Institution and such successor Remarketing Agent.

"Repurchase Agreement" means, unless otherwise consented to by the Issuer and the Credit Facility Provider, a written repurchase agreement entered into with a Qualified Financial Institution, a bank acting as a primary dealer or a securities dealer approved by the Issuer which is listed by the Federal Reserve Bank of New York as a "Primary Dealer" and rated "AA" or "Aa2" or better by at least two of the NRSROs (unless a lower rating is consented to by the Issuer) (a "Primary Dealer"), under which securities are transferred from a dealer bank or securities firm for cash with an agreement that the dealer bank or securities firm will repay the cash plus a yield in exchange for the securities on a specified date and under which (i) the Issuer is the real party in interest and has the right to proceed against the obligor on the underlying obligations which must be obligations of, or guaranteed by, the United States of America; (ii) the term of which shall not exceed one hundred eighty (180) days, unless the Issuer and the Credit Facility Provider shall

consent to a longer period; (iii) the collateral must be delivered to the Issuer, the Bond Trustee (if the Bond Trustee is not supplying the collateral) or a third party acting as agent for the Bond Trustee (if the Bond Trustee is supplying the collateral) prior to or simultaneous with investment of moneys therein; (iv) such collateral is held free and clear of any lien by the Bond Trustee or an independent third party acceptable by the Issuer, acting solely as agent for the Bond Trustee; and (v) the collateral shall be valued weekly, marked to market at current market prices plus accrued interest; provided that at all times the value of the collateral must at least equal the required percentage of the amount invested in the Repurchase Agreement. If the value of such collateral is less than the amount specified, the Qualified Financial Institution or Primary Dealer must invest additional cash or securities such that the collateral value of the amount invested thereafter at least equals as follows: (a) if collateralized by securities described in clause (A) or (B) of the definition of Qualified Investments, at least 102%, or (b) if collateralized by securities described in clause (C) of the definition of Qualified Investments, at least 103%.

"Resolution of the Issuer" means a resolution duly adopted by the Issuer authorizing the issuance and delivery of the Bonds.

"Revenues" means all amounts paid or payable to the Issuer or to the Bond Trustee for the account of the Issuer (excluding fees and expenses payable to the Issuer and the Bond Trustee, the Unassigned Rights and rights to indemnification of the Bond Trustee) under and pursuant to the Loan Agreement, and as may be further described in a Supplemental Loan Agreement or a Supplemental Indenture.

"Scheduled Mandatory Tender Date" means the date determined pursuant to paragraphs (n) or (v) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode", as applicable.

"Scheduled Mandatory Tender Failure" means the failure of the Obligated Group to pay or provide for the payment of the Purchase Price of all Bonds required to be purchased on a Scheduled Mandatory Tender Date pursuant to paragraph (h) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Scheduled Mandatory Tender" means the mandatory tender for purchase of Bonds in the Index Mode or the Flexible Index Mode pursuant to the provisions of paragraph (h) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode" and excludes any mandatory tender of Bonds in the Index Mode or the Flexible Index Mode pursuant to paragraph (i) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Securities Depository" means the securities depository designated as such in the section of the Indenture under the heading "Depository Trust Company Registration of Bonds" and any successor thereto.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Serial Bonds" means the Bonds maturing on the Serial Maturity Dates, as determined pursuant to clause (v) of paragraph (c) of the section of the Indenture under the heading "Conversion of Interest Rate Modes".

"Serial Maturity Dates" means the dates on which the Serial Bonds mature, as determined pursuant to clause (v) of paragraph (c) of the section of the Indenture under the heading "Conversion of Interest Rate Modes".

"Serial Payments" means, other than with respect to Bonds in the Initial Fixed Rate Period, the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates.

"Short-Term Mode" means the Daily Mode, the Weekly Mode, the Flexible Mode, the Flexible Index Mode, the Index Mode, the Bank Index Mode, the Term Rate Mode (during a Three Month Term Rate Period only) or the Window Mode.

"SIFMA Average Index Rate" means, during each Interest Accrual Period, the per annum rate equal to the average of SIFMA in effect for each day in such Interest Accrual Period.

"SIFMA" or **"SIFMA Index"** means, (i) other than for Bonds in the Bank Index Mode, as of any date, the per annum rate published or reported by Municipal Market Data on its SIFMA Municipal Swap Index most recently available, or if the SIFMA Municipal Swap Index is no longer published or reported, the rate per annum published or reported on the S&P Municipal Bond 7 Day High Grade Rate Index, or if neither the SIFMA Municipal Swap Index nor the S&P Municipal Bond 7 Day High Grade Index is published, such alternate interest rate index as the Remarketing Agent shall select as most comparable to the SIFMA Municipal Swap Index, and (ii) for Bonds in the Bank Index Mode, the Securities Industry and Financial Markets Association Municipal Swap Index, which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues reported to the Municipal Securities Rulemaking Board's Short-Term Obligation Rate Transparency system which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day. For Bonds other than Bonds in the Bank Index Mode, if the SIFMA Index is no longer published, then "SIFMA Index" shall mean the S&P Weekly High Grade Index, and if the S&P Weekly High Grade Index is no longer published, then "SIFMA Index" shall mean the prevailing rate determined by the Bank Index Agent, or the Remarketing Agent, as appropriate, for tax-exempt state and local government bonds meeting criteria determined in good faith by the Bank Index Agent, or the Remarketing Agent, as appropriate, to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Index immediately prior to the date on which the Securities and Financial Markets Association ceased publication of the SIFMA Index. For Bonds in the Bank Index Mode, if the SIFMA Index is no longer published, an alternate index shall be calculated (based upon the criteria for the SIFMA Index) by an entity selected by mutual agreement of the Bank and the Institution.

"Sinking Fund Account" means the account so designated, created and established in the Debt Service Fund pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Sinking Fund Installment" means the amount of money sufficient to redeem Bonds at the principal amount thereof in the amounts, at the times and in the manner set forth in the Indenture.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Bond Trustee.

"State" means the State of New York.

"Stated Maturity" shall mean the dates principal becomes due on the Bonds by stated maturity as set forth in the section of the Indenture under the heading "Date, Maturity and Interest Rates of the Bonds"; provided, in any case where the date of maturity of premium of, interest on, or principal of, the Bonds or the date fixed for redemption of any Bonds shall be on a day other than a Business Day, then payment of interest, principal and premium, if any, need not be made on such date but may be made (without additional interest) on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption.

"Substitution Date" means (i) the date upon which an Alternate Credit Facility or Alternate Liquidity Facility is scheduled to be substituted for the Credit Facility or Liquidity Facility then in effect, or (ii) the effective date of a Credit Facility or Liquidity Facility issued or delivered with respect to Bonds not then covered by a Credit Facility or Liquidity Facility.

"Supplemental Indenture" means any indenture of the Issuer modifying, altering, amending, supplementing or confirming the Indenture for any purpose, in accordance with the terms thereof.

"Supplemental Loan Agreement" means any agreement between the Issuer and the Institution amending or supplementing the Loan Agreement in accordance with the terms of the Indenture.

"Supplemental Master Indenture" means the Supplemental Master Trust Indenture for Obligation No. 1, dated as of August 1, 2020, by and among the Members of the Obligated Group, and the Master Trustee, and when amended or supplemented, such Supplemental Master Indenture, as amended or supplemented.

"Tax Regulatory Agreement" means the Tax Compliance Agreement, by and among the Issuer, the Institution, and the Project Users named therein, including all appendices, certificates and attachments thereto, executed on the date of issuance and delivery of the Bonds, as it may be amended from time to time.

"Taxable Date" has the meaning set forth in the Bank Credit Agreement, if any.

"Tender Agent" means the commercial bank, trust company or other entity which may from time to time be appointed to serve as Tender Agent hereunder. Until such time as an alternate Tender Agent is appointed, the Tender Agent shall be the Bond Trustee.

"Tender Notice Deadline" means (i) during the Daily Mode, 11:00 A.M. on any Business Day and (ii) during the Weekly Mode, 5:00 P.M. on the Business Day seven days prior to the applicable Purchase Date.

"Tender Notice" means a notice delivered by Electronic Means or in writing that states (i) the principal amount of such Bond to be purchased pursuant to the section of the Indenture under the heading "Optional Tenders of Bonds in the Daily Mode or the Weekly Mode", (ii) the Purchase Date on which such Bond is to be purchased, (iii) applicable payment instructions with respect to the Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase.

"Tender Period Standard Date" means, with respect to any Tender Period, during a Flexible Index Mode or an Index Mode, the date which is six months prior to the Scheduled Mandatory Tender Date for such Tender Period.

"Tender Period" means, with respect to Bonds bearing interest in a Flexible Index Mode, a period determined pursuant to paragraph (d) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Term Rate Mode" means the Interest Rate Mode during which the Bonds bear interest at the Term Rate.

"Term Rate Period" means the period from (and including) the Conversion Date or the Date of Issuance of the Bonds, as applicable, to (but excluding) the last day of the first period that the Bonds shall be in the Term Rate Mode as established by the Obligated Group Representative for the Bonds pursuant to clause (i) of paragraph (b) of the section of the Indenture under the heading "Conversion of Interest Rate Modes" and, thereafter, the period from (and including) the beginning date of each successive Interest Period selected for the Bonds by the Obligated Group Representative pursuant to paragraph (a) of the section of the Indenture under the heading "Determination of Term Rates and Fixed Rates" while it is in the Term Rate Mode to (but excluding) the commencement date of the next succeeding Interest Period, including another Term Rate Period. Except as otherwise provided in the Indenture (including during a Three Month Term Rate Period), an Interest Period for the Bonds in the Term Rate Mode must be at least 180 days in length.

"Term Rate" means the per annum interest rate for the Bonds in the Term Rate Mode determined pursuant to paragraph (a) of the section of the Indenture under the heading "Determination of Term Rates and Fixed Rates".

"Three Month LIBOR Index Rate" means the per annum interest rate borne by the Bonds during each Three Month LIBOR Interest Period determined in accordance with the section of the Indenture under the heading "Determination of Three Month LIBOR Index Rates".

"Three Month LIBOR Indexed Mode" means the Interest Rate Mode during which the Bonds bear interest at the Three Month LIBOR Index Rate.

"Three Month LIBOR Interest Period" means, during the Three Month LIBOR Indexed Mode, the period from (and including) the Conversion Date or the date of issuance of the Bonds, as

applicable, to (but not including) the first Interest Payment Date and thereafter means the period from (and including) an Interest Payment Date to but not including the following Interest Payment Date (regardless of whether or not such Interest Payment Dates are Business Days).

"Three Month LIBOR" means the rate for deposits in U.S. dollars with a three-month maturity that appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by ICE, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 A.M., London time, on the Rate Determination Date, except that, if such rate does not appear on such page on the Rate Determination Date, Three Month LIBOR means a rate determined on the basis of the rates at which deposits in U.S. dollars for a three-month maturity and in a principal amount of at least U.S. \$1,000,000 are offered at approximately 11:00 A.M., London time, on the Rate Determination Date, to prime banks in the London interbank market by four major banks in the London interbank market (herein referred to as the "Reference Banks") selected by the Quotation Agent. The Quotation Agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, Three Month LIBOR will be the arithmetic mean of such quotations. If fewer than two quotations are provided, Three Month LIBOR will be the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or one, as applicable) major banks in New York City, selected by the Quotation Agent, at approximately 11:00 A.M. on the Rate Determination Date, for loans in U.S. dollars to leading European banks in a principal amount of at least U.S. \$1,000,000 having a three-month maturity. If none of the banks in New York City selected by the Quotation Agent is then quoting rates for such loans, then Three Month LIBOR will be a replacement rate designed to measure average costs of borrowing by banks (and where feasible on loans from other banks) recommended by the Quotation Agent, provided that such replacement rate must be based upon an interest index, variations in the value of which reflect contemporaneous variations in the costs of newly-borrowed funds in U.S. dollars.

"Three Month Term Rate Period" means each Term Rate Period with a duration of three calendar months (except under the circumstances contemplated in the definition of Interest Payment Date or in the event that fewer than three calendar months remain to the applicable Maturity Date, Mandatory Purchase Date or Redemption Date).

"U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading U.S. government securities.

"Unassigned Rights" means:

- (i) the right of the Issuer in its own behalf to receive all opinions of counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under the Loan Agreement;
- (ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement;

(iii) the right of the Issuer to require any indemnity from any Person; and

(iv) the right of the Issuer in its own behalf to declare an Event of Default under the Loan Agreement or with respect to any of the Issuer's Unassigned Rights.

"Undelivered Bond" means any Bond which constitutes an Undelivered Bond under the provisions of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode" or paragraph (b) of the section of the Indenture under the heading "No Book-Entry System".

"Unremarketed Bonds" means Bank Index Bonds which, on the applicable Bank Purchase Date, have not been successfully converted to another Interest Rate Mode or remarketed to a party other than the Bank.

"Unscheduled Mandatory Tender Date" means a date for the mandatory tender of Bonds in the Index Mode or the Flexible Index Mode pursuant to paragraph (i) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Unscheduled Mandatory Tender" means any mandatory tender for purchase of Bonds in the Index Mode or the Flexible Index Mode pursuant to the provisions of paragraph (i) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode" and excludes any mandatory tender of Bonds in the Index Mode or the Flexible Index Mode pursuant to paragraph (h) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode" or any mandatory tender of the Bonds bearing interest in an Interest Rate Mode other than a Flexible Index Mode or an Index Mode.

"Upfront Fee" means the fee of \$350,000 payable by the Institution to the Issuer, upon the issuance of the Bonds.

"Variable Rate Mode" means a Short-Term Mode or the Term Rate Mode.

"Weekly Mode" means the Interest Rate Mode during which the Bonds bear interest at the Weekly Rate.

"Weekly Rate Period" means the period during which a Bond in the Weekly Mode shall bear a Weekly Rate, which shall be the period commencing on Thursday of each week to and including Wednesday of the following week, except (i) if the Bonds are issued in the Weekly Mode, in which case the first Weekly Rate Period shall be from the Date of Issuance to and including the Wednesday of the following week; (ii) in connection with a Conversion to the Weekly Rate, in which case the first Weekly Rate Period shall be from the Conversion Date to and including the Wednesday of the following week; (iii) in the case of a Substitution Date or Mandatory Purchase Date specified in clause (viii) of the definition of Mandatory Purchase Date, in which case the Weekly Rate Period prior to the Substitution Date or such Mandatory Purchase Date shall end on the day before the Substitution Date or such Mandatory Purchase Date and a new Weekly Rate Period shall commence on the Substitution Date or such Mandatory Purchase Date and end on the

Wednesday of the following week; and (iv) in connection with a Conversion from the Weekly Mode, the last Weekly Rate Period shall end on the day next preceding the Conversion Date.

"Weekly Rate" means the per annum interest rate on the Bonds determined pursuant to Section paragraph (b) of the section of the Indenture under the heading "Determination of Interest Rates During the Daily Mode and the Weekly Mode".

"Window Calculation Agent" means the agent appointed by the Obligated Group Representative to calculate the Window Rate.

"Window Mandatory Tender Date" means the date specified for the mandatory purchase of a Bond in the Window Mode pursuant to Section 4.15 of the Indenture.

"Window Mode" means the Interest Rate Mode during which the Bonds bear interest at the Window Rate.

"Window Optional Tender Date" means the date specified for the purchase of a Bond in the Window Mode upon optional tender pursuant to the section of the Indenture under the heading "Optional and Mandatory Tender During Window Rate Period".

"Window Optional Tender Notice" has the meaning set forth in the section of the Indenture under the heading "Optional and Mandatory Tender During Window Rate Period".

"Window Rate Period" means the period during which a Bond in the Window Mode shall bear interest at a Window Rate, which shall be the period commencing on Thursday of each week to and including Wednesday of the following week, except (i) if the Bonds are issued in the Window Mode, in which case the first Window Rate Period shall be from the Date of Issuance to and including the Wednesday of the following week, (ii) in connection with a Conversion to the Window Rate, in which case the first Window Rate Period shall be from the Conversion Date to and including the Wednesday of the following week, (iii) in the case of a Substitution Date or Mandatory Purchase Date specified in clause (ix) of the definition of Mandatory Purchase Date, in which case the Window Rate Period prior to the Substitution Date or such Mandatory Purchase Date shall end on the day before the Substitution Date or such Mandatory Purchase Date and a new Window Rate Period shall commence on the Substitution Date or such Mandatory Purchase Date and end on the Wednesday of the following week and (iv) in connection with a Conversion from the Window Mode, the last Window Rate Period shall end on the day next preceding the Conversion Date.

"Window Rate" means the per annum interest rate on the Bonds in the Window Mode determined pursuant to the section of the Indenture under the heading "Determination of Window Rates".

"Window Spread" means, during a Window Rate Period, (i) the Initial Window Spread, or (ii) a revised spread determined by the Remarketing Agent pursuant to paragraph (b) of the section of the Indenture under the heading "Determination of Window Rates".

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following description of certain provisions of the Indenture is only a brief outline of some of the provisions thereof, and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Indenture for details of the provisions thereof.

Bonds Authorized

Upon the execution and delivery of the Indenture, the Issuer shall execute the Bonds and deliver them to the Bond Trustee for authentication. At the direction of the Issuer, the Bond Trustee shall authenticate the Bonds and deliver them to the purchasers thereof. *(Section 2.2)*

Optional Redemption of Flexible Rate Bonds

Except as provided in the section of the Indenture under the heading "Optional Redemption from Insurance and Condemnation Proceeds", Bonds in the Flexible Mode are not subject to optional redemption prior to their respective Purchase Dates. Bonds in the Flexible Mode shall be subject to redemption at the option of the Issuer at the direction of the Obligated Group Representative in whole or in part on their respective Purchase Dates at the applicable Redemption Price without premium. *(Section 4.1)*

Optional Redemption of Bonds in the Index Mode, the Flexible Index Mode, the FRN Rate Mode, the Daily Mode, the Weekly Mode, or the Window Mode; Optional Redemption During Delayed Remarketing Period

(a) The Bonds in the Index Mode or the Flexible Index Mode are subject to redemption at the option of the Issuer at the direction of the Obligated Group Representative in whole, or in part in Authorized Denominations, during any Tender Period, on any Business Day on or after the Call Protection Date for such Tender Period at the applicable Redemption Price without premium plus accrued and unpaid interest.

(b) While any FRN Rate is in effect, the Bonds shall be subject to redemption prior to their stated maturity, at the option of the Issuer at the direction of the Obligated Group Representative, in whole or in part, in Authorized Denominations on any date on or after the Par Call Date, if any, and on any date such Bonds are subject to mandatory tender at the Redemption Price, without premium plus accrued and unpaid interest.

(c) Bonds in the Daily Mode, the Weekly Mode, or the Window Mode are subject to optional redemption at the option of the Issuer at the direction of the Obligated Group Representative, in whole or in part, in Authorized Denominations on any Business Day, at the Redemption Price, without premium plus accrued and unpaid interest.

(d) During a Delayed Remarketing Period, the Bonds shall be subject to redemption at the option of the Issuer at the direction of the Obligated Group Representative as provided in paragraph (d) of the section of the Indenture under the heading "Insufficient Funds for Tenders". *(Section 4.2)*

Optional Redemption of Bonds During the Initial Fixed Rate Period

During the Initial Fixed Rate Period, the Bonds shall be subject to optional redemption prior to their respective stated maturities, at the option of the Issuer at the direction of the Obligated Group Representative, from any source of available funds on any date on or after April 1, 2030, as a whole or in part, selected by lot from such maturities bearing a particular interest rate as are designated by the Obligated Group Representative (or if the Obligated Group Representative fails to so designate, in inverse order of maturity, beginning with Bonds of each such maturity bearing interest at the highest stated rate), at the applicable Redemption Price, without premium plus accrued and unpaid interest. *(Section 4.3)*

Optional Redemption of Bonds in the Term Rate Mode or a Fixed Rate Mode Other Than During the Initial Fixed Rate Period

(a) Bonds in a Term Rate Mode shall be subject to redemption, in whole or in part, on their individual Mandatory Purchase Dates, at the direction of the Obligated Group Representative, at the applicable Redemption Price, without premium plus accrued and unpaid interest.

(b) Bonds in the Term Rate Mode are subject to redemption in whole or in part on any date commencing on the Interest Payment Date next following the tenth anniversary of the change to the Term Rate Mode at the applicable Redemption Price, without premium plus accrued and unpaid interest. If the length of the Term Rate Period is less than ten years, then the Bonds shall not be subject to redemption during such Term Rate Period.

(c) Bonds in the Fixed Rate Mode other than during the Initial Fixed Rate Period are subject to redemption in whole or in part on any date following the tenth anniversary of the change to the Fixed Rate Mode at the applicable Redemption Price, without premium plus accrued and unpaid interest. If the length of the Fixed Rate Period is less than ten years, then the Bonds shall not be subject to redemption during such Fixed Rate Period.

(d) The Obligated Group Representative, in connection with a change to a Long-Term Mode, may waive or otherwise alter its rights to direct the redemption of any such Bonds so changed to a Long-Term Mode at any time without premium; provided that the notice describing the waiver or alteration shall be submitted to the Paying Agent, the Bond Trustee and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

(e) If a Credit Facility is then in effect and the Redemption Price includes any premium, the right of the Obligated Group Representative to direct an optional redemption is subject to the condition that the Bond Trustee has received, prior to the date on which notice of redemption is required to be given to Owners, either Available Moneys or written confirmation from the Credit Facility Provider that it can draw under the Credit Facility on the proposed redemption date in an aggregate amount sufficient to cover the Redemption Price. *(Section 4.4)*

Optional Redemption of Bonds in the Three Month LIBOR Indexed Mode

Bonds in the Three Month LIBOR Indexed Mode are subject to redemption prior to their stated maturity, at the option of the Issuer at the direction of the Obligated Group Representative,

in whole or in part, in such amounts as may be specified by the Obligated Group Representative on any Interest Payment Date on and after the fifth anniversary of the first day of the Three Month LIBOR Indexed Mode at the applicable Redemption Price without premium plus accrued and unpaid interest. *(Section 4.5)*

Redemption of Bank Index Bonds

(a) In the event the Bank or any Bondholder has notified the Obligated Group Representative that it is not willing to continue to hold the Bonds beyond the Bank Purchase Date (except as otherwise provided in paragraph (b) of this summarized section), the Bonds shall be subject to mandatory purchase on the Bank Purchase Date in accordance with the section of the Indenture under the heading "Mandatory Purchase on Mandatory Purchase Date" and if the Bank or such Bondholder has not received the Purchase Price on the Bank Purchase Date, the Obligated Group shall, subject to paragraph (b) of this summarized section, cause the Unremarketed Bonds to be redeemed on the Bank Purchase Date. The Obligated Group also agrees to pay to the Bank or such Bondholder interest on the unpaid principal amount of the Unremarketed Bonds as provided in paragraph (h) of the section of the Indenture under the heading "Bank Index Rates; Conversions to Bank Index Rate Periods".

(b) Notwithstanding the foregoing and anything to the contrary in the Indenture, in the event the Bonds are not purchased or remarketed or redeemed on the Bank Purchase Date and if the Bank Credit Agreement provides for an Amortization Period and all conditions precedent to any Amortization Period, if any, set forth in the Bank Credit Agreement, if any, are satisfied, then the Bonds shall not be subject to mandatory purchase or redemption on the Bank Purchase Date, and shall be payable on the following terms: (i) the Bonds shall bear interest, payable on each Interest Payment Date, at the Purchaser Rate, unless an Event of Default (as defined in the Bank Credit Agreement, if any) shall have occurred and be continuing, in which case the Bonds shall bear interest at the Bank Default Rate, and (ii) principal shall be payable on each Amortization Payment Date, if any, and in full on the Amortization End Date. No Event of Default shall occur under the Indenture for failure to purchase or remarket or redeem the Bonds on the Bank Purchase Date if the conditions precedent to any Amortization Period set forth in the Bank Credit Agreement, if any, are satisfied. In the event the Bonds are not purchased or remarketed or redeemed on the Bank Purchase Date and all conditions precedent to any Amortization Period, if any, set forth in the Bank Credit Agreement, if any, are not satisfied, an Event of Default shall occur under the Indenture, and the Bonds shall bear interest at the Bank Default Rate. In the event the Bonds are not purchased or remarketed or redeemed on the Bank Purchase Date and the Bank Credit Agreement does not provide for an Amortization Period, an Event of Default shall occur under the Indenture, and the Bonds shall bear interest at the Bank Default Rate.

(c) Bonds in the Bank Index Mode are subject to redemption prior to their stated maturity, at the direction of the Obligated Group Representative, in whole or in part, in such amounts as may be specified by the Obligated Group Representative on any Interest Payment Date at the applicable Redemption Price, without premium, but subject to payment of any fees set forth in the Bank Credit Agreement. *(Section 4.6)*

Optional Redemption from Insurance and Condemnation Proceeds

The Bonds are subject to redemption prior to their respective stated maturities, at the option of the Obligated Group Representative (which option shall be exercised upon request of the Obligated Group Representative given to the Bond Trustee at least 45 days prior to the date fixed for redemption (or such fewer number of days as is acceptable to the Bond Trustee)) in whole or in part (in such amounts as may be specified by the Obligated Group Representative) on any date, from hazard insurance or condemnation proceeds received with respect to the facilities of any of the members of the Credit Group and deposited in the Special Redemption Account of the Redemption Fund, at the applicable Redemption Price without premium. (*Section 4.28*)

Redemption of Term Bonds

During the Initial Fixed Rate Period, the Term Bonds maturing on April 1, 2045 are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Term Bonds Maturing April 1, 2045

<u>Sinking Fund Installment Date (April 1)</u>	<u>Sinking Fund Installments</u>
2041	\$11,255,000
2042	11,600,000
2043	11,955,000
2044	12,315,000
2045†	12,695,000

† Maturity

During the Initial Fixed Rate Period, the Term Bonds maturing on April 1, 2050 and bearing interest a rate of 4.00% per annum are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Term Bonds Maturing April 1, 2050

<u>Sinking Fund Installment Date (April 1)</u>	<u>Sinking Fund Installments</u>
2046	\$7,720,000

2047	8,035,000
2048	8,360,000
2049	8,700,000
2050†	9,050,000

† Maturity

During the Initial Fixed Rate Period, the Term Bonds maturing on April 1, 2050 and bearing interest a rate of 3.00% per annum are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Term Bonds Maturing April 1, 2050

<u>Sinking Fund Installment Date (April 1)</u>	<u>Sinking Fund Installments</u>
2046	\$5,400,000
2047	5,565,000
2048	5,735,000
2049	5,905,000
2050†	6,100,000

† Maturity (*Section 4.29*)

Purchase in Lieu of Redemption

The provision of this summarized section shall not apply if the Obligated Group Representative has given notice requesting a mandatory tender pursuant to the section of the Indenture under the heading "Mandatory Tender of Fixed Rate Bonds Upon Request of Obligated Group Representative". Unless otherwise provided in a Supplemental Indenture, whenever Bonds are subject to redemption, they may instead be purchased at the direction of the Obligated Group Representative at a purchase price equal to the Redemption Price. The Obligated Group Representative shall give written notice thereof and of the Bonds and maturity to be so purchased to the Bond Trustee. The Bond Trustee shall select the particular Bonds and maturity to be so purchased in the same manner as provided in the sections of the Indenture under the headings "Optional Redemption of Bonds in the Index Mode, the Flexible Index Mode, the FRN Rate Mode, the Daily Mode, the Weekly Mode, or the Window Mode; Optional Redemption During Delayed Remarketing Period", "Optional Redemption of Bonds in the Term Rate Mode or a Fixed Rate Mode Other Than During the Initial Fixed Rate Period", and "Selection of Bonds for Redemption" for the selection of Bonds to be redeemed in part. Promptly thereafter, the Bond Trustee shall give notice of the purchase of such Bonds at the times and in the manner provided in the section of the Indenture under the heading "Notice of Redemption" for notice of redemption. The Bond Trustee shall not give such notice unless prior to the date such notice is given the Issuer has caused to be

delivered to the Bond Trustee the written consent to such purchase of the Issuer. All such purchases may be subject to conditions to the Issuer's obligation to purchase such Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required above, then, if sufficient money to pay the purchase price of such Bonds is held by the Bond Trustee, the purchase price of the Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase, upon presentation and surrender of such Bonds to be purchased at the office or offices specified in such notice, and, in the case of Bonds presented by other than the Owner, together with a written instrument of transfer duly executed by the Owner or his duly authorized attorney. Payment of the purchase price of such Bonds shall be made, upon the request of the Owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be so purchased, by wire transfer to such Owner at the wire transfer address in the continental United States to which such Owner has prior to the purchase date directed in writing the Bond Trustee to wire such purchase price. No purchased Bond shall be considered to be no longer Outstanding by virtue of its purchase and each such purchased Bond shall be registered in the name or at the direction of the Obligated Group Representative. So long as a Credit Facility is in effect with respect to any Bonds, the purchase price of any such Bonds purchased in lieu of redemption shall be paid from a draw on such Credit Facility. *(Section 4.30)*

Establishment of Funds and Accounts

The following funds and separate accounts within funds are established, held and maintained by the Bond Trustee pursuant to the Indenture: (i) the Project Fund, within which there shall be four (4) accounts: (1) the Construction Account, (2) the Refinancing Account, (3) the Cost of Issuance Account and (4) the Capitalized Interest Account; (ii) the Debt Service Fund, within which there shall be two (2) accounts: (1) the Interest Account and (2) the Principal Account; (iii) the Purchase Fund, within which there shall be three (3) accounts: (1) the Institution Purchase Account, (2) the Remarketing Proceeds Account and (3) the Liquidity Facility Purchase Account; (iv) the Redemption Fund and (v) the Rebate Fund. *(Section 5.1)*

Application of Bond Proceeds and Allocation Thereof

All moneys received by the Issuer from the sale of the Bonds and from equity funds of the Institution shall be simultaneously disbursed in such amounts and in such manner and to such funds and accounts as directed in writing by an Authorized Officer of the Issuer delivered upon issuance of the Bonds.

The proceeds of the sale of the Bonds shall be and constitute trust funds for the purposes provided in the Indenture and there is created a lien upon such moneys, until so applied, in favor of the Bond Trustee for the benefit of the Owners of the Bonds. The Issuer, at the direction of the Institution, and subject to the limitations set forth in the Tax Regulatory Agreement, may transfer funds between the Cost of Issuance Account, the Refinancing Account, the Capitalized Interest Account and the Construction Account. *(Section 5.2)*

Application of Moneys in the Project Fund

(a) As soon as practicable after the delivery of the Bonds, the Issuer shall pay from the Cost of Issuance Account to the firms, corporations or Persons entitled thereto the Cost of Issuance of the Issuer relating to the issuance of such Bonds solely from moneys (which shall include, with respect to the payment of Cost of Issuance for the Bonds, moneys paid to the Issuer by the Institution) deposited in the Cost of Issuance Account with the Bond Trustee. Amounts on deposit in the Cost of Issuance Account shall also be applied, as soon as practicable following delivery of the Bonds, to the payment to the Issuer of the Upfront Fee. Any moneys remaining on hand in the Cost of Issuance Account upon payment of all Costs of Issuance shall be transferred to the Debt Service Fund and credited against the next due payment of debt service from the Institution (provided the amount in the Debt Service Fund may not exceed the amount of debt service due on the Bonds during the next twelve months) or to the Redemption Fund and applied by the Bond Trustee to the purchase or redemption of Bonds. The Bond Trustee is authorized and directed to disburse from the Capitalized Interest Account of the Project Fund on the Business Day prior to an Interest Payment Date for the Bonds, for deposit into the Debt Service Fund, such amount, together with amounts already available as is sufficient to pay the interest on the Bonds coming due on such Interest Payment Date (or, if insufficient funds are then on deposit, the balance of such Capitalized Interest Account).

(b) Except as otherwise provided in the article of the Indenture under the heading "Bond Proceeds, Funds, Accounts, Revenues and Application and Disbursement Thereof" or in any Supplemental Indenture, any moneys deposited in an Account within the Project Fund shall be used only to pay the Costs of or relating to the Project to which the Indenture, or a project defined in such Supplemental Indenture, relates, including reimbursement to the Institution for such Costs paid by the Institution in connection with the Project and approved by the Bond Trustee; provided, however, that to the extent an Event of Default described in paragraphs (a) or (b) of the section of the Indenture under the heading "Events of Default" shall have occurred and be continuing and no other moneys are available under the Indenture to cure such Event of Default, moneys on deposit in the Project Fund shall be applied in accordance with the section of the Indenture under the heading "Priority of Payments After Default".

(c) Payments pursuant to paragraph (a) of this summarized section shall be made in accordance with a requisition submitted to the Bond Trustee by the Institution signed by an Authorized Officer of the Institution stating the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment. Payments pursuant to paragraph (b) of this summarized section shall be made in accordance with a requisition submitted to the Bond Trustee by the Institution signed by an Authorized Officer of the Institution, substantiated by a certificate filed with the Bond Trustee describing in reasonable detail the purpose for which such moneys were used and the amount thereof, and further stating the opinion that such purposes constitute a necessary part of such Cost of the Project to which such certificate relates, such substantiating certificate to be signed by: (i) the architect for the Project or, if acceptable to the Bond Trustee, an Authorized Officer of the Institution, in the case of payments for constructing the Project; or (ii) an Authorized Officer of the Institution in the case of the acquisition or refinancing of, or equipping the Project and other expenses and reimbursements; or (iii) an Authorized Officer of the Institution if for payment of interest on the Bonds.

(d) Upon completion of the Project as evidenced in accordance with the next succeeding paragraph, or if the Project is deemed complete, the Bond Trustee shall transfer the balance in the Project Fund to the Interest Account or the Principal Account of the Debt Service Fund or to the Redemption Fund, as the Institution shall direct in writing. Such payment if deposited in the Debt Service Fund shall be applied as a credit against the next due payment of the principal or interest portion of debt service from the Institution or, if deposited in the Redemption Fund, shall be applied either to the purchase or redemption of Bonds, as provided in the section of the Indenture under the heading "Application of Moneys in the Redemption Fund".

(e) Completion of the Project shall be determined by a certificate signed by an Authorized Officer of the Institution and delivered after the date of completion to the Bond Trustee and the Issuer. Such certificate signed by an Authorized Officer of the Institution shall state that the Project has been completed, describe it in terms sufficient for identification, and specify the date of completion. In the case of the acquisition of the Project or any part thereof, completion of such acquisition shall be evidenced by a certificate signed by an Authorized Officer of the Institution and delivered within ten (10) days after the date of completion of such acquisition to the Issuer and to the Bond Trustee. *(Section 5.3)*

Deposit of Revenues and Allocation Thereof

The Revenues received pursuant to the Loan Agreement and any other moneys required by any of the provisions of the Indenture to be paid or transferred to the Bond Trustee, shall be promptly paid or transferred to the Bond Trustee.

The Bond Trustee shall deposit the payments received under the Loan Agreement or other money set forth below in the Debt Service Fund and credit the Accounts set forth below in the order set forth below:

The Institution shall deposit, or cause to be deposited, the following in immediately available funds with the Bond Trustee as the payments become due under the Loan Agreement unless sufficient amounts are then available in such Accounts to make the required payments therefrom:

(a) Into the Debt Service Fund for credit to the Interest Account an aggregate amount of immediately available funds required for the payment of the interest payable on the Outstanding Bonds on such Interest Payment Date.

(b) Into the Debt Service Fund for credit to the Principal Account an aggregate amount of immediately available funds required for the payment of the principal payable on the Outstanding Bonds on their applicable Stated Maturity.

(c) Into the Debt Service Fund for credit to the Redemption Fund the amount required to pay principal of and premium, if any, and accrued and unpaid interest on any Bonds called for redemption.

Each installment of payments under the Loan Agreement shall be increased as may be necessary to make up any previous deficiency in any of the required payments.

If other monies are received by the Bond Trustee as advance payments of payments under the Loan Agreement to be applied to the redemption of all or a portion of the Bonds, such monies shall be deposited in the Redemption Fund.

Notwithstanding any other provisions of the Indenture, moneys received by the Bond Trustee as an optional prepayment pursuant to the section of the Loan Agreement under the heading "Optional Prepayment" shall be transferred to the Redemption Fund if the Bonds are then subject to redemption, or otherwise in the Debt Service Fund for payment of the next due principal of or interest on the Bonds.

Subject to the prior paragraph of this summarized section, moneys paid or transferred to the Bond Trustee shall on or before the next Business Day after receipt thereof (but in no event later than the date on which due) be applied as follows and in the following order of priority:

FIRST: To the Interest Account, the amount equal to all of the interest becoming due on the Outstanding Bonds on the next Interest Payment Date for the Bonds after taking into account any amounts on deposit therein available for the payment thereof;

SECOND: To the Principal Account, the amount equal to all of the principal amount becoming due on the Bonds on their applicable Stated Maturity (other than pursuant to a tender), after taking into account any amounts on deposit therein available for the payment thereof;

THIRD: To the Purchase Fund, the amount, if any, necessary to make the amount on deposit therein equal to the purchase price of any Bonds tendered or deemed tendered for purchase; and

FOURTH: To the Rebate Fund to the extent required, amounts necessary in any year so as to meet the Rebate Requirement of the Rebate Fund, as directed in writing by the Issuer to the Bond Trustee; and

FIFTH: To the Issuer, unless otherwise paid, such amounts as are payable to the Issuer for: (i) any expenditure of the Issuer and fees and expenses of the Bond Trustee, all as required by the Indenture and not otherwise paid or caused to be paid or provided for by the Institution; (ii) all other expenditures reasonably and necessarily incurred by the Issuer in connection with the loan to the Institution and the issuance of the Bonds, including penalties for late payments and all expenses incurred by the Issuer to compel full and punctual performance of all the provisions of the Loan Agreement in accordance with the terms thereof; and (iii) any other amounts due and payable by the Institution to the Issuer pursuant to the Loan Agreement - but only upon receipt by the Bond Trustee from the Issuer of a certificate signed by an Authorized Officer of the Issuer, stating in reasonable detail the amounts payable to the Issuer pursuant to this paragraph FIFTH.

After making the payments required by paragraphs FIRST, SECOND, THIRD, FOURTH and FIFTH above, any balance remaining shall be paid, as the Issuer may direct, at the written direction of the Institution, to the Debt Service Fund and credited against the next due payment of debt service from the Institution (provided the amount in the Debt Service Fund may not exceed the amount of debt service due on the Bonds during the next twelve months) or to the Redemption Fund and applied by the Bond Trustee to the purchase or redemption of Bonds. (*Section 5.4*)

Application of Moneys in the Debt Service Fund

The Bond Trustee shall transfer moneys out of the Interest Account on each Interest Payment Date for the payment of interest then due on the Bonds. The Bond Trustee shall pay out of such Interest Account any amounts required for the payment of accrued interest upon any redemption or purchase of the Bonds.

The Bond Trustee shall transfer moneys out of the Principal Account on their applicable Stated Maturity for the payment of the principal amount of the Bonds then due.

The Bond Trustee shall transfer moneys out of the Purchase Fund on each date that the purchase price of Bonds tendered, deemed tendered or required to be tendered becomes due. *(Section 5.5)*

Application of Moneys in the Redemption Fund

(a) Moneys in the Redemption Fund derived from optional prepayment of the loan pursuant to the section of the Loan Agreement under the heading "Optional Prepayment" shall, at the written direction of the Issuer, at the direction of the Institution, be applied to payment of the Redemption Price of Bonds, plus accrued interest, if any, thereon to the date set for redemption.

(b) Moneys in the Redemption Fund derived from insurance or condemnation proceeds pursuant to the section of the Loan Agreement under the heading "Application of Property Insurance and Condemnation Proceeds" or transfers from the Project Fund pursuant to the section of the Indenture under the heading "Application of Moneys in the Project Fund" shall be applied to payment of the Redemption Price of Bonds, plus accrued interest on any Interest Payment Date, if any, thereon to the date set for redemption, in accordance with the section of the Indenture under the heading "Optional Redemption from Insurance and Condemnation Proceeds".

(c) Subject to the provisions of paragraphs (a) and (b) of this summarized section, moneys in the Redemption Fund may be applied to the purchase of Bonds at purchase prices not exceeding the Redemption Price applicable to the Bonds to be purchased plus accrued interest due, in such manner as the Issuer may direct, at the written direction of the Institution. Bonds so purchased shall be canceled by the Bond Trustee. If forty-five (45) days prior to any Interest Payment Date on which Bonds are subject to optional redemption, moneys in excess of \$25,000 shall then remain on deposit in such Redemption Fund, the Bond Trustee shall apply such moneys to the redemption of such Bonds as provided in the article of the Indenture under the heading "Redemption, Tender and Remarketing of Bonds", at the Redemption Prices specified in the article of the Indenture under the heading "Redemption, Tender and Remarketing of Bonds" with respect to the Bonds. *(Section 5.6)*

Application of Moneys in the Rebate Fund

All amounts to be deposited into the Rebate Fund and all amounts on deposit in the Rebate Fund shall be paid, as necessary, to the United States Department of the Treasury at the times and in the amounts required by the Tax Regulatory Agreement as shall be directed in writing or by Electronic Means by the Issuer to the Bond Trustee. Upon the Final Computation Date, if the

Rebate Amount (as such terms are defined in the Tax Regulatory Agreement), as certified to the Bond Trustee by the Issuer, is less than the amount on deposit in the Rebate Fund, the Bond Trustee shall withdraw from the Rebate Fund and transfer to the Institution an amount, as directed by the Issuer, not to exceed the amount in the Rebate Fund in excess of the Rebate Amount. (*Section 5.7*)

Investment of Moneys

Any moneys held in any of the Funds or Accounts established under the Indenture shall be invested by the Bond Trustee, as directed by the Issuer, in a written order signed by an Authorized Officer thereof, or by the Issuer, but only as follows:

(a) Moneys in the Debt Service Fund only in Qualified Investments, except those listed in items C, I, K, M and N of the definition thereof, maturing in such amounts and on such dates as may be necessary to provide moneys to meet the payments from such Fund;

(b) Moneys in the Redemption Fund only in Qualified Investments, except those listed in items C, I, K, M and N of the definition thereof, maturing or redeemable at the option of the owner not later than the next succeeding date on which the Bonds are subject to redemption; and

(c) Notwithstanding anything to the contrary in the Indenture, moneys in the Rebate Fund only in Qualified Investments listed in items A, D, E, F and L of the definition thereof maturing or redeemable at the option of the owner not later than the date the next payment of rebate is due and only in accordance with the Tax Regulatory Agreement.

Notwithstanding any other provisions of the Indenture concerning the requirement that all investment instructions shall be given to the Bond Trustee or any depository by the Institution, in the event that the Bond Trustee has not received instructions from the Institution to invest any moneys remaining in any Fund or Account under the Indenture, the Bond Trustee or any such depository shall daily deposit such moneys in Qualified Investments listed in item D of the definition thereof.

The Bond Trustee is authorized, in making or disposing of any investment permitted by this summarized section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Bond Trustee or for any third person or dealing as principal for its own account.

Any securities or investments held by the Bond Trustee shall be transferred by the Bond Trustee, if requested in writing by an Authorized Officer of the Institution, from any of the Funds or Accounts mentioned in this summarized section to any other of the Funds or Accounts mentioned in this summarized section at the then current market value thereof without having to be sold and purchased or repurchased; provided, however, that after any such transfer or transfers the investments in each such Fund or Account shall be in accordance with the provisions as stated in this summarized section.

Unless otherwise directed by the Institution, interest earned, profits realized and losses suffered by reason of any investment shall be credited or charged, as the case may be, to the Fund or Account for which such investment shall have been made.

Notwithstanding the foregoing, the Issuer reserves the right to direct the transfer of arbitrage interest earned on Bond proceeds to the Rebate Fund, which amounts shall be applied in accordance with the section of the Indenture under the heading "Application of Moneys in the Rebate Fund".

The Bond Trustee may sell or redeem any obligations in which moneys shall have been invested, to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys, securities or investments between various Funds and Accounts as may be required or permitted from time to time pursuant to the provisions of the article of the Indenture under the heading "Bond Proceeds, Funds, Accounts, Revenues and Application and Disbursement Thereof".

In computing the value of the assets in any Fund or Account under the Indenture, the Bond Trustee, if required under the Indenture to value any Fund or Account under its control, shall value such assets at the current market value thereof.

The Bond Trustee shall not be liable for any depreciation in the value of any obligations in which moneys of the Funds or Accounts shall be invested, as aforesaid, or for any loss arising from any investment permitted under the Indenture. (*Section 5.8*)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Indenture, if at any time the amounts held in the Debt Service Fund and the Redemption Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accruing on such Bonds to the next date when all such Bonds are redeemable, the Bond Trustee shall so notify the Issuer and the Institution. Upon receipt of such notice, the Issuer may request the Bond Trustee to redeem all such Outstanding Bonds. The Bond Trustee shall, upon receipt of such request in writing by the Issuer, proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by the Indenture, and in such event all provisions of the section of the Indenture under the heading "Defeasance" shall be operative. (*Section 5.9*)

The Loan Agreement; Amendment and Execution

The Loan Agreement may be amended or supplemented without Bondowner consent provided such amendment or supplement does not cause the Issuer to violate any of its covenants and agreements under the Indenture. The Issuer agrees not to enter into any amendment or supplement to the Loan Agreement, which amendment or supplement would materially prejudice the rights and interests of the Owners of the Bonds, without the consent of the Owners, obtained as provided in the section of the Indenture under the heading "Consent of Bondowners", of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby; provided, however, that no such amendment or supplement which would change the amount or time as to which loan payments are required to be paid under the Loan Agreement shall be entered into without the consent of the Owners of all of the then Outstanding Bonds who would be affected by such amendment. Notwithstanding the foregoing, the Issuer reserves the right to waive any provision of the Loan Agreement provided such waiver does not cause the Issuer to violate any of its covenants or agreements under the Indenture. The Issuer covenants not to enter into any

amendment or modification of the Loan Agreement without filing an executed copy thereof with the Bond Trustee. Any amendment or waiver of the Loan Agreement is subject to the rights of the Insurer provided in the section of the Indenture under the heading "Provisions Relating to Bond Insurance." (*Section 6.5*)

Events of Default

Each of the following events is declared an "Event of Default" under the Indenture:

(a) Payment of the principal, Redemption Price, or Purchase Price of any of the Bonds, shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or upon tender or otherwise; provided, however, a failure to pay Purchase Price under paragraph (z) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode", "Mandatory Tender of Fixed Rate Bonds Upon Request of Obligated Group Representative" or paragraph (c) of the section of the Indenture under the heading "Optional and Mandatory Tender During Window Rate Period" or as may otherwise be provided under the Indenture with respect to Bank Index Bonds shall not be an Event of Default; or

(b) Payment of an installment of interest on any Bonds, or the purchase price therefor, shall not be made when the same shall become due and payable; or

(c) Any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Revenues; or

(d) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture on the part of the Issuer to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Bond Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Insurer; or

(e) An Event of Default shall have occurred under the Loan Agreement or under any other Institution Document (other than the Continuing Disclosure Agreement). (*Section 8.1*)

Acceleration of Maturity

Upon the happening of any Event of Default specified in the section of the Indenture under the heading "Events of Default", the Bond Trustee may, and shall upon the written request of the owners of not less than a majority in principal amount of the Outstanding Bonds, declare an acceleration of the payment of principal on the Bonds. All such declarations shall be by a notice in writing to the Issuer and the Institution, declaring the principal of and accrued interest on all of the Outstanding Bonds to be due and payable immediately. Upon the giving of notice of such declaration of acceleration such principal shall become and be immediately due and payable, and

if principal of the Bonds is so paid in full upon acceleration, all interest on the Bonds shall cease to accrue, anything in the Bonds or in the Indenture to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Bond Trustee may, with the written consent of the Owners of not less than a majority in principal amount of the Bonds not then scheduled to be due by their terms and then Outstanding and by written notice to the Issuer, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of principal and interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date and the principal of such Bonds then due only because of a declaration under this summarized section); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Bond Trustee; (iii) all other amounts then payable by the Issuer under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Bond Trustee; and (iv) every other default known to the Bond Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this summarized section) shall have been remedied to the satisfaction of the Bond Trustee or waived pursuant to the section of the Indenture under the heading "Waiver and Non Waiver". No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon. (*Section 8.2*)

Enforcement of Remedies

Upon the happening and continuance of any Event of Default specified in the section of the Indenture under the heading "Events of Default", then and in every such case, the Bond Trustee may proceed, and upon the written request of the Owners of not less than a majority in principal amount of the Outstanding Bonds shall proceed (subject to the provisions of the section of the Indenture under the heading "Obligation of Trustee"), to protect and enforce its rights and the rights of the Owners of the Bonds under the laws of the State of New York or under the Indenture, the Bonds or the Loan Agreement or by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Indenture or in aid or execution of any power granted in the Indenture, or for the enforcement of the Loan Agreement, or for an accounting against the Issuer as if the Issuer were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Bond Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Indenture, the Bond Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Issuer for principal or interest or otherwise under any of the provisions of the Indenture or of the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under such Bonds, without prejudice to any other right or remedy of the Bond Trustee or of the Owners of such Bonds, and to recover and enforce any judgment or decree against the Issuer but solely as provided in the Indenture and in such Bonds, for any portion of such amounts remaining unpaid, with interest, cost and expenses,

and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.
(Section 8.3)

Priority of Payments After Default

If at any time the moneys held by the Bond Trustee under the Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of the section of the Indenture under the heading "Acceleration of Maturity"), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the article of the Indenture under the heading "Events of Default" or otherwise, shall be applied (after payment of all amounts owing to the Bond Trustee from moneys under the Indenture other than from moneys in the Rebate Fund or any irrevocable trust or escrow fund established with respect to any defeased Bonds) as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest on any of the Bonds then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption or contracted to be purchased for the payment of which moneys are held pursuant to the provisions of the Indenture) with interest upon such Bonds from the respective dates upon which they shall have become due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular due date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference; and

THIRD: To the payment of the interest on and the principal of the Bonds as the same become due and payable.

(b) If the principal of all the Bonds shall have become due and payable, either by their terms or by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Bond Trustee pursuant to the provisions of this summarized section, such moneys shall be applied by the Bond Trustee at such times, and from time to time, as the Bond Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys

becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Bond Trustee, and the Bond Trustee shall incur no liability whatsoever to the Issuer, to any Bondowner, or to any other person for any delay in applying any such moneys, so long as the Bond Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Bond Trustee. Whenever the Bond Trustee shall exercise such discretion in applying such moneys it shall fix the date (which shall be an Interest Payment Date unless the Bond Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Bond Trustee shall not be required to make payment to the Owner of any unpaid interest or any Bond unless such Bond shall be presented to the Bond Trustee for appropriate endorsement. *(Section 8.4)*

Restriction Upon Action by Individual Bondowners

No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture or for any other remedy under the Indenture unless such Owner previously shall have given to the Bond Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than a majority in principal amount of all Outstanding Bonds shall have made written request to the Bond Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Bond Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Bond Trustee security and indemnity as required by the section of the Indenture under the heading "Obligation of Trustee" against the costs, expenses, and liabilities to be incurred therein or thereby, and the Bond Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Bond Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or for any other remedy under the Indenture. It is understood and intended that no one or more Owners of the Bonds secured by the Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit of all Owners of the Outstanding Bonds. *(Section 8.7)*

Rights of Insurer

The exercise of any rights or remedies under the article of the Indenture under the heading "Events of Default" shall be subject to the rights of the Insurer under the section of the Indenture under the heading "Provisions Relating to Bond Insurance." *(Section 8.12)*

Supplemental Indentures Without Consent of Bondowners

Notwithstanding any other provisions of the article of the Indenture under the heading "Consents to Supplemental Indentures", the Issuer and the Bond Trustee may at any time or from time to time enter into a Supplemental Indenture supplementing the Indenture or any Supplemental Indenture so as to modify or amend such indentures, without the consent of any Bondowners, for one or more of the following purposes:

(a) To add to the covenants and agreements of the Issuer contained in the Indenture or any Supplemental Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, reconstruction, renovation, equipment, operation, maintenance, development or administration of any project under the Act or relative to the application, custody, use and disposition of the proceeds of the Bonds; or

(b) To confirm, as further assurance, any pledge under and the subjection to any lien on or pledge of the Revenues created or to be created by the Indenture or a Supplemental Indenture; or

(c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; or

(d) To grant to or confer on the Bond Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority, or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect, including, but not limited to, providing liquidity support or credit support or both for the Bonds; or

(e) To amend any provisions of the Indenture if, prior to the execution of any such amendment there shall be delivered to the Bond Trustee an Opinion of Bond Counsel to the effect that such amendment will not have a material adverse effect on the security, remedies or rights of the Bondholders. (*Section 10.1*)

Supplemental Indentures with Consent of Bondowners

(a) At any time or from time to time but subject to the conditions or restrictions contained in the Indenture and each Supplemental Indenture, a Supplemental Indenture may be entered into by the Issuer and the Bond Trustee amending or supplementing the Indenture, any Supplemental Indenture or any of the Bonds or releasing the Issuer from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained. However, no such Supplemental Indenture shall be effective unless such Supplemental Indenture is approved or consented to by the Owners, obtained as provided in the section of the Indenture under the heading "Consent of Bondowners", of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby. In computing any such required percentage there shall be excluded from such consent, and from such Outstanding Bonds, any such Outstanding Bonds owned or held by or for the account of the Issuer or the Institution.

(b) Notwithstanding the provisions of paragraph (a) of this summarized section to the contrary, except as provided in the section of the Indenture under the heading "Supplemental

Indentures by Unanimous Action", no such modification changing any terms of redemption of Bonds, due date of principal of or interest on Bonds or making any reduction in principal or Redemption Price of and interest on any Bonds shall be made without the consent of the affected Bondowner.

(c) Notwithstanding any other provisions of this summarized section to the contrary, no Supplemental Indenture shall be entered into by the Issuer and the Bond Trustee, except as provided in the section of the Indenture under the heading "Supplemental Indentures by Unanimous Action", reducing the percentage of consent of Bondowners required for any modification of the Indenture or any Supplemental Indenture or diminishing the pledge of the Revenues securing the Bonds.

(d) The provisions of paragraph (a) of this summarized section shall not be applicable to Supplemental Indentures adopted in accordance with the provisions of the section of the Indenture under the heading "Supplemental Indentures Without Consent of Bondowners". (*Section 10.2*)

Defeasance

(a) If the Issuer shall pay or cause to be paid, or there shall be otherwise paid, to the Owners of all or any of the Bonds then Outstanding, the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein and in the Indenture and any Supplemental Indenture, and all fees and expenses of the Bond Trustee and the Issuer and all amounts payable to the Insurer, then the pledge of any Revenues or other moneys and securities pledged to such Bonds and all other rights granted to such Bonds shall be discharged and satisfied. In such event, the Bond Trustee shall, upon the request of the Issuer, execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction and the Bond Trustee or other fiduciary shall pay or deliver to the Issuer all moneys or securities held by it pursuant to the Indenture and any Supplemental Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to be used by the Issuer in any lawful manner including distribution to the Institution.

(b) Any Bonds for which moneys shall then be held by a trustee, which may be the Bond Trustee (through deposit by the Issuer or the Institution of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in this summarized section. Any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this summarized section if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Bond Trustee, in form satisfactory to the Bond Trustee, irrevocable instructions to give notice of redemption on such date of such Bonds; (ii) there shall have been deposited with the Bond Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Bond Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (iii) there shall have been filed with the Bond Trustee and the

Issuer (x) a report of a firm of certified public accountants, acceptable to the Issuer, confirming the arithmetical accuracy of the computations showing the cash or Defeasance Obligations, the principal of and interest on which, together with cash, if any, deposited at the same time will be sufficient to pay when due, the principal or Redemption Price, if applicable, and interest due or to become due on such Bonds, on and prior to the redemption date or maturity date thereof, as the case may be and (y) an Opinion of Bond Counsel, acceptable to the Issuer and the Insurer, to the effect that upon provision for the payment of the principal or Redemption Price, if applicable, of, and interest due or to become due on such Bonds, the pledge of Revenues and other moneys and securities under the Indenture and the grant of all rights to the Owners of such Bonds hereunder shall be discharged and satisfied; and (iv) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall have given the Bond Trustee, in form satisfactory to the Bond Trustee, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (ii) above has been made with the Bond Trustee and that such Bonds are deemed to have been paid in accordance with this summarized section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds. Neither Defeasance Obligations deposited with the Bond Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than the payment of the principal or Redemption Price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Bond Trustee, if not then needed for such purpose, may, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Issuer to be used by it in any lawful manner including a distribution to the Institution provided all amounts owing to the Issuer and the Bond Trustee have been satisfied, free and clear of any trust, lien or pledge. Other than requiring the Insurer's written consent, nothing in this paragraph (b) shall be, or be deemed to be, a restriction on the Issuer's ability to provide for Defeasance Obligation substitutions or restructuring provided that the Defeasance Obligations shall at all times be in compliance with clause (ii) above, as evidenced by a report of a firm of certified public accountants in compliance with clause (iii)(x) above; and if the interest on Bonds which have been defeased pursuant to this paragraph (b) is excludable from gross income for federal income tax purposes, the Issuer shall provide an Opinion of Bond Counsel that the substitution or restructuring will not adversely affect such exclusion. Notwithstanding any provision of the Indenture to the contrary, the Bond Trustee shall have no right of set off against any moneys and securities deposited under this paragraph (b).

(c) Anything in the Indenture to the contrary notwithstanding, any moneys held by the Bond Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when all of the Bonds have become due and payable either at their stated maturity dates or by a call for earlier redemption, if such moneys were held by the Bond Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Bond Trustee after such date when all of the Bonds become due and payable, shall, at the written request of the Issuer, be repaid by the Bond Trustee to the Issuer as its absolute property and free from trust (to the extent permitted by law) to be used by the Issuer in any lawful manner including a distribution to the Institution, and the Issuer and the Bond Trustee shall thereupon be released and discharged of its obligations with respect to the Bonds; provided,

however, that, before being required to make any such payment to the Issuer, the Bond Trustee shall mail to the Bondowners a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than forty (40) nor more than ninety (90) days after the date of mailing of such notice, the balance of such moneys then unclaimed shall be returned to the Issuer to be used by the Issuer in any lawful manner including a distribution to the Institution. *(Section 12.1)*

Provisions Relating to Bond Insurance

Notwithstanding anything to the contrary contained in the Indenture, for so long as the Insurance Policy is in effect or the Insurer is owed any amounts in connection therewith, the following provisions shall apply:

(a) The Insurer shall be deemed to be the sole holder of the Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Indenture, including, without limitation, actions pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Bond Trustee. In furtherance thereof each Holder appoints the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Issuer or the Institution under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including, without limitation, (i) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (ii) the direction of any appeal of any order relating to any Claim, (iii) the posting of any surety, supersedeas or performance bond pending any such appeal, and (iv) the right to vote to accept or reject any plan of adjustment. In addition, each Holder delegates and assigns to the Insurer, to the fullest extent permitted by law, the rights of each Holder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Bond Trustee acknowledges such appointment, delegation and assignment by each Holder for the Insurer's benefit and agrees to cooperate with the Insurer in taking any action reasonable necessary or appropriate in connection with such appointment, delegation and assignment.

In addition, the Bond Trustee acknowledges and agrees that the Insurer shall be entitled, with respect to the Bonds, to direct the Bond Trustee as holder of the Obligation securing the Bonds with respect to all matters relating to the Obligation, including in connection with any required consents or approvals and with respect to all actions, notices and directives taken under the remedies article of the Master Indenture, including such rights as the holder of such Obligation may have regarding declaring or noticing a breach to become an Event of Default.

(b) The maturity of Bonds insured by the Insurer shall not be accelerated without the consent of the Insurer and in the event the maturity of the Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Institution on behalf of the Issuer) and the Bond Trustee shall be required to accept such amounts. Upon payment of such accelerated

principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Bonds shall be fully discharged.

(c) To the extent that the Indenture or any of the Institution Documents confers upon or gives or grants to the Insurer any right, remedy or claim under or by reason of the Indenture, the Insurer is explicitly recognized as being a third-party beneficiary under the Indenture or thereunder and may enforce any such right, remedy or claim conferred, given or granted under the Indenture or thereunder.

(d) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Indenture which permits the purchase of Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bond so purchased is not cancelled upon purchase.

(e) Any amendment, supplement, modification to, or waiver of, the Indenture or any other Institution Document, that requires the consent of the Holders or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(f) Upon the occurrence of an Event of Default under the Indenture or any Institution Document, the Insurer may direct the Bond Trustee not to disburse amounts from the Project Fund and may direct that amounts therein be applied to the payment of debt service on the Bonds.

(g) The rights granted to the Insurer under the Indenture or any other Institution Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Holders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Holders or any other person is required in addition to the consent of the Insurer.

(h) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Indenture and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Institution on behalf of the Issuer in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(i) Each of the Issuer and Bond Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(j) Claims Upon the Insurance Policy and Payments by and to the Insurer. If, on the third Business Day prior to the related scheduled Interest Payment Date or Principal Payment Date ("Payment Date") there is not on deposit with the Bond Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Bond Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of

such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Bond Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Bond Trustee shall designate any portion of payment of principal on the Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Holder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Bond Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Insurer.

The Bond Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Bond Trustee.

Upon payment of a claim under the Insurance Policy, the Bond Trustee shall establish a separate special purpose trust account for the benefit of Holders referred to in the Indenture as the "Policy Payments Account" and over which the Bond Trustee shall have exclusive control and sole right of withdrawal. The Bond Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of the Holders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Bond Trustee to Holders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections of the Indenture regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Institution agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer and the Institution each covenants and

agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Bond Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Bond Trustee. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

(k) The Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Issuer and the Institution to the Insurer under the Indenture or the Institution Documents shall survive discharge or termination of the Indenture or the Institution Documents.

(l) The Institution shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture or any Institution Document; (ii) the pursuit of any remedies under the Indenture or any Institution Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any Institution Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any Institution Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any Institution Document.

(m) After payment of reasonable expenses of the Bond Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer only after the payment of past due and current debt service on the Bonds.

(n) The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment (as such capitalized terms are defined in the Insurance Policy) by the Issuer and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a Notice (as defined in the Insurance Policy) of Nonpayment or a claim upon the Insurance Policy.

(o) The Insurer shall be provided with the following information by the Issuer, Institution or Bond Trustee, as the case may be:

(i) Notice of any default known to the Bond Trustee, Institution or Issuer within five Business Days after knowledge thereof;

(ii) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iii) Notice of the resignation or removal of the Bond Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(iv) Notice of the commencement of any Insolvency Proceeding by or against the Issuer or Institution;

(v) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(vi) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Indenture or the Institution Documents;

(vii) All reports, notices and correspondence to be delivered to Holders or holders of Obligations under the terms of the Institution Documents;

(viii) Copies of any financial statements, reports or other documents delivered to the Master Trustee or the holders of Obligations pursuant to the Master Indenture; and

(ix) Such additional information as the Insurer may reasonably request.

(p) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Holders, the Bond Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy. *(Section 13.1)*

Holidays

If the date for making any payment or the last date for performance of any act or the exercising of any right as provided in the Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture, and no interest shall accrue for the period after such nominal date. *(Section 14.14)*

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following description of certain provisions of the Loan Agreement is only a brief outline of some of the provision thereof, and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Loan Agreement for details of the provisions thereof.

The Loan; Issuance of Bonds and Application of Proceeds

The Issuer agrees, upon the delivery of the Bonds, to loan to the Institution the amount of \$257,495,000 to provide funds to pay a portion of the Costs of the Project, and to pay costs related to the issuance of the Bonds upon the terms and conditions set forth or referred to in the Loan Agreement. The Institution agrees to borrow and the Institution agrees to repay such loan upon the terms and conditions set forth or referred to in the Loan Agreement. The Loan Agreement shall constitute a general obligation of the Institution. To provide funds to finance the loan to the Institution, the Issuer agrees to use its best efforts to issue the Bonds in accordance with the Indenture. The Institution agrees that the proceeds of the Bonds to be made available to finance the loan to the Institution shall be deposited with the Bond Trustee and applied as provided in the Indenture. The Institution acknowledges and agrees that it shall have no interest in the proceeds of the Bonds equal to or greater than that of the Bondowners who shall have a first and prior beneficial interest in such money until it is applied in accordance herewith and with the Indenture. (Section 2.1)

Payment Obligations

(a) General. Notwithstanding any provision of the Loan Agreement or any other Institution Documents, as and for repayment of the loan made to the Institution by the Issuer pursuant to the section of the Loan Agreement under the heading "The Loan; Issuance of Bonds and Application of Proceeds", the Institution shall pay to the Bond Trustee for the account of the Issuer the amounts, including, without limitation, the amounts described in paragraphs (b) and (c) below, required at all times for the payment of the principal of, and premium if any, and interest on the Bonds when due, whether at maturity, upon redemption, by acceleration or otherwise and including the Purchase Price upon any tender; provided, however, that the obligation of the Institution to make any such payment under the Loan Agreement shall be reduced by any amount held by the Bond Trustee in the Debt Service Fund for such payment of the Bonds pursuant to the terms of the Indenture (other than any amount drawn under the Insurance Policy). All amounts received by the Bond Trustee pursuant to paragraphs (a), (b) or (c) of this summarized section shall be deposited into the Debt Service Fund.

(b) Principal Payments. The Institution shall repay the principal of the loan not later than the second Business Day preceding each April 1, commencing April 1, 2024, in an amount equal to the principal or Sinking Fund Installment, as the case may be, of the Bonds becoming due on such April 1, as the case may be, after crediting to such amount becoming due any amount in the Principal Account or the Sinking Fund Account, as the case may be, prior to such April 1 available for the payment of such principal or Sinking Fund Installment. To the extent such payments on the Bonds are made with funds provided by the Credit Facility Provider pursuant to a drawing upon the Credit Facility or by the Insurer, payments made by the Institution to the Bond

Trustee pursuant to this paragraph shall be transferred by the Bond Trustee to the Credit Facility Provider or the Insurer in reimbursement for any such drawing.

(c) Interest Payments. The Institution shall pay the interest on the loan on the second Business Day preceding each Interest Payment Date in an amount equal to 100% of the interest coming due on the Bonds after crediting to such amount becoming due any amount in the Interest Account available for the payment of such interest (provided, however, in all events, the payment due immediately prior to each Interest Payment Date shall provide for sufficient funds necessary to make payment in full of the interest becoming due on the Bonds on such next succeeding Interest Payment Date). To the extent such payments on the Bonds are made with funds provided by the Credit Facility Provider or the Liquidity Facility Provider pursuant to a drawing upon a Credit Facility, payments made by the Institution to the Bond Trustee pursuant to this paragraph shall be transferred by the Bond Trustee to the Credit Facility Provider in reimbursement for any such drawing.

(d) Purchase Price. The Institution agrees that (i) if a Liquidity Facility is not in effect (as permitted under the section of the Indenture under the heading "Liquidity Facility Not Required in Certain Circumstances" and the section of the Loan Agreement under the heading "The Liquidity Facility; Alternate Liquidity Facility"), then the Obligated Group shall be obligated to deposit amounts into the Institution Purchase Account sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account are insufficient therefor, except on a Window Optional Tender Date, in connection with an Unscheduled Mandatory Tender in an Index Mode or a Flexible Index Mode, in connection with a mandatory tender of Fixed Rate Bonds pursuant to the section of the Indenture under the heading "Mandatory Tender of Fixed Rate Bonds Upon Request of Obligated Group Representative" and except as may otherwise be provided with respect to Bank Index Bonds in paragraph (b) of the section of the Indenture under the heading "Redemption of Bank Index Bonds" or the Bank Credit Agreement, and (ii) if a Liquidity Facility is in effect, then the Obligated Group may, but shall not be obligated to, deposit amounts into the Institution Purchase Account sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account are insufficient therefor. Each such payment by the Members of the Obligated Group to the Tender Agent pursuant to this summarized shall be in immediately available funds and paid to the Tender Agent at its Designated Office by 2:30 P.M., in the case of payments made pursuant to paragraph (a)(i) of this summarized section, and by 2:45 P.M., in the case of payments made pursuant to paragraph (a)(ii) of this summarized section, on each date upon which a payment is to be made pursuant to the section of the Indenture under the heading "Source of Funds for Purchase of Bonds".

(e) Reimbursement of Issuer. The Institution agrees to pay to the Issuer an amount equal to the sum of the following two (2) items: (i) any expenditures of the Issuer, and fees and expenses of the Bond Trustee, all as required by the Indenture and not otherwise paid or provided for by the Institution; and (ii) all other expenditures reasonably and necessarily incurred by the Issuer with respect to the loan to the Institution and the issuance of the Bonds, including Cost of Issuance to the extent amounts on deposit in the Cost of Issuance Account are insufficient for the payment thereof and also including interest on overdue payments at the rate or rates of interest specified in the Bonds, penalties for late payments and all expenses incurred by the Issuer to compel full and punctual performance of all the provisions of the Loan Agreement, any other

Institution Document, and each other document executed by the Institution in connection with the Issuer's loan to the Institution or the issuance of the Bonds, in accordance with the terms of the Loan Agreement and thereof. Any expenditures of the Issuer made pursuant to items (i) and (ii) of this paragraph shall be billed by the Issuer to the Institution in writing as soon as practicable and shall be paid or caused to be paid by the Institution within five thirty (30) days of each request for payment.

(f) Rebate Fund. The Institution agrees to provide amounts that shall be sufficient to meet the Rebate Requirement of the Rebate Fund. The Institution agree that this obligation of the Institution shall survive the payment in full of the Bonds or the refunding and defeasance of the Bonds pursuant to the provisions of the section of the Indenture under the heading "Defeasance".

(g) Other Obligations. The Institution agrees to provide, at all times required under the Indenture, such additional amounts as are required to fund or make up any deficiency in the Debt Service Fund on any date on which principal of or interest on the Bonds is due or any deficiency in the Purchase Fund or any account established therein in the event and to the extent that the remarketing proceeds and moneys drawn under a Credit Facility or a Liquidity Facility are insufficient to pay the Purchase Price of Bonds tendered for purchase on a Purchase Date. In the event of any such deficiency in the Debt Service Fund or the Purchase Fund, the Bond Trustee shall notify the Issuer and the Institution of such deficiency and the Institution shall pay the amount of any such deficiency to the Bond Trustee by no later than 2:30 p.m. (New York City time) on the date on which principal of, Purchase Price of, or interest on, the Bonds is due. The Institution also agrees to pay all amounts owed to the Insurer as required by the provisions of the section of the Indenture under the heading "Provisions Relating to Bond Insurance."

(h) Manner of Payment. The Institution agrees to pay to the Issuer or to such party as the Issuer shall direct in writing the payments required by the Loan Agreement from its general funds or any other moneys legally available to the Institution in the manner and at the times provided by the Loan Agreement.

(i) Survival. The payment obligations of the Institution pursuant to paragraphs (a), (b), (c), (d), (e) (i) and (ii), (f) and (g), except to the extent paid from any defeasance escrow for the Bonds, shall survive the expiration of the Loan Agreement. (*Section 2.2*)

The Project

The Institution covenants to carry out the Project by causing the proceeds of the Bonds to be applied to the refinancing of the Project, and that the Premises and the use thereof by the Project Users have been and will be in full compliance with the Indenture, the Loan Agreement and all other Institution Documents as well as the laws of the State of New York. The Institution acknowledges that any review of any such actions heretofore or hereafter taken by the Issuer's staff or counsel has been or will be solely for the protection of the Issuer. Neither such review nor any action taken by the Issuer shall stop the Issuer from enforcing the foregoing covenant. The Issuer makes no representations whatsoever in connection with the condition of the Premises, or the improvements, fixtures or equipment thereof, and the Issuer shall not be liable for latent or patent defects therein. Subject to the rights of the Issuer under the Loan Agreement, the Institution shall have sole and exclusive control of, possession of and responsibility for (i) such Premises; (ii) the

operation of such Premises and supervision of the activities conducted therein or in connection with any part thereof; and (iii) the maintenance, repair and replacement of such Premises. *(Section 3.1)*

Insurance

(a) The Institution shall maintain or cause to be maintained at its sole cost and expense, insurance, with financially sound and reputable insurers (which may be self-insurance with affiliates) with respect to their Property, including the Premises, the operation thereof and their business against such casualties, contingencies and risks as may customarily be carried or maintained under similar circumstances by institutions of established reputation engaged in similar businesses or in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as are customary for Institutions similarly situated in the industry and as are determined to be consistent with reasonably prudent business practices, which determination shall be based upon the advice of an Independent Insurance Consultant, except to the extent that their governing body determines in good faith that such annual advice is unreasonable and delivers an Officer's Certificate to the Issuer and Bond Trustee setting forth the reasons for such determination.

(b) The Institution shall furnish to the Issuer and Bond Trustee annually, within 120 days of each fiscal year end, an Officer's Certificate stating that the insurance coverage maintained by the Institution adequately protects the Institution, its property and operations and is in accordance with paragraph (a) of this summarized section. All policies of insurance (except automobile, worker's compensation, fiduciary and D&O) shall include the Issuer and Bond Trustee as additional insureds, as their interests may appear and as a loss payee and mortgagee as required.

(c) If the Issuer shall so request in writing, the Institution shall provide to the Issuer and Bond Trustee summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Issuer.

(d) The Issuer, in its sole discretion, reserves the right to waive or amend any provision of this summarized section without the consent of the Bond Trustee or the Bondowners. *(Section 4.1)*

Application of Property Insurance and Condemnation Proceeds

In case the whole or any part of the Project or the Premises is taken by eminent domain or damaged or destroyed or is otherwise rendered incapable of being used to its fullest extent for the purposes of the Institution or any Project User or to meet the Institution's obligations under the Loan Agreement and the other Institution Documents by any cause whatsoever, then and in such event, but subject to the provisions of the Master Indenture:

A. Except as provided in paragraph (B), the Institution shall proceed to replace or restore or cause to be replaced or restored such part of the Project or the Premises, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible or with such changes and modifications as would not have an adverse effect on the operations of the Institution. The moneys required for such replacement or restoration shall be paid from the proceeds of insurance or any award or payment in connection with the condemnation of the Project or the

Premises received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution.

B. If no decision for the restoration or replacement of all or such part of the Project or the Premises shall be reached by the Institution within 120 days after such damage or taking, or if the Institution fails to proceed with due diligence to restore or replace such part of the Project or the Premises, all respective insurance or condemnation proceeds (after giving appropriate recognition to any similar requirements with respect to any Indebtedness ranking on a parity with the Bonds) shall be paid to the Bond Trustee for deposit in the Redemption Fund for application to the purchase or redemption of Bonds in accordance with the Indenture or used as otherwise agreed to by the Issuer and the Institution.

Notwithstanding any such taking, or other injury to, or decrease in the value of the Project or the Premises, the Institution shall continue to pay interest on the principal payable under the Loan Agreement and under the other Institution Documents as provided in the Loan Agreement and therein, and to make any and all other payments required by the Loan Agreement and by the other Institution Documents. Any reduction in the principal payable under the Loan Agreement and under the other Institution Documents resulting from the application by the Issuer of such award or payment to the redemption of Bonds shall be deemed to take effect only on the date of such application. (*Section 4.2*)

Obligation Absolute

The obligation of the Institution to make payments to the Issuer or on its order to the Bond Trustee under the Loan Agreement and the Obligation is absolute and unconditional and shall not be subject to setoff, recoupment or counterclaim. The Institution agrees that payments required by the Loan Agreement and the Obligation shall be paid when due by the Institution to the Bond Trustee for deposit in the Debt Service Fund whether or not any patient, occupant or user of the Institution are delinquent in the payment of his or her charges, rentals or other charges owed to the Institution, whether or not any patient, user or occupant receives either partial or total reimbursement as a credit against such payment, and whether or not the Institution receive either partial or total reimbursement as a credit against such payment.

The agreements, covenants, representations and indemnifications of the Institution in the Loan Agreement and the other Institution Documents executed and delivered in connection with the Loan Agreement shall be a full faith and credit obligation of the Institution. (*Section 5.2*)

Maintenance and Modifications of Facility by Institution

(a) The Institution shall not abandon (or cause to be abandoned by any Member of the Obligated Group or other affiliate thereof) the Facility or cause or permit any waste to the Improvements. During the Loan Term, neither the Institution nor any Member of the Obligated Group shall remove any part of the Facility outside of the jurisdiction of the Issuer and shall (i) keep (or cause to be kept) the Facility in as reasonable safe condition as its operations shall permit; (ii) make (or cause to be made) all necessary repairs and replacements to the Facility (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); and (iii) operate (or cause to be operated) the Facility in a sound and economic manner.

(b) With the written consent of the Issuer, which shall not be unreasonably withheld, delayed or conditioned, the Institution, from time to time, may make (or cause to be made) any material structural additions, modifications or improvements to the Facility or any part thereof, provided (i) such actions do not adversely affect the structural integrity of the Facility or (ii) such actions do not materially impair the use of the Facility or materially decrease their value. All such additions, modifications or improvements made by the Institution or any Member of the Obligated Group, as applicable, shall become a part of the Facility. *(Section 5.13)*

Taxes, Assessments and Utility Charges

(a) The Institution agrees to pay (or cause to be paid), as the same become due and before any fine, penalty, interest (except interest which is payable in connection with legally permissible installment payments) or other cost may be added thereto or become due or be imposed by operation of law for the non-payment thereof, (i) all taxes, payments in lieu of taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Facility and any machinery, equipment or other Property installed or brought by the Institution therein or thereon, including, without limiting the generality, of the foregoing, any sales or use taxes imposed with respect to the Facility or any part or component thereof or the rental or sale of the Facility or any part thereof and any taxes levied upon or with respect to the income or revenues of the Issuer from the Facility; (ii) all utility and other charges, including service charges, incurred or imposed for or with respect to the operation, maintenance, use, occupancy, upkeep and improvement of the Facility; and (iii) all assessments and charges of any kind whatsoever lawfully made by any governmental body for public improvements; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Institution shall be obligated under the Loan Agreement to pay (or cause to be paid) only such installments as are required to be paid during the Loan Term.

(b) The Institution may, in good faith, contest any such taxes, assessments and other charges. In the event of any such proceedings, the Institution shall pay such taxes, assessments or other charges so contested, or, at its option, allow the same to remain unpaid during the period of such proceedings and any appeal therefrom, provided, however, that (i) neither the Facility nor any part thereof or interest therein would be in any immediate danger of being sold, forfeited or lost by reason of such proceedings, and (ii) the Institution shall have set aside on its books adequate reserves with respect thereto and shall have furnished such security, if any, as may be required in such proceedings or reasonably requested by the Issuer or the Bond Trustee.

(c) The Issuer agrees that if the Institution contests any taxes, assessments or other charges as provided for in paragraph (b) of this summarized section, that the Institution shall be entitled to retain all such amounts received as a result thereof. *(Section 5.15)*

Notice of Default

The Institution shall notify the Issuer and the Bond Trustee promptly of any condition, event, action or failure to take any action which constitutes an Event of Default under the Loan Agreement or the Master Indenture or a default or violation of any of the agreements of the Institution contained in the other Institution Documents. *(Section 6.1)*

Events of Default

As used in the Loan Agreement an "Event of Default" exists if any of the following occurs and is continuing:

(a) Principal, Interest, Premium, etc. Failure by the Institution to make when due any payment required under paragraph (a), (b) or (c) of the section of the Loan Agreement under the heading "Payment Obligations" or failure by the Institution to pay in full any payment of principal of or interest on the Obligation when due; or

(b) Other Payments. Failure by the Institution to pay when due any amount required to be paid under the Loan Agreement (other than any amount referred to in paragraph (a), (b) or (c) of the section of the Loan Agreement under the heading "Payment Obligations" or any amount of principal of or interest due on the Obligation), which failure continues for a period of ten (10) days; or

(c) Covenants, Representations, etc. Failure by the Institution to observe and perform any covenant, condition or agreement set forth in the Institution Documents (other than the Continuing Disclosure Agreement or under the section of the Loan Agreement under the heading "Continuing Disclosure", and other than any failure to observe or perform any covenant, condition or agreement of the Institution set forth in the Tax Regulatory Agreement that would not cause the Institution to lose its status as a tax-exempt organization under Section 501(c)(3) of the Code or would not cause the loss of the tax-exempt status of interest on the Bonds) on its part to be observed or performed, or failure of any representation made by the Institution in the Institution Documents (other than the Continuing Disclosure Agreement or under the section of the Loan Agreement under the heading "Continuing Disclosure") to be correct in all material respects, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Institution by the Bond Trustee or to the Institution and the Bond Trustee by the Issuer; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, in the sole judgment of the Issuer, the Institution shall in good faith commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(d) Bankruptcy, Insolvency, etc. If the Institution shall make an assignment for the benefit of creditors or be generally unable to pay its debts as they become due; or a decree or order appointing a receiver, custodian or trustee for the Institution or any Project User, for the Premises, or for substantially all of the Institution's properties shall be entered and, if entered without its consent, remain in effect for more than sixty (60) days; or the Institution shall commence a voluntary case under any law relating to bankruptcy, insolvency, reorganization or other relief of debtors or any such case of an involuntary nature is filed against it and is consented to by it or, if not consented to, is not dismissed within sixty (60) days; or

(e) Undischarged Final Judgment. Final judgment for the payment of money in an aggregate amount at least equal to two percent (2%) of the Operating Revenues of the

Obligated Group at the end of the most recent Fiscal Year, shall be rendered against the Institution and at any time after thirty (30) days from the entry thereof, (a) such judgment shall not have been discharged, or (b) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and have caused the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal; or

(f) Liquidation, etc. The Institution shall liquidate or dissolve any of its affairs, or dispose of or transfer all or substantially all of its assets; or

(g) Default Under Other Agreements. An event of default shall have occurred under the Master Indenture, or under any agreement or lease (after the expiration of any applicable grace periods) to which the Issuer and the Institution are parties; or

(h) Indenture Event of Default. An Event of Default (as defined in the Indenture) shall have occurred under the Indenture; or

(i) Default With Respect to Other Indebtedness. The Institution shall default in the payment of any other Indebtedness (other than the Obligation), whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument, under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, whether such Indebtedness now exists or shall hereafter be created, shall occur, which default in payment or event of default shall be in respect of (a) any Parity Debt or (b) any Indebtedness in an aggregate principal amount of at least two percent (2%) of the Operating Revenues of the Obligated Group at the end of the most recent Fiscal Year, where the effect of such default is to accelerate the maturity of such Indebtedness (or with respect to Parity Debt, the effect of such default is to permit the holders thereof (or a Bond Trustee on behalf of such holders) to cause such Indebtedness to become due prior to its stated maturity); provided, however that such default shall not constitute an Event of Default within the meaning of this summarized section if within the time allowed for service of a responsive pleading in any proceeding to enforce payment of such Indebtedness under the laws of Connecticut or New York or other laws governing such proceeding (i) the Institution in good faith commences proceedings to contest the existence or payment of such Indebtedness, (ii) sufficient moneys are escrowed with a bank or trust corporation for the payment of such Indebtedness, and (iii) the Institution delivers an Officer's Certificate to the Issuer and the Bond Trustee certifying that the Institution has complied with clauses (i) and (ii); or

(j) Liens, etc. Except as consented to by the Issuer in writing, any lien, encumbrance or other charge (other than a Permitted Encumbrance) is created, granted or suffered by the Institution against the Premises of the Institution, including statutory and other liens of mechanics, workers, contractors, subcontractors, suppliers, or taxing authorities; provided, however, that tax or other liens shall not constitute an Event of Default under the Loan Agreement (a) if either of the Institution is contesting the imposition of such tax or lien in good faith and in accordance with law, and the Institution delivers an Officer's Certificate to the Issuer and the Bond Trustee so certifying; or (b) if the amounts secured by any such lien for taxes or special assessments, is not then delinquent. (*Section 8.1*)

Remedies

(a) Subject to the rights of the Insurer under the section of the Indenture under the heading "Provisions Relating to Bond Insurance", upon the occurrence and continuance of any Event of Default under the Loan Agreement and further upon the condition that, in accordance with the terms of the Indenture, the Bonds shall have been declared to be immediately due and payable pursuant to any provision of the Indenture, the loan payments required by paragraphs (a), (b), (c) and (d) of the section of the Loan Agreement under the heading "Payment Obligations" and the payments required by the Obligation shall, without further action, become and be immediately due and payable.

(b) Upon the occurrence and continuance of any Event of Default under the Loan Agreement, the Issuer may, and shall at the direction of the Credit Facility Provider but only with respect to the Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Bond Trustee shall at the direction of the Issuer or the Credit Facility Provider, subject to the terms of the Indenture, take any action at law or in equity to collect any payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Institution under the Loan Agreement or to protect the interests securing the same, and the Issuer may, and shall at the direction of the Credit Facility Provider but only with respect to the Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Bond Trustee shall at the direction of the Issuer or the Credit Facility Provider, without limiting the generality of the foregoing, exercise any or all rights and remedies given by the Loan Agreement or available under the Loan Agreement and may take any action at law or in equity to collect any payments then due or thereafter to become due, or to enforce performance of any obligation, agreement or covenant of the Institution under the Loan Agreement or under the Obligation.

(c) Any amounts collected from the Institution pursuant to this summarized section shall be applied in accordance with the Indenture.

(d) The Issuer and the Institution agree that, upon the occurrence of an Event of Default, while the Issuer does not have the right of foreclosure, the Issuer may pursue any such remedies as are available to it under the Loan Agreement and under New York law.

(e) Upon the occurrence and continuance of any Event of Default under the Loan Agreement, any and all amounts due under the Loan Agreement may be declared by the Issuer to be immediately due and payable whether or not the Bonds shall have been declared to be due and payable; provided that if the Bonds have been declared to be due and payable in accordance with the terms of the Indenture, the amounts due under the Loan Agreement under paragraphs (a), (b), (c) and (d) of the section of the Loan Agreement under the heading "Payment Obligations" shall, as provided in paragraph (a) of this summarized section, without further action, become and be immediately due and payable. *(Section 8.2)*

Remedies Not Exclusive

All rights and remedies given in the Loan Agreement or granted to the Issuer are cumulative, non-exclusive and in addition to any and all rights and remedies that the Issuer may have or be given by reason of any law, statute, ordinance or otherwise. *(Section 8.3)*

General

The Institution agrees to indemnify and hold harmless the Issuer, the Bond Trustee and any member, director, officer, official, employee, counsel, consultant and agent of the Issuer or the Bond Trustee (each called an "Indemnified Party" and collectively called the "Indemnified Parties"), against any and all losses, claims, damages, suits, actions, demands, liabilities or expenses (or actions in respect thereof) that are caused by, arise out of or are based upon any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in (i) the Official Statement or any amendment thereof or supplement thereto (except, as to the Issuer only, for information therein relating solely to and provided by the Issuer contained in the section entitled "The Issuer" or (ii) any information to be provided by the Institution pursuant to the article of the Loan Agreement under the heading "Information and Reporting Requirements" or that are caused by, arise out of or are based upon any omission or alleged omission from (i) such Official Statement or any amendment thereof or supplement thereto or (ii) any information to be provided by the Institution pursuant to the article of the Loan Agreement under the heading "Information and Reporting Requirements" of any material fact required to be stated therein or necessary in order to make the statements made therein in the light of the circumstances under which they were made, not misleading (except, as to the Issuer only, for information in the Official Statement or omitted therefrom relating solely to and provided by the Issuer contained in the section entitled "The Issuer". In case any action shall be brought against one or more of the Indemnified Parties based upon (i) the Official Statement or any amendment thereof or supplement thereto or (ii) the information to be provided by the Institution pursuant to paragraph (a) of the section of the Loan Agreement under the heading "Inspection" (except, as to the Issuer only, for information in the Official Statement or omitted therefrom relating solely to and provided by the Issuer contained in the section entitled "The Issuer" and in respect of which indemnity may be sought against the Institution, the Indemnified Party shall promptly (and in any event not later than thirty days after knowledge of such action) notify the Institution in writing, and the Institution shall promptly assume the defense thereof, including the employment of counsel, the payment of all reasonable expenses and the right to negotiate and consent to settlement and the Indemnified Parties shall cooperate with the Institution in asserting such defense. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless the employment of such counsel has been specifically authorized in writing by the Institution, which authorization shall not be unreasonably withheld, or unless by reason of conflict of interest, in the reasonable judgment of any Indemnified Party, it is advisable for it to be represented by separate counsel, in which case the fees and expenses of such separate counsel shall be borne by the Institution. The Institution shall not be liable for any settlement of any such action effected without its written consent, but if settled with the written consent of the Institution or if there be a final judgment for the plaintiff in any such action with or without such consent, the Institution agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment. *(Section 9.1)*

Assignment, Leasing and Subleasing

(a) The Loan Agreement may not be assigned, in whole or in part, and except in the ordinary course of the operations of the Institution or any Member of the Obligated Group, as

applicable, the Facility may not be leased, in whole or in part, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld, delayed or conditioned, in each instance except as provided in the Tax Regulatory Agreement. Any permitted assignment or lease (requiring the Issuer's consent) shall be on the following conditions:

- (i) no assignment or lease shall relieve the Institution from primary liability for any of its obligations under the Loan Agreement or under any other of the Institution Documents;
- (ii) the assignee (in the discretion of the Issuer) shall assume the obligations of the Institution under the Loan Agreement to the extent of the interest assigned or leased, shall be jointly and severally liable with the Institution for the performance thereof and shall be subject to service of process in the State of New York;
- (iii) the Institution shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Issuer and to the Bond Trustee a true and complete copy of such assignment or lease and the instrument of assumption;
- (iv) neither the validity nor the enforceability of the Bonds, the Indenture, nor any Bond Documents shall be adversely affected thereby;
- (v) the exclusion of the interest on the Bonds from gross income for Federal income tax purposes will not be adversely affected; and
- (vi) the assignee shall utilize the Facility substantially in the same manner pursuant to Article 28 of the New York Public Health Law.

Notwithstanding the foregoing, as specifically permitted by the Master Indenture, the Institution, and Members of the Obligated Group, as applicable, may lease or license or timeshare portions of the Facility.

(b) If the Bond Trustee or the Issuer shall so request, as of the purported effective date of any assignment or lease pursuant to paragraph (a) of this summarized section, the Institution, at its sole cost, shall furnish the Bond Trustee or the Issuer, as appropriate, with, in form and substance satisfactory to the Bond Trustee or the Issuer, as appropriate, (i) an Opinion of Bond Counsel, and (ii) an Opinion of Counsel, as to such matters as the Bond Trustee and the Issuer shall reasonably request. (*Section 10.8*)

Amendment

The Issuer reserves the right, together with the Institution, with the consent of the Bond Trustee (given at the direction of the Issuer, but the Bond Trustee need not consent if the Bond Trustee's duties, obligations or liabilities are affected thereby) and the Credit Facility Provider and to the extent permitted by the section of the Indenture under the heading "The Loan Agreement; Amendment and Execution" and the Insurer to the extent required by the section of the Indenture under the heading "Provisions Relating to Bond Insurance": (i) to amend or modify the terms of the Loan Agreement, and the Obligation in any respect consistent with the Act, (ii) to extend the term of the Loan Agreement or the Obligation or the time for making any payment under the Loan Agreement or thereunder, or (iii) to continue to make construction advances after the initial

completion date for the Project; provided, however, the Issuer shall have the unilateral right to amend or modify any provision of the section of the Loan Agreement under the heading "Insurance". The Institution covenants and agrees to send a copy of each amendment or modification of the Loan Agreement and the Obligation to the Bond Trustee, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any. Nothing in this summarized section shall be construed to require the consent of the Bond Trustee for any amendment, waiver, consent or action by the Issuer that is expressly permitted by the Loan Agreement to be at the sole discretion of the Issuer. *(Section 11.2)*

Term of Loan Agreement

The Loan Agreement shall remain in full force and effect from the effective date of the Loan Agreement, which shall be the date of delivery of the Bonds authorized under the Indenture, until the date on which the principal of and redemption premium, if any, and interest on the Bonds and any other costs of the Issuer, the Insurer, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any, and the Bond Trustee with respect to the Bonds shall have been fully paid or provision for the payment thereof shall have been made as provided by the Indenture, at which time the Issuer shall release and cancel the Loan Agreement and the Obligation. The foregoing shall not affect the validity and continuing effectiveness of any of the provisions of the Loan Agreement which by their terms survive the expiration of the Loan Agreement. *(Section 11.4)*

**FORM OF THE AMENDED AND RESTATED MASTER INDENTURE AND FORM OF
SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 1**

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AMENDED AND RESTATED MASTER TRUST INDENTURE

UNITED HEALTH SERVICES HOSPITALS, INC.

AND

SUCH OTHER ORGANIZATIONS AS FROM TIME TO
TIME ARE MEMBERS OF THE
OBLIGATED GROUP HEREUNDER (THE “OBLIGATED GROUP”)

AND

MANUFACTURERS AND TRADERS TRUST COMPANY,

as Master Trustee

Dated as of August 1, 2020

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MASTER TRUST INDENTURE

THIS AMENDED AND RESTATED MASTER TRUST INDENTURE, dated as of August 1, 2020 (the “Master Indenture”), between UNITED HEALTH SERVICES HOSPITALS, INC., a not-for-profit corporation incorporated under the laws of the State of New York (the “Corporation”), and MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation duly organized and existing under the laws of the United States of America and being qualified to accept and administer the trusts hereby created (as more specifically defined herein, the “Master Trustee”) amends and restates in its entirety the Master Trust Indenture, dated as of July 1, 2015 and amended on May 4, 2018 (as amended and supplemented thereafter, collectively, the “Original Master Indenture”). Upon the execution and delivery of this Master Indenture, the Original Master Indenture shall have no force or effect except for those provisions that survive, if any, thereunder.

WITNESSETH:

WHEREAS, the Corporation is authorized and deem it necessary and desirable to enter into this Master Indenture for the purpose of providing for the issuance from time to time of Obligations hereunder to provide for the financing or refinancing of the acquisition, construction, equipping or improvement of health care or other facilities, or for other lawful and proper corporate purposes; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of the Obligations issued hereunder by the Holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which such Obligations are to be issued, authenticated, delivered and accepted by all Persons who shall from time to time be or become Holders thereof, the Corporation covenants and agrees with the Master Trustee for the equal and proportionate benefit of the respective Holders from time to time of Obligations issued hereunder, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Master Indenture and of any supplemental indenture issued hereafter and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, equally applicable to both singular and plural forms of any of the terms herein defined.

Accountant

“Accountant” means any independent certified public accountant or firm of such accountants selected by the Obligated Group Representative.

Affiliated Person

“Affiliated Person” means any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with a Credit Group Member.

Annual Debt Service

“Annual Debt Service” means for each Fiscal Year the sum (without duplication) of the aggregate amount of scheduled principal and interest due and payable in such Fiscal Year on all Long-Term Indebtedness of the Credit Group then Outstanding, whether by scheduled maturity, acceleration, mandatory redemption or otherwise, but not including purchase price becoming due as a result of mandatory or optional tender or put, less any amounts of such principal or interest paid during such Fiscal Year from (a) the proceeds of Indebtedness or (b) moneys or Government Obligations subject to an Irrevocable Deposit for the purpose of paying such principal or interest; provided that if an Identified Financial Product Agreement has been entered into by any Member with respect to Long-Term Indebtedness and the counterparty thereto has not defaulted in payment obligations thereunder, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments under an Identified Financial Product Agreement payable in such Fiscal Year minus any Financial Product Receipts under an Identified Financial Product Agreement receivable in such Fiscal Year; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service.

Authorized Representative

“Authorized Representative” means with respect to each Credit Group Member and the Obligated Group Representative, its chair or vice chair of the board, president, chief executive officer, chief financial officer, or any other person designated as an Authorized Representative of such Credit Group Member by a certificate of that Credit Group Member signed by its chair or vice chair of the board, president, chief executive officer, or chief financial officer and filed with the Master Trustee.

Balloon Indebtedness

“Balloon Indebtedness” means Long-Term Indebtedness, twenty-five percent (25%) or more of the principal of which (calculated as of the date of issuance) becomes due during any period of twelve (12) consecutive months if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption prior to such 12-month period.

Bond Index

“Bond Index” means, as selected by the Obligated Group Representative, either (i) the Bond Buyer thirty (30) year “Revenue Bond Index,” as then published most recently by *The Bond Buyer*, New York, New York or a comparable index, if such index is no longer available, or (ii) the Securities Industry and Financial Markets Association (SIFMA) Index, or (iii) such

other interest rate or interest rate index as may be certified in writing to the Master Trustee as appropriate to the situation by the Obligated Group Representative.

Book Value

“Book Value” means, when used in connection with Property, Plant and Equipment or other Property of any Credit Group Member, the value of such Property, net of accumulated depreciation, as it is carried on the books of the Credit Group Member and in conformity with GAAP, and when used in connection with Property, Plant and Equipment or other Property of the Credit Group, means the aggregate of the values so determined with respect to such Property of each Credit Group Member determined in such a way that no portion of such value of Property of any Credit Group Member is included more than once.

Code

“Code” means the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

Collateral

“Collateral” means any and all of the following, whether currently owned or hereafter acquired by any Member: all current and future interests of each Member in the Gross Receivables, and other Property of any Member in which a Lien has expressly been granted to secure all Obligations issued hereunder from time to time in Related Supplements, and the proceeds thereof.

Completion Indebtedness

“Completion Indebtedness” means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness or Interim Indebtedness has theretofore been incurred in accordance with the provisions hereof, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was incurred, and in accordance with the general plans and specifications for such facility as prepared in connection with said Long-Term Indebtedness or Interim Indebtedness as certified by an Officer’s Certificate.

Controlling Member

“Controlling Member” means the Obligated Group Member designated by the Obligated Group Representative to establish and maintain control over a Designated Affiliate.

Corporate Trust Office

“Corporate Trust Office” means the office of the Master Trustee at which its corporate trust business is conducted, which at the date hereof is located at 285 Delaware Avenue, 3rd Floor, Buffalo, New York 14202, Attn: Corporate Trust Department.

Corporation

“Corporation” means United Health Services Hospitals, Inc., a not-for-profit corporation duly organized and existing under the laws of the State of New York, or any corporation that is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under this Master Indenture.

Credit Group or Credit Group Members

“Credit Group” or “Credit Group Members” means all Obligated Group Members and Designated Affiliates.

Credit Group Financial Statements

“Credit Group Financial Statements” has the meaning set forth in Section 3.13 hereof.

Days Cash on Hand

“Days Cash on Hand” means, for the Credit Group, as of any date, the product of 365 times (i) the unrestricted and unencumbered cash and cash equivalents plus unrestricted and unencumbered securities and other unrestricted investments (in accordance with GAAP) as reflected in the Credit Group Financial Statements of the most recent Fiscal Year, plus unencumbered board and management designated assets excluding any amounts held by a trustee and deducting the outstanding amount of any Short-Term Indebtedness, divided by (ii) the operating and non-operating expenses of the Credit Group as reflected in the Credit Group Financial Statements of the most recent Fiscal Year, excluding from such expenses: (a) depreciation and amortization of debt and bond issuance costs, (b) any amount included in the operating and non-operating expenses representing bad debt expense, and (c) any extraordinary or non-recurring item.

Debt Service Coverage Ratio

“Debt Service Coverage Ratio” means, for any period of time, the ratio determined by dividing Income Available for Debt Service of the Credit Group by Maximum Annual Debt Service of the Credit Group.

Default

“Default” means an event that, with the passage of time or the giving of notice or both, would become an Event of Default.

Designated Affiliate

“Designated Affiliate” means any Person that has been so designated by the Obligated Group Representative in accordance with Section 3.03 hereof so long as such Person has not been further designated by the Obligated Group Representative as no longer being a Designated Affiliate in accordance with Section 3.03 hereof.

Electronic Means

“Electronic Means” has the meaning set forth in Section 5.02(j) hereof.

Event of Default

“Event of Default” means any of the events specified in Section 4.01 hereof.

Fair Market Value

“Fair Market Value,” when used in connection with Property, means the fair market value of such Property as determined by:

(a) an appraisal of the portion of such Property that is real property made within five (5) years of the date of determination by a “Member of the Appraisal Institute” and by an appraisal of the portion of such Property that is not real property made within five (5) years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall be performed by an Independent Consultant, adjusted for the period, not in excess of five (5) years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer’s Certificate delivered to the Master Trustee; or

(b) a bona fide offer for the purchase of such Property made on an arm’s-length basis within six months of the date of determination, as established by an Officer’s Certificate; or

(c) an Authorized Representative of the Obligated Group Representative (whose determination shall be made in good faith and set forth in an Officer’s Certificate filed with the Master Trustee) if the fair market value of such Property is less than or equal to the greater of \$10,000,000 or 2.5% of cash and equivalents as shown on the Credit Group Financial Statements.

Financial Product Agreement

“Financial Product Agreement” means any interest rate exchange agreement, hedge or similar arrangement, including, *inter alia*, an interest rate swap, asset swap, a constant maturity swap, a forward or futures contract, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, direct funding transaction or other derivative, however denominated and whether entered into on a current or forward basis.

Financial Product Extraordinary Payments

“Financial Product Extraordinary Payments” means any payments required to be paid to a counterparty by a Credit Group Member pursuant to a Financial Product Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payments or indemnification obligations to be paid to a counterparty by a Credit Group

Member under a Financial Product Agreement, and which payments are not Financial Product Payments.

Financial Product Payments

“Financial Product Payments” means regularly scheduled payments required to be paid to a counterparty by a Credit Group Member pursuant to a Financial Product Agreement.

Financial Product Receipts

“Financial Product Receipts” means regularly scheduled payments required to be paid to a Credit Group Member by a counterparty pursuant to a Financial Product Agreement.

Fiscal Year

“Fiscal Year” means the period beginning on January 1 of each year and ending on the next succeeding December 31, or any other twelve-month period hereafter designated by the Obligated Group Representative as the fiscal year of the Credit Group.

GAAP

“GAAP” means accounting principles generally accepted in the United States of America, consistently applied.

Governing Body

“Governing Body” means, when used with respect to any Credit Group Member, its board of directors, board of trustees or other board or group of individuals in which all of the powers of such Credit Group Member are vested, except for those powers reserved to the corporate membership of such Credit Group Member by the articles of incorporation or bylaws of such Credit Group Member.

Government Issuer

“Government Issuer” means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Conduit Issuer Bonds hereunder.

Government Obligations

“Government Obligations” means: (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America; (b) obligations issued or guaranteed by any agency, department or instrumentality of the United States of America if the obligations issued or guaranteed by such entity are rated in one of the two highest Rating Categories of a Rating Agency; (c) certificates that evidence ownership of the

right to the payment of the principal of and interest on obligations described in the preceding clause (a), in the preceding clause (b) or in both clauses, provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (d) obligations the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, and the timely payment of the principal of and interest on which is fully provided for by the deposit in trust of cash and/or obligations described in one or more of preceding clauses (a), (b) and (c).

Government Restriction

“Government Restriction” means federal, state or other applicable governmental laws or regulations or general industry standards or general industry conditions affecting any Credit Group Member and its health care facilities or other licensed facilities placing restrictions and limitations on the (a) fees and charges to be fixed, charged or collected by any Credit Group Member or (b) the timing of the receipt of such revenues.

Gross Receivables

“Gross Receivables” means all of the accounts, chattel paper, instruments and payment intangibles (all as defined in the UCC) of each Obligated Group Member, as are now in existence or as may be hereafter acquired and the proceeds thereof; excluding, however, all Restricted Moneys.

Guaranty

“Guaranty” means any obligation of any Credit Group Member guaranteeing directly any obligation of any other Person that would, if such other Person were a Credit Group Member, constitute Indebtedness.

Holder

“Holder” means the registered owner of any Obligation in registered form or the bearer of any Obligation in coupon form that is not registered or is registered to bearer or the party or parties to any contractual obligation designated to be an Obligation set forth in a Related Supplement and identified therein as the party to whom payment is due thereunder or the “holder” thereof.

Identified Financial Product Agreement

“Identified Financial Product Agreement” means a Financial Product Agreement identified to the Master Trustee in an Officer’s Certificate of the Obligated Group Representative as having been entered into by an Obligated Group Member with a Qualified Provider with respect to Indebtedness (that is either then-Outstanding or to be issued after the date of such Officer’s Certificate) identified in such Officer’s Certificate, with a notional amount not in excess of the principal amount of such Indebtedness.

Immaterial Affiliates

“Immaterial Affiliates” means Persons that are not Members of the Credit Group and whose combined total assets, as shown on their audited financial statements for their most recently completed fiscal year for which audited financial statements are available, aggregated less than 10% of (i) the combined or consolidated total assets of the Credit Group as shown on the Credit Group Financial Statements for the most recent Fiscal Year, plus (ii) the total combined assets of such Persons as if they were Members of the Credit Group for such period.

Income Available for Debt Service

“Income Available for Debt Service” means, unless the context provides otherwise, with respect to the Credit Group as to any period of time, or excess of revenues over expenses (excluding income from all Irrevocable Deposits) before depreciation, amortization, taxes, and interest expense (including Financial Product Payments and Financial Product Receipts on Identified Financial Product Agreements), as determined in accordance with GAAP and as shown on the Credit Group Financial Statements, expressly including any Delivery System Reform Incentive Payment (DSRIP) income or grants or other funds from federal or state government agencies; provided, that no determination thereof shall take into account:

- (d) Restricted Moneys;
- (e) the net proceeds of insurance (other than business interruption insurance) and condemnation awards;
- (f) any gain or loss resulting from the extinguishment of Indebtedness;
- (g) any gain or loss resulting from the sale, exchange or other disposition of assets not in the ordinary course of business; provided, however, that, at the Obligated Group Representative’s election, gain from a sale-leaseback under GAAP may be taken into account;
- (h) any gain or loss resulting from any discontinued operations;
- (i) any gain or loss resulting from pension terminations, settlements or curtailments;
- (j) any unusual charges for employee severance;
- (k) adjustments to the value of assets or liabilities resulting from changes in GAAP;
- (l) unrealized gains or losses, including, without limitation, “other than temporary” declines in Book Value of investments;
- (m) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract (including Financial Product Agreements);

(n) any Financial Product Extraordinary Payments or similar payments on any hedging, derivative, interest rate exchange or similar contract that does not constitute a Financial Product Agreement;

(o) unrealized gains or losses from the write-down, reappraisal or revaluation of assets; or

(p) other nonrecurring items of any nature that do not involve the receipt, expenditure or transfer of assets;

provided, however, at the option of the Obligated Group Representative, net realized gains and losses from the sale of investments may be included in the computation of Income Available for Debt Service on the basis of the average annual amount of those gains and losses for the three (3) Fiscal Years immediately preceding the computation date (rather than including the actual amount of net realized gains and losses from the sale of investments for the period for which a computation is being made).

Indebtedness

“Indebtedness” means any obligation of any Credit Group Member (a) for repayment of borrowed money, (b) with respect to capital or finance leases, or (c) under installment sale agreements, and any Guaranty (other than any Guaranty by any Credit Group Member of Indebtedness of any other Credit Group Member); provided, however, that if more than one Credit Group Member shall have incurred or assumed a Guaranty of a Person other than a Credit Group Member, or if more than one Credit Group Member shall be obligated to pay any other Indebtedness, for purposes of any computations or calculations under this Master Indenture such Guaranty or other Indebtedness shall be included only one time. Financial Product Agreements and physician income guaranties shall not constitute Indebtedness. For purposes of determining Indebtedness, no lease obligations, other than capital leases, shall be deemed to be Indebtedness, whether or not those lease obligations are shown as a liability on the Credit Group Financial Statements.

Independent Consultant

“Independent Consultant” means a firm (but not an individual) that (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in any Credit Group Member (other than the agreement pursuant to which such firm is retained), (c) is not connected with any Credit Group Member as an officer, employee, promoter, trustee, partner, director or person performing similar functions, (d) is qualified to pass upon questions relating to the financial affairs of organizations similar to the Credit Group or facilities of the type or types operated by the Credit Group and having the skill and experience necessary to render the particular opinion or report required by the provisions hereof in which such requirement appears and (e) acceptable to the Insurer, if any, (as defined in the Loan Agreement).

Industry Restrictions

“Industry Restrictions” means federal, state or other applicable governmental laws or regulations, including conditions imposed specifically on the Credit Group Members or the Credit Group Members’ facilities, or general industry standards or general industry conditions placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by the Credit Group Members.

Insurance Consultant

“Insurance Consultant” means an independent Person or firm which is selected by the Obligated Group Representative or an Obligated Group Member, as the case may be, and acceptable to the Master Trustee and qualified to survey risks and to recommend insurance coverage for hospitals, health-related facilities and services and organizations engaged in such operations.

Interim Indebtedness

“Interim Indebtedness” means Indebtedness with an original maturity not in excess of five (5) years, the proceeds of which are to be used to provide interim financing for capital improvements in anticipation of the issuance of Long-Term Indebtedness. Interim Indebtedness shall be considered Long-Term Indebtedness for purposes of this Master Indenture.

Irrevocable Deposit

“Irrevocable Deposit” means the irrevocable deposit in trust of cash in an amount, or Government Obligations, or other securities permitted for such purpose pursuant to the terms of the documents governing the payment of or discharge of Indebtedness, the principal of and interest on which will be an amount, and under terms sufficient to pay all or a portion of the principal of, premium, if any, and interest on, as the same shall become due, any such Indebtedness that would otherwise be considered Outstanding. The trustee of such deposit may be the Master Trustee, a Related Bond Trustee or any other trustee or escrow agent authorized to act in such capacity.

Lien

“Lien” means any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property of a Credit Group Member (a) that secures any Indebtedness or any other obligation of such Credit Group Member or (b) that secures any obligation of any Person other than a Credit Group Member, and excluding liens applicable to Property in which a Credit Group Member has only a leasehold interest unless the lien secures Indebtedness of that Credit Group Member.

Long-Term Indebtedness

“Long-Term Indebtedness” means Indebtedness other than Short-Term Indebtedness. Classification of Indebtedness as long-term under GAAP shall not be controlling.

Master Indenture

“Master Indenture” means this Amended and Restated Master Trust Indenture, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms hereof.

Master Trustee

“Master Trustee” means Manufacturers and Traders Trust Company, a banking corporation organized under the laws of New York, and, subject to the limitations contained in Section 5.07 hereof, any other corporation or association that may be co-trustee with the Master Trustee, and any successor or successors to said trustee or co-trustee in the trusts created hereunder.

Material Credit Group Members

“Material Credit Group Members” means the Credit Group Members whose combined or consolidated total assets, as shown on their financial statements for their most recently completed fiscal year for which audited financial statements are available, were equal to or greater than 90% of the combined or consolidated total assets of the entire Credit Group as shown on the Credit Group Financial Statements for the most recently completed Fiscal Year of the Credit Group for which audited financial statements are available.

Maximum Annual Debt Service

“Maximum Annual Debt Service” means the aggregate maximum Annual Debt Service payments (including mandatory sinking fund redemption requirements) of the Credit Group on Long-Term Indebtedness (excluding any Long-Term Indebtedness of any entities not in the Credit Group) for any succeeding Fiscal Year. Such amount may be calculated as set forth in either (a) or (b) below:

(a) *Projection Based on Adjusted Annual Payments.* Maximum Annual Debt Service may be projected based on adjusted annual payments, determined as follows:

(i) Annual Debt Service requirements on Long-Term Indebtedness, or portions thereof, shall not be included in the computation of the Maximum Annual Debt Service (A) until the Fiscal Year in which such Annual Debt Service, or portions thereof, first become payable, only to the extent that it shall be payable, from sources other than amounts deposited in trust, escrowed or otherwise set aside for the payment thereof at the time of incurrence of Indebtedness (including without limitations, so as to prevent the double-counting of any Indebtedness in the computation of the Maximum Annual Debt Service, capitalized interest and accrued interest so deposited into trust, escrowed or otherwise set aside) with the Master Trustee, a Related Bond Trustee or another Person approved by the Master Trustee; and (B) to the extent that an Irrevocable Deposit sufficient to pay such Annual Debt Service has been made;

(ii) the principal amount of any Long-Term Indebtedness required to be redeemed in any Fiscal Year shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of its stated maturity; provided, however, that if a Financial Product Agreement has

been entered into that in effect provides for payment of a variable interest rate for any portion of such Indebtedness, the Obligated Group may treat the related portion of such Indebtedness as Variable Rate Indebtedness for the term of the Financial Product Agreement and calculate or project the interest rate payable as a result of the Financial Product Agreement pursuant to the provisions of clause (iii) below;

(iii) the amount of interest on Variable Rate Indebtedness during any period prior to the date of calculation shall be calculated on the basis of actual interest paid on such Indebtedness during such prior periods, and the amount of interest on Variable Rate Indebtedness for periods subsequent to the date of calculation shall be calculated as if the interest rate on such Indebtedness was (A) if such Indebtedness was Outstanding during the entire twelve months immediately preceding such determination, the average rate of interest thereon for that twelve-month period, (B) if such Indebtedness was Outstanding for only a portion of such immediately preceding twelve-month period, the average rate of interest which would have been in effect if such Indebtedness had been Outstanding during the entire period, or (C) if such Indebtedness was not Outstanding during such immediately preceding twelve-month period, the rate of interest such Indebtedness bears on the date of the calculation of the Debt Service Coverage Ratio; provided, however, that the Obligated Group may project the interest payments on the related portion of such Indebtedness by using the fixed rate payable on a related Identified Financial Product Agreement;

(iv) Annual Debt Service on Balloon Indebtedness and any Interim Indebtedness, shall be projected assuming (A) that the principal balance of such Indebtedness on the date of determination is refinanced on the date of determination over a term equal to the greater of thirty (30) years or the date of maturity of such Indebtedness, (B) that such principal balance will bear interest at the Bond Index, and (C) that Annual Debt Service on such Indebtedness after the date of determination will be payable in equal annual installments sufficient to pay both principal and interest;

(v) Annual Debt Service on Indebtedness arising from any Guaranty shall be taken into account as follows: (A) equal to twenty (20%) of the Annual Debt Service on the obligation guaranteed, so long as no Obligated Group Member has made any payments pursuant to such Guaranty within the eighteen (18) months preceding the date of calculation; and (B) otherwise shall be calculated as equal to one hundred percent (100%) of the Annual Debt Service on the obligation guaranteed;

(vi) there shall be excluded from Long-Term Indebtedness: (i) any obligation owed by one Credit Group Member to another Credit Group Member and (ii) any Subordinated Indebtedness or Nonrecourse Indebtedness incurred by any Credit Group Member;

(vii) any periodic fees payable to any Person providing a credit facility for any Long-Term Indebtedness incurred by any Credit Group Member shall be included as payments of interest on such Long-Term Indebtedness; and

(viii) the terms of any reimbursement obligation to any Person providing a credit facility for any such Long-Term Indebtedness shall be excluded from Long-Term Indebtedness, except to the extent and for periods during which payments have been required to

be made pursuant to such reimbursement obligation to such Person advancing funds and not being reimbursed; or

(b) *Projection Based on Assumed Level Annual Payments.* Maximum Annual Debt Service may be projected based on assumed level annual payments, determined as follows:

(i) The amount of principal and interest payable during each year on such Indebtedness after the date of determination shall be projected assuming (A) that the principal balance of such Indebtedness (after adjustment as provided in paragraph (b)(ii) of this definition) on the date of determination will be refinanced, (B) that such principal balance will be payable over a term of thirty (30) years, (C) that such principal balance will bear interest at the Bond Index, and (D) that Annual Debt Service on such Indebtedness will be payable in equal annual installments sufficient to pay both principal and interest.

(ii) If the Obligated Group has paid, directly or indirectly, any principal or interest on Indebtedness arising from any Guaranty at any time during the 18-month period next preceding such determination, one hundred percent (100%) of the principal balance of such Indebtedness shall be included in the projection. If the Obligated Group has not paid, directly or indirectly, any principal or interest on Indebtedness arising from any Guaranty at any time during the 18-month period next preceding such determination, only twenty percent (20%) of the principal balance on such Indebtedness shall be included in the projection.

(iii) If an Irrevocable Deposit shall have been made in respect of Indebtedness, then such Indebtedness (or any portion thereof) and the interest thereon as it comes due, such principal (or portion thereof), as the case may be, shall not be included in such projection.

Merger Transaction

“Merger Transaction” has the meaning set forth in Section 3.08 hereof.

Mortgage

“Mortgage” means the Mortgage and Security Agreement, dated as of August 1, 2020, from the Corporation to the Master Trustee.

Mortgaged Property

“Mortgaged Property” means the real property described in Exhibit A hereto, subject to and with the benefit of all rights and easements appurtenant thereto and all buildings, structures, fixtures and improvements thereon, whether in existence on the date hereof or later coming into existence and whether owned by the Corporation (or any other Obligated Group Member) on the date hereof or acquired hereafter, together with any additional real property not included in the foregoing provisions which may be added to the Mortgaged Property by a Related Supplement, subject always to Section 2.07 hereof.

New Master Indenture

“New Master Indenture” has the meaning set forth in Section 3.15 hereof.

New Master Trustee

“New Master Trustee” has the meaning set forth in Section 3.15 hereof.

New Obligated Group

“New Obligated Group” has the meaning set forth in Section 3.15 hereof.

Nonrecourse Indebtedness

“Nonrecourse Indebtedness” means any Indebtedness that is not a general obligation and that is secured by a Lien on Property, Plant and Equipment acquired or constructed with the proceeds of such Indebtedness, liability for which is effectively limited to the Property, Plant and Equipment subject to such Lien with no recourse, directly or indirectly, to any other Property of any Credit Group Member.

Obligated Group

“Obligated Group” means all Obligated Group Members.

Obligated Group Member or Member

“Obligated Group Member” or “Member” means each Person that is obligated hereunder from and after the date upon which such Person joins the Obligated Group, but excluding any Person that withdraws from the Obligated Group to the extent and in accordance with the provisions of Section 3.10 hereof, from and after the date of such withdrawal.

Obligated Group Representative

“Obligated Group Representative” means United Health Services Hospitals, Inc. or an Obligated Group Member (or Obligated Group Members acting jointly) as may have been designated pursuant to written notice to the Master Trustee executed by the Corporation or a successor Obligated Group Representative.

Obligation

“Obligation” means any obligation of the Obligated Group issued pursuant to Section 2.02 hereunder, as a joint and several obligation of each Obligated Group Member, that may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, Financial Product Agreements or leases. Reference to a Series of Obligations or to Obligations of a Series means Obligations or Series of Obligations issued pursuant to a single Related Supplement.

Officer's Certificate

“Officer's Certificate” means a certificate meeting the requirements of Section 1.04 hereof signed by an Authorized Representative of the Obligated Group Representative.

Opinion of Bond Counsel

“Opinion of Bond Counsel” means a written opinion signed by an attorney or firm of attorneys experienced in the field of public finance whose opinions are generally accepted by purchasers of bonds issued by or on behalf of a Government Issuer.

Opinion of Counsel

“Opinion of Counsel” means a written opinion signed by a reputable and qualified attorney or firm of attorneys who may be counsel for the Obligated Group Representative.

Outstanding

“Outstanding,” when used with reference to Indebtedness or Obligations, means, as of any date of determination, all Indebtedness or Obligations theretofore issued or incurred and not paid and discharged other than (a) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation or otherwise deemed paid in accordance with the terms hereof, (b) Obligations in lieu of which other Obligations have been authenticated and delivered or that have been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser, (c) any Obligation held by any Credit Group Member and (d) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more Obligations that constitute Indebtedness represent the same underlying Obligation (as when an Obligation secures an issue of Related Conduit Issuer Bonds and another Obligation secures repayment obligations to a bank under a letter of credit that secures such Related Conduit Issuer Bonds) for purposes of calculating compliance with the various financial covenants contained herein, but only for such purposes, only one of such Obligations shall be deemed Outstanding and the Obligation so deemed to be Outstanding shall be that Obligation which produces the greatest amount of Annual Debt Service to be included in the calculation of such covenants.

Parity Financial Product Extraordinary Payments

“Parity Financial Product Extraordinary Payments” means Financial Product Extraordinary Payments that (a) are with respect to a Financial Product Agreement secured or evidenced by an Obligation and (b) have been specified to be payable on a parity with Financial Product Payments in the Related Supplement authorizing the issuance of such Obligation.

Permitted Liens

“Permitted Liens” means and include:

(a) any judgment lien or notice of pending action against any Credit Group Member so long as the judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such Property or materially and adversely affect the Value thereof, or (B) purchase, condemn, appropriate or recapture, or designate a purchase of, such Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, that are not delinquent, or the amount or validity of which are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due and payable or that are not delinquent, or the amount or validity of which, are being contested or, with respect to liens of mechanics, materialmen and laborers, have been due for less than sixty (60) days, or the amount or validity of which are being contested; (iii) easements, rights-of-way, water, mineral and oil and gas rights, servitudes, waivers, reservations of abutter's rights, governmental requirements, and defects, encumbrances, and irregularities in the title to any Property that do not materially impair the use of such Property or materially and adversely affect the Value thereof; (iv) condominium plans, condominium maps, tract maps, lot splits or lot line adjustment maps affecting such Property; and (v) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the Value thereof;

(c) any Lien existing on the date of execution hereof as set forth in Appendix B hereto, or as exists upon addition of a Credit Group Member with respect to Liens existing on the Property of such additional Credit Group Member, provided that no such Lien may be increased, extended, renewed or modified to apply to any Property of any Credit Group Member not subject to such Lien on such date and the principal amount of Indebtedness secured thereby may not be increased, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien;

(d) any Lien in favor of the Master Trustee securing all Outstanding Obligations equally and ratably;

(e) Liens arising by reason of good faith deposits with any Credit Group Member in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Credit Group Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(f) any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or

license, or to enable any Credit Group Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements, and any Lien granted to a bank or similar entity providing a letter or line of credit to secure any obligation of the kind referred to in this clause (f);

(g) any Lien arising by reason of any escrow or reserve fund established to pay debt service with respect to Indebtedness;

(h) any Lien in favor of a creditor or a trustee on the proceeds of Indebtedness and any earnings thereon prior to the application of such proceeds and such earnings;

(i) Liens on moneys deposited by patients or residents or others with any Credit Group Member as security for or as prepayment for the cost of patient or residential care;

(j) Liens on Property received by any Credit Group Member through gifts, grants, bequests or research grants, such Liens being due to restrictions on such gifts, grants, bequests or research grants or the income thereon;

(k) rights of the United States of America, including, without limitation, the Federal Emergency Management Agency ("FEMA"), or the State of New York, or its agency or instrumentality, by reason of FEMA and other federal, and State of New York funds made available to any Credit Group Member under federal, or State of New York statutes or municipal codes, including without limitation funds from the New York State Office of Alcoholism and Substance Abuse Services;

(l) Liens on Property securing Indebtedness incurred to refinance Indebtedness previously secured by a Lien on such Property, provided that (i) the amount of such new Indebtedness does not exceed the amount of such refinanced Indebtedness, and (ii) the Property securing such Indebtedness is not increased;

(m) Liens granted by a Credit Group Member to another Credit Group Member;

(n) Liens securing Nonrecourse Indebtedness incurred pursuant to the provisions hereof;

(o) Liens consisting of purchase money security interests (as defined in the UCC) and lessors' interest in capitalized leases, and proceeds of casualty insurance relating to the Property that is the subject of such purchase money security interest or capitalized leases;

(p) Liens on the Credit Group Members' accounts receivable and proceeds thereof securing Indebtedness (including Guaranties) in an amount not to exceed 30% of such accounts receivable and proceeds thereof net of bad debt, as shown as patients accounts receivable, less allowances for uncollectible accounts, on the most recent Credit Group Financial Statements at the time such Indebtedness (or Guaranty) is incurred;

(q) Liens on revenues constituting rentals in connection with any other Lien permitted hereunder on the Property from which such rentals are derived;

(r) the lease or license of the use of a part of the Credit Group Members' facilities for use in performing professional or other services necessary for the customary and economical operation of such facilities in accordance with customary business practices in the industry, including, without limitation, office space for physicians, health care and educational institutions, food service facilities, gift shops and radiology or other hospital-specialty services, pharmacy and similar departments;

(s) Liens created on amounts deposited by a Credit Group Member pursuant to a security annex or similar document to collateralize obligations of such Credit Group Member under a Financial Product Agreement;

(t) Liens junior to Liens in favor of the Master Trustee;

(u) Liens in favor of banking or other depository institutions encumbering the deposits of any Credit Group Member held in the ordinary course of business by such banking institution (including any right of setoff or statutory bankers' liens) so long as such deposit account is not established or maintained for the purpose of providing such Lien, right of setoff or bankers' lien;

(v) UCC financing statements filed with the Secretary of State of the State (or such other office maintaining such records) in connection with an operating lease entered into by any Credit Group Member in the ordinary course of business so long as such financing statement does not evidence the grant of a Lien other than a Permitted Lien;

(w) rights of tenants under leases or rental agreements pertaining to Property, Plant and Equipment owned by any Credit Group Member so long as the lease arrangement is in the ordinary course of business of the Credit Group Member;

(x) leases for Fair Market Value, not exceeding in the aggregate at any time more than 10% of the net square footage of the Credit Group's real property;

(y) deposits of Property by any Credit Group Member to meet regulatory requirements for a governmental workers' compensation, unemployment insurance or social security program, other than any Lien imposed by the Employee Retirement Income Security Act of 1974 (ERISA);

(z) deposits to secure the performance of another party with respect to a bid, trade contract, statutory obligation, surety bond, appeal bond, performance bond or lease, and other similar obligations incurred in the ordinary course of business of a Credit Group Member;

(aa) Liens resulting from deposits to secure bids from or the performance of another party with respect to contracts incurred in the ordinary course of business of a Credit Group Member (other than contracts creating or evidencing an extension of credit to the depositor or otherwise for the payment of Indebtedness);

(bb) present or future zoning laws, ordinances or other laws or regulations restricting the occupancy, use or enjoyment of Property, Plant and Equipment of any Credit Group Member;

(cc) any Lien on inventory that does not exceed twenty-five percent (25%) of the Value thereof;

(dd) any Lien on Property due to the rights of third-party payors for recoupment or offset of amounts paid to any Credit Group Member and escrows therefor;

(ee) any Lien on Property to secure Indebtedness incurred under Section 3.12(g) hereof;

(ff) any Liens which are pre-existing prior to a Person's becoming an Obligated Group Member pursuant to Section 3.09 hereof or a merger, consolidation, sale or conveyance pursuant to Section 3.08;

(gg) any Liens arising from a Credit Group Member's participation in an accountable care organization or other similar health care delivery organization (collectively, a "Provider Group Arrangement") pursuant to which the Credit Group Member is responsible for its own or one or more other health care provider's escrow funds, withhold, deductible, shared savings, or other payments due with respect to contractual arrangements with governmental or third party payors, and Liens on revenues held by such Credit Group Member on behalf of other participants to a Provider Group Arrangement;

(hh) any Lien existing for not more than ten (10) days after the Credit Group Member shall have received notice thereof;

(ii) any Lien on Property to secure an Obligation issued under a Related Supplement, so long as such Lien secures all Outstanding Obligations equally and ratably;

(jj) leases, licenses or similar rights existing as of the date of the initial execution and delivery of this Master Indenture to use Property owned on such date by any Person who was a Credit Group Member on such date, and any renewal extensions thereof; and any leases, licenses or similar rights to use Property whereunder a Credit Group Member is lessee, licensee or the equivalent thereof; and

(kk) any Lien on Property with a Value that does not, together with the Value of Property subject to other Liens incurred under this clause (kk), exceed ten percent (10%) of the Value of all Property of the Credit Group Members as of the most recently available Credit Group Financial Statements preceding the date of incurrence of such Lien.

Person

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Property

“Property” means any and all rights, titles and interests in and to any and all assets of any Credit Group Member, whether real or personal, tangible or intangible and wherever situated, other than Restricted Moneys as determined in accordance with GAAP. For purposes of performing calculations under this Master Indenture, the Obligated Group Representative may treat “total assets” as shown on the Credit Group Financial Statements as the Book Value of the Credit Group’s Property.

Property, Plant and Equipment

“Property, Plant and Equipment” means all Property of any Credit Group Member that is considered property, plant and equipment of such Credit Group Member under GAAP.

Qualified Provider

“Qualified Provider” means any financial institution or insurance company or corporation that is a party to a Financial Product Agreement if (a) the unsecured long-term debt obligations of such provider (or of the parent or a subsidiary of such provider if such parent or subsidiary guarantees or otherwise assures the performance of such provider under such Financial Product Agreement), or (b) obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such provider (or such guarantor or assuring parent or subsidiary), are rated in one of the three highest Rating Categories of a Rating Agency at the time of the execution and delivery of the Financial Product Agreement.

Rating Agency

“Rating Agency” means Fitch Inc., Moody’s Investors Service, Inc., S&P Global Ratings, a division of The McGraw-Hill Companies, any successor thereof and any other national rating agency then rating Obligations or Related Conduit Issuer Bonds.

Rating Category

“Rating Category” means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier, outlook or otherwise.

Rating Upgrade

“Rating Upgrade” has the meaning set forth in Section 3.15(a) hereof.

Related Conduit Issuer Bonds

“Related Conduit Issuer Bonds” means the revenue bonds or other obligations issued by any Government Issuer, the proceeds of which are loaned or otherwise made available to a Credit Group Member in consideration of the execution, authentication and delivery of an Obligation or Obligations to or for the order of such Government Issuer.

Related Bond Indenture

“Related Bond Indenture” means any indenture, bond resolution, trust agreement or other comparable instrument pursuant to which a series of Related Conduit Issuer Bonds are issued.

Related Bond Issuer

“Related Bond Issuer” means the Government Issuer of any issue of Related Conduit Issuer Bonds.

Related Bond Trustee

“Related Bond Trustee” means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

Related Supplement

“Related Supplement” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

Replacement Note

“Replacement Note” has the meaning set forth in Section 3.15 hereof.

Required Payment

“Required Payment” means any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including, without limitation, Financial Product Payments, Financial Product Extraordinary Payments and the purchase price of Related Conduit Issuer Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Obligated Group Member pursuant to any Related Supplement or any Obligation.

Responsible Officer

“Responsible Officer” means, with respect to the Master Trustee, any vice president, any senior associate, any associate, or any other officer of the Master Trustee customarily performing functions similar to those performed by the persons above designated or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Master Indenture.

Restricted Moneys

“Restricted Moneys” means (a) the proceeds of any grant, gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived from the investment of such proceeds), and (b) any income and gains and the proceeds thereof of a Member that is a captive insurance company; to the extent in each case as restricted by law or its terms to an object or purpose inconsistent with their use for the payment of Required Payments.

Short-Term Indebtedness

“Short-Term Indebtedness” means all Indebtedness (other than Interim Indebtedness) having an original maturity less than or equal to one (1) year and not renewable at the option of a Credit Group Member for a term greater than one (1) year from the date of original incurrence or issuance, or Indebtedness with a maturity greater than one (1) year or renewable at the option of a Credit Group Member for a term greater than one (1) year, if by the terms of such Indebtedness, for a period of at least twenty (20) consecutive days during each calendar year no Indebtedness is permitted to be Outstanding thereunder. For purposes of this definition, (a) only the stated maturity of Indebtedness (and not any tender or put right of the holder of such Indebtedness) shall be taken into account in determining if such Indebtedness constitutes Short-Term Indebtedness hereunder and (b) classification of Indebtedness as current or short-term under GAAP shall not be controlling. Interim Indebtedness shall not constitute Short-Term Indebtedness for any purpose under this Master Indenture.

State

“State” means the State of New York.

Subordinated Indebtedness

“Subordinated Indebtedness” means Long-Term Indebtedness specifically subordinated as to payment and security to the payment of all Required Payments and other obligations of the Credit Group Members under this Master Indenture.

Surviving Entity

“Surviving Entity” has the meaning set forth in Section 3.08 hereof.

Tax-Exempt Organization

“Tax-Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof that is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501 (a) of the Code (other than the tax on unrelated business income under Section 511 of the Code), or corresponding provisions of federal income tax laws from time to time in effect.

Total Revenues

“Total Revenues” means, for the period of calculation in question, the sum of total unrestricted revenue and other support (including net patient service revenue), other operating revenue, and net assets released from restrictions, as shown on the Credit Group Financial Statements for the most recent Fiscal Year.

Transaction Test

“Transaction Test” means, with respect to any specified transaction, that (a) no Event of Default or Default would exist; and (b) following such transaction, the Obligated Group could satisfy the conditions for the issuance of additional Long-Term Indebtedness equal to \$1.00 set forth in Section 3.12(a) hereof, assuming that such transaction occurred at the start of the most recent Fiscal Year preceding such transaction for which Credit Group Financial Statements are available and taking into account any other action taken by the Credit Group in reliance upon the Transaction Test within the then current Fiscal Year.

UCC

“UCC” means the Uniform Commercial Code of the State, as amended from time to time.

Value

“Value,” when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Obligated Group Representative, at either its Fair Market Value or its Book Value.

Variable Rate Indebtedness

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

Section 1.02. Interpretation.

(a) Any reference herein to any officer of a Credit Group Member shall include those succeeding to the functions, duties or responsibilities of such officer pursuant to or by operation of law or who are lawfully performing the functions of such officer.

(b) Unless the context otherwise indicates, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The singular shall include the plural and vice versa.

(c) Headings of Articles and Sections herein and the table of contents hereto are solely for convenience of reference, and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(d) Provisions calling for the redemption of Obligations do not mean or include the payment of Obligations at their stated maturity.

Section 1.03. References to Master Indenture. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, used in this Master Indenture refer to this Master Indenture.

Section 1.04. Contents of Certificates and Opinions; Use of GAAP.

(a) Any such certificate or opinion provided for herein with respect to compliance with any provision hereof made or given by an officer of a Credit Group Member or the Master Trustee may be based, insofar as it relates to legal, accounting or health care matters, upon a certificate or opinion or representation of counsel, an Accountant or Independent Consultant unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or opinion may be based, as aforesaid, is erroneous. Any such certificate, opinion or representation made or given by counsel, an Accountant or an Independent Consultant, may be based, insofar as it relates to factual matters (with respect to which information is in the possession of any Credit Group Member) upon the certificate or opinion of, or representation by an officer of any Credit Group Member unless such counsel, Accountant or Independent Consultant knows that the certificate, opinion of or representation by such officer, with respect to the factual matters upon which such Person’s certificate or opinion may be based, is erroneous. The same officer of any Credit Group Member or the same counsel or Accountant or Independent Consultant, as the case may be, need not certify as to all the matters required to be certified under any provision hereof, but different officers, counsel, Accountants or Independent Consultants may certify as to different matters.

(b) Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or of any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the requirements hereof or of such agreement, document or certificate, in which case such agreement, document or certificate shall state that it was not done in accordance with GAAP in effect as of, in the sole discretion of the Obligated Group Representative, (i) the date such determination or computation is made for any purpose of this Master Indenture, or (ii) the date of execution and delivery of this Master Indenture if the Obligated Group Representative delivers an Officer’s Certificate to the Master Trustee explaining the basis for such treatment (including, but not limited to, to exclude the effect of “FASB ASC Topic 842, Leases” relating to the treatment of leases formerly classified as operating leases under GAAP); provided, however, that intercompany balances and liabilities among the Credit Group Members shall be disregarded.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF MASTER INDENTURE OBLIGATIONS; MORTGAGE

Section 2.01. Authorization of Obligations. Each Obligated Group Member hereby authorizes to be issued from time to time Obligations or Series of Obligations, without limitation

as to amount, except as provided herein or as may be limited by law, and subject to the terms, conditions and limitations established herein and in any Related Supplement.

Section 2.02. Issuance of Obligations. From time to time when authorized by this Master Indenture and subject to the terms, limitations and conditions established in this Master Indenture or in a Related Supplement, the Obligated Group Representative may authorize the issuance of an Obligation or a Series of Obligations by entering into a Related Supplement. The Obligation or the Obligations of any such Series may be issued and delivered to the Master Trustee for authentication upon compliance with the provisions hereof and of any Related Supplement.

Each Related Supplement authorizing the issuance of an Obligation or a Series of Obligations shall specify (a) the purposes for which such Obligation or Series of Obligations are being issued; (b) the form, title, designation, manner of numbering or denominations, if applicable, of such Obligations; (c) the date or dates of maturity or other final expiration of the term of such Obligations; the date of issuance of such Obligations; and (d) any other provisions deemed advisable or necessary by the Obligated Group Representative. Each Related Supplement authorizing the issuance of an Obligation shall also specify and determine the principal amount of such Obligation (if any) for purposes of calculating the percentage of Holders of Obligations required to take actions or give consents pursuant to this Master Indenture (which, if such Obligation does not evidence or secure Indebtedness, shall be equal to zero, except with respect to any action that requires the consent of all of the Holders of Obligations or actions of the Holders pursuant to Article IV hereof). The designation of zero as a principal amount of an Obligation shall not in any manner affect the obligation of the Members to make Required Payments with respect to such Obligation.

Section 2.03. Appointment of Obligated Group Representative. Each Obligated Group Member, by becoming an Obligated Group Member, irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants full power to the Obligated Group Representative (a) to execute (i) Related Supplements authorizing the issuance of Obligations or Series of Obligations, (ii) Obligations and (iii) all security-related agreements, certificates, disclosure documents, filings, registrations and other instruments ancillary to the issuance of Obligations and in furtherance of their purposes, and (b) to bind such Obligated Group Member by making covenants or agreements on behalf of such Obligated Group Member.

Section 2.04. Execution and Authentication of Obligations.

(a) All Obligations shall be executed by an Authorized Representative of the Obligated Group Representative for and on behalf of the Obligated Group as provided in the Related Supplement authorizing such Obligation. The signatures of such Authorized Representative may be mechanically or photographically reproduced on the Obligations. If any Authorized Representative whose signature appears on any Obligation ceases to be such Authorized Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Each Obligation shall be manually authenticated by an authorized signatory of the Master Trustee, and no Obligation shall be entitled to the benefits hereof without such authentication.

(b) The form of Certificate of Authentication to be printed on each Obligation and manually executed by an authorized signatory of the Master Trustee shall be as follows:

[FORM OF MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

The undersigned Master Trustee hereby certifies that this Obligation No. ____ is one of the Obligations described in the within mentioned Master Indenture.

Dated: _____

[Name of Master Trustee],
as Master Trustee

By _____
Authorized Signatory

Section 2.05. Conditions to the Issuance of Obligations. The issuance, authentication and delivery of any Obligation or Series of Obligations shall be subject to the following specific conditions:

(a) The Obligated Group Representative and the Master Trustee shall have entered into a Related Supplement providing for the terms and conditions of such Obligations and the repayment thereof; and

(b) The Master Trustee receives an Officer's Certificate to the effect that:

(i) each Obligated Group Member is in full compliance with all warranties, covenants and agreements set forth in this Master Indenture and in any Related Supplement; and

(ii) neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred and is continuing or would occur upon issuance of such Obligations under this Master Indenture or any Related Supplement; and

(iii) all requirements and conditions, if any, to the issuance of such Obligations set forth in the Related Supplement have been satisfied.

(c) The Master Trustee receives an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that:

(i) such Obligations and Related Supplement have been duly authorized, executed and delivered by the Obligated Group Representative on behalf of the

Obligated Group and constitute valid and binding obligations of the Obligated Group, enforceable in accordance with their terms; and

(ii) such Obligations are not subject to registration under the Securities Act of 1933, as amended, and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that any such registration, if required, has occurred); and

(d) The Obligated Group Representative shall have delivered or caused to be delivered to the Master Trustee such opinions, certificates, proceedings, instruments and other documents as the Master Trustee may (but is not obligated to) reasonably request.

(e) If such Obligation constitutes or secures Indebtedness, the requirements of Section 3.12 hereof are satisfied.

Section 2.06. Mortgage.

(a) To secure their obligation to make Required Payments hereunder and their other obligations, agreements and covenants to be performed and observed hereunder, each Obligated Group Member has granted to the Master Trustee, by way of the Mortgage, a lien on the Mortgaged Property of which such Obligated Group Member is the owner.

(b) Upon written request of the Credit Group Representative, the Master Trustee shall execute and deliver such releases, subordinations, requests for reconveyance, termination statements, or other instruments as may be reasonably requested by the Credit Group Representative in connection with (1) the disposition of the Mortgaged Property in accordance with Section 3.11 hereof, (2) the withdrawal of an Obligated Group Member pursuant to Section 3.10 hereof, and (3) the granting by an Obligated Group Member of any Lien which constitutes a Permitted Lien that is not junior to the Lien granted to the Master Trustee, as certified to the Master Trustee in writing by the Credit Group Representative.

(c)

(i) The Master Trustee and the Obligated Group may agree to amendments to the Mortgage without the consent of or notice to any of the Holders for one or more of the following purposes:

(A) to cure ambiguity or formal defect or omission in the Mortgage and which shall not materially adversely affect the interests of the Holders; and

(B) to correct or supplement any provision in the Mortgage which may be inconsistent with any other provision in the Mortgage, or to make any other provisions with respect to matters or questions arising under the Mortgage and which shall not materially adversely affect the interests of the Holders.

(ii) The Master Trustee and the Obligated Group may agree to any other amendments to the Mortgage with the consent of the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations.

(d) The Master Trustee shall also execute any consent, joinder, amendment, release, or other instrument required to be executed by the Master Trustee in its capacity as the mortgagee in order to: (i) allow, provide for, or release any Permitted Lien; (ii) subject any additional property of an Obligated Group Member to the lien of the Mortgage or modify, clarify, correct, or properly reflect the description of the property subject to the Mortgage; (iii) preserve the lien of the Mortgage or provide for the Mortgage (or replacement thereof); (iv) properly reflect the identities of the mortgagor or mortgagee; (v) release the lien of the Mortgage upon the discharge of this Master Indenture; or (vi) provide or execute estoppel certificates and nondisturbance agreements requested by the Credit Group Representative. The consent or approval of the Holders shall not be required in connection with items (i) through (vi) above. For purposes of determining whether the Master Trustee may execute any such consent, joinder, amendment, or other instrument, the Master Trustee may conclusively rely on an Officer's Certificate stating that: (x) the execution of such instrument is necessary or advisable in connection with the use, ownership, or operation of the Mortgaged Property; and (y) the execution and delivery of such instrument by the Master Trustee will not materially adversely affect the interests of the Holders. The Obligated Group shall pay (A) all costs of drafting, executing, recording, and filing, and (B) all other expenses and taxes (if any) applicable to or arising from any instruments described above and to be executed by the Master Trustee.

(e) Notwithstanding anything contained herein or in the Mortgage to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Master Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Master Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action.

(f) Notwithstanding anything to the contrary contained herein or in the Mortgage, the release, substitution or encumbrance of any material portion of the Mortgaged Property shall require the prior consent of the Insurer, if any.

Section 2.07. Substitution and Release of Mortgaged Property.

So long as there is not then an Event of Default, the Obligated Group may at any time substitute for any portion of the existing Mortgaged Property, any other real or personal property with an aggregate Appraised Value equal to or greater than the Appraised Value of the portion of the Mortgaged Property for which it is to be substituted; provided, however, that such substituted property (a) includes acute care hospital facilities housing an emergency department and the highest number of licensed acute care beds of any licensed facility of the Corporation, and (b) is not subject to any Liens other than Liens that are Permitted Liens for the Mortgaged Property. "Appraised Value" means a market value appraisal performed at the Obligated Group's expense by an independent M.A.I. appraiser selected by the Obligated Group, dated not more than one year prior to the date presented and accompanied by a bring-down letter from the appraiser, dated not more than one week prior to the date of substitution, to the effect that the condition and Appraised Value of the appraised property have not changed materially from the

date of the appraisal. Any grant of substitute Mortgaged Property shall be accompanied by a mortgagee's policy of title insurance reasonably satisfactory to the Master Trustee and evidence reasonably satisfactory to the Master Trustee, in the form of zoning coverage in the title insurance policy or an Opinion of Counsel, or both, that the substitute Mortgaged Property and any remaining Mortgaged Property meet applicable zoning requirements.

ARTICLE III

PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS

Section 3.01. Payment of Required Payments.

(a) Each Obligated Group Member jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on or before the dates and in the manner provided herein or in any Related Supplement or Obligation. Each Obligated Group Member acknowledges that the time of such payment and performance is of the essence of the Obligations hereunder. Each Obligated Group Member further covenants to faithfully observe and perform all of the conditions, covenants and requirements of this Master Indenture, any Related Supplement and any Obligation.

The obligation of each Obligated Group Member with respect to Required Payments shall not be abrogated, prejudiced or affected by:

(i) the granting of any extension, waiver or other concession given to any Obligated Group Member by the Master Trustee or any Holder or by any compromise, release, abandonment, variation, relinquishment or renewal of any of the rights of the Master Trustee or any Holder or anything done or omitted or neglected to be done by the Master Trustee or any Holder in exercise of the authority, power and discretion vested in them by this Master Indenture, or by any other dealing or thing that, but for this provision, might operate to abrogate, prejudice or affect such obligation; or

(ii) the liability of any other Obligated Group Member under this Master Indenture ceasing for any cause whatsoever, including the release of any other Obligated Group Member pursuant to the provisions of this Master Indenture or any Related Supplement; or

(iii) any Obligated Group Member's failing to become liable as, or losing eligibility to become, an Obligated Group Member with respect to an Obligation; or

(iv) the validity or sufficiency of consideration given to support the obligations of the Obligated Group Members under this Master Indenture.

Subject to the provisions of Section 3.10 hereof permitting withdrawal from the Obligated Group, the obligation of each Obligated Group Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid or deemed paid in full in accordance with Article VII hereof. All moneys from time to time received by the Obligated Group Representative or the Master Trustee to reduce liability on Obligations, whether

from or on account of the Obligated Group Members or otherwise, shall be regarded as payments in gross without any right on the part of any one or more of the Obligated Group Members to claim the benefit of any moneys so received until the whole of the amounts owing on Obligations has been paid or satisfied and so that in the event of any such Obligated Group Member's filing a bankruptcy petition, the Obligated Group Representative or the Master Trustee shall be entitled to prove up the total indebtedness or other liability on Obligations Outstanding as to which the liability of such Obligated Group Member has become fixed.

Each Obligation shall be a primary obligation of the Obligated Group Members and shall not be treated as ancillary to or collateral with any other obligation and shall be independent of any other security so that the covenants and agreements of each Obligated Group Member hereunder shall be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Obligated Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement of each Obligated Group Member hereunder and to enforce the making of Required Payments. Each Obligated Group Member hereby authorizes each of the Obligated Group Representative and the Master Trustee to enforce or refrain from enforcing any covenant or agreement of the Obligated Group Members hereunder or under any other contract or agreement pursuant to which the Obligated Group Representative has made covenants by or on behalf of any such Obligated Group Member and to make any arrangement or compromise with any Obligated Group Member or Obligated Group Members as the Obligated Group Representative or the Master Trustee may deem appropriate, consistent with this Master Indenture and any Related Supplement. Each Obligated Group Member hereby waives in favor of the Obligated Group Representative and the Master Trustee all rights against the Obligated Group Representative, the Master Trustee and any other Obligated Group Member, insofar as is necessary to give effect to any of the provisions of this Section.

Section 3.02. Transfers from Designated Affiliates. Each Controlling Member hereby covenants and agrees that it shall cause each of its Designated Affiliates to pay, loan or otherwise transfer to the Obligated Group Representative such amounts as are necessary to enable the Obligated Group Members to comply with the provisions of this Master Indenture, including, without limitation, the provisions of Section 3.01 hereof; provided, however, that nothing herein shall be construed to require any Controlling Member to cause its Designated Affiliate to pay, loan or otherwise transfer to the Obligated Group Representative any amounts that constitute Restricted Moneys.

Section 3.03. Designation of Designated Affiliates.

(a) The Obligated Group Representative by resolution of its Governing Body may from time to time designate Persons as Designated Affiliates. In connection with such designation, the Obligated Group Representative shall designate for each Designated Affiliate an Obligated Group Member to serve as the Controlling Member for such Designated Affiliate. The Obligated Group Representative shall at all times maintain an accurate and complete list of all Persons designated as Designated Affiliates (and of the Controlling Members for such Designated Affiliates). When, as and if the complement of Designated Affiliates changes, the Obligated Group Representative shall file notice thereof and file such list with the Master

Trustee (and any Related Bond Issuer that shall request such list in writing) within thirty (30) days of such change.

(b) Each Controlling Member shall cause each of its Designated Affiliates to provide to the Obligated Group Representative a resolution of its Governing Body accepting such Person's designation as a Designated Affiliate and acknowledging the provisions of this Master Indenture that affect the Designated Affiliates. So long as such Person is designated as a Designated Affiliate, the Controlling Member of such Designated Affiliate shall either (i) maintain, directly or indirectly, control of such Designated Affiliate to the extent necessary to cause such Designated Affiliate to comply with the terms of this Master Indenture, whether through the ownership of voting securities, by contract, corporate membership, reserved powers or the power to appoint corporate members, trustees or directors, or otherwise, or (ii) execute and have in effect such contracts or other agreements that the Obligated Group Representative and the Controlling Member, in the judgment of their respective Governing Bodies, deem sufficient for the Controlling Member to cause such Designated Affiliate to comply with the terms of this Master Indenture as they relate to Designated Affiliates.

(c) Each Controlling Member hereby covenants and agrees that it will, to the extent permitted by law, cause each of its Designated Affiliates to comply with any and all directives of the Controlling Member given pursuant to the provisions of this Master Indenture applicable to a Designated Affiliate.

(d) Any Person may cease to be a Designated Affiliate (and thus not subject to the terms of this Master Indenture) provided that prior to such Person ceasing to be a Designated Affiliate the Master Trustee receives:

(i) a resolution of the Governing Body of the Obligated Group Representative declaring such Person no longer a Designated Affiliate; and

(ii) an Officer's Certificate to the effect that immediately following such Person ceasing to be a Designated Affiliate neither a Default nor an Event of Default would exist by reason of such Person ceasing to be a Designated Affiliate.

Section 3.04. Covenants of Corporate Existence, Maintenance of Properties, Etc. Each Obligated Group Member agrees, and each Controlling Member agrees to cause each of its Designated Affiliates:

(a) Except as otherwise expressly provided herein, to preserve its corporate or other legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and to be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualification; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or useful in the conduct of its business or affairs.

(b) At all times to cause its Property, Plant and Equipment to be maintained, preserved and kept in good repair, working order and condition, reasonable wear and tear excepted, and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this subsection shall be construed to (i) prevent it

from ceasing to operate any immaterial portion of its Property, Plant and Equipment, (ii) prevent it from ceasing to operate any material portion of its Property, Plant and Equipment if in its judgment it is advisable not to operate the same, or (iii) obligate it to retain, preserve, repair, renew or replace any Property, Plant and Equipment no longer used or useful in the conduct of its business.

(c) To procure and maintain all necessary licenses and permits necessary, in the judgment of its Governing Body, to the operation of its health care Property and the status of its health care Property (other than that not currently having such status or not having such status on the date a Person becomes a Credit Group Member) as providers of health care services eligible for payment under those third party payment programs that its Governing Body determines are appropriate; provided, however, that it need not comply with this subsection if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Indebtedness when due.

Section 3.05. Gross Receivables Pledge.

(a) To secure their obligation to make Required Payments hereunder and their other obligations, agreements and covenants to be performed and observed hereunder, each Obligated Group Member hereby grants to the Master Trustee security interests in the Gross Receivables.

(b) This Master Indenture shall be deemed a “security agreement” for purposes of the UCC.

(c) The Master Trustee’s security interest in the Gross Receivables shall be perfected, to the extent that such security interest may be so perfected, by the filing of financing statements that comply with the requirements of the UCC. Each Member (or the Obligated Group Representative on such Member’s behalf) shall cause to be filed, in accordance with the requirements of the UCC, financing statements; and, from time to time thereafter, shall execute and deliver such other documents (including, but not limited to, continuation statements as required by the UCC) as may be necessary or reasonably requested by the Master Trustee in order to perfect or maintain perfected such security interests or give public notice thereof.

(d) Upon written request from the Obligated Group Representative, the Master Trustee shall take all procedural steps necessary to effect the subordination of its security interest in the Gross Receivables granted herein to security interests constituting Permitted Liens.

(e) Each Obligated Group Member shall notify the Master Trustee of any change of name and change of address of its chief executive office to enable a new appropriate financing statement or an amendment to be filed in accordance with the requirements of the UCC, in order to maintain the perfected security interest granted herein.

Section 3.06. Against Encumbrances.

(a) Each Member has granted security interests in the Gross Receivables. The Corporation and each other Member, respectively, agrees to execute and deliver such other

agreements as may be necessary from time to time to grant to the Master Trustee a security interest in the Gross Receivables, subject only to Permitted Liens.

(b) Each Obligated Group Member agrees that it will not, and will cause its Designated Affiliates (if such Obligated Group Member is a Controlling Member) to not, create or suffer to be created or permit the existence of any Lien upon the Gross Receivables and Property now owned or hereafter acquired by it other than Permitted Liens. Each Obligated Group Member, respectively, further covenants and agrees that if such a Lien (other than a Permitted Lien) is nonetheless created by someone other than an Obligated Group Member and is assumed by any Obligated Group Member, the Obligated Group Representative will make or cause to be made effective a provision whereby all Obligations will be secured prior to any such Indebtedness or other obligation secured by such Lien.

(c) Upon written request of the Obligated Group Representative, the Master Trustee shall execute and deliver such releases, subordinations, requests for reconveyance, termination statements or other instruments as may be reasonably requested by the Obligated Group Representative in connection with (i) the disposition of Property in accordance with the provisions of Section 3.11 and the applicable provisions of any Related Supplement, (ii) the withdrawal of a Member pursuant to Section 3.10 and the applicable provisions of any Related Supplement and (iii) the granting by a Credit Group Member of any Lien which constitutes a Permitted Lien hereunder, as certified to the Master Trustee in writing by the Obligated Group Representative.

Section 3.07. Debt Service Coverage.

(a) Each Obligated Group Member agrees that the Debt Service Coverage Ratio shall be not less than 1.10:1.00 for each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021, provided that an Event of Default shall occur only if (i) the Obligated Group fails to reasonably comply with the requirements of subsections (b) through and including (d) below, or (ii) the Debt Service Coverage Ratio for any two consecutive Fiscal Years is less than 1.00:1.00.

(b) If the Debt Service Coverage Ratio at the end of any Fiscal Year is less than 1.10:1.00, the Obligated Group Representative covenants to retain an Independent Consultant to make recommendations to increase Income Available for Debt Service for subsequent Fiscal Years to the levels required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. The Obligated Group Representative agrees to transmit a copy thereof to the Master Trustee within twenty (20) days of the receipt of such recommendations. Each Obligated Group Member, respectively, agrees that it will, to the extent permitted by law, substantially follow the recommendations of the Independent Consultant or file with the Master Trustee its reasons for not following the recommendations. In no event may the Debt Service Coverage Ratio for any two consecutive Fiscal Years be less than 1.00:1.00.

(c) If the Credit Group substantially complies with the recommendations of the Independent Consultant, as applicable under Section 3.07(b) hereof, respectively, hereof, the Credit Group will be deemed to have complied with the covenants set forth in this Section for

such Fiscal Year, notwithstanding that the Debt Service Coverage Ratio shall be less than 1.10:1.00; provided, however, that the Debt Service Coverage Ratio shall not be reduced to less than 1.00:1.00 for any two consecutive Fiscal Years. Notwithstanding the foregoing, the Credit Group Members shall not be excused from taking any action or performing any duty required under this Master Indenture and no other Event of Default shall be waived by the operation of the provisions of this subsection (c).

(d) If a report of the Obligated Group Representative or an Independent Consultant is delivered to the Master Trustee, the Insurer, if any, and the Related Bond Issuers, which report shall state that Government Restrictions or Industry Restrictions have been imposed that make it impossible for the Income Available for Debt Service to satisfy the requirement of Section 3.07(a) hereof, then the required amount of Income Available for Debt Service shall be reduced to the maximum coverage permitted by such Government Restrictions or Industry Restrictions but in no event less than an amount to pay the Annual Debt Service on all Indebtedness of the Credit Group for such Fiscal Year; but in no event may the Debt Service Coverage Ratio for any two consecutive Fiscal Years be less than 1.00:1.00.

(e) Notwithstanding the foregoing, an Obligated Group Member may permit the rendering of services or the use of its Property without charge or at reduced charges, at the discretion of the Governing Body of such Obligated Group Member, to the extent necessary for maintaining its tax-exempt status or the tax-exempt status of its Property, Plant and Equipment or its eligibility for grants, loans, subsidies or payments from governmental entities, or in compliance with any recommendation for free services or services for advanced fees that may be made by an Independent Consultant.

Section 3.08. Merger, Consolidation, Sale or Conveyance. Each Obligated Group Member covenants that it will not merge or consolidate with any other Person that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member (a “Merger Transaction”) unless:

(a) After giving effect to the Merger Transaction,

(i) the successor or surviving entity (hereinafter, the “Surviving Entity”) is an Obligated Group Member, or

(ii) the Surviving Entity shall

(A) be a corporation or other entity organized and existing under the laws of the United States of America or any state thereof, and

(B) prior to or simultaneously with the merger, become an Obligated Group Member pursuant to Section 3.09 hereof and, pursuant to the Related Supplement required by Section 3.09(b) hereof, shall expressly assume in writing the due and punctual payment of all Required Payments of the disappearing Obligated Group Member hereunder and its joint and several obligation with respect to Obligations;

(b) The Master Trustee receives an Officer’s Certificate to the effect that the Transaction Test is satisfied in connection with the Merger Transaction;

(c) So long as any Related Conduit Issuer Bonds that are tax-exempt obligations are Outstanding, the Master Trustee receives an Opinion of Bond Counsel to the effect that, under then existing law, the consummation of the Merger Transaction, in and of itself, would not result in the inclusion of interest on such Related Conduit Issuer Bonds in gross income for purposes of federal income taxation;

(d) The Master Trustee receives an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that (i) all conditions in this Section 3.08 relating to the Merger Transaction have been complied with; (ii) the Surviving Entity meets the conditions set forth in this Section 3.08 and in all Obligations then Outstanding; (iii) the Merger Transaction will not adversely affect the validity of any Obligations then Outstanding and such Obligations then Outstanding are enforceable against the Surviving Entity in accordance with their respective terms; and (iv) the Merger Transaction will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and

(e) The Surviving Entity shall be substituted for its predecessor in interest in all Obligations and agreements then in effect that affect or relate to any Obligation, and the Surviving Entity shall execute and deliver to the Master Trustee appropriate documents in order to effect the substitution.

From and after the effective date of such substitution (as set forth in the above-mentioned documents), the Surviving Entity shall be treated as an Obligated Group Member and shall thereafter have the right to participate in transactions hereunder relating to Obligations to the same extent as the other Obligated Group Members. All Obligations issued hereunder on behalf of a Surviving Entity shall have the same legal rank and benefit under this Master Indenture as Obligations issued on behalf of any other Obligated Group Member.

Section 3.09. Membership in Obligated Group. Additional Obligated Group Members may be added to the Obligated Group from time to time, provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Obligated Group Member that authorizes the execution and delivery of a Related Supplement and compliance with the terms of this Master Indenture; and

(b) a Related Supplement executed by the Obligated Group Representative, the new Obligated Group Member and the Master Trustee pursuant to which the proposed new Obligated Group Member:

(i) agrees to become an Obligated Group Member, and

(ii) agrees to be bound by the terms of this Master Indenture, the Related Supplements and the Obligations, and

(iii) irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants to the Obligated Group Representative the requisite power

and authority to execute Related Supplements authorizing the issuance of Obligations or Series of Obligations and to execute and deliver Obligations, and

(c) an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that (i) the proposed new Obligated Group Member has taken all necessary action to become an Obligated Group Member, and upon execution of the Related Supplement, such proposed new Obligated Group Member will be bound by the terms of this Master Indenture, (ii) the addition of such Obligated Group Member would not adversely affect the validity of any Obligation then Outstanding and (iii) the addition of such Obligated Group Member will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and

(d) an Officer's Certificate to the effect that immediately after the addition of the proposed new Obligated Group Member, the Transaction Test would be satisfied; and

(e) so long as any Related Conduit Issuer Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel to the effect that the addition of the proposed new Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Conduit Issuer Bonds in gross income for purposes of federal income taxation.

Section 3.10. Withdrawal from Obligated Group. The Corporation may not withdraw from the Obligated Group. Any other Obligated Group Member may withdraw from the Obligated Group and be released from further liability or obligation under the provisions of this Master Indenture, provided that prior to such withdrawal the Master Trustee receives:

(a) an Officer's Certificate to the effect that the Obligated Group Representative has approved the withdrawal of such Obligated Group Member;

(b) an Officer's Certificate to the effect that immediately following the withdrawal of such Obligated Group Member, the Transaction Test would be satisfied; and

(c) an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that (i) the withdrawal of such Obligated Group Member would not adversely affect the validity of any Obligation then Outstanding and (ii) the withdrawal of such Obligated Group Member will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended.

Upon compliance with the conditions contained in this Section 3.10, the Master Trustee shall execute any documents reasonably requested by the withdrawing Obligated Group Member to evidence the termination of such Obligated Group Member's obligations hereunder, under all Related Supplements and under all Obligations, and shall execute and deliver such releases, subordinations, requests for reconveyance, termination statements or other instruments as may be reasonably requested by the Obligated Group Representative pursuant to Section 3.06(c) hereof.

Section 3.11. Limitation on Disposition of Assets.

(a) Each Obligated Group Member covenants that it will not, and each Controlling Member agrees that it will not permit its Designated Affiliates to, sell, lease or otherwise dispose of any part of its Property in any Fiscal Year (other than (A) in the ordinary course of business or in compliance with the requirements imposed on any asset upon its acquisition, or (B) as part of a disposition of all or substantially all of its assets as permitted by Section 3.08 hereof, or (C) to another Obligated Group Member or Designated Affiliate), with a value in excess of five percent (5%) of the Property of the Obligated Group, unless:

(i) such Property is inadequate, obsolete, unsuitable, undesirable or unnecessary for the operation and functioning of the primary health care operations of the Credit Group Members; or

(ii) the disposition is for Fair Market Value; or

(iii) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is being transferred to a Person who is not an Obligated Group Member but such Person shall become a Member pursuant to Section 3.09 hereof coincidental to such transfer; or

(iv) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the Property transferred pursuant to this subsection (iv) was transferred at fair and reasonable terms, no less favorable to the Credit Group Member, which could have been attained in a comparable arms-length transaction; or

(v) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the transaction would constitute and be treated as a true sale-leaseback under GAAP; or

(vi) the transfer is to any affiliate physician group practice and is used solely to support commercially reasonable salary and benefits of physician employees of such group practice; or

(vii) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is being transferred to an entity controlled by, under common control with, or contractually affiliated with, one or more Credit Group Members for establishing, capitalizing, and maintaining a program of insurance that provides insurance coverage to one or more Credit Group Members, provided that prior to such transfer, an Insurance Consultant shall have issued a report stating that the establishment of such insurance and the proposed funding thereof are consistent with reasonable insurance practices; which transferee entity may be organized under the laws of any jurisdiction or nation and which may include an entity providing insurance to entities other than Credit Group Members.

(b) Notwithstanding the foregoing, nothing shall prohibit any disposition of assets among Credit Group Members nor shall prohibit any Credit Group Member from: (i) making loans, including, without limitation, employee relocation loans, physician recruitment

loans or other credit/funding extensions, provided that such loans or other credit/funding extensions are in writing and (x) such loans are in furtherance of the exempt purposes of the Credit Group Member (if it is a Tax-Exempt Organization) or (y) the Credit Group Member reasonably expects such loans to be repaid and such loans bear interest at a reasonable rate of interest and on commercially reasonable terms; or (ii) transferring gifts restricted to a purpose inconsistent with their use for the payment of debt service on Obligations or operating expenses to a Person that has the purpose to receive and use or disburse such restricted gifts.

Section 3.12. Limitation on Indebtedness. Each Obligated Group Member covenants that it will not, and each Controlling Member covenants that it will not permit its Designated Affiliates to, incur any Indebtedness except that the Obligated Group Members and Designated Affiliates may incur the following Indebtedness:

(a) Long-Term Indebtedness, if prior to the date of incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee an Officer's Certificate to the effect that:

(i) the Debt Service Coverage Ratio for the most recent Fiscal Year for which Credit Group Financial Statements are available with respect to all Long-Term Indebtedness then Outstanding at the time of such certification and the additional Long-Term Indebtedness to be incurred, but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred, was not less than 1.20:1.00; or

(ii) (A) the Debt Service Coverage Ratio for the most recent Fiscal Year (excluding the additional Long-Term Indebtedness to be incurred) was not less than 1.20:1.00 and (B) the Debt Service Coverage Ratio for the Fiscal Year beginning with the Fiscal Year commencing after the estimated completion of the facilities to be financed by the Indebtedness to be incurred with respect to all Long-Term Indebtedness projected to be outstanding (including the additional Long-Term Indebtedness to be incurred but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred), is projected to be not less than 1.35:1.00. Notwithstanding the foregoing, if the Master Trustee receives a report of an Independent Consultant to the effect that Government Restrictions or Industry Restrictions prevent the Credit Group Members from generating the required levels of Income Available for Debt Service sufficient to result in a Debt Service Coverage Ratio of not less than 1.35:1.00, the 1.35:1.00 ratio requirement described in this subsection (a)(ii) shall be reduced to a ratio of not less than 1.00:1.00; or

(iii) the forecasted Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred, for the first complete Fiscal Year succeeding the date on which the proposed Long-Term Indebtedness is to be incurred, is not less than 1.30:1.00, as shown by forecasted statements of revenues and expenses for each such Fiscal Year, accompanied by a statement of the relevant assumptions upon which such forecasted statements are based.

(b) Completion Indebtedness without limitation provided that an Officer's Certificate is delivered to the Master Trustee stating that the Obligated Group Representative

reasonably expected the aggregate principal amount of Long-Term or Interim Indebtedness originally issued to finance the construction or equipping of the project for which such Completion Indebtedness is being incurred, together with other funds reasonably anticipated to be available for such purposes, to be fully sufficient to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was originally incurred, and in accordance with the general plans and specifications for such facility as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the provisions of the documents pursuant to which the related financing was undertaken.

(c) Short-Term Indebtedness provided that the provisions described in subsection (a) above are satisfied calculated as if such Short-Term Indebtedness was Long-Term Indebtedness or an Officer's Certificate is delivered to the Master Trustee stating that:

(i) the total amount of such Short-Term Indebtedness shall not exceed twenty percent (20%) of Total Revenues; and

(ii) In every Fiscal Year, there shall be at least a consecutive twenty (20) day period when the balances of such Short-Term Indebtedness (excluding Short-Term Indebtedness consisting of commercial paper that is intended to be refinanced with additional commercial paper) is reduced to an amount that shall not exceed five percent (5%) of Total Revenues.

(d) Nonrecourse Indebtedness without limitation.

(e) Long-Term Indebtedness, if such Long-Term Indebtedness is issued or incurred to refund Long-Term Indebtedness and the Master Trustee receive an Officer's Certificate to the effect that the issuance of such Long-Term Indebtedness would not increase Maximum Annual Debt Service by more than ten percent (10%).

(f) Subordinated Indebtedness without limitation.

(g) Reimbursement or other repayment obligations under reimbursement agreements or similar agreements relating to credit facilities and/or liquidity facilities that provide credit support and/or liquidity for Indebtedness or for Financial Products Agreements.

(h) Indebtedness incurred in connection with (i) the \$257,495,000 Broome County Local Development Corporation Revenue Bonds (United Health Services Hospitals, Inc. Project) Series 2020.

(i) Indebtedness to any Credit Group Member.

(j) Pre-existing Indebtedness of a Member assumed in connection with Section 3.08.

(k) Indebtedness incurred for the purpose of funding a debt service reserve fund established in connection with any series of Related Conduit Issuer Bonds or any other Obligation.

(l) Any other Indebtedness, provided that an Officer's Certificate is delivered to the Master Trustee stating that the aggregate principal amount of such Indebtedness, together with the aggregate principal amount of Indebtedness incurred pursuant to the provisions of subsection (c) of this Section 3.12, does not, as of the date of incurrence, exceed ten percent (10%) of Total Revenues.

Indebtedness incurred pursuant to any one of the subsections of this Section 3.12 may be reclassified as Indebtedness incurred pursuant to any other of such subsections if the tests set forth in the subsection to which such Indebtedness is to be reclassified are met at the time of such reclassification.

Section 3.13. Filing of Financial Statements, Certificate of No Default, Other Information.

(a) The Obligated Group Representative covenants and agrees that it will furnish to the Master Trustee financial statements:

(i) As soon as practicable, but in no event more than 150 days after the last day of each Fiscal Year, and within sixty (60) days after the close of each of the first three fiscal quarters of each Fiscal Year, one or more financial statements that, in the aggregate, shall include the Material Credit Group Members. Such financial statement shall constitute the "Credit Group Financial Statements." Such quarterly financial statements shall be unaudited financial statements and operating data of the Credit Group Members with respect to such fiscal quarter and for the portion of the Fiscal Year ending within such quarter. Such annual financial statements:

(A) may, at the election of the Obligated Group Representative, consist either of (1) consolidated or combined financial results of the Credit Group Members and prepared in accordance with GAAP or (2) similarly prepared special purpose financial statements including only Credit Group Members;

(B) shall be audited by an Accountant as having been prepared in accordance with GAAP (except in the case of special purpose financial statements);

(C) shall include a consolidated or combined balance sheet, statement of operations and changes in net assets; and

(D) if more than one financial statement is delivered to the Master Trustee pursuant to this subsection (a)(i), or if a single financial statement is delivered that includes Persons other than Credit Group Members and Immaterial Affiliates and such other Credit Group Members and Immaterial Affiliates represent more than twenty percent (20%) of the Total Revenues of the entities included in such financial statements (considered in aggregate), then each such financial statement shall contain, as "other financial information," a combining or consolidating schedule from which financial information solely relating to the Credit Group Members and Immaterial Affiliates may be derived.

(ii)

(A) If a special purpose financial statement containing information solely related to the Credit Group Members (which may, but need not, include any Immaterial Affiliates) is delivered pursuant to clause (a)(i)(A) above, then such financial statement shall constitute the “Credit Group Financial Statements” if deemed to be as such by the Obligated Group Representative for the purposes of meeting that specific submission.

(B) If a single financial statement containing information related solely to the Credit Group Members and, at the option of the Obligated Group Representative, any Immaterial Affiliates is not delivered pursuant to clause (a)(i) above, the Obligated Group Representative shall prepare an unaudited balance sheet and statement of operations for such Fiscal Year. The unaudited financial statements shall be prepared as soon as practicable, but in no event more than 150 days after the last day of each Fiscal Year beginning with the Fiscal Year ending December 31, 2020, and shall be based on the accompanying unaudited combining or consolidating schedules delivered with the audited financial statements described in clause (a)(i)(D) above. The unaudited financial statements prepared in accordance with this clause (ii)(B) shall be the “Credit Group Financial Statements.”

(C) The Credit Group Financial Statements:

- (1) shall include all Material Credit Group Members;
- (2) at the option of the Obligated Group Representative, may, but need not, include one or more Immaterial Affiliates as provided in subsection (b) below;
- (3) at the option of the Obligated Group Representative, may exclude one or more Credit Group Members that are not Material Credit Group Members; and
- (4) shall exclude all combined or consolidated entities that are neither Credit Group Members nor Immaterial Affiliates.

(iii) At the time of the delivery of the Credit Group Financial Statements, an Officer’s Certificate of the Obligated Group Representative, stating that no event that constitutes an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken to cure such Event of Default.

(b) Notwithstanding the foregoing, the submission of the Corporation’s consolidated financial statements shall be in full satisfaction of any requirement under this or other Sections of this Master Indenture to submit Credit Group Financial Statements as defined herein in this Section 3.13 for so long as the Corporation is the sole Member of the Obligated Group.

(c) Notwithstanding the foregoing, the results of operations and financial position of Immaterial Affiliates need not be excluded from financial statements delivered to the Master Trustee pursuant to this Section, and such results of operation and financial position may be considered as if they were a portion of the results of operation and financial position of the

Credit Group Members for all purposes of this Master Indenture notwithstanding the inclusion of the results of operation and financial position of such Immaterial Affiliates.

(d) The Master Trustee shall have no duty to review, verify or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Holders. The Master Trustee shall not be deemed to have notice of any information contained in such financial statements or event of default that may be disclosed therein in any manner.

(e) The Master Trustee and Corporation agree to furnish to the Insurer, if any, copies of all reports, notices and other documents sent to or received by the Master Trustee, Corporation or Obligation holders pursuant to this Master Indenture.

Section 3.14. Days Cash on Hand.

The Obligated Group shall maintain Days Cash on Hand of at least forty (40) days at the end of each Fiscal Year. Within one hundred fifty (150) days after the end of each Fiscal Year, the Obligated Group shall furnish to the Master Trustee an Officer's Certificate stating, based on calculations shown in such Officer's Certificate, that the requirement of the foregoing sentence was met at the end of the Fiscal Year, calculated as of the end of such Fiscal Year based on the Credit Group Financial Statements for such Fiscal Year. If the Days Cash on Hand, as so calculated at the end of any Fiscal Year, is less than thirty (30) days, the Obligated Group covenants to retain an Independent Consultant to make recommendations to increase the Days Cash on Hand for subsequent Fiscal Years to the levels required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. Each Member of the Obligated Group, respectively, agrees that it will, to the extent permitted by law and subject to any applicable governmental regulations, contractual, third-party payor, fiduciary and other restrictions and limitations on its legal authority, substantially follow the recommendations of the Independent Consultant or file with the Master Trustee its reasons for not following the recommendations. So long as the Obligated Group shall retain an Independent Consultant and each Member of the Obligated Group shall follow such Independent Consultant's recommendations except as set forth above, this Section shall be deemed to have been complied with even if the Days Cash on Hand for any subsequent Fiscal Year is less than forty (40). If at the end of any Fiscal Year the Days Cash on Hand is less than thirty (30), the Obligated Group will not be required to retain an Independent Consultant to make such recommendations if a written report of an Independent Consultant is filed with the Master Trustee which contains an opinion of such Independent Consultant that (i) applicable laws or regulations have prevented the maintenance of thirty (30) Days Cash on Hand, (ii) the Members of the Obligated Group have generated the maximum amount of Income Available for Debt Service which in the opinion of such Independent Consultant could reasonably have been generated given such laws and regulations during the period affected thereby and (iii) the Days Cash on Hand actually achieved was at least thirty (30). The Obligated Group shall not be required to cause the Independent Consultant's report referred to in this paragraph to be prepared more frequently than once every two Fiscal Years if at the end of the first of such two Fiscal Years the Obligated Group provides to the Master Trustee (who shall provide a copy to each Holder, the Related Bond Trustee and Related Bond Issuer) an Opinion of Counsel (which counsel and opinion, including without limitation the scope, form, substance and other aspects

thereof, are acceptable to the Master Trustee) to the effect that the applicable laws and regulations underlying the Independent Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way. Notwithstanding any provision of this Section 3.14 to the contrary, if at the end of any Fiscal Year the Days Cash on Hand is less than thirty (30), then the Obligated Group shall be deemed to be in default hereunder.

Section 3.15. Substitution of Master Trust Indenture.

Notwithstanding anything in this Master Indenture to the contrary, each then-Outstanding Obligation may, upon the request of the Obligated Group Representative (and without the consent of any Holder) and the satisfaction of all terms and conditions described below, be substituted with an original replacement note or notes or similar obligations (collectively, a "Replacement Note") issued by an obligated issuer or group of obligated issuers or other obligated entities (collectively, the "New Obligated Group") under and pursuant to and secured by a master trust indenture or another agreement or agreements pursuant to which entities may become jointly and severally liable on specified obligations and which provide that financial and operational covenants be measured on the basis of the results of the entities that are party to such agreement or agreements (the "New Master Indenture") executed by the New Obligated Group and an independent corporate trustee (the "New Master Trustee"), upon receipt by the Master Trustee of the following:

(a) (i) if the Master Trustee receives written confirmation from each Rating Agency then rating each series of Related Conduit Issuer Bonds that, upon consummation of the proposed transaction, the ratings on each such series of Related Conduit Issuer Bonds (without regard to any credit enhancement of each such series of Related Conduit Issuer Bonds) by each Rating Agency then rating each series of Related Conduit Issuer Bonds will be no less than "BBB+" or its equivalent as a result of the execution of the New Master Indenture and the substitution of each then-Outstanding Obligation with a Replacement Note (a "Rating Upgrade"), then an Officer's Certificate certifying that (A) after giving effect to each such Replacement Note and assuming that the New Obligated Group constituted the Obligated Group under the original Master Indenture, the New Obligated Group could demonstrate compliance with the Transaction Test, assuming the incurrence of \$1.00 of additional Indebtedness and (B) the New Master Indenture contains a pledge of Gross Receivables substantially similar to the pledge of Gross Receivables under the original Master Indenture as of the date thereof; or

(ii) if the Master Trustee does not receive written confirmation from each Rating Agency then rating each series of Related Conduit Issuer Bonds of a Rating Upgrade, then (A) written confirmation from each Rating Agency then rating each series of Related Conduit Issuer Bonds that, upon consummation of the proposed transaction, the ratings on each such series of Related Conduit Issuer Bonds (without regard to any credit enhancement of each such series of Related Conduit Issuer Bonds) will not be decreased or withdrawn (including instances in which the Rating Category level remains unchanged but the rating modifier (such as "+" or "-") is decreased as a result of the entry into the New Master Indenture and the substitution of each then-Outstanding Obligation with a Replacement Note, but not including instances in which the outlook alone is decreased), (B) an Officer's Certificate certifying that after giving effect to each such Replacement Note and assuming that the New Obligated Group constituted the Obligated Group under the original Master Indenture, the New

Obligated Group could demonstrate compliance with the Transaction Test, assuming the incurrence of \$1.00 of additional Indebtedness, (C) an Officer's Certificate confirming that (1) the New Master Indenture contains (x) a pledge of Gross Receivables substantially similar to the pledge of Gross Receivables in the original Master Indenture as of the date thereof, and (y) affirmative and negative covenants that are materially consistent with the covenants described herein under Sections 3.06 (Against Encumbrances), 3.07 (Debt Service Coverage), and 3.11 (Limitation on Disposition of Assets) as of the date of the original Master Indenture (except for modifications to such covenants in accordance with Section 6.01 hereof) and (2) the Mortgage, or mortgages substantially similar thereto in all material respects, will secure obligations issued under the New Master Indenture and (d) the Insurer, if any, shall have provided its written consent;

(b) an original executed counterpart of the New Master Indenture;

(c) an original Replacement Note for each then-Outstanding Obligation issued by or on behalf of the New Obligated Group under and pursuant to and secured by the New Master Indenture, which Replacement Note has been duly authenticated by the New Master Trustee under the terms of the New Master Indenture;

(d) an Opinion of Counsel addressed to the Master Trustee to the effect that: (1) the New Master Indenture has been duly authorized, executed and delivered by each member of the New Obligated Group, each Replacement Note has been duly authorized, executed and delivered by or on behalf of the New Obligated Group and the New Master Indenture and each Replacement Note are each a legal, valid and binding obligation of each member of the New Obligated Group, subject in each case to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity and to any other exceptions set forth in the original Master Indenture; (2) all requirements and conditions to the issuance of each Replacement Note set forth in the New Master Indenture have been complied with and satisfied; and (3) registration of each Replacement Note under the Securities Act of 1933, as amended, is not required; and

(e) an Opinion of Bond Counsel to the effect that the surrender of each Obligation and the acceptance of each Replacement Note will not adversely affect the validity of any series of Related Conduit Issuer Bonds or any exemption for the purposes of federal income taxation to which interest on each series of Related Conduit Issuer Bonds would otherwise be entitled.

Upon receipt of the items described above, the Master Trustee will mail to each Holder notice that the requirements described above have been satisfied and that each Obligation has been replaced with a Replacement Note, and direct such Holder to surrender the applicable Obligation to the Master Trustee for cancellation in exchange for a Replacement Note. Upon receipt of such notice from the Master Trustee, the Holders of all Obligations are required to surrender the Obligations to the Master Trustee for cancellation in exchange for a Replacement Note. Following the surrender of the Obligations, and satisfaction of the conditions set forth above in this Section 3.15, and receipt of security and indemnity satisfactory to the Master Trustee, the Master Trustee shall cancel the Obligations and this Master Indenture shall terminate. Then and thereafter, Holders shall no longer be entitled to any rights and remedies

under this Master Indenture, but shall have all of the rights and remedies granted under the New Master Indenture. Upon the release of this Master Indenture, the Master Trustee shall provide written notice thereof to the Holders of all Obligations.

ARTICLE IV

DEFAULTS

Section 4.01. Events of Default. Each of the following events shall be an Event of Default hereunder:

(a) Failure on the part of the Obligated Group Members to make due and punctual payment of the principal of, redemption premium, if any, interest on or any other Required Payment on any Obligation

(b) Failure on the part of the Obligated Group Members to attain a Debt Service Coverage Ratio of at least 1.00:1.00 for any two consecutive Fiscal Years.

(c) Any Obligated Group Member shall fail to observe or perform any other covenant or agreement under this Master Indenture (including covenants or agreements contained in any Related Supplement or Obligation) and shall not have cured such failure within sixty (60) days after the date on which written notice of such failure, requiring the failure to be remedied, shall have been given to the Obligated Group Representative by the Master Trustee or to the Obligated Group Representative and the Master Trustee by the Holders of 25% in aggregate principal amount of Outstanding Obligations (provided that if such failure can be remedied but not within such sixty (60) day period, such failure shall not become an Event of Default for so long as the Obligated Group Representative or Obligated Group Members shall diligently proceed to remedy the failure).

(d) Any Obligated Group Member shall default in the payment of Indebtedness (other than (i) Subordinated Indebtedness, (ii) Nonrecourse Indebtedness, and (iii) Indebtedness secured by an Obligation, which shall be governed by subsection (a) of this Section) in an aggregate outstanding principal amount equal to the greater of one percent (1%) of the aggregate principal amount of Total Revenues of the Credit Group, and any grace period for such payment shall have expired; provided, however, that such default shall not constitute an Event of Default within the meaning of this Section if, within sixty (60) days or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, (x) any Obligated Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, and (y) sufficient moneys are deposited in escrow with a bank or trust company or a bond acceptable to the Master Trustee is posted for the payment of such Indebtedness.

(e) A court having jurisdiction shall enter a decree or order for relief in respect of any Obligated Group Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of the Property of any Obligated Group Member, or ordering the winding up or

liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days.

(f) Any Obligated Group Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

(g) An event of default shall exist under any Related Bond Indenture.

Section 4.02. Acceleration; Annulment of Acceleration.

(a) Upon the occurrence and during the continuation of an Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations shall, by notice to the Obligated Group Representative, declare all Outstanding Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Obligations shall be immediately due and payable. If the terms of any Related Supplement give a Person the right to consent to acceleration of the Obligations issued pursuant to such Related Supplement, the Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the aggregate principal amount of all Outstanding Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, that accrues on such principal and interest to the date of payment, and all other amounts due thereunder, shall be due and payable on the Obligations.

(b) At any time after the Obligations have been declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, the Master Trustee may annul such declaration and its consequences if:

(i) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Obligations (other than payments then due only because of such declaration); and

(ii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all fees and expenses of the Master Trustee then due; and

(iii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all other amounts then payable by the Obligated Group hereunder; and

(iv) every Event of Default (other than a default in the payment of the principal or other payments of such Obligations then due only because of such declaration) has been remedied.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right with respect to any subsequent Event of Default.

Section 4.03. Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations (and upon indemnification of the Master Trustee to its satisfaction for any such request), shall, proceed to protect and enforce its rights and the rights of the Holders hereunder by such proceedings as may be deemed expedient, including but not limited to:

(i) Enforcement of the right of the Holders to collect amounts due or becoming due under the Obligations;

(ii) Civil action upon all or any part of the Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders of Obligations;

(iv) Civil action to enjoin any acts that may be unlawful or in violation of the rights of the Holders of Obligations;

(v) Civil action against any Obligated Group Member or Controlling Member, or against any officer or member of the Governing Body of any Obligated Group Member or Controlling Member to compel performance of any act specifically required by this Master Indenture or any Obligation;

(vi) Exercise any and all remedies with respect to Collateral; and

(vii) Enforcement of any other right or remedy of the Holders conferred by law or hereby.

(b) Regardless of the occurrence of an Event of Default, if requested in writing by the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations (and upon indemnification of the Master Trustee to its satisfaction for any such request), the Master Trustee shall institute and maintain such proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts that may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders. However, the Master Trustee shall not comply with any such request or institute and maintain any such proceeding that is in conflict with any applicable law or the provisions hereof or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not making such request. Nothing herein shall be deemed to authorize the Master

Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Obligations or the rights of any Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Section 4.04. Application of Moneys After Default. During the continuance of an Event of Default, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article (after payment of the costs of the proceedings resulting in the collection of such moneys and payment of all fees, expenses and other amounts owed to the Master Trustee) shall be applied as follows:

(a) Unless all Outstanding Obligations have become or have been declared due and payable (or if any such declaration is annulled in accordance with the terms of this Article):

First: To the payment of all Required Payments then due on the Obligations (including Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by an Obligation and Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Required Payments due on the same date, then to the payment thereof ratably, according to the amount Required Payments due on such date, without any discrimination or preference;

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by an Obligation (other than Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Financial Product Extraordinary Payments due on the same date, then to the payment thereof ratably, according to the amounts of Financial Product Extraordinary Payments due on such date, without any discrimination or preference.

(b) If all Outstanding Obligations have become or have been declared due and payable (and such declaration has not been annulled under the terms of this Article):

First: To the payment of all Required Payments then due on the Obligations (including (i) Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by an Obligation and (ii) Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full the whole amount then due and unpaid, then to the payment thereof ratably, without preference or priority, according to the amounts due respectively, without any discrimination or preference; and

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by an Obligation (other than Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full all such Financial Product Extraordinary Payments, then to the payment thereof ratably, without any discrimination or preference.

Such moneys shall be applied at such times as the Master Trustee shall determine, having due regard for the amount of moneys available and the likelihood of additional moneys becoming available in the future. Upon any date fixed by the Master Trustee for the application of such moneys to the payment of principal, interest on the amounts of principal to be paid on such date shall cease to accrue. The Master Trustee shall give such notices as it may deem appropriate of the deposit with it of such moneys or of the fixing of such dates. The Master Trustee shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation (and all unmatured interest coupons, if any) is presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations have been paid under the terms of this Section and all fees and expenses of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive such balance. If no other Person is entitled thereto, then the balance shall be paid to the Members of the Obligated Group or to such Person as a court of competent jurisdiction may direct.

Section 4.05. Remedies Not Exclusive. No remedy granted by the terms of this Master Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity.

Section 4.06. Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any proceeding relating thereto. Any proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining any Holders as plaintiffs or defendants. Subject to the provisions of Section 4.04 hereof, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Obligations.

Section 4.07. Master Trustee to Represent Holders. The Master Trustee is hereby irrevocably appointed as trustee and attorney in fact for the Holders for the purpose of exercising on their behalf the rights and remedies available to the Holders under the provisions of this Master Indenture, the Obligations, any Related Supplement and applicable provisions of law, in each case subject to the provisions of Section 4.08. The Holders, by taking and holding the Obligations, shall be conclusively deemed to have so appointed the Master Trustee.

Section 4.08. Holders' Control of Proceedings. If an Event of Default has occurred and is continuing, notwithstanding anything herein to the contrary, the Holders of at least a majority in aggregate principal amount of Outstanding Obligations shall have the right (upon the indemnification of the Master Trustee to its satisfaction) to direct the method and/or place of

conducting any proceeding to be taken in connection with the enforcement of the terms hereof. Such direction must be in writing, signed by such Holders and delivered to the Master Trustee. However, the Master Trustee shall not follow any such direction that is in conflict with any applicable law or the provisions hereof or is unduly prejudicial to the interests of the Holders not joining in such direction. Nothing in this Section shall impair the right of the Master Trustee to take any other action authorized by this Master Indenture that it may deem proper and that is not inconsistent with such direction by Holders.

Section 4.09. Termination of Proceedings. In case any proceeding instituted by the Master Trustee with respect to any Event of Default is discontinued or abandoned for any reason or is determined adversely to the Master Trustee or the Holders, then the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder. All rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

Section 4.10. Waiver of Event of Default.

(a) No delay or omission of the Master Trustee or of any Holder to exercise any right with respect to any Event of Default shall impair such right or shall be construed to be a waiver of or acquiescence to such Event of Default. Every right and remedy given by this Article to the Master Trustee and the Holders may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default that in its opinion has been remedied before the entry of a final judgment or decree in any proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Upon the written request of the Holders of at least a majority in aggregate principal amount of Outstanding Obligations, the Master Trustee shall waive any Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.02 hereof, the failure to pay the principal of, premium, if any, or interest on any Obligation when due may not be waived without the written consent of the Holders of all Outstanding Obligations.

(d) In case of any waiver by the Master Trustee of an Event of Default, the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights. No waiver shall extend to, or impair any right with respect to, any other Event of Default.

Section 4.11. Appointment of Receiver. Upon the occurrence and continuance of any Event of Default, the Master Trustee shall be entitled (a) without declaring the Obligations to be due and payable, (b) after declaring the Obligations to be due and payable, or (c) upon the commencement of any proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group Members (without the necessity of notice to any Obligated Group Member or any other Person), with such powers as the court making such appointment shall confer. Each Obligated Group

Member consents, subject to the imposition on the receiver of any applicable Government Restriction, and will if requested by the Master Trustee, consent at the time of application by the Master Trustee for appointment of a receiver, to the appointment of such receiver and agrees that such receiver may be given the right, to the extent the right may lawfully be given, to take possession of, operate and deal with such Property and the revenues, profits and proceeds therefrom, with the same effect as the Obligated Group Member could, and to borrow money and issue evidences of indebtedness as such receiver.

Section 4.12. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law or any Government Restriction. All the provisions of this Article are intended to be limited to the extent necessary so that they will not render any provision hereof invalid or unenforceable under the provisions of any applicable law or inconsistent with any Government Restriction.

Section 4.13. Notice of Default. Within thirty (30) days after a Responsible Officer of the Master Trustee has actual knowledge or has received written notice of the occurrence of an Event of Default, the Master Trustee shall mail notice of such Event of Default to all Holders, unless such Event of Default has been cured before the giving of such notice (the term “Event of Default” for the purposes of this Section being limited to the events specified in Section 4.01). Except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Obligations and the Events of Default specified in subsections (f) and (g) of Section 4.01, the Master Trustee shall be protected in withholding such notice if and so long as the Master Trustee in good faith determines that the withholding of such notice is in the best interest of the Holders.

ARTICLE V

THE MASTER TRUSTEE

Section 5.01. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default:

(i) The Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenant or obligation shall be read into this Master Indenture against the Master Trustee; and

(ii) In the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any certificate or opinion specifically required by the provisions hereof to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine such certificate or opinion to determine whether or not it conforms to the requirements of this Master Indenture on its face.

(b) In case an Event of Default has occurred and is continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture, and use

the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(c) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Master Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Master Trustee was negligent in ascertaining the pertinent facts;

(iii) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders given in accordance with Section 4.08; and

(iv) no provision of this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured.

The Master Trustee will keep on file at its office a list of the names and addresses of the last known Holders of all Obligations and the serial numbers of such Obligations held by each of such Holders. At reasonable times and under reasonable regulations established by the Master Trustee, said list may be inspected and copied by the Obligated Group Members, any Obligation Holder or the authorized representative thereof, provided that the ownership of such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

(d) Every provision of this Master Indenture relating to the conduct of, affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section.

Section 5.02. Certain Rights of Master Trustee. Subject to Section 5.01 hereof:

(a) The Master Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Obligated Group Representative mentioned herein shall be sufficiently evidenced by an Officer's Certificate. Any action of the Governing Body of any Obligated Group Member shall be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Obligated Group Member to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

(c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, allowing or omitting any action hereunder, the Master Trustee may (in the absence of bad faith on its part and unless other evidence is specifically prescribed by this Master Indenture) request and conclusively rely upon an Officer's Certificate.

(d) The Master Trustee may consult with counsel of its selection, and any opinion of such counsel shall be full and complete authorization and protection with respect to any action taken, allowed or omitted by it hereunder in good faith and in reliance thereon.

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Master Trustee reasonable security or indemnity satisfactory to the Master Trustee against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(f) The Master Trustee shall not be bound to make any investigation into the facts stated in any document delivered to it hereunder, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts as it may see fit. If the Master Trustee determines to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of any Credit Group Member (excluding specifically donor records, patient records and personnel records), personally or by agent or attorney, during regular business hours and after reasonable notice.

(g) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, custodians, or nominees. The Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodian, or nominee appointed by it with due care.

(h) The Master Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Master Indenture.

(i) The Master Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Master Trustee has actual knowledge thereof or unless written notice of any event that is in fact such a default is received by the Master Trustee at the Corporate Trust Office of the Master Trustee, and such notice references this Master Indenture.

(j) The Master Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Master Indenture or a Related Supplement and delivered using Electronic Means; provided, however, that the Obligated Group Representative shall provide to the Master Trustee an incumbency certificate listing officers with the Obligated Group Representative to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Obligated Group Representative whenever a person is to be added or deleted from the listing. If the Obligated Group Representative elects to

give the Master Trustee Instructions using Electronic Means and the Master Trustee in its discretion elects to act upon such Instructions, the Master Trustee's understanding of such Instructions shall be deemed controlling. The Obligated Group Representative understands and agrees that the Master Trustee cannot determine the identity of the actual sender of such Instructions and that the Master Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Master Trustee have been sent by such Authorized Officer. The Obligated Group Representative shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Master Trustee and that the Obligated Group Representative and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Obligated Group Representative. The Master Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Obligated Group Representative agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Master Trustee, including, without limitation, the risk of the Master Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Master Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Obligated Group Representative; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Master Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. "Electronic Means" for purposes of this Section shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Master Trustee, or another method or system specified by the Master Trustee as available for use in connection with its services hereunder.

(k) The Master Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Master Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(l) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Master Trustee shall not be answerable for other than its negligence or willful misconduct. The Master Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(m) The Master Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Obligations, except for any

information provided by the Master Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Obligations.

Section 5.03. Right to Deal in Obligations and Related Conduit Issuer Bonds. The Master Trustee may buy, sell or hold and deal in any Obligations and Related Conduit Issuer Bonds with the same effect as if it were not the Master Trustee. The Master Trustee may commence or join in any action that a Holder or holder of a Related Conduit Issuer Bond is entitled to take with the same effect as if the Master Trustee were not the Master Trustee.

Section 5.04. Removal and Resignation of the Master Trustee.

(a) The Master Trustee may be removed with thirty (30) days' notice by an instrument or instruments in writing signed by (i) the Holders of not less than a majority of the principal amount of Outstanding Obligations or (ii) (unless an Event of Default has occurred and is then continuing) the Obligated Group Representative.

(b) The Master Trustee may at any time resign by giving written notice of such resignation to the Obligated Group Representative.

(c) No such resignation or removal shall become effective unless and until a successor Master Trustee has been appointed and has assumed the trusts created hereby. Written notice of removal of the predecessor Master Trustee and/or appointment of the successor Master Trustee shall be given by the successor Master Trustee within ten (10) days of the successor's acceptance of appointment to the Obligated Group Members and to each Holder at the addresses shown on the books of the Master Trustee. A successor Master Trustee may be appointed at the direction of the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations, or, if the Master Trustee has resigned or has been removed by the Obligated Group Representative, by the Obligated Group Representative. In the event a successor Master Trustee has not been appointed and qualified within sixty (60) days of the date notice of resignation or removal is given, the Master Trustee, any Obligated Group Member or any Holder may apply at the expense of the Obligated Group Members to any court of competent jurisdiction for the appointment of an interim successor Master Trustee to act until such time as a permanent successor is appointed.

(d) Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(e) Every successor Master Trustee shall execute and deliver to its predecessor and to each Obligated Group Member a written instrument accepting such appointment. Upon the delivery of such acceptance, the successor Master Trustee shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor. The predecessor shall execute and deliver to the successor Master Trustee a written instrument transferring to the successor Master Trustee all the rights, powers and trusts of the

predecessor. The predecessor Master Trustee (upon payment of all amounts owed to it) shall execute any documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Section 5.05. Compensation and Reimbursement. Subject to the provisions of any specific agreement between the Obligated Group Representative and the Master Trustee relating to the compensation of the Master Trustee, each Obligated Group Member agrees:

(a) To pay the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(b) Except as otherwise expressly provided herein, to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith.

(c) To indemnify each of the Master Trustee and its officers, directors, agents and employees and any predecessor Master Trustee for, and to hold it and them harmless against, any and all loss, liability, damages, claim or expense, including taxes (other than taxes based on the income of the Master Trustee) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including, without limitation, legal fees and expenses and the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

When the Master Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 4.01(e) or (f), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive the termination of this Master Indenture and the removal or resignation of the Master Trustee.

Section 5.06. Recitals and Representations. The recitals, statements and representations contained herein or in any Obligation (excluding the Master Trustee's authentication on the Obligations) shall be taken and construed as made by and on the part of the Obligated Group Members, and not by the Master Trustee. The Master Trustee assumes no responsibility for the correctness of such statements.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency of this Master Indenture or of the Obligations. The Master Trustee shall not be

concerned with or accountable to anyone for the use or application of any moneys that shall be released or withdrawn in accordance with the provisions hereof.

Section 5.07. Separate or Co-Master Trustee. At any time, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee may appoint one or more Persons either to act as co-master trustee with the Master Trustee, or to act as separate master trustee, and to vest in such Persons or Persons, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section, provided that doing so shall not impose a material burden on the Obligated Group Members (financial or otherwise).

Every co-master trustee or separate master trustee shall, to the extent permitted by law, be appointed subject to the following terms:

(a) The Obligations shall be authenticated and delivered solely by the Master Trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed as shall be provided in the instrument appointing such co-master trustee or separate master trustee, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee is incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-master trustee or separate master trustee.

(c) Any request in writing by the Master Trustee to any co-master trustee or separate master trustee to take or to refrain from taking any action hereunder shall be sufficient for the taking, or the refraining from taking, of such action by such Person.

(d) Any co-master trustee or separate master trustee may, to the extent permitted by law, delegate to the Master Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Master Trustee may at any time, by an instrument in writing, accept the resignation of or remove any co-master trustee or separate master trustee appointed under this Section. Upon the request of the Master Trustee, the Obligated Group Members shall join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(f) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, nor will the act or omission of any trustee hereunder be imputed to any other trustee.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Master Trustee shall be deemed to have been delivered to each such co-master trustee or separate master trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-master trustee or separate master trustee hereunder shall be turned over to the Master Trustee immediately.

Upon the acceptance in writing of such appointment by any co-master trustee or separate master trustee, such Person shall be vested with such rights, powers, duties or obligations as are specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-master trustee or separate master trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-master trustee or separate master trustee may, at any time by an instrument in writing, constitute the Master Trustee its attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its behalf and in its name.

In case any co-master trustee or separate master trustee shall become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of such Person shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-master trustee or separate master trustee shall be appointed in the manner herein provided.

Section 5.08. Merger or Consolidation. Any company into which the Master Trustee may be merged or converted, or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it is a party, or any company to which the Master Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 5.04) shall be the successor to the Master Trustee without the execution or filing of any paper or any further act.

ARTICLE VI

SUPPLEMENTS AND AMENDMENTS

Section 6.01. Supplements Not Requiring Consent of Holders. The Obligated Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Related Supplements for any of the following purposes:

(a) To correct any ambiguity or formal defect or omission in this Master Indenture;

(b) To correct or supplement any provision that may be inconsistent with any other provision, or to make any other provision with respect to matters or questions arising hereunder and that does not materially and adversely affect the interests of the Holders;

(c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Obligated Group Members;

(d) To qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect;

(e) To create and provide for the issuance of an Obligation or Series of Obligations as permitted hereunder;

(f) To obligate a successor to any Obligated Group Member as provided in Section 3.07;

(g) To add a new Obligated Group Member as provided in Section 3.08;

(h) To make any change necessary or advisable to preserve the intent or effect of any provision hereof affected by amendment or replacement of the Code; or

(i) To make any other change that does not materially and adversely affect the interests of the Holders.

In entering into any Related Supplement, the Master Trustee may rely on an Opinion of Counsel as described in Section 6.03(a) hereof.

Section 6.02. Supplements Requiring Consent of Holders.

(a) Other than Related Supplements referred to in Section 6.01 hereof and subject to the terms contained in this Article, the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations shall have the right to consent to and approve the execution by the Obligated Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee of such Related Supplements as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding any of the terms contained herein; provided, however, that nothing in this Section shall permit or be construed as permitting a Related Supplement that would:

(i) Extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or the redemption premium or rate of interest or change the method of calculating interest payable on or reduce any other Required Payment on any Obligation without the consent of the Holder of such Obligation;

(ii) Modify, alter, amend, add to or rescind any of the terms or provisions contained in Section 3.01 or Article IV hereof so as to affect the right of the Holders of any Obligations in default as to payment to compel the Master Trustee to declare the principal of all Obligations to be due and payable, or the priority of payment of Obligations, without the consent of the Holders of all Outstanding Obligations; or

(iii) Reduce the aggregate principal amount of Outstanding Obligations the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Obligations then Outstanding.

(b) The Master Trustee may execute a Related Supplement (in substantially the form delivered to it as described below) without liability or responsibility to any Holder (whether or not such Holder has consented to the execution of such Related Supplement) if the Master Trustee receives:

(i) a request of the Obligated Group Representative to enter into such Related Supplement; and

(ii) a certified copy of the resolution of the Governing Body of the Obligated Group Representative approving the execution of such Related Supplement; and

(iii) the proposed Related Supplement; and

(iv) an instrument or instruments executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) for the Related Supplement in question which instrument or instruments shall refer to the proposed Related Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee.

(c) Any such consent shall be binding upon the Holder of the Obligation giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Related Supplement, such revocation and, if such Obligation or Obligations are transferable by delivery, proof that such Obligations are held by the signer of such revocation. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall file a written statement to that effect with the Obligated Group Representative. Such written statement shall be conclusive evidence that such consents have been so filed.

(d) If the Holders of the required principal amount or number of the Outstanding Obligations have consented to the execution of such Related Supplement, no Holder shall have any right to object to the execution thereof, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof or to enjoin or restrain the Master Trustee or the Obligated Group Representative from executing such Related Supplement or from taking any action pursuant to the provisions thereof.

Section 6.03. Execution and Effect of Supplements.

(a) In executing any Related Supplement permitted by this Article, the Master Trustee shall be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Related Supplement is authorized or permitted hereby. The Master Trustee may (but shall not be obligated to) enter into any Related Supplement that materially and adversely affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Related Supplement in accordance with this Article, the provisions of this Master Indenture shall be deemed modified in accordance therewith. Such Related Supplement shall form a part hereof for all purposes and every Holder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Related Supplement in accordance with this Article may, and, if required by the

Obligated Group Representative or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Related Supplement. If the Obligated Group Representative or the Master Trustee shall so determine, new Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of the Obligated Group Representative to any such Related Supplement may be prepared and executed by the Obligated Group Representative and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Obligations then Outstanding.

Section 6.04. Amendment of Related Supplements. Any Related Supplement may provide that the provisions thereof may be amended without the consent of or notice to any of the Holders, or pursuant to such terms and conditions as may be specified in such Related Supplement. If a Related Supplement does not contain provisions relating to the amendment thereof, the amendment of such Related Supplement shall be governed by the provisions of Section 6.01 and Section 6.02 hereof.

ARTICLE VII

SATISFACTION AND DISCHARGE

Section 7.01. Satisfaction and Discharge of Master Indenture. This Master Indenture shall cease to be of further effect (except for Section 5.05 hereof, which shall survive) if:

(a) all Obligations previously authenticated (other than any Obligations that have been mutilated, destroyed, lost or stolen and that have been replaced or paid as provided in any Related Supplement) and not cancelled are delivered to the Master Trustee for cancellation; or

(b) all Obligations not previously cancelled or delivered to the Master Trustee for cancellation are paid; or

(c) an Irrevocable Deposit is made in trust with the Master Trustee (or with one or more banks, national banking associations or trust companies acceptable to the Master Trustee pursuant to one or more agreements between an Obligated Group Member and such national banking associations or trust companies in form acceptable to the Master Trustee) in cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Obligations not previously cancelled or delivered to the Master Trustee for cancellation, including principal and interest or other payments (including Financial Product Payments and Financial Product Extraordinary Payments evidenced by an Obligation) due or to become due to such date of maturity, redemption date or payment date, as the case may be; and all other sums payable hereunder by the Obligated Group Members are also paid. The Master Trustee, on demand of the Obligated Group Representative and at the cost and expense of the Obligated Group Members, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture and authorizing the Obligated Group Representative to file such terminations and releases as may be necessary to evidence the termination of the Master Trustee's security interest in the Gross Receivables. The Master Trustee shall be entitled to receive a verification report of an independent accounting firm in connection with the discharge of Obligations pursuant to this subsection (c).

The Obligated Group Members shall pay and indemnify the Master Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to this Section 7.01 or the principal and interest received in respect thereof other than any such tax, fee or other charge that by law is for the account of the Holders of Outstanding Obligations.

Section 7.02. Payment of Obligations After Discharge of Lien. Notwithstanding the discharge of the lien of this Master Indenture as provided in this Article, the Master Trustee shall retain such rights, powers and duties as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and for the registration, transfer, exchange and replacement of Obligations. Any moneys held by the Master Trustee for the payment of the principal of, premium, if any, or interest or other Required Payment on any Obligation remaining unclaimed for one year after the principal of all Obligations has become due and payable, whether at maturity, upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Obligated Group Members. The Holders of any Obligations or coupons not previously presented for payment shall thereafter be entitled to look only to the Obligated Group Members for payment thereof as unsecured creditors and all liability of the Master Trustee with respect to such moneys shall thereupon cease.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Obligations is intended or shall be construed to give to any Person other than each Obligated Group Member, the Master Trustee, the Related Conduit Issuer Bonds Issuers and the Holders any legal or equitable right, remedy or claim under or with respect to this Master Indenture. This Master Indenture and all of the covenants, conditions and provisions hereof are intended to be and are for the sole and exclusive benefit of the parties mentioned in this Section.

Section 8.02. Severability. If any part of this Master Indenture is for any reason held invalid or unenforceable, no other part shall be invalidated or deemed unenforceable.

Section 8.03. Holidays. Except to the extent a Related Supplement or an Obligation provides otherwise:

(a) Subject to subsection (b), when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day on which banking institutions in the State or in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day that is not a day on which banking institutions in such jurisdiction are authorized by law to remain closed, with the same effect as if done on the day or within the time period named.

(b) When the date on which principal of or interest or premium on any Obligation is due and payable is a day on which banking institutions at the place of payment are authorized by law to remain closed, payment may be made on the next ensuing day on which

banking institutions at such place are not authorized by law to remain closed with the same effect as if payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

Section 8.04. Credit Enhancer Deemed Holder of Obligation. Except to the extent a Related Supplement or an Obligation provides otherwise, any credit enhancer of Related Conduit Issuer Bonds shall be deemed the Holder of the related Obligation for purposes of this Master Indenture for so long as the credit enhancement is in effect and the credit enhancer is not in default thereunder. If the credit enhancement is applicable to a portion of Related Conduit Issuer Bonds, such related Obligation shall be treated as if such related Obligation were two Obligations, one in the principal amount of the Related Conduit Issuer Bonds for which the credit enhancement is applicable and another in the principal amount of the remainder of the Related Conduit Issuer Bonds.

Section 8.05. Governing Law. This Master Indenture and the Obligations are contracts made under the laws of the State, and shall be governed by and construed in accordance with such laws applicable to contracts made and performed in said State.

Section 8.06. Counterparts. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 8.07. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of any Obligated Group Member that is a corporation, whether directly or indirectly. All liability of any such individual is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Obligations.

Section 8.08. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon each Obligated Group Member, the Master Trustee and their respective successors and assigns, subject to the limitations contained herein.

Section 8.09. No Third Party Beneficiary. This Master Indenture is not intended for the benefit of, and shall not be construed to create, rights in parties other than the Obligated Group, the Obligated Group Representative, the Master Trustee, and the Holders.

Section 8.10. Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be in writing and shall be deemed sufficiently given or served if given: (i) by facsimile or electronic mail with prompt telephonic confirmation of receipt; (ii) personally by hand; (iii) by overnight delivery service; or (iv) by first class mail, postage prepaid and addressed as follows:

(i) If to the Obligated Group Representative, addressed to it at: United Health Services Hospitals, Inc., 10-42 Mitchell Avenue, Binghamton, New York 13903, Attention: Chief Financial Officer;

Office; or

(ii) If to the Master Trustee, addressed to it at the Corporate Trust

(iii) If to the registered Holder of an Obligation, addressed to such Holder at the address shown on the books of the Master Trustee.

(b) The Obligated Group Representative or the Master Trustee may from time to time designate a different address or addresses for notice by notice in writing to the others and to the Holders.

IN WITNESS WHEREOF, UNITED HEALTH SERVICES HOSPITALS, INC. has caused this Master Indenture to be signed in its name by its duly authorized officer, and to evidence its acceptance of the trusts and agreements hereby created, all as of the day and year first above written. Manufacturers and Traders Trust Company has caused this Master Indenture to be signed in its name by one of its duly authorized officers, all as of the day and year first above written.

UNITED HEALTH SERVICES HOSPITALS, INC.

By _____
Authorized Representative

Manufacturers and Traders Trust Company,
as Master Trustee

By _____
Authorized Representative

APPENDIX A TO MASTER INDENTURE
DESCRIPTION OF THE MORTGAGED PROPERTY

APPENDIX B TO MASTER INDENTURE
EXISTING PERMITTED LIENS

SUPPLEMENTAL MASTER INDENTURE
FOR OBLIGATION NO. 1

UNITED HEALTH SERVICES HOSPITALS, INC.,
as Obligated Group Representative

AND

MANUFACTURERS AND TRADERS TRUST COMPANY,
as Master Trustee

dated as of August 1, 2020

Supplementing the Amended and Restated Master Trust Indenture, dated as of August 1, 2020

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THIS SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION No. 1, dated as of August 1, 2020 (this “Supplement No. 1”), between UNITED HEALTH SERVICES HOSPITALS, INC., a not-for-profit corporation incorporated under the laws of the State of New York (the “Obligated Group Representative”) and MANUFACTURERS AND TRADERS TRUST COMPANY, a banking organization duly organized under the laws of the State of New York and being qualified to accept and administer the trusts hereby created (the “Master Trustee”).

W I T N E S S E T H:

WHEREAS, the Obligated Group Representative and the Master Trustee entered into an Amended and Restated Master Trust Indenture, dated as of August 1, 2020 (the “Master Indenture”);

WHEREAS, the Master Indenture provides for the issuance by the Obligated Group Representative of obligations thereunder upon the Obligated Group Representative’s and the Master Trustee’s entering into an indenture supplemental to the Master Indenture;

WHEREAS, the Obligated Group Representative desires to issue an obligation (“Obligation No. 1”) hereunder to evidence the obligation of the Obligated Group (and each other Member that is added from time to time to the Obligated Group established pursuant to the Master Indenture) with respect to the obligations of the Obligated Group arising under and pursuant to the Loan Agreement, dated as of August 1, 2020, between the Obligated Group Representative and the Broome County Local Development Corporation (the “Issuer”), with respect to the Bonds (as defined herein);

WHEREAS, the Obligated Group Representative hereby certifies that all acts and things necessary to constitute this Supplement No. 1 a valid indenture and agreement according to its terms have been done and performed, and the Obligated Group Representative has duly authorized the execution and delivery hereof and of Obligation No. 1 issued hereby;

WHEREAS, pursuant to Section 6.01 of the Master Indenture, the Obligated Group Representative, acting for itself and as agent for each Member, and the Master Trustee may, enter into a supplement to the Master Indenture in order to add to the covenants or restrictions of the Members;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of Obligation No. 1 issued hereunder for the benefit of the Bond Trustee (as defined herein), acting on behalf of the beneficial owners of the Bonds (the “Holder”), the Obligated Group Representative, covenants and agrees with the Master Trustee for the benefit of the Holder from time to time of Obligation No. 1 issued hereby as follows:

Section 1. Definitions. Unless otherwise required by the context, all terms used herein that are defined in the Master Indenture, or, if not defined in the Master Indenture, the Indenture (as defined herein), shall have the meanings assigned to them therein, except as set forth below:

“Bonds” means the Issuer’s Revenue Bonds (United Health Services Hospitals, Inc. Project), Series 2020 issued under the Indenture.

“Bond Trustee” means Manufacturers and Traders Trust Company, a banking organization duly organized under the laws of the State of New York, and any successor to its duties under the Bond Indenture.

“Days Cash on Hand” means, for the Credit Group, as of any date, the product of 365 times (i) the unrestricted and unencumbered cash and cash equivalents plus unrestricted and unencumbered securities and other unrestricted investments (in accordance with GAAP) as reflected in the Credit Group Financial Statements of the most recent Fiscal Year, plus unencumbered board and management designated assets, but excluding any amounts held by a trustee and deducting the outstanding amount of any Short-Term Indebtedness, divided by (ii) the operating and non-operating expenses of the Credit Group as reflected in the Credit Group Financial Statements of the most recent Fiscal Year, excluding from such expenses: (a) depreciation and amortization of debt and bond issuance costs, (b) any amount included in the operating and non-operating expenses representing bad debt expense, and (c) any extraordinary or non-recurring item.

“Defeasance Obligations” means the Defeasance Obligations as set forth in the definition thereof in Appendix A of the Loan Agreement.

“Indenture” means the Trust Indenture, dated as of August 1, 2020, between the Issuer and the Bond Trustee.

“Issuer” means the Broome County Local Development Corporation, and any legal successor or successors thereto.

“Loan Agreement” means that certain Loan Agreement, dated as of August 1, 2020, by and between the Obligated Group Representative and the Issuer.

“Obligation No. 1” means the Obligation issued pursuant to the Master Indenture, as supplemented by this Supplement No. 1.

“Supplement No. 1” means this Supplemental Master Indenture for Obligation No. 1.

Section 2. Issuance of Obligation No. 1; Maturity or Expiration of Term of Obligation No. 1. There is hereby created and authorized to be issued an Obligation in an aggregate principal amount of Two Hundred Fifty-Seven Million Four Hundred Ninety-Five Thousand and 00/100 dollars (\$257,495,000). This Obligation shall be dated as of August 26, 2020, shall be designated “United Health Services Hospitals, Inc. Obligated Group Obligation

No. 1” and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as are set forth in the form of Obligation No. 1 as provided in Section 13 hereof.

The aggregate principal amount of Obligation No. 1 is limited to Two Hundred Fifty-Seven Million Four Hundred Ninety-Five Thousand and 00/100 dollars (\$257,495,000), except for any Obligation No. 1 authenticated and delivered in lieu of another Obligation No. 1 as provided in Section 6 hereof, upon mutilation, destruction, loss or theft of Obligation No. 1, or, subject to the provisions of Section 9 hereof, upon transfer of registration of Obligation No. 1 as provided in Section 5 hereof.

Upon the final maturity of the Bonds or payment by the Obligated Group of a sum, in cash or Defeasance Obligations, or both, sufficient, together with any other cash and Defeasance Obligations held by the Bond Trustee and available for such purpose, to cause all Outstanding Bonds to be deemed to have been paid within the meaning of Article XII of the Indenture and to pay all other amounts referred to in Article XII of the Indenture, accrued and to be accrued to the date of discharge of the Indenture, Obligation No. 1 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture.

Section 3. Payments on Obligation No. 1; Credits.

(a) Principal of and interest on Obligation No. 1 are payable in any coin or currency of the United States of America that on the payment date is legal tender for the payment of public and private debts. Except as provided in subsection (b) of this Section with respect to credits, and Section 4 hereof regarding prepayment, payments on the principal of and interest on Obligation No. 1 shall be made at the times and in the amounts specified in Obligation No. 1 by the Obligated Group (i) depositing the same with or to the account of the Bond Trustee at or prior to the opening of business on the day such payments shall become due or payable (or on the next succeeding business day if such date is a Saturday, Sunday or bank holiday in the city in which the principal corporate trust office of the Bond Trustee is located) and (ii) giving a notice to the Master Trustee and the Bond Trustee of each payment of principal or interest on Obligation No. 1, specifying the amount paid, and identifying such payment as a payment on Obligation No. 1.

(b) The Obligated Group shall receive credit for payment on Obligation No. 1, in addition to any credits resulting from payment or prepayment from other sources as follows:

(i) On installments of interest on Obligation No. 1 in an amount equal to moneys deposited in the Debt Service Fund created under the Indenture which amounts are available to pay interest on the Bonds, to the extent such amounts have not previously been credited against payments on Obligation No. 1;

(ii) On installments of principal of Obligation No. 1 in an amount equal to moneys deposited in the Debt Service Fund created under the Indenture which amounts are available to pay principal of the Bonds, to the extent such amounts have not previously been credited on Obligation No. 1;

(iii) On installments of principal of and interest on Obligation No. 1 in an amount equal to the principal amount of Bonds which have been called by the Bond Trustee for redemption prior to maturity and for the redemption of which sufficient amounts (as determined by Section 13.1 of the Indenture) in cash or Defeasance Obligations are on deposit as provided in Section 13.1 of the Indenture, to the extent such amounts have not been previously credited against payments on Obligation No. 1, and the interest on such Bonds from and after the date of such notice to the date fixed for redemption thereof. Such credits shall be made against the installments of principal of and interest on Obligation No. 1 which would be due, but for such call for redemption, to pay principal of and interest on such Bonds when due at maturity; and

(iv) On installments of principal and interest, respectively, on Obligation No. 1 in an amount equal to the principal amount of Bonds acquired by, or on behalf of, the Obligated Group and delivered to the Bond Trustee for cancellation or purchased by the Bond Trustee and cancelled, and the interest on such Bonds from and after the date interest thereon has been paid prior to cancellation. Such credits shall be made against the installments of principal of and interest on Obligation No. 1 that would have been used, but for such cancellation, to pay principal of and interest on such Bonds when due and, with respect to Bonds called for mandatory redemption, against principal installments that would have been used to pay Bonds of the same maturity.

Subject to the receipt by the Master Trustee of notice of the failure of the Obligated Group to make the foregoing payments as and when due from the Holder of Obligation No. 1, the Master Trustee may conclusively assume that such payments were made and corresponding credit on Obligation No. 1 shall be deemed to have occurred.

Section 4. Prepayment of Obligation No. 1.

(a) So long as all amounts that have become due under Obligation No. 1 have been paid, the Obligated Group shall have the right, at any time and from time to time, to pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 1. Prepayments may be made by payments of cash or surrender of Bonds, as contemplated by Section 3(b)(iii) and Section 3(b)(iv) hereof. All such prepayments shall be deposited upon receipt in the Debt Service Fund and, at the request of and as determined by the Obligated Group, credited against payments due under Obligation No. 1 or used for the redemption or purchase of Outstanding Bonds in the manner and subject to the terms and conditions set forth in Article IV of the Indenture. Notwithstanding any such redemption or surrender of Bonds, as long as any Bond remains Outstanding under the Indenture or any additional payments required to be made hereunder remain unpaid, the Obligated Group shall not be relieved of its obligations hereunder.

(b) Prepayments made under subsection (a) of this Section shall be credited against amounts to become due on Obligation No. 1 as provided in Section 3 hereof.

(c) The Obligated Group may also prepay all of its indebtedness under Obligation No. 1 by providing for prepayment of the Bonds in accordance with Article XII of the Indenture.

Section 5. Registration, Number, Negotiability and Transfer of Obligation No. 1.

(a) Except as provided in subsection (b) of this Section, so long as any Bond remains Outstanding, Obligation No. 1 shall consist of a single Obligation without coupons registered as to principal and interest in the name of the Issuer and no transfer of Obligation No. 1 shall be registered under the Master Indenture except for transfers to successors designated in writing to the Master Trustee by the Issuer.

(b) Upon the principal of all Obligations then Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligation No. 1 may be transferred if and to the extent the Bond Trustee requests that the restrictions of subsection (a) of this Section on transfers be terminated.

Section 6. Mutilation, Destruction, Loss and Theft of Obligation No. 1. If (i) Obligation No. 1 is surrendered to the Master Trustee in a mutilated condition, or the Obligated Group Representative, the Members of the Obligated Group and the Master Trustee receive evidence to their satisfaction of the destruction, loss or theft of Obligation No. 1, and (ii) there is delivered to the Obligated Group Representative, the Members of the Obligated Group and the Master Trustee such security or indemnity as may be required by them to hold them harmless, then, in the absence of proof satisfactory to the Obligated Group Representative, the Members of the Obligated Group and the Master Trustee that Obligation No. 1 has been acquired by a bona fide purchaser and upon the Holder's paying the reasonable expenses of the Obligated Group Representative, the Members of the Obligated Group and the Master Trustee, the Obligated Group Representative shall cause to be executed and the Master Trustee shall authenticate and deliver, in exchange for such mutilated Obligation No. 1 or in lieu of such destroyed, lost or stolen Obligation No. 1, a new Obligation No. 1 of like principal amount, date and tenor. If any such mutilated, destroyed, lost or stolen Obligation No. 1 has become or is about to become due and payable, Obligation No. 1 may be paid when due instead of delivering a new Obligation No. 1.

Section 7. Execution and Authentication of Obligation No. 1. Obligation No. 1 shall be executed for and on behalf of each of the Obligated Group Representative by its Authorized Representative. The signature of such officer may be mechanically or photographically reproduced on Obligation No. 1. If any officer whose signature appears on Obligation No. 1 ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Obligation No. 1 shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication Obligation No. 1 shall not be entitled to the benefits hereof.

Section 8. Right to Redeem. Obligation No. 1 shall be subject to redemption, in whole or in part, prior to the maturity at the times and in the amounts applicable to redemption

of the Bonds as specified in the Indenture and in the manner provided herein; provided that in no event shall any portion of Obligation No. 1 be redeemed unless a corresponding amount of Bonds is also redeemed.

Section 9. Partial Redemption of Obligation No. 1. Upon the selection and call for redemption, and the surrender, of Obligation No. 1 for redemption in part only, the Obligated Group Representative shall cause to be executed and the Master Trustee shall authenticate and deliver to, upon the written order of, the Holder thereof, at the expense of the Obligated Group, a new Obligation No. 1 in principal amount equal to the unredeemed portion of Obligation No. 1, which new Obligation No. 1 shall be a fully registered Obligation without coupons.

The Obligated Group Representative may agree with the Holder of Obligation No. 1 that such Holder may, in lieu of surrendering Obligation No. 1 for a new fully registered Obligation without coupons, endorse on Obligation No. 1 a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the Holder of Obligation No. 1 and the Obligated Group and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of Obligation No. 1 by the Holder thereof and irrespective of any error or omission in such endorsement.

Section 10. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, Obligation No. 1, or the part thereof called for redemption, shall become and be due and payable at the redemption price provided for redemption of Obligation No. 1 or the part thereof called for redemption on such date. If, on the date fixed for redemption, moneys for payment of the redemption price and accrued interest are held by the Master Trustee or the Paying Agent, interest on Obligation No. 1, or the part thereof called for redemption, shall cease to accrue and Obligation No. 1, or the part thereof called for redemption, shall cease to be entitled to any benefit or security under the Master Indenture except the right to receive payment from the moneys held by the Master Trustee or the Paying Agent and the amount of Obligation No. 1 so called for redemption shall be deemed paid and no longer Outstanding.

Section 11. Covenants for the benefit of the Insurer. The following covenants and provisions in this Section 11 shall remain outstanding for so long as the Insurer is not in default and is providing an insurance policy for the benefit of the Bonds or is owed any amounts in connection therewith. Such covenants may be waived by the Insurer or amended by the Insurer and the Corporation without the consent of any other parties.

(a) Section 3.14 of the Master Indenture is hereby amended and restated as follows:

3.14 Days Cash on Hand.

“The Obligated Group shall maintain Days Cash on Hand of at least forty (40) days at the end of each Fiscal Year. Within one hundred fifty (150) days after the end of each Fiscal Year, the Obligated Group shall furnish to the Master Trustee and the Insurer an Officer’s Certificate stating, based on calculations shown in such Officer’s Certificate, that the requirement of the foregoing sentence was met at the end of the Fiscal Year, calculated as of the end of such Fiscal Year based on the Credit Group Financial Statements for such Fiscal Year. If the Days Cash on Hand, as so calculated at the end of any Fiscal Year, is less than forty (40) days, the Obligated Group covenants to retain an Independent Consultant to make recommendations to increase the Days Cash on Hand for subsequent Fiscal Years to the levels required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. Each Member of the Obligated Group, respectively, agrees that it will, to the extent permitted by law and subject to any applicable governmental regulations, contractual, third-party payor, fiduciary and other restrictions and limitations on its legal authority, substantially follow the recommendations of the Independent Consultant or file with the Master Trustee its reasons for not following the recommendations. So long as the Obligated Group shall retain an Independent Consultant and each Member of the Obligated Group shall follow such Independent Consultant’s recommendations except as set forth above, this Section shall be deemed to have been complied with even if the Days Cash on Hand for any subsequent Fiscal Year is less than forty (40). If at the end of any Fiscal Year the Days Cash on Hand is less than forty (40), the Obligated Group will not be required to retain an Independent Consultant to make such recommendations if a written report of an Independent Consultant is filed with the Master Trustee which contains an opinion of such Independent Consultant that (i) applicable laws or regulations have prevented the maintenance of forty (40) Days Cash on Hand, (ii) the Members of the Obligated Group have generated the maximum amount of Income Available for Debt Service which in the opinion of such Independent Consultant could reasonably have been generated given such laws and regulations during the period affected thereby and (iii) the Days Cash on Hand actually achieved was at least thirty (30). The Obligated Group shall not be required to cause the Independent Consultant’s report referred to in this paragraph to be prepared more frequently than once every two Fiscal Years if at the end of the first of such two Fiscal Years the Obligated Group provides to the Master Trustee (who shall provide a copy to each Holder, the Insurer, Related Bond Trustee and Related Bond Issuer) an Opinion of Counsel (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Master Trustee and Insurer) to the effect that the applicable laws and regulations underlying the Independent Consultant’s report delivered in respect of the previous Fiscal Year have not changed in any material way. Notwithstanding any provision of

this Section 3.14 to the contrary, if at the end of any Fiscal Year the Days Cash on Hand is less than thirty (30), then the Obligated Group shall be deemed to be in default hereunder.”

(b) Any Independent Consultant retained pursuant to the Master Indenture in connection with the Bonds, and the scope of such Independent Consultant’s report, shall be acceptable to the Insurer.

(c) Unless the Insurer shall otherwise consent, any Replacement Note issued pursuant to Section 3.15 of the Master Indenture relating to the Bonds shall continue to be secured by the Mortgage and a Gross Receivables pledge

Section 12. Form of Obligation No. 1. Obligation No. 1 shall be in substantially the following form with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Master Indenture and are approved by the officer executing such Obligation on behalf of the Obligated Group Representative and execution thereof by such officer shall constitute conclusive evidence of such approval.

[Form of Obligation No. 1]

UNITED HEALTH SERVICES HOSPITALS, INC. OBLIGATED GROUP

OBLIGATION NO. 1

\$257,495,000

Dated as of August 26, 2020

KNOW ALL BY THESE PRESENTS that UNITED HEALTH SERVICES HOSPITALS, INC., a not-for-profit corporation incorporated under the laws of the State of New York (the “Obligated Group Representative”), for value received hereby acknowledges for each Member of the Obligated Group (as such terms are defined in the hereinafter defined Master Indenture) that each Member of the Obligated Group is obligated to and promises to pay to the Broome County Local Development Corporation (the “Issuer”), or registered assigns, under the Loan Agreement, dated as of August 1, 2020 (the “Loan Agreement”), between the Obligated Group Representative and the Issuer, and any successor under the Loan Agreement, or registered assigns, the principal sum of Two Hundred Fifty-Seven Million Four Hundred Ninety-Five Thousand and 00/100 dollars (\$257,495,000), and to pay interest on the unpaid balance of said sum from the date hereof on the dates and in the manner hereinafter described. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Master Indenture or, if not defined in the Master Indenture, shall have the meanings assigned to such terms in the Loan Agreement.

This Obligation No. 1 is a single Obligation (as such term is defined in the Master Indenture) of the Obligated Group limited to Two Hundred Fifty-Seven Million Four Hundred Ninety-Five Thousand and 00/100 dollars (\$257,495,000) in principal amount (except as provided in the Master Indenture), designated as “United Health Services Hospitals, Inc. Obligated Group Obligation No. 1” (“Obligation No. 1”), issued under and pursuant to the

Supplemental Master Indenture for Obligation No. 1, dated as of August 1, 2020 (the “Supplemental Master Indenture”), between the Obligated Group Representative and Manufacturers and Traders Trust Company, as master trustee (the “Master Trustee”), supplementing and amending the Amended and Restated Master Trust Indenture, dated as of August 1, 2020 (the “Master Trust Indenture”) between the Obligated Group Representative and the Master Trustee. The Master Trust Indenture, as heretofore and hereafter supplemented and amended in accordance with its terms, is hereinafter called the “Master Indenture.”

Principal hereof and interest hereon are payable, in any coin or currency of the United States of America that on the payment date is legal tender for the payment of public and private debts, on the dates and in the amounts required to be paid, or caused to be paid, by the Obligated Group with respect to the Bonds pursuant to Section 2.2(a), (b) or (c) of the Loan Agreement. Payments of the principal of and interest on Obligation No. 1 shall be made by the Obligated Group depositing or causing to be deposited the same with or to the account of the Bond Trustee at or prior to the opening of business on the day such payments shall become due or payable.

This Obligation No. 1 evidences and secures the indebtedness of the Obligated Group resulting from making available to the Obligated Group Representative, as Member of the Obligated Group, the proceeds of the issuance and sale of revenue bonds of the Issuer, aggregating Two Hundred Fifty-Seven Million Four Hundred Ninety-Five Thousand and 00/100 dollars (\$257,495,000) in principal amount, designated “United Health Systems Hospitals, Inc. Project, Series 2020” (the “Bonds”), and issued under and pursuant to the Constitution and laws of the State of New York and the Trust Indenture, dated as of August 1, 2020 (the “Indenture”), for the purposes described in the Indenture. Manufacturers and Traders Trust Company is appointed the bond trustee (the “Bond Trustee”) under the Indenture.

The Members of the Obligated Group shall receive credit for payment on Obligation No. 1, in addition to any credits resulting from payment or prepayment from other sources as follows: (i) on installments of interest of Obligation No. 1 in an amount equal to moneys deposited in the Debt Service Fund created under the Indenture which amounts are available to pay interest on the Bonds, to the extent such amounts have not previously been credited against payments on Obligation No. 1; (ii) on installments of principal of Obligation No. 1 in an amount equal to moneys deposited in the Debt Service Fund created under the Indenture which amounts are available to pay principal of the Bonds, to the extent such amounts have not previously been credited against payments on Obligation No. 1; (iii) on installments of principal of and interest on Obligation No. 1 in an amount equal to the principal amount of Bonds which have been called by the Bond Trustee for redemption prior to maturity and for the redemption of which sufficient amounts (as determined by Section 12.1 of the Indenture) in cash or Defeasance Obligations are on deposit as provided in Section 12.1 of the Indenture, to the extent such amounts have not been previously credited against payments on Obligation No. 1, and the interest on such Bonds from and after the date of such notice to the date fixed for redemption thereof; provided, however, that such credits shall be made against the installments of principal of and interest on Obligation No. 1 which would be due, but for such call for redemption, to pay principal of and interest on such Bonds when due at maturity; and (iv) on installments of principal and interest, respectively, on Obligation No. 1 in an amount equal to the principal

amount of Bonds acquired by the Obligated Group and delivered to the Bond Trustee for cancellation or purchased by, or on behalf of, the Bond Trustee and cancelled, and the interest on such Bonds from and after the date interest thereon has been paid prior to cancellation; provided, however, that such credits shall be made against the installments of principal of and interest on Obligation No. 1 that would have been used, but for such cancellation, to pay principal of and interest on such Bonds when due and, with respect to Bonds called for mandatory redemption, against principal installments that would have been used to pay Bonds of the same maturity.

Upon payment by the Obligated Group of a sum, in cash or Defeasance Obligations, or both, sufficient, together with any other cash and Defeasance Obligations held by the Bond Trustee and available for such purpose, to cause all Outstanding Bonds to be deemed to have been paid within the meaning of Article XII of the Indenture and to pay all other amounts referred to in Article XII of the Indenture, accrued and to be accrued to the date of discharge of the Indenture, Obligation No. 1 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture.

Copies of the Master Indenture and the Supplemental Master Indenture are on file at the corporate trust office of the Master Trustee. Reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the Holders of Obligations issued under the Master Indenture, the terms and conditions upon which, and the purposes for which Obligations are to be issued and the rights, duties and obligations of the Obligated Group Representative, the Obligated Group and the Master Trustee under the Master Indenture. The Holder hereof, by acceptance of this Obligation No. 1, assents to all of the provisions of the Master Indenture.

The Master Indenture permits the issuance of additional Obligations under the Master Indenture to be secured by the provisions of the Master Indenture, all of which, regardless of the times of issue or maturity, are to be of equal rank without preference, priority or distinction of any Obligations issued under the Master Indenture over any other such Obligations except as expressly provided or permitted in the Master Indenture.

To the extent permitted by and as provided in the Master Indenture, modifications of or changes to the Master Indenture, of any indenture supplemental thereto, and any of the rights and obligations of the Obligated Group Representative, the Obligated Group and of the Holders of Obligations may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Certain modifications or changes that would affect the rights of the Holders of this Obligation No. 1 may be made only with the consent of the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding under the Master Indenture. No modification or change shall be made that will: (i) reduce the principal amount of or the redemption premium or rate of interest or change the method of calculating interest payable on, or reduce any other Required Payment on any Obligation without the consent of the Holder of such Obligation; (ii) modify, alter, amend, add to or rescind any of the terms or provisions contained in Article IV of the Master Indenture so as to affect the right of the Holders of any Obligations in default as to payment to compel the Master Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Holders of all Obligations then Outstanding; or (iii) reduce the

aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Related Supplement, without the consent of the Holders of all Obligations then Outstanding.

Any such consent by the Holder of this Obligation No. 1 shall be conclusive and binding upon such Holder and all future Holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Obligation No. 1.

In the manner and with the effect provided in the Supplemental Master Indenture, Obligation No. 1 will be subject to redemption prior to maturity at the times and in the amounts specified in the Bonds issued under the Indenture.

Any redemption, either in whole or in part, shall be made upon notice thereof in the manner and upon the terms and conditions provided in the Supplemental Master Indenture. If this Obligation No. 1 shall have been duly called for redemption, either in whole or in part, and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Supplemental Master Indenture, interest on this Obligation No. 1, or the portion hereof called for redemption, shall cease to accrue from the date fixed for redemption, and from and after such date, this Obligation No. 1, or the portion hereof called for redemption, shall be deemed not to be Outstanding and shall no longer be entitled to the benefits of the Master Indenture, and the Holder hereof shall have no rights in respect of this Obligation No. 1 other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain Events of Default, the principal of all Obligations then Outstanding may be declared, and thereupon shall become, due and payable as provided in the Master Indenture.

The Holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect to any default the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

Obligation No. 1 is issuable only as a registered Obligation without coupons.

Unless the principal of all Obligations has been declared immediately due and payable, no transfer of this Obligation No. 1 shall be permitted except for transfers to a successor trustee under the Indenture. This Obligation No. 1 shall be registered on the register to be maintained by the Master Trustee as registrar for the Members of the Obligated Group for that purpose at the principal corporate trust office of the Master Trustee and this Obligation No. 1 shall be transferable only upon presentation of this Obligation No. 1 at said office by the Holder or by his duly authorized attorney and subject to the limitations, if any, set forth in the Supplemental Master Indenture. Such transfer shall be without charge to the Holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder requesting such transfer as a condition precedent to the exercise of such

privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Obligation No. 1 a new registered Obligation without coupons, registered in the name of the transferee.

Prior to due presentment hereof for registration of transfer, the Obligated Group Representative, the Members of the Obligated Group, the Master Trustee, any Paying Agent and any registrar with respect to this Obligation No. 1 may deem and treat the person in whose name this Obligation No. 1 is registered as the absolute owner hereof for all purposes; and neither the Obligated Group Representative, the Members of the Obligated Group, any Paying Agent, the Master Trustee nor any Obligation registrar shall be affected by any notice to the contrary. All payments made to the Holder hereof shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Obligation No. 1.

No covenant or agreement contained in this Obligation No. 1 or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the Obligated Group Representative, the Members of the Obligated Group, or the Master Trustee in his individual capacity, and no officer, agent or employee of the Obligated Group Representative or the Members of the Obligated Group, or member of the governing board of the Obligated Group Representative or the Members of the Obligated Group shall be liable personally on this Obligation No. 1 or be subject to any personal liability or accountability by reason of the issuance of this Obligation No. 1.

This Obligation No. 1 shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Obligation No. 1 shall have been manually authenticated by the execution by an authorized officer of the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, each of the Obligated Group Representative has caused this Obligation No. 1 to be duly executed in its name and on its behalf by the manual or facsimile signature of its Authorized Representative as of the date set forth above.

UNITED HEALTH SERVICES HOSPITALS,
INC.,
as Obligated Group Representative

By: _____
Authorized Representative

MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION

The undersigned Master Trustee hereby certifies that this Obligation No. 1 is one of the Obligations described in the within mentioned Master Indenture.

Dated: _____

MANUFACTURERS AND TRADERS TRUST
COMPANY,
as Master Trustee

By _____
Authorized Signatory

Section 13. Financial Reporting.

(a) For so long as Obligation No. 1 and/or any Bonds remain Outstanding, the Obligated Group Representative shall provide financial information as set forth in Section 3.13 of the Master Indenture.

(b) In the event of a failure of the Obligated Group Representative to comply with any provision of this Section 13, the Master Trustee's rights to enforce the provisions of this Section 13 shall be limited solely to a right, by action in mandamus or for specific performance,

to compel performance of the Obligated Group Representative's obligation under this Section 13 and not for money damages in any amount. Any failure by the Obligated Group Representative to perform in accordance with this Section 13 shall not constitute a default under this Supplement No. 1 or the Master Indenture, and all rights and remedies shall be limited to those expressly stated herein.

Section 14. Specification of Purpose of Issue. The proceeds from the execution and delivery of the Bonds under the Indenture shall be used for the purposes described in the Indenture.

Section 15. Ratification of Master Indenture. As supplemented hereby, the Master Indenture is in all respects ratified and confirmed and the Master Indenture as so supplemented hereby shall be read, taken and construed as one and the same instrument.

Section 16. Severability. If any provision of this Supplement No. 1 shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case and in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, sections or subsections contained in this Supplement No. 1 shall not affect the remaining portions of this Supplement No. 1 or any part thereof.

Section 17. No Third Party Beneficiary. This Supplement No. 1 is not intended for the benefit of, and shall not be construed to create, rights in parties other than the Obligated Group, the Obligated Group Representative, the Master Trustee, the Insurer and the Holders.

Section 18. Counterparts. This Supplement No. 1 may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 19. Governing Law. This Supplement No. 1 shall be governed by and construed in accordance with the laws of the State of New York.

[Signature page follows.]

IN WITNESS WHEREOF, each of the Obligated Group Representative has caused these presents to be duly executed in its name and on its behalf by its duly authorized representative, and, to evidence its acceptance of the trusts hereby created, the Master Trustee has caused these presents to be duly executed in its name and on its behalf by its duly authorized representative, all as of the day and year first above written.

UNITED HEALTH SERVICES HOSPITALS,
INC., as Obligated Group Representative

By: _____
Authorized Representative

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Master Trustee

By: _____
Authorized Representative

[Signature Page for Supplemental Master Indenture No. 1]

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

August __, 2020

Broome County Local Development Corporation
5 South College Drive, Suite 201
Binghamton, New York 13905

Re: \$257,495,000 Broome County Local Development Corporation Revenue Bonds (United Health Services Hospitals, Inc. Project), Series 2020

Ladies and Gentlemen:

We have examined the record of proceedings in connection with the issuance by the Broome County Local Development Corporation (the "Issuer") of its \$257,495,000 Revenue Bonds (United Health Services Hospitals, Inc. Project), Series 2020 (the "Bonds"). The Bonds are authorized to be issued pursuant to (i) Section 1411 of the Not-for-Profit Corporation Law ("N-PCL") of the State of New York (the "State"), as amended (hereinafter collectively called the "Act"), (ii) Resolution 463 of 2010 adopted by the Broome County Legislature (the "County Resolution"), (iii) a bond resolution adopted by the board of directors of the Issuer on July 15, 2020 (the "Bond Resolution"), and (iv) an Indenture of Trust, dated as of August 1, 2020 (the "Indenture"), by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the "Trustee") for the purpose of financing a Project (defined herein) being undertaken by United Health Services Hospitals, Inc. (the "Institution"), a New York not-for-profit corporation organized under the laws of the State.

The project being financed with the Bonds (the "Project") for the benefit of the Institution, consists of: (A) (i) the construction at 33-57 Harris Street, Johnson City, New York 13790 (the "Wilson Memorial Campus") of an approximately 159,275 square-foot, six-(6)-story building consisting principally of: (a) a new, right-sized Emergency Department, (b) an MRI unit, (c) an all-private room medical/surgical unit housing approximately thirty (30) beds, (d) a mechanical penthouse, (e) a helipad, and (f) shelled space for future development of additional private rooms; (ii) the renovation of approximately 24,100 square-feet of the existing Wilson Medical Center located on the Wilson Memorial Campus (collectively, items (A)(i) through (ii), the "Improvements"); and (iii) the acquisition and installation in and around the Improvements of certain items of machinery, equipment and other tangible personal property (the "Equipment"; and, together with the Improvements, the "2020 Facility"; collectively hereafter referred to as the "New Money Project"); (B) (i) the refunding of the outstanding principal amount of the Issuer's Tax-Exempt Revenue Bonds (United Health Services Hospitals, Inc. Project), Series 2019 issued in the original principal amount of up to \$50,000,000 (the "Series 2019 Bonds"), (ii) the refunding of the outstanding principal amount of the Dormitory Authority of the State of New York's ("DASNY") United Health Services Hospitals, Inc. Revenue Bonds Series 2015 issued in

the original principal amount of \$22,900,000 (the "Series 2015 Bonds"), (iii) the refunding of the outstanding principal amount of DASNY's United Health Services Hospitals, Inc. Revenue Bonds Series 2010 issued in the original principal amount of \$20,000,000 (the "Series 2010 Bonds"), (iv) the refinancing of the outstanding principal balance due under a certain Master Lease and Sublease Agreement, by and among TD Equipment Finance, Inc., DASNY and the Institution, dated June 1, 2018, constituting a capital equipment lease-purchase financing, in the original principal amount of \$10,066,000 (the "2019 TELP"); (v) the refinancing of the outstanding principal balance due under a certain Master Lease and Sublease Agreement, by and among TD Equipment Finance, Inc., DASNY and the Institution, dated June 1, 2018, constituting a capital equipment lease-purchase financing, in the original principal amount of \$10,065,000 (the "2018 TELP"); (vi) the refinancing of the outstanding principal balance due under a certain Master Lease and Sublease Agreement, by and among Banc of America Public Capital Corp., DASNY and the Institution, dated July 1, 2017, constituting a capital equipment lease-purchase financing, in the original principal amount of \$10,240,000 (the "2017 TELP"); (vii) the refinancing of the outstanding principal balance due under a certain Master Lease and Sublease Agreement, by and among Banc of America Public Capital Corp., DASNY and the Institution, dated May 1, 2016, constituting a capital equipment lease-purchase financing, in the original principal amount of \$8,800,000 (the "2016 TELP"); (viii) the refinancing of the remaining balance due on a certain term loan from Manufacturers and Traders Trust Company (the "Bank") to the Institution in the original principal amount of \$8,000,000 to finance the acquisition of a portion of the Wilson Memorial Campus, specifically certain real property and the buildings and improvements thereon, located at 52 Harris Street (the "2017 Term Loan"); (ix) the refinancing of the remaining balance due on a certain term loan from the Bank to the Institution in the original principal amount of \$10,520,000 to refinance DASNY's United Health Services Hospitals, Inc. FHA-Insured Mortgage Hospital Revenue Bonds, Series 2009 issued in the original principal amount of \$28,880,000 (the "2015 Term Loan"; and, together with the Series 2019 Bonds, Series 2015 Bonds, Series 2010 Bonds, 2019 TELP, 2018 TELP, 2017 TELP, 2016 TELP, 2017 Term Loan and 2015 Term Loan, the "Refunding Project"); (C) the payment of fees associated with the termination of the outstanding interest rate swap agreement entered into by the Institution in connection with the Series 2015 Bonds; and (D) funding a debt service reserve fund, if any, paying capitalized interest, if any, and paying a bond insurance premium and certain other costs incidental to the issuance of the Bonds.

The Bonds are being purchased by BofA Securities, Inc. on behalf of itself and as representative (the "Representative") of Wells Fargo Bank, National Association (collectively, with the Representative, the "Underwriters"), pursuant to a certain Bond Purchase Agreement, dated August 12, 2020, by and between the Issuer and the Underwriters (the "Bond Purchase Agreement"), with approval of the Institution.

Under the terms of a certain Loan Agreement, dated as of August 1, 2020 (the "Loan Agreement"), between the Issuer and the Institution, the Issuer has made a loan to the Institution in an amount equal to the net proceeds of the Bonds, and the Institution has agreed to make loan payments in such amounts and at such times as will be sufficient to pay the principal of,

premium, if any, and interest on the Bonds as the same become due and payable and to make certain other payments with respect to the Bonds as described therein.

In order to provide a source of payment and security for the Bonds, which are special obligations of the Issuer payable only from amounts payable under the Loan Agreement, the Issuer has, among other things, assigned all of its right, title and interest (other than Unassigned Rights, as such term is defined in Schedule A to the Loan Agreement) in and to the Loan Agreement to the Trustee, pursuant to a certain Pledge and Assignment with Acknowledgment, dated as of August 1, 2020 (the "Pledge and Assignment"), from the Issuer to the Trustee, with an acknowledgment by the Institution.

The Issuer and the Institution have executed and delivered a certain Tax Compliance Agreement, dated as of the date hereof (the "Tax Compliance Agreement"), in which the Issuer and the Institution have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Internal Revenue Code of 1986, as amended, and regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code").

The Bonds are dated as of their date of issuance and bear interest from that date on the unpaid principal amount at the rates set forth in, and pursuant to the terms of, the Indenture and the Bonds. The Bonds are subject to prepayment or redemption prior to maturity, in whole or in part, at such time or times, or under such circumstances and in such manner as are set forth in the Bonds and the Indenture, respectively.

As Bond Counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity and due execution of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have relied upon, and assumed the accuracy and truthfulness of, the aforesaid instruments, certificates and documents, without having conducted any independent investigation.

In rendering the opinions set forth below, we have relied upon the opinions of Thomas, Collison & Meagher, counsel to the Issuer, Hinman, Howard & Kattell, LLP, counsel to the Institution, and Bond, Schoeneck & King, PLLC, counsel to the Trustee, each of even date herewith, as to the matters set forth in each of such opinions without making any independent investigation of the factual basis therefor or the legal conclusions set forth therein.

All capitalized terms, not otherwise defined herein, shall have the meaning ascribed to such terms in Appendix A attached to the Loan Agreement.

Based upon and in reliance upon the foregoing, and subject to the limitations hereafter set forth, it is our opinion that:

(a) The Issuer is a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State and is duly organized and existing under the laws of the State.

(b) The Issuer is duly authorized and entitled by law and the County Resolution to issue, execute, sell and deliver the Bonds for the purpose of financing the Project.

(c) The Bond Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect, and is valid and legally binding upon the Issuer in accordance with its terms.

(d) The Bonds have been duly authorized, executed and delivered, have been duly issued for value by the Issuer and are legal, valid and legally binding special obligations of the Issuer payable in accordance with their terms and are entitled to the benefit and security of the Indenture in accordance with its terms.

(e) The Bonds do not constitute a debt of the State or Broome County, New York, and neither the State nor Broome County, New York, shall be liable thereon.

(f) Subject to the limitation hereinafter set forth, under statutes, regulations, administrative rulings and court decisions existing as of the date hereof, interest on the Bonds is excluded from gross income of the holders thereof for federal income tax purposes pursuant to Section 103 of the Code and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

(g) Under existing law, for so long as interest on the Bonds is and remains excluded from gross income for federal income tax purposes, such interest is and will remain exempt from personal income taxes imposed by the State and any political subdivision thereof.

In rendering the opinions set forth in paragraphs (f) and (g) above, we have relied upon, among other things, certain representations and covenants of (1) the Issuer in the Indenture, the Loan Agreement, the Tax Compliance Agreement and the General Certificate of the Issuer, dated the date hereof and (2) the Institution in the Loan Agreement, the Tax Compliance Agreement and the General Certificate of the Institution, dated the date hereof. We call your attention to the fact that there are certain requirements contained in the Code with which the Issuer and the Institution must comply from and after the date of issuance of the Bonds in order for the interest thereon to be and remain excluded from gross income for federal income tax purposes, and consequently to remain exempt from personal income taxes imposed by the State or any political subdivision thereof. The Issuer, the Institution or any other Person, by failing to comply with such requirements, may cause interest on the Bonds to become includable in gross income for federal income tax purposes and therefore subject to personal income taxes imposed by the State and any political subdivision thereof, in each case retroactive to the date of issuance of the Bonds. We render no opinion as to any federal, state or local tax consequences with respect to the Bonds, or the interest thereon, if any change occurs or action is taken or omitted under the

Indenture, the Loan Agreement, the Tax Compliance Agreement, or under any other relevant documents by the Issuer or the Institution without the advice or approval of, or upon the advice or approval of any Bond Counsel other than, Harris Beach PLLC.

Except as set forth in paragraphs (f) and (g) above, we express no opinion regarding any federal, state or local income tax consequences arising with respect to the Bonds.

The foregoing opinions are qualified to the extent that the enforceability of the Bond Resolution, the Bonds, any of the Issuer Documents and any other document executed in connection therewith may be limited by any applicable bankruptcy, insolvency or other similar law or equitable principle now or hereafter enacted by the State or the federal government or pronounced by a court having proper jurisdiction, affecting the enforcement of creditors' rights generally.

We express no opinion as to (i) the title to the Facility, (ii) the sufficiency of the description of the Project in the Indenture, the Loan Agreement, or any other document and (iii) the priority of any Liens, charges or encumbrances on the Facility. Further, we have not been requested to examine and have not examined any documents or information relating to the Issuer or the Institution other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial information, or the adequacy thereof, which has been or may be supplied to the Trustee or any other person.

Only the parties to whom this opinion is addressed may rely on this opinion. This opinion is given as of the date hereof, and we disclaim any obligation to update this opinion letter for events occurring after the date hereof. We express no opinion herein except as to the laws of the State of New York and the federal laws of the United States of America.

Very truly yours,

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FORM OF CONTINUING DISCLOSURE AGREEMENT

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AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION REVENUE BONDS (UNITED HEALTH SERVICES HOSPITALS, INC. PROJECT) SERIES 2020

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “*Disclosure Agreement*”), dated as of August 26, 2020, is executed and delivered by United Health Services Hospitals, Inc. (the “*Obligated Person*”), Manufacturers and Traders Trust Company, as trustee (the “*Trustee*”) and Digital Assurance Certification, L.L.C. (“*DAC*”), as exclusive Disclosure Dissemination Agent (the “*Disclosure Dissemination Agent*”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) issued by the Broome County Local Development Corporation (the “*Issuer*”) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “*Rule*”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute “advice” within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the “*Act*”). DAC is not obligated hereunder to provide any advice or recommendation to the Issuer, the Obligated Person or anyone on the Issuer’s or the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Indenture (hereinafter defined). The capitalized terms shall have the following meanings:

“*Annual Filing Date*” means the date, set in Sections 2(a)(i) and 2(d) of this Disclosure Agreement, by which the Annual Report is to be filed with the MSRB.

“*Annual Financial Information*” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a)(i) of this Disclosure Agreement.

“*Annual Report*” means an Annual Report described in and consistent with Section 3(a) of this Disclosure Agreement.

“*Audited Financial Statements*” means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“*Bonds*” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“*Certification*” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Quarterly Report, Audited Consolidated Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Quarterly Report, Audited Consolidated Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure

required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

“Disclosure Representative” means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial Obligation” means a (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Indenture” means the Trust Indenture dated as of August 1, 2020, between the Issuer and the Trustee with respect to the Bonds.

“Information” means collectively, the Quarterly Reports, the Annual Reports, the Audited Consolidated Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“Issuer” means the Broome County Local Development Corporation, as conduit issuer of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

“*Notice Event*” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“*Obligated Person*” means any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“*Official Statement*” means that Official Statement prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed on Exhibit A.

“*Quarterly Filing Date*” means the date, set in Section 2(b)(i), by which the Quarterly Report is to be filed with the MSRB.

“*Quarterly Report*” means a Quarterly Report described in and consistent with Section 3(b) of this Disclosure Agreement.

“*Trustee*” means Manufacturers and Traders Trust Company and its successors and assigns.

“*Voluntary Event Disclosure*” means information of the category specified in any of subsections (c)(vi)(1) through (c)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“*Voluntary Financial Disclosure*” means information of the category specified in any of subsections (c)(vii)(1) through (c)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports and Quarterly Reports.

(a) Annual Reports.

(i) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 120 days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending December 31, 2020, such date and each anniversary thereof, the “Annual Filing Date.” Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its Electronic Municipal Market Access (“EMMA”) System for municipal securities disclosures. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(ii) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Obligated Person shall, not later than two (2) business days prior to the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of

the Annual Financial Information, Audited Financial Statements, if available, and unaudited financial statements, if Audited Financial Statements are not available in accordance with subsection (d) below and the Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Financial Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(iii) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(iv) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited financial statements for filing prior to the Annual Filing Date in accordance with Section 3(b) hereof and, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(b) Quarterly Reports.

(i) The Obligated Person shall provide an electronic copy of the Quarterly Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 60 days subsequent to the last day of each of the first three quarters in each fiscal year. Promptly upon receipt of an electronic copy of the Quarterly Report and the Certification, the Disclosure Dissemination Agent shall provide the Quarterly Report to the MSRB through the EMMA System for municipal securities disclosures. The Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(ii) If on the fifteenth (15th) day prior to the Quarterly Filing Date, the Disclosure Dissemination Agent has not received a copy of the Quarterly Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Quarterly Report pursuant to Section 2(b)(i). Upon such reminder, the Obligated Person shall, not later than two (2) business days prior to the Quarterly Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Quarterly Report and Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Quarterly Report and Certification for such fiscal quarter are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Quarterly Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(iii) If the Disclosure Dissemination Agent has not received a Quarterly Report and Certification by 6:00 p.m. Eastern time on the Quarterly Filing Date (or, if such Quarterly Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Quarterly Report, a

Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Quarterly Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date and Quarterly Filing Date;
- (ii) upon receipt, promptly file each Annual Report and Quarterly Report received under Section 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(a)(iv) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. Principal and interest payment delinquencies;
 - 2. Non-Payment related defaults, if material;
 - 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - 5. Substitution of credit or liquidity providers, or their failure to perform;
 - 6. Adverse tax opinions, IRS notices or events affecting the tax-exempt status of the securities;
 - 7. Modifications to rights of securities holders, if material;
 - 8. Bond calls, if material;
 - 9. Defeasances;
 - 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 - 11. Ratings changes;
 - 12. Tender offers;
 - 13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person or any other member of the Obligated Group;

14. Merger, consolidation, or acquisition of the Obligated Person or any other member of the Obligated Group, if material;
 15. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
 16. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
 17. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation reflecting financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(a)(iii) or Section 2(b)(iii) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual/quarterly financial information as required” when filing pursuant to Section 2(a) or Section 2(b) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in obligated person or obligated group;”
 3. “notice to investors pursuant to bond documents;”
 4. “certain communications from the Internal Revenue Service;”
 5. “secondary market purchases;”
 6. “bid for auction rate or other securities;”
 7. “capital or other financing plan;”
 8. “litigation/enforcement action;”
 9. “change of tender agent, remarketing agent, or other on-going party;”
 10. “derivative or other similar transaction;” and
 11. “other event-based disclosures;”

- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. “quarterly/monthly financial information;”
 2. “change in fiscal year/timing of annual disclosure;”
 3. “change in accounting standard;”
 4. “interim/additional financial information/operating data;”
 5. “budget;”
 6. “investment/debt/financial policy;”
 7. “information provided to rating agency, credit/liquidity provider or other third party;”
 8. “consultant reports;” and
 9. “other financial/operating data;”
- (viii) provide the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(d) The Obligated Person may adjust the Annual Filing Date and Quarterly Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date and Quarterly Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Reportss.

(a) Annual Report

(i) Each Annual Report shall contain Annual Financial Information with respect to the Obligated Person which shall include operating data and financial information of the type included in the Official Statement for the Bonds as described in “APPENDIX A” herein relating to the following: (1)

utilization statistics of the type set forth under the heading “Utilization Statistics”; (ii) sources of patient service revenue of the type set forth under the heading “Sources of Net Patient Revenue By Payor” (iii) revenue and expense data of the type set forth under the heading “Summary Statement of Operations”; (iv) data of the type set forth under the headings “Historical and Pro Forma Debt Service Coverage Ratios”, “Historical and Pro Forma Debt to Capitalization Ratios”, “Historic Liquidity Portfolio”; together with a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Person; and

(ii) Each Annual Report shall also contain Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) or alternate accounting principles as described in the Official Statement will be included in the Annual Report. If Audited Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Official Statement, are included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(a)(iv).

(b) Quarterly Reports. Each Quarterly Report shall contain the following information:

(i) the unaudited consolidated financial statements of the Obligated Person including the balance sheet as of the end of such quarter, the statement of operations, changes in net assets and cash flows, but excluding footnotes,

(ii) utilization statistics of the Obligated Person for such quarter, including aggregate discharges per facility, patient days, average length of stay, average daily census, emergency room visits, ambulatory surgery visits and home care visits (if applicable), and

(iii) discharges of the Obligated Person and any other Member of the Obligated Group by major payor mix for such quarter

(c) Any or all of the items listed in this Section 3 may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or are available from the MSRB Internet Website. If the document incorporated by reference is a Final Official Statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

(d) Any Annual Financial Information or Quarterly Report containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;
7. Modifications to rights of the security holders, if material;
8. Bond calls, if material;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person or any other member of the Obligated Group;

Note to subsection (a)(13) of this Section 4: For the purposes of the event described in subsection (a)(13) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

14. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
16. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Obligated Person shall, in a timely manner not in excess of ten business days after its occurrence, notify the Trustee and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon actual knowledge of the occurrence of a Notice Event, the Trustee shall promptly notify the Obligated Person and also shall notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations.

The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that neither the Issuer nor the Obligated Person is obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent.

The Obligated Person hereby appoints DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default.

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as provided in this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE ISSUER AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and it shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer or Trustee Responsibility.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement other than those notices required under Section 4 hereof, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures other than those notices required under Section 4 hereof. The Issuer (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Indenture for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Trustee and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Obligated Person, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

(i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time;

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Obligated Person or the Trustee and the assumption by any such successor of the covenants of the Obligated Person or the Trustee hereunder;

(iv) to add to the covenants of the Obligated Person or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person or the Disclosure Dissemination Agent;

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission.

SECTION 14. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to its conflicts of laws provisions).

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page left intentionally blank]

The Disclosure Dissemination Agent, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

UNITED HEALTH SERVICES HOSPITALS, INC.,
Obligated Person

By: _____
Name: _____
Title: _____

**MANUFACTURERS AND TRADERS TRUST
COMPANY**
as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	Broome County Local Development Corporation
Obligated Person(s):	United Health Services Hospitals, Inc.
Name of Bond Issue:	Broome County Local Development Corporation Revenue Bonds (United Health Services Hospitals, Inc. Project) Series 2020
Date of Issuance:	August 26, 2020
Date of Official Statement:	August 26, 2020

<u>Maturity</u>	<u>CUSIP No.</u>
2024	114731AA0
2025	114731AB8
2026	114731AC6
2027	114731AD4
2028	114731AE2
2029	114731AF9
2030	114731AG7
2031	114731AH5
2032	114731AJ1
2033	114731AK8
2034	114731AL6
2035	114731AM4
2036	114731AN2
2037	114731AP7
2038	114731AQ5
2039	114731AR3
2040	114731AS1
2045	114731AT9
2050	114731AV4
(4.00% coupon)	
2050	114731AU6
(3.00% coupon)	

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE [ANNUAL/QUARTERLY] REPORT

Name of Issuer: Broome County Local Development Corporation
Obligated Person(s): United Health Services Hospitals, Inc.
Name of Bond Issue: Broome County Local Development Corporation Revenue Bonds
(United Health Services Hospitals, Inc. Project) Series 2020
Date of Issuance: August 26, 2020

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an [Annual/Quarterly] Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of August 26, 2020, by and among the Obligated Person, _____, as Trustee and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the [Annual/Quarterly] Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Obligated Person

cc: Obligated Person

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;"
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16. _____ "Incurrence of a Financial Obligation of the obligated person, if material;" and
17. _____ "Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person reflecting financial difficulties."

_____ Failure to provide annual/quarterly financial information as required.

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street , Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Agreement to Provide Continuing Disclosure dated as of August 26, 2020 by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying “voluntary financial disclosure” will be sent to the MSRB, pursuant to the Agreement to Provide Continuing Disclosure dated as of August 26, 2020 by and among the Obligated Person, the Trustee and DAC.

Issuer’s and Obligated Person’s Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Financial Disclosure (Check One):

1. _____ “quarterly/monthly financial information;”
2. _____ “change in fiscal year/timing of annual disclosure;”
3. _____ “change in accounting standard;”
4. _____ “interim/additional financial information/operating data;”
5. _____ “budget;”
6. _____ “investment/debt/financial policy;”
7. _____ “information provided to rating agency, credit/liquidity provider or other third party;”
8. _____ “consultant reports;” and
9. _____ “other financial/operating data.”

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

