LIMITED OFFERING MEMORANDUM DATED DECEMBER 19, 2018

NEW ISSUE — Book-Entry Only **NOT RATED**

In the opinion of Katten Muchin Rosenman LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable in gross income for federal income tax purposes and is not includable in taxable income for purposes of personal income taxes imposed by the State of New York, The City of New York and the City of Yonkers, New York, assuming compliance with certain covenants and the accuracy of certain representations. In the opinion of Bond Counsel, interest on the Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax on individuals. See "TAX MATTERS" herein.

$102,065,000
BUILD NYC RESOURCE CORPORATION
TAX-EXEMPT REVENUE BONDS
(RICHMOND MEDICAL CENTER PROJECT),
SERIES 2018A

$30,000,000
BUILD NYC RESOURCE CORPORATION
TAX-EXEMPT REVENUE BONDS
(RICHMOND MEDICAL CENTER PROJECT),
SERIES 2018B

Dated: Date of Delivery **Due: As shown on the inside front cover**

Build NYC Resource Corporation (the "*Issuer*") is issuing up to $102,065,000 of its Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A (the "*Series 2018A Bonds*") and up to $30,000,000 of its Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project) Series 2018B (the "*Series 2018B Bonds*", and together with the Series 2018A Bonds, the "*Bonds*"). The Bonds will initially be issued only in fully registered form in denominations of $100,000, or any integral multiple of $5,000 in excess thereof, provided, however after the Bonds are rated investment grade or better by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, Authorized Denominations shall mean $5,000 plus any integral multiple in excess thereof. The Bonds are being issued as draw-down bonds, in accordance with the terms of and as required by the Indenture and the Agreement to Advance (as those terms are defined herein).

The Bonds will be registered in the name of Cede & Co., as holder of the Bonds and nominee for The Depository Trust Company ("*DTC*"). Purchases of the Bonds will be made in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM" herein. Interest on the Bonds will be payable by U.S. Bank National Association, as trustee for the Bonds (the "*Trustee*"), on each June 1 and December 1 of each year, commencing June 1, 2019. The Bonds are subject to optional, extraordinary, and mandatory redemption as further described herein. See "THE BONDS- Redemption Provisions" herein.

The Bonds are being issued for the benefit of Richmond Medical Center doing business as Richmond University Medical Center, a New York not-for-profit corporation (the "*Institution*"), pursuant to an Indenture of Trust dated as of December 1, 2018 (the "*Indenture*"), between the Issuer and the Trustee in order to provide a portion of the funds required to (i) finance (a) the design, construction, furnishing, and equipping of a state-of-the-art Emergency Department ("*ED*") increasing the existing ED from 15,609 square feet to approximately 36,000 square feet and expanding the number of treatment rooms, which new building addition will be located at 355 Bard Avenue, Staten Island, New York, along Castleton Avenue and an internal campus roadway, (b) the design and construction of a new approximately 250 space parking lot located on an approximately 115,000 square foot vacant parcel of land located directly behind at 669 and 657 Castleton Avenue, Staten Island, New York, (c) the acquisition and installation of a cogeneration facility and associated equipment located within the Institution's boiler plant situated on the southeast portion of the land located at 355 Bard Avenue, Staten Island, New York which will be used to provide electrical energy to the Institution, and (d) the infrastructure improvements, including, but not limited to, elevator upgrades and roof repair and replacement, with respect to various buildings located at 355 Bard Avenue, Staten Island, New York, (ii) refinance an existing taxable loan that was used to finance certain psychiatric facilities and robotic surgery equipment at 355 Bard Avenue and the renovation, furnishing, and equipping of an existing approximately 68,000 square foot residential building located on an approximately 82,000 square foot parcel of land located at 288 Kissel Avenue, Staten Island, New York, which is primarily used to provide, among other things, employee housing to interns and residents in Institution's physician graduate education program, (iii) fund a debt service reserve fund and a capitalized interest fund, and (iv) pay certain costs related to the issuance of the Bonds, all as more fully described herein.

The proceeds from the sale of the Bonds are being loaned to the Institution pursuant to a Loan Agreement, dated as of December 1, 2018 (the "*Loan Agreement*"), between the Issuer and the Institution. The Institution will be obligated under the Loan Agreement and a promissory note (the "*Promissory Note*") to make payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. The Institution's obligations under the Loan Agreement and the Promissory Note are secured by a Mortgage (as herein defined) on certain real property owned or leased by the Institution. The Bonds are secured by (i) all right, title, and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable on pledged thereunder, including but not limited to, Gross Revenues (as defined in the Indenture) and the security interest granted pursuant to the Loan Agreement, excluding, however, the Issuer's Reserved Rights (as defined in the Indenture), and the Promissory Note, (ii) moneys and obligations held by the Trustee under the Indenture, and (iii) the Security Documents (as defined in the Indenture). See "SECURITY FOR THE BONDS" herein.

The Underwriter intends to hereby offer the Bonds at initial issuance to Qualified Institutional Buyers as defined in Rule 144A under the Securities Act of 1933, provided that subsequent transfers of the Bonds may be made only to Qualified Institutional Buyers and "accredited investors" (as defined in Regulation D under the Securities Act), and provided, further, that after the Bonds are rated investment grade or better by a Rating Agency, then upon the Trustee receiving written notice of the occurrence of such event, the Bonds shall be transferrable to any purchaser.

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND INSTALLMENTS, REDEMPTION PRICE, AND INTEREST SOLELY FROM THE PAYMENTS MADE BY THE INSTITUTION UNDER THE LOAN AGREEMENT AND THE PROMISSORY NOTE, AND FROM THE TRUST ESTATE (AS HEREINAFTER DEFINED). NEITHER THE STATE OF NEW YORK (THE "*STATE*") NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF NEW YORK (THE "*CITY*"), SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR THE INTEREST ON, THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE BONDS. THE BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR THE INTEREST ON, THE BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

THE BONDS ARE NOT RATED. AN INVESTMENT IN THE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS NOT APPROPRIATE FOR UNSOPHISTICATED INVESTORS. A BONDHOLDER IS ADVISED TO READ THIS ENTIRE LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO THE SECTIONS "SECURITY FOR THE BONDS" AND "BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE BONDS.

The Bonds are offered, when, as and if issued subject to the approval of legality by Katten Muchin Rosenman LLP, New York, New York, Bond Counsel to the Issuer, and certain other conditions. Certain legal matters will be passed upon for the Issuer by its General Counsel and for the Institution by its counsel, Garfunkel Wild, P.C., Great Neck, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C. It is expected that delivery of the Bonds will take place through the facilities of DTC on or about December 20, 2018.

CAIN BROTHERS
a division of KeyBanc Capital Markets

December 19, 2018

$102,065,000
BUILD NYC RESOURCE CORPORATION
TAX-EXEMPT REVENUE BONDS
(RICHMOND MEDICAL CENTER PROJECT), SERIES 2018A

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE, YIELD, AND CUSIP

$102,065,000 5 625% Term Bond due December 1, 2050 – Yield 5.89% CUSIP[1]. 12008E PK6

$30,000,000
BUILD NYC RESOURCE CORPORATION
TAX-EXEMPT REVENUE BONDS
(RICHMOND MEDICAL CENTER PROJECT), SERIES 2018B

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE, YIELD, AND CUSIP

$30,000,000 5 875% Term Bond due December 1, 2050 – Yield 5 95% CUSIP[1]: 12008E PL4

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[1] CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds Neither the Issuer nor the Underwriter is responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

NOTICE TO INVESTORS

THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL NOR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION, OR SALE IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER, SOLICITATION, OR SALE IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION, OR SALE

THERE CAN BE NO GUARANTEE THAT THERE WILL BE A SECONDARY MARKET FOR THE BONDS OR, IF A SECONDARY MARKET EXISTS, THAT SUCH BONDS CAN BE SOLD FOR ANY PARTICULAR PRICE. OCCASIONALLY, BECAUSE OF GENERAL MARKET CONDITIONS, LACK OF CURRENT INFORMATION, THE ABSENCE OF A CREDIT RATING FOR THE BONDS OR BECAUSE OF ADVERSE HISTORY OR ECONOMIC PROSPECTS CONNECTED WITH A PARTICULAR ISSUE OR INDUSTRY, SECONDARY MARKETING PRACTICES IN CONNECTION WITH A PARTICULAR ISSUE ARE SUSPENDED OR TERMINATED ADDITIONALLY, PRICES OF ISSUES FOR WHICH A MARKET IS BEING MADE WILL DEPEND UPON THEN PREVAILING CIRCUMSTANCES. SUCH PRICES COULD BE SUBSTANTIALLY DIFFERENT FROM THE ORIGINAL PURCHASE PRICE.

THE BONDS ARE NOT INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY, OR BY ANY OTHER PERSON THE BONDS ARE NONRECOURSE TO THE ISSUER AND ARE PAYABLE SOLELY FROM THE TRUST ESTATE, AS DEFINED HEREIN, AND PROSPECTIVE INVESTORS SHOULD MAKE AN INVESTMENT DECISION BASED UPON AN ANALYSIS OF THE SUFFICIENCY OF THE TRUST ESTATE

THE BONDS OFFERED HEREBY ARE SPECULATIVE, AND AN INVESTMENT IN THE BONDS INCLUDES A HIGH DEGREE OF RISK. (SEE "BONDHOLDERS' RISKS.") THIS LIMITED OFFERING MEMORANDUM HAS BEEN PREPARED FROM INFORMATION FURNISHED BY THE INSTITUTION AND FROM OTHER SOURCES. THE INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM IS PROVIDED SOLELY IN CONNECTION WITH THE CONSIDERATION OF THE PURCHASE OF THE BONDS. ITS USE FOR ANY OTHER PURPOSE IS NOT AUTHORIZED.

IN MAKING AN INVESTMENT DECISION REGARDING THE BONDS OFFERED HEREBY, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INSTITUTION, AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS HEREOF AS INVESTMENT, LEGAL, OR TAX ADVICE EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT, AND OTHER ADVISORS AS TO LEGAL, TAX, BUSINESS, FINANCIAL, AND RELATED ASPECTS OF AN INVESTMENT IN THE BONDS. THE ISSUER AND INSTITUTION ARE NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE BONDS REGARDING THE LEGALITY OF AN INVESTMENT IN THE BONDS BY SUCH OFFEREE OR PURCHASER UNDER APPROPRIATE LEGAL INVESTMENT OR SIMILAR LAWS. THE OFFERING IS BEING MADE SOLELY ON THE BASIS HEREOF. ANY DECISION TO PURCHASE BONDS IN THE OFFERING MUST BE BASED ON THE INFORMATION CONTAINED HEREIN

EACH PURCHASER OF THE BONDS MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS, OR SELLS THE BONDS OR POSSESSES OR DISTRIBUTES THIS LIMITED OFFERING MEMORANDUM AND MUST OBTAIN ANY CONSENT, APPROVAL, OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER, OR SALE BY IT OF THE BONDS UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS, OR SALES, AND THE ISSUER DOES NOT HAVE ANY RESPONSIBILITY THEREFOR.

NO PERSON IS AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE INSTITUTION. THE INFORMATION CONTAINED HEREIN IS SUBJECT TO CHANGE, COMPLETION, OR AMENDMENT WITHOUT NOTICE. NEITHER THE DELIVERY HEREOF AT ANY TIME NOR ANY SUBSEQUENT COMMITMENT TO ENTER INTO ANY FINANCING SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE

INFORMATION SET FORTH HEREIN OR IN THE AFFAIRS OF THE INSTITUTION SINCE THE DATE HEREOF.

THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS REFERRED TO HEREIN ARE SET FORTH IN, AND GOVERNED BY, CERTAIN DOCUMENTS DESCRIBED HEREIN, AND ALL OF THE STATEMENTS AND INFORMATION CONTAINED HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. THIS LIMITED OFFERING MEMORANDUM CONTAINS SUMMARIES OF CERTAIN OF THESE DOCUMENTS, WHICH THE INSTITUTION BELIEVES TO BE ACCURATE, BUT FOR A COMPLETE DESCRIPTION OF THE RIGHTS AND OBLIGATIONS OF THE PARTIES THERETO SUMMARIZED HEREIN, REFERENCE IS HEREBY MADE TO THE ACTUAL DOCUMENTS. THE FINANCIAL DATA AND OTHER INFORMATION CONTAINED HEREIN HAVE BEEN OBTAINED FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE THERE IS NO GUARANTEE THAT ANY OF THE ASSUMPTIONS OR ESTIMATES CONTAINED HEREIN WILL BE REALIZED

THE INFORMATION CONTAINED HEREIN IS SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER WILL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION OR OPINIONS SET FORTH HEREIN OR IN THE AFFAIRS OF ANY PARTIES DESCRIBED HEREIN SINCE THE DATE HEREOF.

THIS LIMITED OFFERING MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS THESE FORWARD-LOOKING STATEMENTS ARE BASED ON CURRENT EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS FORWARD-LOOKING STATEMENTS ARE IDENTIFIED IN THIS LIMITED OFFERING MEMORANDUM BY USING WORDS OR PHRASES SUCH AS "ANTICIPATE," "BELIEVE," "CONTEMPLATE," "CONTINUE," "ESTIMATE," "EXPECT," "INTEND," "MAY," "OBJECTIVE," "PLAN," "PREDICT," "POTENTIAL," "PROJECT," "SHOULD," AND "WILL" AND SIMILAR WORDS OR PHRASES, OR THE NEGATIVE OF THOSE WORDS OR PHRASES THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO NUMEROUS ASSUMPTIONS, RISKS, AND UNCERTAINTIES EXCEPT AS OTHERWISE REQUIRED BY THE FEDERAL SECURITIES LAWS, THE INSTITUTION DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO PUBLICLY RELEASE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED IN THIS LIMITED OFFERING MEMORANDUM TO REFLECT ANY CHANGE IN ITS EXPECTATIONS WITH REGARD TO THESE STATEMENTS OR ANY CHANGE IN EVENTS, CONDITIONS, OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE INSTITUTION OR PERSONS ACTING ON ITS BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH OR REFERRED TO ABOVE. NOTHING HEREIN SHALL BE DEEMED TO CONSTITUTE A REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE INSTITUTION OR THE BONDS.

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LIMITED OFFERING MEMORANDUM
RELATING TO

$102,065,000	$30,000,000
BUILD NYC RESOURCE CORPORATION	**BUILD NYC RESOURCE CORPORATION**
TAX-EXEMPT REVENUE BONDS	**TAX-EXEMPT REVENUE BONDS**
(RICHMOND MEDICAL CENTER	**(RICHMOND MEDICAL CENTER**
PROJECT), SERIES 2018A	**PROJECT), SERIES 2018B**

See APPENDIX D – INDENTURE OF TRUST for definitions of certain of the words and terms used in this Limited Offering Memorandum.

INTRODUCTION

This Limited Offering Memorandum (including the front cover page, the inside front cover page, and the Appendices) is being distributed in connection with the offering and sale by Build NYC Resource Corporation (the *"Issuer")* of up to $102,065,000 aggregate principal amount of its Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A (the "*Series 2018A Bonds*") and up to $30,000,000 aggregate principal amount of its Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B (the "*Series 2018B Bonds*," and together with the Series 2018A Bonds, the "*Bonds*"). The Issuer is a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (the "*State*") at the direction of the Mayor of The City of New York (the "*City*").

The Bonds are authorized to be issued under and pursuant to a resolution of the Issuer adopted on November 7, 2018, authorizing the issuance and sale of the Bonds and an Indenture of Trust dated as of December 1, 2018, (the *"Indenture")* between the Issuer and U.S. Bank National Association, as trustee (the *"Trustee")*. The Trustee also will serve as Paying Agent and Bond Registrar for the Bonds.

The proceeds from the sale of the Bonds are being loaned to Richmond Medical Center doing business as Richmond University Medical Center, a not-for-profit corporation organized and existing under the laws of the State (the *"Institution")* pursuant to a Loan Agreement dated as of December 1, 2018 (the *"Loan Agreement")* between the Issuer and the Institution, for the purposes described below. The Institution will be obligated under the Loan Agreement and a Promissory Note from the Institution to the Issuer (the *"Promissory Note")* to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due.

The obligations of the Institution to make payments pursuant to the Loan Agreement and the Promissory Note will be unconditional obligations of the Institution and secured by the Mortgage (as hereinafter defined). The Bonds are secured by (i) all right, title, and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable or pledged thereunder, including but not limited to, Gross Revenues, and the security interest granted pursuant to the Loan Agreement, excluding, however, the Issuer's Reserved Rights, and the Promissory Note, (ii) moneys and obligations held by the Trustee under the Indenture, and (iii) the Security Documents. See "SECURITY FOR THE BONDS" herein.

Pursuant to the Indenture, the Issuer will assign to the Trustee substantially all of its right, title, and interest in and to the Promissory Note and the Loan Agreement (except for the Issuer's Reserved Rights), including all rights to receive the payments of principal or Redemption Price of, Sinking Fund Installments for, and interest on, the Bonds to be made by the Institution pursuant to the Loan Agreement and the Promissory Note.

The Bonds are special limited revenue obligations of the Issuer payable solely from the payments made by the Institution under the Loan Agreement and the Promissory Note and from the Trust Estate as described in the Indenture. See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Bonds will be loaned to the Institution and used, together with the other available funds of the Institution, to (i) finance (a) the design, construction, furnishing, and equipping of a state-of-the-art Emergency Department ("*ED*") increasing the existing ED from 15,609 square feet to approximately 56,000 square feet and expanding the number of treatment rooms, which new building addition will be located at 355 Bard Avenue, Staten Island, New York, along Castleton Avenue and an internal campus roadway; (b) the design and construction of a new approximately 250 space parking lot located on an approximately 115,000 square foot vacant parcel of land located directly behind at 669 and 657 Castleton Avenue, Staten Island, New York; (c) the acquisition and installation of a cogeneration facility and associated equipment located within the Institution's boiler plant situated on the southeast portion of the land located at 355 Bard Avenue, Staten Island, New York which will be used to provide electrical energy to the Institution; and (d) the infrastructure improvements, including, but not limited to, elevator upgrades and roof repair and replacement, with respect to various buildings located at 355 Bard Avenue, Staten Island, New York; (ii) refinance an existing taxable loan that was used to finance certain psychiatric facilities and robotic surgery equipment at 355 Bard Avenue and the renovation, furnishing, and equipping of an existing approximately 68,000 square foot residential building located on an approximately 82,000 square foot parcel of land located at 288 Kissel Avenue, Staten Island, New York, which is primarily used to provide, among other things, employee housing to interns and residents in Institution's physician graduate education program, (iii) fund a debt service reserve fund and a capitalized interest fund; and (iv) fund certain costs related to the issuance of the Bonds. See "THE PROJECT," "ESTIMATED SOURCES AND USES OF FUNDS" and "APPENDIX A – INFORMATION CONCERNING THE INSTITUTION."

The Bonds are subject to optional, extraordinary, and mandatory redemption, as further described herein. See "THE BONDS- Redemption Provisions" herein

Subject to compliance with the provisions of the Indenture, the Loan Agreement, and the Indenture summarized below under the heading "SECURITY FOR THE BONDS —Additional Indebtedness," the Issuer may, upon the request of the Institution, issue Additional Bonds under the Indenture for the benefit of the Institution

The front portion of this Limited Offering Memorandum contains brief descriptions of the Issuer, the Institution, the Bonds, the Indenture, the Loan Agreement, the Agreement to Advance (the "*Agreement to Advance*"), and the Continuing Disclosure Agreement entered into between the Institution and the Trustee on the date of issuance of the Bonds (the "*Continuing Disclosure Agreement*"). Additional information about the Institution is set forth in APPENDIX A. The audited financial statements of the Institution as of and for the two fiscal years ended December 31, 2017 and 2016, are included in APPENDIX B. The Loan Agreement and the Indenture are included as APPENDICES C and D, respectively. Certain of the defined terms used herein are defined in Appendix A to the Indenture or the Loan Agreement attached hereto. The proposed form of the Continuing Disclosure Agreement is included in APPENDIX E. The proposed form of opinion of Bond Counsel is included in APPENDIX F.

All references in this Limited Offering Memorandum to the Indenture, the Loan Agreement, the Promissory Note, the Agreement to Advance, and the Continuing Disclosure Agreement are qualified in their entirety by reference to such documents, and the description of the Bonds is qualified in its entirety by reference to the terms thereof and the information with respect thereto included in the Indenture and the Loan Agreement. All such descriptions are further qualified in their entirety by reference to laws relating to or affecting the enforcement of creditors' rights generally. Copies of the Agreement to Advance may be obtained prior to the date of issuance of the Bonds from the Underwriter (as defined herein) at its offices at 277 Park Avenue, 40th Floor, New York, NY 10172, and, on and after the date of issuance of the Bonds, from the Trustee at its offices at 100 Wall Street, 16th Floor, New York, New York 10005.

This introduction is subject in all respects to the additional information contained in this Limited Offering Memorandum, including APPENDICES A through F

THE ISSUER

Build NYC Resource Corporation (the "*Issuer*") is a not-for-profit local development corporation created pursuant to the Not-for-Profit Corporation Law of the State, as amended, at the direction of the Mayor of the City. The Issuer is not an agency of State or City government. The Issuer is authorized by the Not-for-Profit Corporation Law of the State and the Issuer's Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the City by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest.

The Issuer has offered and plans to offer other obligations from time to time to finance eligible projects for other eligible entities. Such obligations have been and will be issued pursuant to and secured by instruments separate and apart from the Indenture.

The Bonds are special, limited revenue obligations of the Issuer payable solely out of certain funds pledged therefor. Nothing in the Bonds or the Indenture shall be considered as pledging or committing any other funds or assets of the Issuer to the payment of the Bonds or the satisfaction of any other obligation of the Issuer under the Bonds or the Indenture.

Neither the Issuer nor its members, directors, officers, agents, servants or employees, nor any person executing the Bonds, shall be liable personally with respect to the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. Accordingly, no financial information regarding the Issuer or its members, directors, officers, employees or agents has been included herein.

Neither the State nor any political subdivision of the State including, without limitation, the City, is or shall be obligated to pay the principal or redemption price of or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or the City is pledged to such payment. The Issuer has no taxing power.

The Issuer has not prepared or assisted in the preparation of this Limited Offering Memorandum, except for statements under the sections captioned "THE ISSUER" and "LITIGATION — The Issuer", and except as aforesaid, the Issuer is not responsible for any statements made in this Limited Offering Memorandum. Except for the execution and delivery of documents required to effect the issuance of the Bonds, the Issuer has not otherwise assisted in the offer, sale, or distribution of the Bonds. Accordingly, except as aforesaid, the Issuer disclaims responsibility for the disclosures set forth in this Limited Offering Memorandum or otherwise made in connection with the offer, sale, or distribution of the Bonds. The Institution has agreed to indemnify the Issuer against certain liabilities relating to this Limited Offering Memorandum.

THE INSTITUTION

The Institution has provided the information in APPENDICES A and B attached hereto for use herein. While such information is believed to be reliable, none of the Issuer, the Underwriter, or any of their respective counsel (including Bond Counsel), members, directors, officers or employees makes any representation as to the accuracy or sufficiency of such information.

THE PROJECT

The "Project" being financed with the proceeds of the Bonds consists of (i) the financing of (a) the design, construction, furnishing, and equipping of a state-of-the-art Emergency Department ("*ED*") increasing the existing ED from 15,609 square feet to approximately 56,000 square feet and expanding the number of treatment rooms, which new building addition will be located at 355 Bard Avenue, Staten Island, New York, along Castleton Avenue and an internal campus roadway; (b) the design and construction of a new approximately 250 space parking lot located on an approximately 115,000 square foot vacant parcel of land located directly behind at 669 and 657 Castleton Avenue, Staten Island, New York; (c) the acquisition and installation of a cogeneration facility and associated equipment located within the Institution's boiler plant situated on the southeast portion of the land located at 355 Bard Avenue, Staten Island, New York which will be used to provide electrical energy to the Institution; and (d) the infrastructure improvements, including, but not limited to, elevator upgrades and roof repair and replacement, with respect to various buildings located at 355 Bard Avenue, Staten Island, New York; (ii) the refinancing of an existing taxable loans that were used to finance certain psychiatric facilities and robotic surgery equipment at 355 Bard Avenue and the renovation, furnishing, and equipping of an existing approximately 68,000 square foot residential building located on an approximately 82,000 square foot parcel of land located at 288 Kissel Avenue, Staten Island, New York, which is primarily used to provide, among other things, employee housing to interns and residents in Institution's physician graduate education program (the "*Prior Debt*"), (iii) the funding of a debt service reserve fund and a capitalized interest account; and (iv) paying certain costs of issuance of the Bonds (clauses (i) through (iv) are collectively referred herein to as the "*Project*"). "Bonds" means, collectively, the Series 2018A Bonds and the Series 2018B Bonds, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Further information regarding the Project is set forth in APPENDIX A to this Limited Offering Memorandum.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds, together with other sources of funds, are expected to be applied as follows:

Sources of Funds		Series 2018A Bonds	Series 2018B Bonds[1]
Par Amount	$	102,065,000	30,000,000
Original issue discount	$	(3,827,438)	(300,000)
TOTAL SOURCES	$	98,237,563	29,700,000
Uses of Funds			
Deposit to Project Fund Project Account[2]	$	74,207,636	27,353,559
Refunding of Prior Debt[3]	$	6,766,329	
Capitalized Interest[4]	$	7,531,444	
Debt Service Reserve Fund	$	7,258,563	2,186,456
Costs of Issuance[5][6]	$	2,473,590	159,985
TOTAL USES	$	98,237,563	29,700,000

(1) The amounts shown for the Series 2018B Bonds reflect the total amounts allowable to be drawn down by the Institution. The Institution will draw down a nominal initial amount but may, or may not, draw any additional amounts from the available Series 2018B Bonds. The estimated amounts to be drawn down by the Institution may be approximately $7,000,000.

(2) To be used to construct, renovate, and equip the Project, including reimbursement of expenses and costs spent to date for the Project by the Institution.

(3) Includes the payment of the outstanding balances on the Prior Debt.

(4) Interest on a portion of the Series 2018A Bonds until December 1, 2020.

(5) For the Series 2018A Bonds, includes underwriting discount and Issuer, legal, accounting, trustee, printing, and other fees and expenses of issuing the Bonds.

(6) For the Series 2018B Bonds, includes only Issuer fees.

THE BONDS

The information under this heading is subject in its entirety to the information set forth below under the heading "BOOK-ENTRY-ONLY SYSTEM" while the Bonds are held in DTC's (defined below) book-entry only system.

General

The Bonds will be dated their date of original issuance and will bear interest from their date at the applicable rate or rates until the entire principal amount of the Bonds has been paid, payable initially on June 1, 2019, and semiannually thereafter on each June 1 and December 1 (each an *"Interest Payment Date"*) computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature (subject to prior redemption) in the principal amounts and on the dates set forth on the inside front cover page of this Limited Offering Memorandum. The Bonds will initially be issuable only in fully registered, book-entry only form in a minimum denomination of $100,000 or any integral multiple of $5,000 in excess thereof; provided, however, after the Bonds are rated investment grade or better by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, Authorized Denominations shall mean $5,000 or any integral multiple thereof (the *"Authorized Denomination"*). See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are being issued as "draw-down loans" under Section 1.150-1(c)(4)(i) of the Treasury Regulations issued under the Code. The full proceeds of such Bonds will not be funded on the Closing Date. On the Closing Date, the Underwriter shall pay (1) the Series 2018A Initial Advance (as such term is defined in the Agreement to Advance) to the Trustee in the aggregate principal amount of $47,172,562.50 with respect to the Series 2018A Bonds, and (2) the Series 2018B Initial Advance (as such term is defined

in the Agreement to Advance) to the Trustee in the aggregate principal amount of $113,850.00 with respect to the Series 2018B Bonds. Thereafter, the Institution may, subject to the provisions and limitations in the Agreement to Advance, submit requests for disbursements to the Bondholder for advances of Bond Proceeds. The Bondholder agrees, so long as no default or Event of Default shall have occurred under the Indenture and be continuing, to make advances of the Bond proceeds, which advances of Series 2018A Bonds shall be deposited in the Project Fund for purpose of paying Project Costs as provided in the Indenture and into the Series 2018A Bonds Account of the Debt Service Reserve Fund , and the advances of Series 2018B Bonds shall be deposited in the Project Account of the Project Fund and the Series 2018B Bonds Account Capitalized Interest Account of the Project Fund in accordance with the provisions of the Agreement to Advance and the Indenture. In no event shall the Bondholder be required to (A) make advances of Bond Proceeds in excess of the Authorized Principal Amount of the Bonds; or (B) make any advances of Bond Proceeds that would cause the total amount of proceeds of the Bonds (net of the original issue discount) deposited into certain funds and accounts established under the Indenture to exceed certain maximum amounts set forth in the Agreement to Advance.

If the Series 2018A Bonds and the Series 2018B Bonds in an amount equal to the respective Authorized Principal Amounts with respect thereto have not been issued on or before the Project Completion Date , then the Bondholder Representative shall be entitled to revise the mandatory sinking fund redemption schedule set forth in the Indenture, by reducing the Sinking Fund Installments, on a pro rata basis (rounded to the nearest Authorized Denomination), by the amount of the Series 2018A Bond proceeds not advanced hereunder The revised sinking fund redemption schedule shall be calculated by the Bondholder Representative and such revised sinking fund redemption schedule must be accompanied by an opinion of Nationally Recognized Bond Counsel to the effect that the substitution of such schedule in lieu of the then existing schedule will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes. The Bondholder Representative shall provide a copy of such calculation and opinion of Nationally Recognized Bond Counsel to the Trustee. Until the Trustee receives such calculation and opinion from the Bondholder Representative, it may consider the schedule as set forth in the Indenture as unchanged.

Each Bond shall be transferable only upon compliance with the restrictions on transfer set forth on such Bond and only upon the books of the Issuer, which shall be kept for the purpose at the designated corporate trust office of the Trustee, by the holder thereof in person or by his duly authorized attorney-in-fact, upon surrender of such Bond together with a written instrument of transfer in the form appearing on such Bond duly executed by the registered Holder or his duly authorized attorney-in-fact. Upon the transfer of any Bond the Trustee shall prepare and issue in the name of the transferee one or more new Bonds of the same aggregate principal amount, related Series, maturity and interest rate as the surrendered Bond.

Any Bond, upon surrender thereof at the designated corporate trust office of the Trustee in the City with a written instrument of transfer in the form appearing on such Bond, duly executed by the registered Holder or his duly authorized attorney-in-fact, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity, and interest rate of any other Authorized Denominations. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

The Issuer, the Bond Registrar, the Trustee, and any Paying Agent may deem and treat the Person in whose name any Bond shall be registered as the absolute holder of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of, Sinking Fund Installments for, and interest on such Bond and for all other purposes, and all payments made to any such registered Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer,

the Institution, the Bond Registrar, the Trustee, nor any Paying Agent shall be affected by any notice to the contrary.

Upon receipt by the Trustee of the written consent of 100% of the Beneficial Owners of the Bonds and an opinion of Nationally Recognized Bond Counsel providing that the actions described in the Indenture will not result in the interest on any of the Bonds to cease to be excluded from gross income for federal income tax purposes under the Code, the Trustee shall exchange (i) all Outstanding Series 2018A Bonds for two or more serial and/or term Series 2018A Bonds, as directed by the Majority Holders (as defined herein), in such principal amounts, bearing interest at such rates, maturing on such dates and being subject to mandatory sinking fund redemption on such dates as are specified in such written direction; provided, however, that (A) the aggregate principal amount of such serial and/or term Series 2018A Bonds shall be less than or equal to the aggregate principal amount of all Series 2018A Bonds Outstanding immediately prior to such exchange, and (B) the overall debt service on such serial and/or term Series 2018A Bonds shall be less than or equal to the overall debt service on the Series 2018A Bonds Outstanding immediately prior to such exchange, and (ii) all Outstanding Series 2018B Bonds for two or more serial and/or term Series 2018B Bonds, as directed by the Majority Holders, in such principal amounts, bearing interest at such rates, maturing on such dates and being subject to mandatory sinking fund redemption on such dates as are specified in such written direction; provided, however, that (A) the aggregate principal amount of such serial and/or term Series 2018B Bonds shall be less than or equal to the aggregate principal amount of all Series 2018B Bonds Outstanding immediately prior to such exchange, and (B) the overall debt service on such serial and/or term Series 2018B Bonds shall be equal to the overall debt service on the Series 2018B Bonds Outstanding immediately prior to such exchange. Any such exchanged Bonds shall be issued in book-entry only form with DTC, and the expenses associated with reissuance, obtaining new CUSIP numbers and DTC registration, obtaining the opinion of Nationally Recognized Bond Counsel and other opinions, and the reasonable fees and expenses of the Trustee shall be paid by the Beneficial Owners of the Bonds.

Payment of Principal and Interest

The Issuer shall, from the sources provided for in the Indenture, pay the principal of, or Redemption Price of, and Sinking Fund Installments for, (as such terms are defined in the Indenture) Bonds together with interest accrued thereon, at the place, on the dates and in the manner provided in the Indenture and in the Bonds by check or draft or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Bond either at final maturity or upon redemption in whole shall only be payable upon presentation and surrender of such Bonds at the designated corporate trust office of the Trustee, as trustee and paying agent (the "*Paying Agent*"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the Holder of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered Holder at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such Holder, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any Holder of Bonds in the aggregate principal amount of at least $1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Record Date for any interest payment.

Interest on any Bond that is due and payable but not paid on the date due ("*Defaulted Interest*") shall cease to be payable to the Holder of such Bond as of the relevant Record Date and shall be payable to

the Holder in whose name such Bond is registered at the close of business on a special record date (the "*Special Record Date*") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. It is provided in the Loan Agreement that the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the Holders of the Bonds entitled to such Defaulted Interest as provided in the Indenture. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the Institution of such Special Record Date and, in the name and at the expense of the Institution, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder of a Bond entitled to such notice at the address of such Holder as it appears on the bond registration books not less than ten (10) days prior to such Special Record Date.

Redemption Provisions

General Optional Redemption

The Series 2018A Bonds shall be subject to redemption, on or after December 1, 2028, in whole or in part at any time at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to the terms of the Loan Agreement), at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2018A Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption. The Series 2018B Bonds shall be subject to redemption, on or after June 1, 2028, in whole or in part at any time at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to the terms of the Loan Agreement), at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2018B Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

Optional Redemption of Series 2018B Bonds from Grant Proceeds

The Series 2018B Bonds shall be subject to redemption from Grant Proceeds in whole or in part at any time from June 1, 2019, to and including the earlier of December 1, 2021, and the 360th day following the Project Completion Date (as evidenced as set forth in the Loan Agreement) at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2018B Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

If the Institution does not receive the Grant Proceeds, then the Series 2018B Bonds shall be repaid as otherwise provided for in the Indenture.

Contingent Mandatory Redemption of Series 2018B Bonds

The Series 2018B Bonds delivered on the Closing Date in connection with the deposit of proceeds of such Series 2018B Bonds as set forth in the Indenture shall be subject to mandatory redemption on June 1, 2019, unless on or before such date additional draws have been made pursuant to the Indenture.

Extraordinary Redemption

The Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Institution (which option shall be exercised only upon the giving of notice by the Institution

of its intention to prepay loan payments due under the Loan Agreement pursuant to the terms of the Loan Agreement), on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction, plus any other amounts made available for the restoration thereof by or on behalf of the Institution; or

(ii) Title to, or the temporary use of, all or substantially all of the Facility shall have been taken or condemned by a competent authority, which taking or condemnation results, or is likely to result, in the Institution being thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such taking or condemnation, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee; or

(iii) As a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Institution, the Loan Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Institution by reason of the operation of the Facility.

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Mandatory Sinking Fund Installment Redemption

(i) The Series 2018A Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date	Sinking Fund Installment	Sinking Fund Installment Payment Date	Sinking Fund Installment
12/1/2019	$ -	12/1/2035	$ 2,995,000
12/1/2020	-	12/1/2036	3,180,000
12/1/2021	-	12/1/2037	3,350,000
12/1/2022	1,470,000	12/1/2038	3,540,000
12/1/2023	1,570,000	12/1/2039	3,750,000
12/1/2024	1,640,000	12/1/2040	3,950,000
12/1/2025	1,745,000	12/1/2041	4,180,000
12/1/2026	1,835,000	12/1/2042	4,410,000
12/1/2027	1,940,000	12/1/2043	4,655,000
12/1/2028	2,050,000	12/1/2044	4,920,000
12/1/2029	2,180,000	12/1/2045	5,195,000
12/1/2030	2,285,000	12/1/2046	5,490,000
12/1/2031	2,430,000	12/1/2047	5,785,000
12/1/2032	2,555,000	12/1/2048	6,125,000
12/1/2033	2,695,000	12/1/2049	6,465,000
12/1/2034	2,850,000	12/1/2050	6,830,000
			$102,065,000

If Series 2018A Bonds in an amount equal to the Authorized Principal Amount with respect thereto have not been issued on or before the Project Completion Date, then the Bondholder Representative shall revise the mandatory Sinking Fund Installment schedule set forth above, by reducing the Sinking Fund Installments, on a pro rata basis (rounded to the nearest Authorized Denomination), by the amount of the Series 2018A Bond proceeds not advanced hereunder. The revised Sinking Fund Installment schedule referred to above shall be calculated by the Bondholder Representative and such revised Sinking Fund Installment schedule must be accompanied by an opinion of Nationally Recognized Bond Counsel to the effect that the substitution of such schedule in lieu of the then existing schedule will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes. The Bondholder Representative shall provide a copy of such calculation and opinion of Nationally Recognized Bond Counsel to the Trustee Until the Trustee receives such calculation and opinion from the Bondholder Representative, it may consider the schedule as set forth above unchanged.

(ii) The Series 2018B Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date	Sinking Fund Installment[1]	Sinking Fund Installment Payment Date	Sinking Fund Installment[1]
12/1/2019	$ 115,000	12/1/2035	870,000
12/1/2020	-	12/1/2036	925,000
12/1/2021	-	12/1/2037	975,000
12/1/2022	415,000	12/1/2038	1,035,000
12/1/2023	440,000	12/1/2039	1,095,000
12/1/2024	465,000	12/1/2040	1,160,000
12/1/2025	495,000	12/1/2041	1,225,000
12/1/2026	520,000	12/1/2042	1,300,000
12/1/2027	550,000	12/1/2043	1,375,000
12/1/2028	580,000	12/1/2044	1,455,000
12/1/2029	620,000	12/1/2045	1,540,000
12/1/2030	655,000	12/1/2046	1,630,000
12/1/2031	690,000	12/1/2047	1,730,000
12/1/2032	730,000	12/1/2048	1,825,000
12/1/2033	780,000	12/1/2049	1,935,000
12/1/2034	820,000	12/1/2050	2,050,000
			$30,000,000

(1) The amounts shown for the Series 2018B Bonds reflect the total amounts allowable to be drawn down by the Institution. The Institution will draw down a nominal initial amount but may, or may not, draw any additional amounts from the available Series 2018B Bonds. Additionally, the Series 2018B Bonds are subject to redemption prior to maturity. SEE "THE BONDS-Redemption Provisions" herein.

If Series 2018B Bonds in an amount equal to the Authorized Principal Amount with respect thereto have not been issued on or before the Project Completion Date, then the Bondholder Representative shall be entitled to revise the mandatory Sinking Fund Installment schedule set forth above, by reducing the Sinking Fund Installments, on a pro rata basis (rounded to the nearest Authorized Denomination), by the amount of the Series 2018B Bond proceeds not advanced hereunder. The revised Sinking Fund Installment schedule referred to above shall be calculated by the Bondholder Representative and such revised Sinking Fund Installment schedule must be accompanied by an opinion of Nationally Recognized Bond Counsel to the effect that the substitution of such schedule in lieu of the then existing schedule will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes. The Bondholder Representative shall provide a copy of such calculation and opinion of Nationally Recognized Bond Counsel to the Trustee. Until the Trustee receives such calculation and opinion from the Bondholder Representative, it may consider the schedule as set forth above unchanged.

Mandatory Redemption from Excess Proceeds and Certain Other Amounts

The Bonds shall be redeemed at any time in whole or in part on a pro rata basis between the Series 2018A Bonds and the Series 2018B Bonds, based on the Outstanding principal amount thereof, prior to maturity in the event and to the extent.

(i) excess Bond proceeds shall remain after the completion of the Project;

(ii) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture;

(iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty (as such terms are defined in the Indenture); or

(iv) certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Institution and shall not be required for completion of the Project or related Project Costs, except any Grant Proceeds, which shall be used by the Institution to redeem the Series 2018B Bonds,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance

The Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations , (x) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls , is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading, or incorrect in any material respect at any date, as if made on such date, or (z) a Continuing Disclosure Agreement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (ii) the Institution shall fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Institution shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

Mandatory Taxability Redemption

Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred five percent (105%) of the principal amount thereof, together with unpaid accrued interest at the Taxable Rate from the occurrence of the Event of Taxability to the date of redemption. The Bonds shall be redeemed in whole unless redemption of a portion of the Bonds Outstanding would have the result that interest payable on the Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Bond In such event, the Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

General Redemption Provisions

In the event of redemption of less than all the Outstanding Bonds of the same Series and maturity, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) Bonds of a Series to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Bonds of a Series for redemption such that no Bond of such Series shall be of a denomination of less than the

Authorized Denomination for such Series of Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Bonds to be redeemed shall be applied, as directed by the Institution, in inverse order of maturity of the Outstanding Series of Bonds to be redeemed and by lot within a maturity. The portion of Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Bonds of a particular Series for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such registered Bond by the minimum Authorized Denomination thereof (referred to below as a "unit") then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Bond or Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Bond of a denomination greater than a unit shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

When redemption of any Bonds is requested or required pursuant to the Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, the redemption date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Bonds or portions thereof to be payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, to the registered Holders of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected: and (ii) cause notice of such redemption to be sent to the national information service that disseminates redemption notices. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the registered Holder receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the redemption date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Bonds for payments on or after any redemption date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the Indenture shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

If notice of redemption shall have been given as aforesaid, the Bonds of such Series called for redemption shall become due and payable on the redemption date, provided, however, that with respect to

any optional redemption of the Bonds of a Series, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds of such Series to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Bonds of such Series. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of the Bonds of such Series so called for redemption at the place or places of payment, such Series of Bonds shall be redeemed.

Under no circumstances shall the Trustee be required to expend any of its own funds for any purpose for which funds are to be disbursed under the Indenture.

SO LONG AS CEDE & CO. IS THE HOLDER OF THE BONDS, ALL PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, AND INTEREST ON THE BONDS WILL BE MADE DIRECTLY TO DTC. DISBURSEMENT OF SUCH PAYMENTS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) WILL BE THE RESPONSIBILITY OF DTC, AND DISBURSEMENT OF SUCH PAYMENTS TO BENEFICIAL OWNERS (AS HEREINAFTER DEFINED) WILL BE THE RESPONSIBILITY OF THE DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS (AS HEREINAFTER DEFINED). SEE "BOOK-ENTRY ONLY SYSTEM" HEREIN

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (*"DTC"*), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC 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"*). 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults and proposed amendments to bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 Trustee 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, sinking fund installments, Redemption Prices and interest on the 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 Trustee on a 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, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, Sinking Fund Installments, interest and Redemption Prices to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC

THE INFORMATION UNDER THIS HEADING HAS BEEN OBTAINED FROM SOURCES BELIEVED TO BE RELIABLE. HOWEVER, NO REPRESENTATION IS MADE BY THE ISSUER, THE TRUSTEE, THE INSTITUTION, OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF THE INFORMATION SET FORTH ABOVE UNDER THIS HEADING OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Under the Indenture, payments made by the Trustee to DTC or its nominee will satisfy the Issuer's obligations under the Indenture and the Institution's obligations under the Loan Agreement and the Promissory Note, to the extent of the payments so made.

Prior to any discontinuation of the book-entry only system described above, the Trustee and the Issuer may treat DTC or its nominee, Cede & Co., as, and deem DTC or its nominee, Cede & Co., to be, the absolute owner of the Bonds for all purposes whatsoever, including, without limitation, (i) the payment of principal of, Sinking Fund Installments for, and Redemption Price of, and interest on the Bonds, (ii) giving notices of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds and (iv) the selection of Bonds for redemption.

NONE OF THE ISSUER, THE TRUSTEE, THE INSTITUTION, THE UNDERWRITER OR THE BONDHOLDER REPRESENTATIVE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO (I) THE ACCURACY OF THE RECORDS OF DTC, ITS NOMINEE OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT WITH RESPECT TO ANY BENEFICIAL OWNERSHIP INTEREST IN ANY BOND, (II) THE DELIVERY TO ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN AN OWNER, AS SHOWN IN THE BOND REGISTER, OF ANY NOTICE WITH RESPECT TO ANY BOND, INCLUDING, WITHOUT LIMITATION, ANY NOTICE OF REDEMPTION OR ANY EVENT WHICH WOULD OR COULD GIVE RISE TO AN OPTION WITH RESPECT TO ANY BOND, (III) THE PAYMENT OF ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN AN OWNER, AS SHOWN IN THE BOND REGISTER, OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, SINKING FUND INSTALLMENT FOR, REDEMPTION PRICE OF, OR INTEREST ON, ANY BOND OR (IV) ANY CONSENT GIVEN BY DTC AS HOLDER OF THE BONDS.

SECURITY FOR THE BONDS

General

Concurrently with the issuance of the Bonds, the Issuer will enter into the Loan Agreement with the Institution pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Institution The Institution will be unconditionally obligated under the Loan Agreement and the Promissory Note to make payments on the 20th day of each month (or, if the 20th day shall not be a Business Day, the immediately preceding Business Day)(each a "*Loan Payment Date*") to the Trustee for deposit to the Bond Fund the amounts established under the Indenture. See "SECURITY FOR THE BONDS- The Indenture" and APPENDIX C — "LOAN AGREEMENT"

Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title, and interest in and to the Promissory Notes and substantially all of its right, title, and interest in and to the Loan Agreement, including all rights to receive loan payments sufficient to pay the principal or Redemption Price, if any, of,

Sinking Fund Installments for, and interest and all other amounts due on the Bonds as the same become due, to be made by the Institution pursuant to the Loan Agreement and the Promissory Notes.

The Indenture

The Trust Estate

The Issuer and the Trustee will enter into the Indenture pursuant to which the Bond will be issued. The Issuer, in order to secure the payment of the Bond, has pledged and assigned to the Trustee pursuant to the terms of the Indenture for the benefit of the Bondholders and the Beneficial Owners, all of the following, which comprise the Trust Estate:

(a) All right, title, and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable or pledged thereunder, including but not limited to, Gross Revenues, and the security interest granted pursuant to the Loan Agreement, excluding, however, the Issuer's Reserved Rights, which Issuer's Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally;

(b) All right, title, and interest of the Issuer in and to the Promissory Note;

(c) All moneys and securities from time to time held by the Trustee under the terms of the Indenture including amounts set apart and transferred to the Earnings Fund, the Project Fund, the Renewal Fund, the Bond Fund, the Debt Service Reserve Fund, or any such special fund in accordance with the provisions of the Loan Agreement and the Indenture; provided, however, there is hereby expressly excluded from any Lien any amounts set apart and transferred to the Rebate Fund; and

(d) Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, including, without limitation, all conveyances, mortgages, pledges, assignments and transfers made under the Security Documents and all collateral described therein, by the Issuer or by any other Person, with or without the consent of the Issuer, to the Trustee which is hereby authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms of the Indenture.

The Trust Estate shall be held by the Trustee for the equal and proportionate benefit, security, and protection of all Holders and Beneficial Owners of the Bonds issued under and secured by the Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others of the Bonds, except as otherwise expressly provided in the Indenture. See APPENDIX D – INDENTURE OF TRUST."

Events of Default under the Indenture

Each of the following events is hereby defined as and shall constitute an "Event of Default" under the Indenture with respect to all of the Outstanding Bonds:

(1) Failure in the payment of the interest on any Bond when the same shall become due and payable;

(2) Failure in the payment of the principal or redemption premium, if any, of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption therefor or otherwise;

(3) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or hereunder on its part to be performed (except as set forth in the Indenture) and (A) continuance of such failure for more than thirty (30) days after written notice of such

failure has been given to the Issuer and the Institution specifying the nature of same from the Trustee or the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders), or (B) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Issuer or the Institution fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice; or

(4) The occurrence of an "Event of Default" under the Loan Agreement or any other Project Document.

Appointment of Bondholder Representative

Holders of a majority in aggregate principal amount of the Bonds then Outstanding may, but shall not be required to, from time to time appoint a representative or agent, by giving signed, written notice of such appointment to the Trustee, to act on behalf of the Holders of the Bonds Outstanding hereunder to give any consents, authorizations, or approvals; exercise any rights; or take any other action as may be taken by the Holders of the Bonds or a majority in aggregate principal amount thereof under this Indenture or the Loan Agreement and to be entitled to and to exercise any other rights granted to the Bondholder Representative hereunder or under the Loan Agreement. Upon such appointment, the Trustee shall accept the consent, authorization, or direction of such Bondholder Representative to the extent specified in such notice, as it would accept such action from such Holders of a majority in aggregate principal amount of the Bonds then Outstanding. A Bondholder Representative may be a Holder. The initial Bondholder Representative is Preston Hollow Capital, LLC.

Unless otherwise specified in the notice delivered to the Trustee appointing a Bondholder Representative pursuant to the Indenture, such Bondholder Representative shall be the sole representative of holders of the Bonds hereunder with respect to all matters specifically listed in such notice, until a signed, written notice of the removal of a Bondholder Representative shall be delivered to the Trustee by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding. A Bondholder Representative may resign at any time by delivering written notice thereof to the Trustee. Any notice of removal or resignation meeting the foregoing requirements shall be effective immediately upon receipt thereof by the Trustee. In no event shall more than one Bondholder Representative be appointed.

Notwithstanding any other provision in the Indenture to the contrary, any discretionary action on the part of the Trustee contained in the Indenture or in any Project Document, including, without limitation, any consent or waiver under the Indenture or any Project Document, shall require the prior written consent of the Bondholder Representative, and the Trustee hereby agrees to take such action, or refrain from taking such action, upon the written direction of the Bondholder Representative. If the Trustee fails to take any such action within fifteen (15) days after the written direction of the Bondholder Representative to take such action, the Bondholder Representative may, but need not, take such action. Notwithstanding the foregoing, the Trustee shall not be required to take any such action at the direction of the Bondholder Representative unless the Bondholder Representative provides indemnification to the Trustee as provided in the Indenture.

Project Fund

There shall be deposited in the Project Fund any and all amounts required to be deposited therein pursuant to the Indenture or otherwise required to be deposited therein pursuant to the Loan Agreement, or the Indenture.

The Trustee shall apply the amounts on deposit in the Project Account of the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer, of Project Costs (excluding interest on the Bonds during the period of Project construction and renovation) to the extent requisitioned under the Indenture. The Trustee shall automatically transfer

amounts on deposit in the applicable Capitalized Interest Account of the Project Fund to the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date.

The Trustee is hereby authorized to disburse from the Project Account of the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Project Account of the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution; provided, however, that the Trustee shall retain in the Project Account of the Project Fund an amount equal to the greater of (a) $60,000 or (b) the lesser of (i) one percent (1%) of the original principal amount of the Bonds or (ii) $500,000, until an Authorized Representative of the Institution shall have delivered the completion certificate and other documents required by the Loan Agreement.

The requisition from the Project Account of the Project Fund shall be accompanied by bills or invoices (stamped "paid" by the Person to whom payment was due or with other evidence of payment if reimbursement is to be made to the Institution), including evidence that the bill, invoice or other evidence was not incurred on a date prior to sixty (60) days prior to the date of adoption by the Issuer or the Institution of the Reimbursement Resolution for the Project. Such requisition shall be as set forth in the Indenture. The Trustee shall disburse amounts from the Project Account of the Project Fund not later than five (5) Business Days following the receipt of the executed requisition and accompanying bills or invoices, except that any such requisition and accompanying bills or invoices submitted on the Closing Date shall have disbursements made by the Trustee on such Closing Date. The Trustee shall be entitled to conclusively rely on the correctness and accuracy of such requisition as well as the propriety of the signature thereon.

In addition to the foregoing, any requisition submitted to the Trustee for costs of construction, improving and/or renovating the Facility Realty shall be accompanied by a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Project Fund, there has been no change in the state of title and no exceptions not theretofore approved by the Issuer and the Trustee (which approvals shall not be unreasonably withheld) or permitted by the specific terms of the Agreement to Advance and the Construction Disbursement and Monitoring Agreement, which notice or endorsement shall contain no exception for inchoate mechanic's liens not permitted by the specific terms of the Agreement to Advance and the Construction Disbursement and Monitoring Agreement (and such affirmative insurance relating thereto as the Issuer and/or the Trustee shall reasonably require) and shall have the effect of redating such policies to the date of the disbursement then being made and increasing the coverage of the policies by an amount equal to the disbursement then being made if the policies do not by their terms provide for such an increase

The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom and shall furnish copies of same to the Issuer or the Institution upon reasonable written request.

The Trustee shall on written request furnish to the Issuer, the Bondholder Representative, and the Institution within a reasonable time period a written statement of disbursements from the Project Fund, enumerating, among other things, item, cost, amount disbursed, date of disbursement and the person to whom payment was made, together with copies of all bills, invoices or other evidences submitted to the Trustee for such disbursement

The completion of the Project shall be evidenced as set forth in the Loan Agreement including the filing of the certificate of an Authorized Representative of the Institution referred to therein. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the costs of the Project, together with any balance of such remaining amount in the Project Fund and any amount on deposit in the Earnings Fund derived from transfers made thereto from the Project Fund shall, after making any transfer to the Rebate Fund as directed

pursuant to the Tax Certificate and the Indenture, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein (subject to the requirements of the Tax Certificate), be deposited by the Trustee in the Redemption Account of the Bond Fund to be applied to the redemption of Bonds at the earliest practicable date. The Trustee shall promptly notify the Institution of any amounts so deposited in the Redemption Account of the Bond Fund pursuant to the Indenture.

In the event the Institution shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Loan Agreement, the balance in the Project Fund and in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Certificate and the Indenture) and in the Debt Service Reserve Fund shall be deposited in the Redemption Account of the Bond Fund. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default hereunder, the balance in the Project Fund and in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Certificate and the Indenture) and in the Debt Service Reserve Fund shall be deposited in the Bond Fund as provided in the Indenture.

Except as provided in the Indenture, all earnings on amounts held in the Project Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Project Fund.

Bond Fund

The Trustee shall promptly deposit the following receipts into the Bond Fund:

(a) The interest accruing on any Series of Bonds from the date of original issuance thereof to the date of delivery, if any, which shall be credited to the Interest Account of the Bond Fund and applied to the payment of interest on the applicable Series of Bonds.

(b) Amounts transferred from the applicable Capitalized Interest Account of the Project Fund for the payment of interest on the applicable Series of Bonds during the period of Project Work, which shall be credited to the Interest Account of the Bond Fund and applied to the payment of interest on such Bonds.

(c) Excess or remaining amounts in the Project Fund required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Certificate and the Indenture, or to the Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the Redemption Account of the Bond Fund pursuant to the Indenture, or (ii) in the Bond Fund pursuant to the Indenture.

(d) Loan payments received by the Trustee pursuant to the Loan Agreement, which shall be deposited in and credited, to the extent necessary to the Interest Account, second to the Principal Account, third to the Sinking Fund Installment Account of the Bond Fund.

(e) Advance loan payments received by the Trustee pursuant to the Loan Agreement, which shall be deposited in the Redemption Account of the Bond Fund.

(f) Any amounts transferred from the Earnings Fund pursuant to the Indenture, which shall be deposited in and credited to the Interest Account of the Bond Fund.

(g) The excess amounts referred to in the Indenture, which shall be deposited in and credited to the Interest Account of the Bond Fund.

(h) Any amounts transferred from the Redemption Account pursuant to the Indenture, which shall be deposited to the Interest Account, the Principal Account, and the Sinking Fund Installment Account of the Bond Fund, as the case may be and in such order of priority, applied solely to such purposes.

(i) Amounts in the Renewal Fund required by the Indenture or by the Mortgage to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received

pursuant to the Tax Certificate and the Indenture or to the Debt Service Reserve Fund to the extent of any deficiency therein), to the Redemption Account of the Bond Fund

(j) All other receipts when and if required by the Loan Agreement or by the Indenture or by any other Security Document to be paid into the Bond Fund, which shall be credited (except as provided in the Indenture), to the Redemption Account of the Bond Fund.

(k) Any amounts transferred from the Debt Service Reserve Fund pursuant to the Indenture.

The Trustee shall on each Interest Payment Date pay or cause to be paid out of the Interest Account in the Bond Fund the interest due on the Bonds and any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of the Bonds.

The Trustee shall on each principal payment date pay or cause to be paid to the Paying Agent therefor out of the Principal Account of the Bond Fund, the principal amount, if any, due on the Bonds (other than such as shall be due by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite Bonds.

There shall be paid from the Sinking Fund Installment Account of the Bond Fund to the Paying Agent on each Sinking Fund Installment payment date in immediately available funds the amounts required for the Sinking Fund Installment due and payable with respect to the applicable Series of Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such the Bonds being payable from the Interest Account of the Bond Fund). Such amounts shall be applied by the Paying Agent to the payment of such Sinking Fund Installment when due. The Trustee shall call for redemption, in the manner provided in the Indenture, the Bonds for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such Series of Bonds. Such call for redemption shall be made even though at the time of mailing of the notice of such redemption sufficient moneys therefor shall not have been deposited in the Bond Fund.

Subject to amounts deposited in accordance with the Indenture in order to accomplish a defeasance, amounts in the Redemption Account of the Bond Fund shall be applied, at the written direction of the Institution, as promptly as practicable, to the purchase of the applicable Series of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the applicable Series of Bonds are next subject to optional redemption, plus accrued interest to the date of redemption. Any amount in the Redemption Account not so applied to the purchase of the Bonds by forty-five (45) days prior to the next date on which the applicable Series of Bonds are so redeemable shall be applied to the redemption of such Bonds on such redemption date. Any amounts deposited in the Redemption Account and not applied within twelve (12) months of their date of deposit to the purchase or redemption of the Bonds (except if held in accordance with the Indenture) shall be transferred to the applicable Interest Account. Upon the purchase of any Bonds out of advance loan payments as provided in the Indenture, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under the Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in the Indenture. Amounts in the Redemption Account to be applied to the redemption of the Bonds shall be paid to the Paying Agent on or before the redemption date and applied by them on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

In connection with purchases of Bonds out of the Redemption Account as provided in the Indenture, the Institution shall arrange, and the Trustee shall execute, such purchases (through brokers or otherwise,

and with or without receiving tenders) at the written direction of the Institution. The payment of the purchase price shall be made out of the moneys deposited in the Redemption Account of the Bond Fund, and the payment of accrued interest shall be made out of moneys deposited in the Interest Account of the Bond Fund.

The Issuer shall receive a credit in respect of Sinking Fund Installments for any Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Institution to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to the Indenture or otherwise). Each Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to the Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of the Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

The Institution shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Institution indicating whether or not and to what extent the provisions of the Indenture are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date

Moneys in the Redemption Account of the Bond Fund which are not set aside or deposited for the redemption or purchase of Bonds shall be transferred by the Trustee to the applicable Interest Account, Principal Account or the Sinking Fund Installment Account of the Bond Fund.

Renewal Fund

The Net Proceeds resulting from any Loss Event with respect to the Facility, together with any other amounts required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited in the Renewal Fund.

In the event the Institution has elected to take action to effect an optional redemption of the Bonds pursuant to the Indenture, the Trustee shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and the Indenture, transfer the amounts deposited in the Renewal Fund to the Redemption Account of the Bond Fund.

If, on the other hand,

(1) the Bonds Institution has not elected to take action to effect an optional redemption of the Bonds pursuant to the Indenture, or

(2) the Institution shall have notified the Trustee of its intent to rebuild, replace, repair and restore the Facility,

the Trustee shall apply the amounts on deposit in the Renewal Fund, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and the Indenture, to such rebuilding, replacement, repair, and restoration.

If an Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund, the Trustee shall promptly request the written direction of the Bondholder Representative

(or, if no Bondholder Representative exists, the Majority Holders) and shall thereupon apply such Net Proceeds, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and the Indenture, to the rebuilding, replacement, repair, and restoration of the Facility, or for deposit in the Redemption Account of the Bond Fund, as directed by the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders).

The Trustee is hereby authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer) of the costs required for the rebuilding, replacement, repair, and restoration of the Facility upon written instructions from the Institution. The Trustee is further authorized and directed to issue its checks for each disbursement from the Renewal Fund upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution and consented to in writing by the Bondholder Representative, if any. Each such requisition shall be accompanied by bills, invoices, or other evidences or documentation (including, without limitation, a title continuation or other evidence that no mechanics or other Liens have been filed) satisfactory to the Trustee. The Trustee shall be entitled to rely on such requisition. The Trustee shall keep and maintain adequate records pertaining to the Renewal Fund and all disbursements therefrom and shall furnish copies of same to the Issuer and the Institution upon reasonable written request therefor.

The date of completion of the restoration of the Facility shall be evidenced to the Issuer, the Trustee, and the Bondholder Representative by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials, and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Facility has been rebuilt, replaced, repaired, or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility is subject to the terms of the Loan Agreement, and that all property constituting part of the Mortgaged Property is subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use, and operation for its intended purposes Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of the Indenture and the Loan Agreement, and (z) that no Person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation, and use of the Facility for the purposes contemplated by the Loan Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration, and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials, or supplies in connection with the rebuilding, repair, restoration, and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other Lien in connection with the rebuilding, replacement, repair, and restoration of the Facility and that there exist no Liens other than those Liens consented to by the Issuer, the Trustee, and the Bondholder Representative (or as permitted by the specific terms of the Agreement to Advance and the Construction Disbursement and Monitoring Agreement).

All earnings on amounts on deposit in the Renewal Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Renewal Fund.

Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair, and restoration of the Facility shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and the Indenture, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein, be transferred by the Trustee to the Redemption Account of the Bond Fund.

Earnings Fund

All investment income or earnings on amounts held in the Project Fund, the Renewal Fund, the Debt Service Reserve Fund, or any other special fund (other than the Rebate Fund or the Bond Fund) shall be deposited upon receipt by the Trustee into the Earnings Fund. The Trustee shall keep separate accounts of all amounts deposited in the Earnings Fund and by journal entry indicate the source of the income or earnings.

On the first Business Day following each Computation Period (as defined in the Tax Certificate), the Trustee shall withdraw from the Earnings Fund and deposit to the Rebate Fund an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the last day of the Computation Period. In the event of any deficiency, the balance required shall be provided by the Institution pursuant to the Tax Certificate. Computations of the amounts on deposit in each Fund and of the Rebate Amount shall be furnished to the Trustee by the Institution in accordance with the Tax Certificate.

The foregoing notwithstanding, the Trustee shall not be required to transfer amounts from the Earnings Fund to the Rebate Fund (and shall instead apply such amounts in the Earnings Fund as provided in the immediately following sentence), if the Institution shall deliver to the Trustee a certificate of an Authorized Representative of the Institution to the effect that (x) the applicable requirements of a spending exception to rebate has been satisfied as of the relevant semiannual period as set forth in the Tax Certificate, (y) the proceeds of the Bonds have been invested in obligations the interest on which is not included in gross income for federal income tax purposes under Section 103 of the Code or (z) the proceeds of the Bonds have been invested in obligations the Yield (as herein defined) on which (calculated as set forth in the Tax Certificate) does not exceed the Yield on such Bonds (calculated as set forth in the Tax Certificate). Any amounts on deposit in the Earnings Fund following the transfers to the Rebate Fund required by the Indenture shall be deposited in the Project Account of the Project Fund until the Project Completion Date, and thereafter in the Interest Account of the Bond Fund.

Rebate Fund

The Rebate Fund and the amounts deposited therein shall not be subject to a Lien in favor of the Trustee, any Bondholder, or any other Person.

The Trustee, upon the receipt of a certification of the Rebate Amount (as defined in the Tax Certificate) from an Authorized Representative of the Institution, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Certificate), an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such Computation Date. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to the Loan Agreement or the restoration of the Facility pursuant to the Indenture, at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund at that time an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated at the completion of the Project or the restoration of the Facility as aforesaid. The amount deposited in the Rebate Fund pursuant to the previous sentences shall be withdrawn from the Earnings Fund If the amount on deposit in the Rebate Fund following such deposit is less than the Rebate Amount, the Trustee shall promptly deliver a notice stating the amount of such deficiency to the Institution

It is provided in the Loan Agreement that promptly upon receipt of such notice, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

If within sixty (60) days following any Computation Date, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall withdraw such excess amount and deposit it in the Project Account of the Project Fund until the completion of the Project as provided in the Loan Agreement, or, after the completion of the Project, deposit it in the Interest Account of the Bond Fund.

The Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the Closing Date, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to the Bonds as of the date of such payment and (ii) notwithstanding the provisions of the Indenture, not later than thirty (30) days after the date on which all Bonds have been paid in full, 100% of the Rebate Amount not previously paid as of the date of payment.

The Trustee shall have no obligation under the Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Institution to make such transfer

Debt Service Reserve Fund

If on any date required for the payment of interest on Bonds of a Series, the amount in the Interest Account of the Bond Fund (after taking into account amounts available to be transferred to the Interest Account from the Capitalized Interest Account of the Project Fund designated for such Series of Bonds) available to be applied to the payment of such interest shall be less than the amount of interest then due and payable on such Bonds, the Trustee forthwith shall transfer moneys from the account in the Debt Service Reserve Fund designated for such Series of Bonds to the Interest Account, to the extent of amounts available in such account in the Debt Service Reserve Fund, an amount equal to the amount of such deficiency; provided, however, that the amount so transferred shall be applied only to the payment of such interest on the Bonds of such Series and not to the payment of interest or any other amounts payable with respect to Bonds of any other Series.

If on any date required for the payment of principal of Bonds of a Series on the maturity date thereof, the amount in the Principal Account of the Bond Fund available to be applied to the payment of such principal shall be less than the amount of principal of such Bonds then due and payable, the Trustee forthwith shall transfer moneys from the account in the Debt Service Reserve Fund designated for such Series of Bonds to the Principal Account, to the extent of amounts available in such account in the Debt Service Reserve Fund, an amount equal to the amount of such deficiency; provided, however, that the amount so transferred shall be applied only to the payment of such principal of the Bonds of such Series and not to the payment of principal or any other amounts payable with respect to Bonds of any other Series.

If on any date required for the payment of a Sinking Fund Installment for a Series of Bonds, the amount in the Sinking Fund Installment Account of the Bond Fund available to be applied to the payment of such Sinking Fund Installment shall be less than the amount of such Sinking Fund Installment then due and payable, the Trustee forthwith shall transfer moneys from the account in the Debt Service Reserve Fund designated for such Series of Bonds to the Sinking Fund Installment Account, to the extent of amounts available in such account in the Debt Service Reserve Fund, an amount equal to the amount of such deficiency; provided, however, that the amount so transferred shall be applied only to the payment of such Sinking Fund Installment for such Series of Bonds and not to the payment of Sinking Fund Installments or any other amounts payable with respect to Bonds of any other Series.

The Trustee shall give to the Institution on or prior to each Loan Payment Date on which the Institution is obligated pursuant to the Loan Agreement to pay to the Trustee amounts in respect of any

deficiency in an account in the Debt Service Reserve Fund, telephonic notice (to be promptly confirmed in writing) specifying the amount of such deficiency and requesting the Institution to deliver such amount to the Trustee in accordance with the Loan Agreement The Trustee shall deposit in such account of the Debt Service Reserve Fund the amount so delivered by the Institution. The failure of the Trustee to deliver such notice or any defect in such notice shall not relieve the Issuer from any of its obligations hereunder or any other obligor from any of its obligations under any of the Security Documents.

Investment of Funds and Accounts

Amounts in any Fund or Account established under the Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the Holder thereof. Any investment authorized by the Indenture is subject to the condition that no portion of the proceeds derived from the sale of the Bonds shall be used, directly or indirectly, in such manner as to cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. In particular, unexpended Bond proceeds transferred from the Project Fund (or from the Earnings Fund with respect to amounts deposited therein from the Project Fund) to the Redemption Account of the Bond Fund pursuant to the Indenture may not be invested at a Yield (as defined in the Tax Certificate) which is greater than the Yield on the applicable Series of Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Institution; and if such investment is to be in one or more certificates of deposit, investment agreements, or guaranteed investment contracts, then such written request shall include written assurance to the effect that such investment complies with the Tax Certificate. Any investment hereunder shall be made in accordance with the Tax Certificate, and the Institution shall so certify to the Trustee with each such investment direction as referred to below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund Net income or gain received and collected from such investments shall be credited and losses charged to (i) the Rebate Fund with respect to the investment of amounts held in the Rebate Fund, (ii) the Accounts of the Bond Fund with respect to the investment of amounts held in such Accounts of the Bond Fund, and (iii) the Earnings Fund with respect to the investment of amounts held in any other Fund. See "APPENDIX D – INDENTURE OF TRUST."

Mortgage

The Bonds are further secured by a Lien on the Collateral, including the Gross Revenues of the Institution, pursuant to the Loan Agreement. The Bonds are also secured by mortgage liens on and security interests in the Institution's fee interest in the Facility pursuant to a Mortgage and Security Agreement (Acquisition Loan), a Mortgage and Security Agreement (Building Loan) and a Mortgage and Security Agreement (Indirect Loan), each dated as of December 1, 2018 (as each of the same may hereafter be amended or supplemented, collectively the "*Mortgage*"), and each from the Institution to the Trustee. The Mortgage is subject to Permitted Encumbrances.

IN NO EVENT SHALL ANY OBLIGATIONS OF THE ISSUER UNDER THE INDENTURE OR THE BONDS OR UNDER THE LOAN AGREEMENT OR UNDER ANY OTHER SECURITY DOCUMENT OR RELATED DOCUMENT FOR THE PAYMENT OF MONEY CREATE A DEBT OF THE STATE OR THE CITY AND NEITHER THE STATE NOR THE CITY SHALL BE LIABLE ON ANY OBLIGATION SO INCURRED, BUT ANY SUCH OBLIGATION SHALL BE A SPECIAL LIMITED REVENUE OBLIGATION OF THE ISSUER SECURED AND PAYABLE SOLELY AS PROVIDED IN THE INDENTURE.

No Sale or Disposition of the Project

The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or interest in the Facility, or any part of the Facility or interest therein, except as set forth in the Loan Agreement, without (i) the prior written consents of the Issuer and of the Trustee (given at the written direction of the Bondholder Representative) and (ii) the Institution delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to the Indenture will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income taxes. Any purported disposition without such consents and opinion shall be void. See "APPENDIX C – LOAN AGREEMENT."

No Transfer or Merger

The Institution covenants and agrees that at all times during the term of the Loan Agreement, it will: (i) maintain its existence as a not-for-profit corporation constituting a Tax-Exempt Organization, (ii) continue to be subject to service of process in the State, (iii) continue to be organized under the laws of, or qualified to do business in, the State, (iv) not liquidate, wind up, dissolve, sell, or otherwise dispose of all or substantially all of its property, business or assets remaining after the Closing Date except as provided in the Loan Agreement, (v) not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it except as provided in the Loan Agreement, and (vi) not change or permit the change of any Principal of the Institution, or a change in the relative Control of the Institution of any of the existing Principals except as provided in the Loan Agreement. See APPENDIX C — "LOAN AGREEMENT."

Additional Indebtedness

Under the provisions of and subject to the conditions set forth in the Indenture, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Bonds for the purpose of (w) completing the Project, (x) providing funds in excess of the Net Proceeds of insurance or eminent domain to repair, relocate, replace, rebuild, or restore the Facility in the event of damage, destruction, or taking by eminent domain, (y) providing extensions, additions, or improvements to the Facility, or (z) refunding Outstanding Bonds. If the Institution is not in default under the Loan Agreement or under any other Project Document, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request of an Authorized Representative of the Institution in accordance with the applicable provisions set forth in the Indenture.

Each Series of Additional Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Series 2018A Bonds and the Series 2018B Bonds and all other Series of Additional Bonds, if any, issued pursuant to the Indenture without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by the Indenture, including as set forth the Indenture. No Series of Additional Bonds shall be issued unless the Promissory Note, the Loan Agreement, the Mortgage, and the other Security Documents are in effect and, at the time of issuance, there is no Default or Event of Default. (See "SECURITY FOR THE BONDS — The Indenture" above, "APPENDIX C – LOAN AGREEMENT" and "APPENDIX D – INDENTURE OF TRUST").

Special Limited Obligations

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND INSTALLMENTS, REDEMPTION PRICE, AND INTEREST SOLELY FROM THE PAYMENTS MADE BY THE INSTITUTION UNDER THE LOAN AGREEMENT AND THE PROMISSORY NOTE, AND FROM THE TRUST ESTATE (AS HEREINAFTER DEFINED). NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR THE INTEREST ON, THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY

POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE BONDS. THE BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR THE INTEREST ON, THE BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

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ANNUAL BOND DEBT SERVICE REQUIREMENTS

The following table sets forth, for each 12-month period ending December 31 of the years shown, the amounts, rounded to the nearest dollar, required to be made available in such period for the payment of the principal of and interest on the Bonds:

Period Ending	Principal	Interest	Total Debt Service	Capitalized Interest Fund	Net Debt Service[1,2]
12/31/2019	$ 115,000	$ 3,824,136	$ 3,939,136	$ (3,383,006)	$ 556,130
12/31/2020	-	5,639,766	5,639,766	(3,602,344)	2,037,422
12/31/2021	-	5,741,156	5,741,156	(546,094)	5,195,063
12/31/2022	1,470,000	5,741,156	7,211,156	-	7,211,156
12/31 2023	1,570,000	5,658,469	7,228,469	-	7,228,469
12/31/2024	1,640,000	5,570,156	7,210,156	-	7,210,156
12/31 2025	1,745,000	5,477,906	7,222,906	-	7,222,906
12/31/2026	1,835,000	5,379,750	7,214,750	-	7,214,750
12/31/2027	1,940,000	5,276,531	7,216,531	-	7,216,531
12/31 2028	2,050,000	5,167,406	7,217,406	-	7,217,406
12/31 2029	2,180,000	5,052,094	7,232,094	-	7,232,094
12/31/2030	2,285,000	4,929,469	7,214,469	-	7,214,469
12/31 2031	2,430,000	4,800,938	7,230,938	-	7,230,938
12/31/2032	2,555,000	4,664,250	7,219,250	-	7,219,250
12/31 2033	2,695,000	4,520,531	7,215,531	-	7,215,531
12/31/2034	2,850,000	4,368,938	7,218,938	-	7,218,938
12/31/2035	2,995,000	4,208,625	7,203,625	-	7,203,625
12/31/2036	3,180,000	4,040,156	7,220,156	-	7,220,156
12/31/2037	3,350,000	3,861,281	7,211,281	-	7,211,281
12/31/2038	3,540,000	3,672,844	7,212,844	-	7,212,844
12/31/2039	3,750,000	3,473,719	7,223,719	-	7,223,719
12/31/2040	3,950,000	3,262,781	7,212,781	-	7,212,781
12/31/2041	4,180,000	3,040,594	7,220,594	-	7,220,594
12/31/2042	4,410,000	2,805,469	7,215,469	-	7,215,469
12/31 2043	4,655,000	2,557,406	7,212,406	-	7,212,406
12/31/2044	4,920,000	2,295,563	7,215,563	-	7,215,563
12/31/2045	5,195,000	2,018,813	7,213,813	-	7,213,813
12/31 2046	5,490,000	1,726,594	7,216,594	-	7,216,594
12/31 2047	5,785,000	1,417,781	7,202,781	-	7,202,781
12/31 2048	6,125,000	1,092,375	7,217,375	-	7,217,375
12/31 2049	6,465,000	747,844	7,212,844	-	7,212,844
12/31 2050	6,830,000	384,188	7,214,188	-	7,214,188
	$102,180,000	$122,418,686	$224,598,686	$(7,531,444)	$217,067,242

(1) Includes only the principal and interest on the Series 2018A Bonds and principal and interest on the first draw of $115,000 from the Series 2018B Bonds.

(2) The Institution is authorized to draw down up to the full par amount of the Series 2018B Bonds. However, it is expected that the Institution may draw down approximately $7,000,000 in Series 2018B Bond proceeds during the construction of the Project, but the amounts drawn are expected to be fully repaid by fiscal year ending 2021. SEE "THE BONDS- Redemption Provisions."

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BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made by the Institution with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Limited Offering Memorandum, and such discussion should not be considered to be a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should carefully analyze the information contained in this Limited Offering Memorandum, including the Appendices hereto, and in the documents summarized herein, copies of which are available as described herein.

The revenue and expenses of the Institution are affected by the changing health care environment. These changes are a result of efforts by the federal and state governments, managed care organizations, private insurance companies and business coalitions to reduce and contain health care costs, including, but not limited to, the costs of inpatient and outpatient care, physician fees, capital expenditures and the costs of graduate medical education. In addition to matters discussed elsewhere herein, the following factors may have a material effect on the operations of the Institution to an extent that cannot be determined at this time.

General

The Bonds are not a debt or liability of the State or any political subdivision thereof, but are special and limited obligations of the Issuer payable solely from the revenues received by the Issuer pursuant to the Loan Agreement and the Promissory Note, the funds and accounts held by the Trustee pursuant to the Indenture (except the Rebate Fund). Such payments will be made from the revenues derived by the Institution from its operations and from other nonoperating revenues received by the Institution, including income from the investment of funds held on behalf of the Institution. The Issuer has no taxing power. No representation or assurance can be made that revenues will be realized from the Institution in amounts sufficient to provide funds for payment of debt service on the Bonds when due and to make other payments necessary to meet the obligations of the Institution. Further, there is no assurance that the revenues of the Institution can be increased sufficiently to match increased costs that may be incurred.

The receipt of future revenues by the Institution is subject to, among other factors, federal and state regulations and policies affecting the health care industry; the policies and practices of managed care providers, private insurers and other third-party payors; and private purchasers of health care services. The effect on the Institution of future changes in federal, state, and private policies cannot be determined at this time. Loss of established managed care contracts by the Institution could also adversely affect the future revenues of the Institution.

Future revenues and expenses of the Institution may be affected by events and economic conditions, which may include an inability to control expenses in periods of inflation, as well as other conditions such as demand for health care services; the capability of the management of the Institution; the receipt of grants and contributions; referring physicians' and self-referred patients' confidence in the Institution; and increased use of discounted payment schedules through contracts with health maintenance organizations ("*HMOs*"), preferred provider organizations ("*PPOs*") and other payors. Other factors that may affect revenues and expenses include the ability of the Institution to provide services required by patients; the relationship of the Institution with physicians; the success of the Institution's strategic plans; the degree of cooperation among and competition with other hospitals and physician practices in the Institution's service area; changes in levels of private philanthropy; malpractice claims and other litigation; economic and demographic developments in the United States and in the service areas in which facilities of the Institution are located; changes in interest rates that affect investment results; and changes in rates, costs, third-party payments (including, without limitation, Medicare and Medicaid program reimbursement) and governmental regulations concerning payment. All of the above referred-to factors could affect the Institution's ability to make payments pursuant to the Loan Agreement and the Promissory Note. See "APPENDIX A – INFORMATION CONCERNING THE INSTITUTION," "APPENDIX B – AUDITED

CONSOLIDATED FINANCIAL STATEMENTS of Richmond Medical Center as of and for the years ended December 31, 2017 and 2016."

City Capital Funding from the New York City Economic Development Corporation

The Institution has received a City capital funding allocation in the City's budget to reimburse the Institution on a reimbursement basis for certain construction and related soft costs of portions of the Project involving the emergency room renovation and cogeneration facility. Assuming the proposed project for City funding receives approval from the City's Office of Management and Budget and City Comptroller's Office, the City capital funding (the "*EDC Funds*") may be disbursed by the New York City Economic Development Corporation ("*EDC*") to the Institution pursuant to the terms of a Funding Agreement between EDC and the Institution. Upon execution of one or more Funding Agreements, the Institution will have to record one or more Declarations of Restrictive Covenant against those portions of the Facility receiving funding under the Funding Agreement as a first priority lien and any existing lienholders, including the Trustee for the Bonds, will have to subordinate their respective interests to the Declaration of Restrictive Covenants. As of the Closing Date, the Institution has not received approval for the EDC Funds, and no assurance can be made that the EDC Funds will be received by the Institution. Once the Funding Agreement is effective, disbursement of the EDC Funds will be conditioned upon the Institution satisfying all the conditions and requirements in the Funding Agreement. EDC shall be under no obligation to disburse any portion of the EDC Funds to the Institution.

Health Care Reform

The discussion herein describes risks associated with certain existing federal and state laws, regulations, rules, and governmental administrative policies and determinations to which the Institution and the healthcare industry are subject. While these are regularly subject to change, many of the existing provisions were enacted by or promulgated pursuant to the ACA (defined below), to which opposition has been expressed by President Trump and the Secretary of the United States Department of Health and Human Services, and which has been the subject of several, to date unsuccessful, federal legislative efforts to repeal or substantially amend the same. It is not possible to predict with any certainty whether or when the ACA or any specific provision or implementing measure will be repealed, withdrawn, or modified in any significant respect, but any such measures could have a material adverse effect on the operations, financial condition, and financial performance of the Institution.

The following discussion should be read with the understanding that significant changes could occur in the near future and beyond in many of the statutory and regulatory matters discussed.

Affordable Care Act

As a result of the Patient Protection and Affordable Care Act, enacted in March 2010, as amended by the Health Care and Education Reconciliation Act (together, the "*ACA*"), substantial changes have occurred and further are anticipated in the United States health care system. Some of the provisions of the ACA took effect immediately, while others will take effect at later dates or will be phased in over time Such legislation has been intended by its supporters to be transformative and includes numerous provisions affecting the delivery of health care services, the financing of health care costs, payment to health care providers, and the legal obligations of health insurers, providers, employers and consumers. These provisions are slated to take effect at specified times over approximately the next decade and, therefore, the full consequences of the ACA on the health care industry will not be immediately realized. Due to the complexity of the ACA, the ramifications of federal health care reform legislation may also become apparent only following implementation or through later regulatory and judicial interpretations. Portions of the ACA may also be limited or nullified as a result of legal challenges or amendments. In addition, the uncertainties regarding the implementation of the ACA create unpredictability for the strategic and business planning efforts of health care providers, which in itself constitutes a risk.

The changes in the health care industry brought about by the ACA may have both positive and negative effects, directly and indirectly, on the nation's hospitals and other health care providers, including the Institution For example, the projected increase in the numbers of individuals with health care insurance occurring as a consequence of Medicaid expansion, creation of health insurance exchanges and subsidies for insurance purchase could result in lower levels of bad debt and increased utilization or profitable shifts in utilization patterns for hospitals. However, the extent to which Medicaid expansion, which is now optional on a state by state basis, is either not pursued or results in a shifting of significant numbers of commercially-insured individuals to Medicaid, or health insurance options on exchanges are limited or unaffordable, as well as the cost containment measures and pilot programs that the ACA requires, may offset these benefits. A negative impact to the hospital industry overall will likely result from scheduled cumulative reductions in Medicare payments; such reductions are substantial. The legislation's cost-cutting provisions to the Medicare program include reduction in Medicare market basket updates to hospital reimbursement rates under the inpatient prospective payment system ("*IPPS*"), additional reductions to or elimination of Medicare reimbursement for certain patient readmissions and hospital-acquired conditions, as well as anticipated reductions in rates paid to Medicare managed care plans that may ultimately be passed on to providers. Industry experts also expect that government cost reduction actions may be followed by private insurers and payors reductions, which could have a material impact on the Institution, and could offset any positive effects of the ACA. See also "Medicare and Medicaid Reimbursement" below

The ACA likely will affect some health care organizations differently than others, depending, in part, on how each organization adapts to the legislation's emphasis on directing more federal health care dollars to integrated provider organizations and providers with demonstrable achievements in quality care. The ACA proposes a value-based purchasing system for hospitals under which a percentage of payments will be contingent on satisfaction of specified performance measures related to common and high-cost medical conditions, such as cardiac, surgical and pneumonia care. The legislation also funds various demonstration programs and pilot projects and other voluntary programs to evaluate and encourage new provider delivery models and payment structures, including "accountable care organizations" and bundled provider payments. The outcomes of these projects and programs, including the likelihood of their being made permanent or expanded, or their effect on health care organizations' revenues or financial performance cannot be predicted.

The ACA contains amendments to existing criminal, civil, and administrative anti-fraud statutes and increases funding for enforcement and efforts to recoup prior federal health care payments to providers Under the ACA, a broad range of providers, suppliers, and physicians are required to adopt compliance and ethics programs. While the government has already increased its enforcement efforts, failure to implement certain core compliance program features provide new opportunities for regulatory and enforcement scrutiny, as well as potential liability if an organization fails to prevent or identify improper federal health care program claims and payments.

Some of the specific provisions of the ACA that may affect the Institution's operations, financial performance, or financial condition are described below. *This listing is not intended to be, nor should be considered by the reader as, comprehensive The ACA is complex and comprehensive, and it includes myriad programs and initiatives and changes to existing programs, policies, practices, and laws The reader is encouraged to review the ACA, itself and/or more comprehensive summaries and analyses of the ACA available in the public media.*

Market Basket Reductions. Commencing upon enactment of the ACA and through September 30, 2019, the annual Medicare market basket updates for hospitals have been, and will be, reduced. The market basket adjustments for inpatient hospital care have averaged approximately 2% to 4% annually in recent years. The ACA calls for reductions in the annual market basket updates ranging from 0.10% to 0.75% each year through federal fiscal year 2019. The market basket reduction for fiscal years 2017, 2018, and 2019 is -0.75% In addition, the market basket updates are subject to productivity adjustment. The productivity adjustment for fiscal year 2017 is -0.3%. The reductions in market basket updates and the productivity

adjustments will have a disproportionately negative effect upon those providers that are more dependent upon Medicare than other providers. These reductions and the productivity adjustments have had, and will continue to have, a disproportionately negative effect upon those providers (such as the Institution) that are relatively more dependent upon Medicare than other providers. In addition, the reductions in market basket updates were effective prior to the periods during which insurance coverage and the insured consumer base began to expand, which may have an interim negative effect on revenues. The combination of reductions to the market basket updates and the imposition of the productivity adjustments may result in reductions in Medicare payment per discharge on a year-to-year basis.

Hospital Acquired Conditions Penalty. Beginning in federal fiscal year 2015, Medicare inpatient payments to hospitals that are in the top quartile nationally for frequency of certain "hospital-acquired conditions" will be reduced by 1% for all discharges for the applicable federal fiscal year. In addition, the ACA provides that, as of July 1, 2011, CMS shall no longer provide federal funding to states for any amounts expended by providers in treating so-called provider-preventable conditions. CMS has also directed states to submit amendments to their Medicaid state plans to require payment denials for the cost of treating such conditions, consistent with the prohibition on federal reimbursement. The New York State Department of Health ("*DOH*") issued an emergency regulation, effective December 6, 2011, that denied payment for several "potentially preventable negative outcomes," retroactive to Medicaid discharges from July 1, 2011. The conditions included under this emergency regulation are far more extensive than those included in the Medicare "hospital-acquired conditions," although New York State estimates that they are limited to less than 0.1% of Medicaid discharges.

Readmission Rate Penalty. Beginning in federal fiscal year 2013, Medicare inpatient payments to those hospitals with excess readmissions compared to the national average for three patient conditions (acute myocardial infarction, pneumonia and heart failure) are reduced based on a risk-adjusted measure of the hospital's readmissions performance. The maximum penalty was 1% in fiscal year 2013, which increased to 3% in fiscal year 2015. In fiscal year 2015, the patient conditions assessed for this penalty was expanded to include acute exacerbation of chronic obstructive pulmonary disease, elective total hip arthroplasty, and total knee arthroplasty. Effective fiscal year 2017, CMS expanded the program to include patients admitted for coronary artery bypass graft ("*CABG*") surgery. In 2018, CMS ceased evaluating readmission rates in relation to all hospital, and now instead assigns hospitals to peer groups with similar proportions of low-income patients. It is expected that hospitals serving a greater proportion of low-income patients will see a reduction in readmission rate penalties.

DSH Funding Beginning in federal fiscal year 2014, hospitals receiving supplemental disproportionate share hospital ("*DSH*") payments from Medicare (i.e., those hospitals that care for a disproportionate share of Medicare beneficiaries) are slated to have their DSH payments reduced by potentially 75% (offset however, by the level of uninsured that remains). The base 25% will be supplemented by additional payments based on the volume of uninsured and uncompensated care provided by each such hospital, and is anticipated to be offset by a higher proportion of covered patients as other provisions of the ACA go into effect. Separately, beginning in federal fiscal year 2014, Medicaid DSH allotments to each state also will be reduced, based on a methodology to be determined by the United States Department of Health and Human Services ("*DHHS*"), accounting for statewide reductions in uninsured and uncompensated care. On September 13, 2013, CMS issued a final rule confirming its methodology, which accounted for statewide reductions in uninsured and uncompensated care, and reduced Medicaid DSH allotments to each state. Under this final rule, the federal share of Medicaid DSH payments was reduced by $500 million in fiscal year 2014 and $600 million in fiscal year 2015. Such reductions have been delayed several times, most recently under the Bipartisan Budget Act of 2018, but are scheduled to take effect October 1, 2019, while extending cuts through fiscal year 2025. See "Medicare and Medicaid Reimbursement - DSH Payments" herein for background about DSH funding.

Payments to Medicare Advantage Plans Hospitals also receive payments from health plans under the Medicare Advantage program. The ACA includes significant changes to federal payments to Medicare

Advantage plans. Payments to plans were frozen for fiscal year 2011. Beginning in fiscal year 2012, federal payments to Medicare Advantage plans have been tied to the level of fee-for-service spending in the applicable county, resulting in a reduction below the fiscal year 2011 level for certain Medicare Advantage plans. These reduced federal payments could in turn affect the scope of coverage of these plans or cause plan sponsors to negotiate lower payments to providers.

The ACA addresses almost all aspects of hospital and provider operations and health care delivery, and the ACA has changed and is changing how health care services are covered, delivered, and reimbursed. These changes will result in new payment models with the risk of lower health care provider reimbursement from Medicare, utilization changes, increased government enforcement and the necessity for health care providers to assess, and potentially alter, their business strategy and practices, among other consequences. While most providers will receive reduced payments for care, millions of previously uninsured Americans may gain insurance coverage. "Health insurance exchanges" could fundamentally alter the health insurance market and negatively impact health care providers, enabling insurers to aggressively negotiate rates. The constitutionality of the ACA has been challenged in courts around the country, including in the U.S. Supreme Court. Efforts to repeal or substantially modify provisions of the ACA are from time to time pending in Congress. In November 2015, the Bipartisan Budget Act of 2015 (the "*BBA*") repealed a provision of the ACA which would require employers that offer one or more health benefits plans and have more than 200 full-time employees to automatically enroll new full-time employees in a health plan; the Tax Cuts and Jobs Act repealed the penalty on certain individuals who do not purchase insurance and the Bipartisan Budget Act of 2018 repealed the authority for the Independent Payment Advisory Board. The ultimate outcomes of legislative attempts to repeal or amend the ACA and legal challenges to the ACA are unknown.

To date, most fundamental aspects of the ACA have been upheld, but the future of the law remains in question as President Trump and the Republican-led Congress have committed to repeal it. In his first day in office, President Trump signed an executive order directing the Secretary of the United States DHHS and other agencies to interpret regulations flexibly to minimize the ACA's financial burden and Congress recently passed a budget resolution aimed at limiting funding as its first step in repealing the law. As Congress is Republican-controlled, there is a substantial likelihood that at least a portion of the ACA will be repealed, replaced or amended. If a full repeal proves politically impossible, the ACA may instead be dismantled piecemeal through various legislative efforts, funding measures and/or executive orders. The outcome of future legal challenges, legislative changes (including repeal, replacement or amendment) or executive orders cannot be predicted. However, any major modification or repeal of the ACA could have a destabilizing effect on the healthcare and insurance markets and could materially and adversely affect the financial condition of the Institution.

General Economic Conditions, Bad Debt, Indigent Care and Investment Performance

Health care providers are economically influenced by the environment in which they operate. Any national economic difficulties may constrain corporate and personal spending, limit the availability of credit and increase the national debt and federal and certain state government deficits. To the extent that unemployment rates are high, employers reduce their workforces and their budgets for employee health care coverage or private and public insurers seek to reduce payments to health care providers or curb utilization of health care services, health care providers may experience decreases in insured patient volume and reductions in payments for services. In addition, to the extent that state, county or city governments are unable to provide a safety net of medical services, pressure is applied to local health care providers to increase free care. Economic downturns and lower funding of federal Medicare and state Medicaid and other state health care programs may increase the number of patients who are unable to pay for some or all of their medical and hospital services. These conditions may give rise to increases in health care providers' uncollectible accounts, or "bad debt," uninsured discount and charity care and, consequently, to reductions in operating income. Declines in investment portfolio values may reduce or eliminate non-operating revenues. Investment losses (even if unrealized) may trigger debt covenant violations and may jeopardize

hospitals' economic security. Losses in pension and other post-retirement benefit funds may result in increased funding requirements for hospitals and health systems. Potential failure of lenders, insurers or vendors may negatively impact the results of operations and the overall financial condition of health care providers. Philanthropic support may also decrease or be delayed, which may cause health care providers to use more of their unrestricted funds for capital planning.

Legislative, Regulatory and Contractual Matters Affecting Revenue

The health care industry is heavily regulated by the federal and state governments. A substantial portion of revenue comes from governmental sources. Governmental revenue sources are subject to legislative and policy changes by the governmental and private agencies that administer Medicare, Medicaid, other third-party payors, and governmental payors and actions by, among others, the Joint Commission, CMS and other federal, state and local government agencies. These agencies have broad discretion to alter or eliminate programs that contribute significantly to revenues of the Institution. In the past, there have been frequent and significant changes in the methods and standards used by government agencies to reimburse and regulate the operation of hospitals. See "Health Care Reform" and "Medicare and Medicaid Reimbursement - DSH Payments" herein for more information on current and proposed future changes in hospital reimbursement. No assurances can be given that further substantial changes will not occur in the future or that payments made under such programs will remain at levels comparable to the present levels or be sufficient to cover all existing costs. While changes are anticipated, the impact of such changes on the Institution cannot be predicted. The Institution is exploring the possibility of forming accountable care organizations and health homes and entering into risk based (capitation) agreements, which would change the mentality of care delivery to one of promoting the wellness of a population of patients, rather than treating diseases and other conditions that result from poor health maintenance. The expectation of this evolving philosophy is to ultimately reduce the cost of health care and, therefore, benefit patients and providers alike.

The Institution has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and Institution-specific data. The current Medicaid, Medicare and other third-party payor programs are based upon extremely complex laws and regulations that are subject to interpretation. Medicare cost reports, which serve as the basis for final settlement with government payors, have been settled for all years through and including 2013. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled, and additional information is obtained. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from such programs. The Institution is not aware of any allegations of noncompliance that could have a material adverse effect on the consolidated financial statements and believes that it is in compliance with all applicable laws and regulations.

Legislation is periodically introduced in Congress and in the New York Legislature that could result in limitations on the Institution's revenue, third-party payments, and costs or charges, or that could result in increased competition or an increase in the level of indigent care required to be provided by the Institution. From time to time, legislative 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, to provide national health insurance and to impose additional requirements and restrictions on health care insurers, providers and other health care entities. The effects of future reform efforts on the Institution cannot be predicted.

State Budget and the New York Medicaid Redesign Team

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 the State's Medicaid program. The Medicaid Redesign Team, comprised of health care professionals, stakeholders in the industry and legislators, was charged with reducing Medicaid costs and improving patient care.

For fiscal year 2019, the Medicaid Global Spending Cap is projected to increase by 6.7% to $20.8 billion. The bump is based on both cost of care and enrollment increases, offset by a net change in one-time revenue and spending initiatives. There is no guarantee that ongoing Medicaid Redesign Team recommendations will continue to achieve the level of gap closing savings anticipated or limit the rate of annual growth in State Medicaid spending as projected.

The effect of the Medicaid redesign process on the Institution will depend significantly on participation in new models of integrated care delivery, and its ability to collaborate with different types of providers and relationships with Medicaid managed care plans, as those plans will continue to play an increasingly larger role over the next several years.

Medicare and Medicaid Reimbursement

A portion of the Institution's revenue is derived from the Medicare and Medicaid programs.

Medicare is a federal health benefits program administered by CMS, fiscal intermediaries and carriers. Available to individuals age 65 or over, and certain other classes of individuals, the Medicare program provides, among other things, health care benefits that cover, within prescribed limits, the major costs of most medically necessary care for such individuals, subject to certain deductibles and co-payments.

Medicare Part A covers inpatient services and certain other services, Medicare Part B covers certain outpatient services and physician services, and Medicare Part C covers services for persons enrolled in Medicare private health insurance plans. Medicare pays most acute care hospitals for most services provided to inpatients under IPPS. Separate IPPS payments are made for inpatient operating costs and inpatient capital-related costs. Some hospitals are excluded from IPPS and are paid on the basis of "reasonable cost."

Medicaid is a federal health benefits program that is state administered. Medicaid is available only to certain low-income individuals and families who fit into an eligibility group that is recognized by federal and state law. DOH administers the New York Medicaid Program for the State. Services are provided through use of a Medicaid card or through a Medicaid managed care plan.

Health care providers have been and will likely continue to be affected significantly by changes in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. The Medicare Prescription Drug, Improvement and Modernization Act of 2003 contained many significant changes to the Medicare program, including the availability of prescription drug coverage. The Deficit Reduction Act of 2005 also contained significant changes including, among other things, various provisions to decrease spending growth in the Medicare program while increasing efforts to curb waste, fraud and abuse. The ACA has continued this trend toward greater cost containment and implemented performance-based payments. See "Health Care Reform" herein. Diverse and complex statutory and regulatory mechanisms, the effect of which is to limit the amount of money paid to health care providers under both the Medicare and Medicaid programs, have been enacted and approved in recent years. It is impossible to predict what effect, if any, current and future legislative initiatives related to Medicare and Medicaid may have on the operations of the Institution.

Inpatient Operating Costs. Under IPPS, acute care hospitals are paid a specified amount towards their operating costs based on the Medicare Severity Diagnosis Related Group ("MS-DRG") to which each Medicare inpatient service is assigned, which is determined by the diagnoses, procedures and other factors for each particular inpatient stay. The amount paid for each MS-DRG is established prospectively by CMS as a part of Institution's PPS, and such amount is not related to a hospital's actual costs. For each MS-DRG, CMS assigns a weighting factor that reflects the relative hospital resources used with respect to discharges classified within that group compared to discharges classified within other groups. Each MS-DRG weight represents the average resources required to care for cases in that particular MS-DRG, relative to average resources to treat cases in all DRGs. CMS is required to adjust, or recalibrate, on a budget-neutral basis, the

MS-DRG weights annually to reflect changes in treatment patterns, new technologies and other factors affecting the use of hospital resources.

To calculate the payment for a particular discharge, the MS-DRG weight is multiplied by a "standardized amount" that reflects the operating and labor costs particular to the geographic region where the Institution is located. The standardized amounts are adjusted annually based upon an annual update factor. The annual update factor is based on a hospital "market basket" index, or the percentage by which the cost of the mix of goods and services for the cost reporting period at issue will exceed the cost of such mix of goods and services for the preceding 12-month cost reporting period. Congress can apply (and has done so) a statutory adjustment to the market basket index for any given year. For every year since 1983, Congress has modified the increases and given substantially less than the increase in the market basket index.

The ACA provides for additional reductions to the market basket update, as well as other payment adjustments, in future years. See "Health Care Reform - Market Basket Reductions." There is, therefore, no assurance that future updates in MS-DRG payments will keep pace with the increases in providing inpatient hospital services. Additional payments are available, where applicable, for the direct and indirect costs of medical education, for hospitals serving a disproportionate share of patients subsidized by federal funds and for certain atypical or "outlier" cases. 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 Institution 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.

Effective October 1, 2013, CMS adopted a policy known as the Inpatient Hospital Prepayment Review "Probe & Educate" review process or the "Two-Midnight" rule. The "Two-Midnight" rule specifies that hospital stays spanning two or more midnights after the beneficiary is properly and formally admitted as an inpatient will be presumed to be "reasonable and necessary" for purposes of inpatient reimbursement. With some exceptions, stays not expected to extend past two midnights should not be admitted and instead should be billed as outpatient. Enforcement of the "Two-Midnight" rule was ultimately delayed until the end of 2015. Effective October 1, 2015, responsibility for initial review of inpatient admissions shifted from Medicare Administrative Contractors to quality improvement organizations ("*QIO*"), and recovery audit contractors will only conduct reviews for providers that have been referred by the related QIO. The Outpatient PPS Final Rule, issued in November 2015 and effective January 1, 2016, revised the Two-Midnight Rule to allow an exception for Medicare Part A payment on a case-by-case basis for inpatient admissions that do not satisfy the two-midnight benchmark if documentation in the medical records supports that the patient required inpatient care. CMS has announced that it will not continue to impose an inpatient payment cut to hospitals under the "Two-Midnight" rule starting in 2017 following ongoing industry criticism and a legal challenge. In the 2017 Medicare IPPS final rule released on August 2, 2016, CMS permanently removed the inpatient payment cuts under the "Two-Midnight" rule for fiscal year 2017 and onward and provided a temporary increase of approximately 0.8% payment in fiscal year 2017 to help offset the fiscal year 2014-2016 cuts under the "Two-Midnight" rule.

Outpatient Services. Under Section 1833(t) of the Social Security Act, hospital outpatient services, including hospital operating and capital costs, are paid on a prospective basis under a methodology known as the outpatient prospective payment system ("*OPPS*"). Certain hospital supplier services, however, including certain physician and non-physician practitioner services, ambulance, physical and occupational therapy, and speech pathology services are reimbursed pursuant to fee schedules rather than pursuant to the hospital OPPS. Under hospital OPPS, predetermined amounts are paid for designated services furnished to Medicare beneficiaries. CMS classifies outpatient services and procedures, which are comparable clinically and in terms of resource use, into ambulatory payment classification ("*APC*") groups. Using hospital outpatient claims data from the most recent available hospital cost reports, CMS determines the geometric

mean cost of services and procedures in each APC group Payment is made on the basis of the APC group rather than on the cost of the individual service The actual cost of care, including capital costs, may be more or less than the reimbursements. Generally, Medicare payment rates to hospitals for outpatient hospital services are adjusted annually based on estimated cost increases and other factors, including productivity and budget neutrality adjustments. These adjustments are typically positive, and often range from 0.5% to 2.5%. However, occasionally, because of statutory formulas and other legislative and administrative actions, these adjustments can be negative, and Medicare payments to hospitals can be reduced as a result. Moreover, Congress often takes action to specify payment update reductions, which can have the effect of constraining or reducing hospital payments. There is no guarantee that APC rates, as they change from time to time, will cover actual costs of providing services to Medicare patients.

There can be no assurance that the hospital OPPS rate will be sufficient to cover the actual costs of the Institution allocable to Medicare patient care In addition to the APC rate, there is a predetermined beneficiary coinsurance amount for each APC group; with the exception of Medicare-covered preventive services. There can be no assurance that the beneficiary will pay this amount.

Medical Education Costs Medicare pays for certain costs associated with both direct and indirect medical education (including portions of the salaries of residents and faculty and other overhead costs directly attributable to medical education programs for training residents, nurses and allied health professionals) under Section 1886(h) of the Social Security Act. Payment for direct graduate medical education ("*DGME*") reimburses hospitals for the direct costs of their medical education programs, including faculty and resident salaries and other costs incurred directly and in support of the teaching programs. The payment amount for DGME costs for a cost reporting period is based on the hospital's number of residents in that period and the hospital's costs per resident in a base year, multiplied by the hospital's Medicare "patient load." Payment for the operating costs of indirect medical education is made as an adjustment to a hospital's MS-DRG payment and based on a statutory formula determined in part by the ratio of a hospital's number of full-time equivalent residents to its average number of staffed beds. There can be no assurance that payments to the Institution for providing medical education will be adequate to cover the costs attributable to medical education programs for training residents, nurses and allied health professionals.

Physician Payments. On April 16, 2015, former President Obama signed into law Medicare Access and CHIP Reauthorization Act ("*MACRA*"), legislation that substantially alters how physicians and other practitioners are paid by Medicare for services furnished to program beneficiaries CMS previously relied on a formula known as the Sustainable Growth Rate ("SGR"), which imposed an indirect limit on the growth of Medicare payments for physician services based on an estimate of changes in each of four factors, including the estimated change to the U.S Gross Domestic Product over a ten-year period. MACRA permanently replaced the SGR formula with statutorily prescribed physician payment updates and incentives based upon performance measures that began in January 2017. This legislation increases Medicare physician reimbursement by 0.5% annually until 2019 and then provides for no additional increases to base physician reimbursement through 2025.

MACRA moved Medicare physician reimbursement from a fee-for-service to a pay-for-performance model that will continue to control the growth of physician payments based on clinical outcomes and quality reporting. In addition to the base payment methodology, physicians can earn merit-based payments based on factors including compliance with meaningful use of certified electronic health records technology ("*CEHRT*") and demonstration of quality-based medicine.

Beginning January 1, 2019, and carrying through 2025, physician payment adjustments will occur through the Quality Payment Program's two reimbursement tracks - the Merit-based Incentive Payment System ("*MIPS*") or an Advanced Alternative Payment Model ("*APM*"). In calculating physician payment adjustments, MIPS streamlines existing quality and value programs, accounting for physician performance under the meaningful use of electronic health records incentive program, the value-based modifier, and

physician quality reporting system Payments to physicians participating in APMs similarly accounts for performance under such programs. Beginning January 1, 2026, and effective January 1 of each subsequent calendar year, physician payments will be increased 0.75% for physicians who adequately participate in APMs, and 0.25% for those in MIPS Notably, CMS has designated calendar year 2017 as the "transition year" during which physician reporting obligations for participation in these programs are substantially reduced. The outcomes of these programs, including the likelihood of being revised or expanded or their effect on health care organizations revenues or financial performance cannot be predicted, and it remains unclear what effect this legislation will have on the Institution. For example, these programs may encourage more physicians to retire, not accept Medicare (or only accept Medicare Advantage). Alternatively, or in addition to other externalities of the implementation of these programs, increased focus and performance scoring on resource use may impact utilization of health care resources by the Institution. Furthermore, implementation of a quality payment system will likely require regular reporting to CMS and greater internal resources to monitor performance and prevent payment reductions.

Off-Campus Provider-Based Departments. Beginning January 1, 2017, off-campus hospital outpatient departments established on or after November 2, 2015 will not be eligible for payment under the OPPS for non-emergency services. Instead, CMS has proposed that non-emergency services performed at these facilities will be paid under the physician fee schedule in fiscal year 2017, and at a to-be-determined rate in subsequent years. The new payment methodology for these locations and services will likely result in lower payments to hospitals than in previous years for providing the same services, if the services are provided in a new off-campus outpatient department or a new service added to an existing off-campus outpatient department. A hospital outpatient department is considered to be "off-campus" if it is located more than 250 yards from a main provider hospital or a remote location of a hospital. Administrative and judicial review are unavailable for determinations relating to applicable payment systems or determinations whether a provider department is considered an off-campus hospital outpatient department.

Capital Costs Hospitals are paid on a fully prospective basis for capital costs (including depreciation and interest) related to the provision of inpatient services to Medicare beneficiaries Thus, capital costs are paid exclusively on the basis of a standard federal rate (based on average national costs), subject to certain adjustments (such as for disproportionate share, indirect medical education and outlier cases) specific to the Institution.

There can be no assurance that the prospective payments for capital costs will be sufficient to cover the actual capital-related costs of the Institution allocable to Medicare patient stays or to provide adequate flexibility in meeting the Institution's future capital needs.

DSH Payments In addition to making payments for services provided directly to beneficiaries, Medicare makes additional payments to hospitals that treat a disproportionately large number of low-income patients. These DSH payments are determined annually based on certain statistical information submitted to DHHS and are applied as a percentage addition to MS-DRG payments. Hospitals receiving Medicare DSH payments may also receive Medicaid DSH payments. The federal government distributes federal Medicaid DSH funds to each state based on a statutory formula. The states then distribute DSH payments among qualifying hospitals.

Annual Cost Reports All hospitals participating in the Medicare and Medicaid programs must meet specific financial reporting requirements, which involve submission of annual cost reports to identify expenses associated with the services provided to Medicare and Medicaid beneficiaries. These cost reports are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due in reimbursement. The audit process may be prolonged, and it may take several years to reach the final determination of allowable amounts.

Compliance and Reimbursement. Hospitals must comply with standards called "Conditions of Participation" to be eligible for Medicare and Medicaid reimbursement. CMS is responsible for ensuring that hospitals meet these regulatory Conditions of Participation. Under applicable Medicare rules, hospitals

accredited by The Joint Commission are deemed to meet the Conditions of Participation 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 Institution. There can be no assurance that the Institution will continue to receive The Joint Commission accreditation in the future.

CMS requires all Medicare-certified providers, including hospitals, to revalidate their Medicare enrollment records in order for CMS to implement new screening criteria mandated by the ACA. Under this initiative, Medicare contractors send mandatory revalidation requests to providers, who will have a limited time to respond to the requests. Failure to timely revalidate Medicare enrollment records for any hospital facility could result in deactivation or termination of a hospital's provider agreement, which could adversely affect the hospital's patient services revenues and financial performance.

Managed Care and Other Private Initiatives

Currently, the term "managed care" refers to all commercial relationships between payors and providers The term covers the negotiated arrangement for prices and payment terms that a health care provider will accept from a payor on behalf of a covered individual. All prices and terms are carefully articulated in contracts between providers and payors. Prices and terms differ for each hospital and for each payor and, usually, for each product sold by each payor. For example, a payor may sell HMO, PPO, Medicare and Medicaid products to various populations. That payor will then have a unique price established with each individual hospital for every covered service offered for each product sold.

Typical payment methodologies that have been established include severity-adjusted case neutral rates; per diem rates for stays in a Medical/Surgical Unit, Intensive Care Unit, and Cardiac Care Unit; case rates for obstetric deliveries, open heart surgeries and other tertiary level services; discounts from full charges; and set fees for outpatient services. Management believes the Institution, on a yearly contracting basis, has developed equitable pricing arrangements with most of the payors with which it contracts. As part of these negotiated contracts, the Institution has developed payment terms limiting the extent to which a payor may retroactively deny payments for services, which has been a common practice among managed care companies. The contracts also define requirements for insurers/managed care payors to conduct concurrent and prospective reviews However, these contracts have finite terms and are subject to renegotiation, and managed care payors are expected to continue to seek ways to reduce the utilization of health care services. Payment methodologies include per diem rates, per discharge rates, discounts from established charges, fee schedules and capitation payments. Enrollment in managed care programs has increased, and managed care programs are expected to have a greater influence on the manner in which health care services are delivered and paid for in the future. In addition, some managed care organizations have been delaying reimbursements to hospitals, thereby affecting cash flows. The Institution's financial condition may be adversely affected by these trends.

Medicaid Partnership Plan 1115 Waiver

New York State's program for mandatory Medicaid managed care enrollment, The Partnership Plan (also known as the 1115 Waiver), was approved by CMS in July 1997, allowing the State to begin enrolling most Medicaid recipients in managed care plans. Mandatory Medicaid managed care enrollment programs were instituted throughout New York City, and a significant portion of the Medicaid eligible population has been enrolled in managed care plans. Prior amendments to the Partnership Plan 1115 Waiver further extended the groups eligible and required to enroll in Medicaid managed care, which resulted in an increase in Medicaid managed care admissions. Additionally, following a July 2015 approval of the State's value-based purchasing "roadmap" under the 1115 Waiver's new value-based purchasing requirements, managed care plan incentives for meeting value-based purchasing goals were added in order to encourage the development of integrated delivery systems within the State Specific expected improvements include: (i) reducing avoidable readmissions; (ii) improving community health by expanding access to preventive and disease management programs; (iii) implementing programs aimed at improving access to preventive

services; and (iv) encouraging community involvement to encourage health and wellness. Since 1997, the Partnership Plan 1115 Waiver has been extended several times, most recently as of August 2011, effective through December 31, 2014. New York currently is in the process of requesting approval from CMS to extend the Partnership Plan 1115 Waiver for an additional five years, from January 1, 2015 through December 31, 2019, and has requested permission for the state to reinvest federal savings generated by the state's Medicaid Redesign Team reform efforts. A series of temporary extensions have been granted while CMS continues to evaluate the extension application, the most recent of which is effective through November 30, 2016.

State Children's Health Insurance Program

The State Children's Health Insurance Program ("*SCHIP*") provides federal matching funds to states that cover 65% to 84% of the costs of health care coverage, primarily for low-income children. CMS administers SCHIP, but each state creates its own program based on minimum federal guidelines, or the state may apply for a waiver, which allows the state to create its own program using the federal funds, but often with different criteria for eligibility. New York's SCHIP program, known by its marketing name Child Health Plus, was created by the New York Legislature in 1990.

While generally considered to be beneficial for both patients and providers because it reduces the number of uninsured children, it is difficult to assess the fiscal impact of SCHIP payments on the Institution. Moreover, each state must periodically submit its SCHIP plan to CMS for review to determine if it meets the federal requirements. If a state does not meet the federal requirements, it may lose its federal funding for its program. From time to time Congress and/or the President seek to expand or contract SCHIP. Federal funding for SCHIP expired on September 30, 2017, and SCHIP was reauthorized in 2018 for another six years after much debate. The loss of federal approval for a state's SCHIP program or a reduction in the amounts available under SCHIP could have an adverse impact on the financial condition of the Institution.

Health Insurance Portability and Accountability Act

The Health Insurance Portability and Accountability Act of 1996 ("*HIPAA*") established civil and criminal sanctions for health care fraud which expanded upon prior health care fraud laws and applies to health care benefit programs.

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:

- standardized electronic transaction formats and code sets to allow standardized electronic transmission of health care claims and information;
- unique identifiers to support these standard transmissions;
- comprehensive privacy standards establishing a minimum threshold for determining when to allow access to or disclosure of personal health information; and
- security mechanisms to guard against unauthorized access to health information.

HIPAA imposes civil monetary penalties for violations and criminal penalties for knowingly obtaining or using individually identifiable health information. The penalties range from $50,000 to $250,000 or imprisonment for up to 10 years if the information was for a violation of willful neglect or for a violation related to the intent to sell, transfer, or use the individually identifiable health information for commercial advantage, personal gain or malicious harm.

Compliance with HIPAA has required changes in information technology platforms, major operational and procedural changes in the handling of data, and vigilance in monitoring of ongoing compliance with the various regulations. The Institution has implemented HIPAA training and ongoing monitoring, which have been in place since April 2003. The financial cost of compliance with the "administrative simplification" regulations is substantial. Failure to achieve compliance with the transactions and code set standards could result in substantial payment delays, which could, in turn, have significant negative cash flow implications for the Institution.

HITECH Act

The Health Information Technology for Economic and Clinical Health Act ("*HITECH Act*") increases the maximum civil monetary penalties for violation of HIPAA and grants broad enforcement authority of HIPAA to state attorneys general. The HITECH Act also (i) extends the reach of HIPAA beyond "covered entities," (ii) imposes a breach notification requirement on HIPAA covered entities, (iii) limits certain uses and disclosures of individually identifiable health information and (iv) restricts covered entities' marketing communications. Within the next three years, DHHS is required to establish procedures for individuals harmed by a breach of these privacy provisions to recover a percentage of the monetary penalties or settlement paid by violators.

The HITECH Act also provides for almost $20 billion in federal incentives for health care providers to adopt electronic health records and health information technology ("*EHR/HIT*") with the goal of improving patient outcomes and efficiency of delivery of medical care. The HITECH Act encourages adoption of EHR/HIT through federal loans and grants to providers to implement adopt "meaningful use" of this technology. Adoption of the software, hardware and infrastructure necessary to comply with these "meaningful use" criteria could represent a significant additional capital expense for health care providers. While the incentive to adopt EHR/HIT is initially provided through additional reimbursement under Medicare and matching funds under Medicaid for qualified entities that comply with the "meaningful use" adoption criterion, beginning in 2015 Medicare payments are set to begin to be reduced for entities and individuals that fail to adopt these systems.

The HITECH Act revises the civil monetary penalties associated with violations of HIPAA as well as provides state attorneys general with authority to enforce the HIPAA privacy and security regulations in some cases through a damage's assessment of $110 per violation or an injunction against the violator. The revised civil monetary penalty provisions establish a tiered system, ranging from a minimum of $110 per violation for an unknowing violation to $1,100 per violation for a violation due to reasonable cause, but not willful neglect. For a violation due to willful neglect, the penalty is a minimum of $11,002 or $55,010 per violation, depending on whether the violation was corrected within 30 days of the date the violator knew or should have known of the violation. Maximum penalties may reach $1,650,300 for identical violations.

Criminal penalties will be enforced against persons who knowingly obtain or disclose personal health information in violation of HIPAA. The Office for Civil Rights ("*OCR*"), the administrative office that is tasked with enforcing HIPAA, is also beginning to perform periodic audits of health care providers and group health plans to ensure that required policies under HIPAA (as amended by the HITECH Act) are in place Finally, OCR is working to establish a methodology under which an individual who is harmed by an offense punishable under HIPAA may be able to recover a percentage of the civil monetary penalty or monetary settlement collected with respect to the offense. These enforcement actions may significantly increase the number of HIPAA-related complaints from individuals, as well as increase penalty and settlement amounts

OCR has stated that it has now moved from education to enforcement in its implementation of the law. Recent settlements of HIPAA violations for breaches involving lost data have reached the millions of dollars. Any breach of HIPAA, regardless of intent or scope, may result in penalties or settlement amounts that are material to a covered health care provider or health plan.

The HITECH Act also established programs under Medicare and Medicaid to provide incentive payments to certain eligible hospitals and health care professionals ("Eligible Providers") that demonstrate the "meaningful use" of *CEHRT*. Eligible Providers demonstrate meaningful use of CEHRT by meeting and attesting to meaningful use objectives and associated measures specified by CMS for using CEHRT and by reporting on certain quality measures. Incentive payments under the Medicare program sunset in 2016. Pursuant to the HITECH Act, and commencing in 2015, Eligible Providers who have not satisfied the performance and reporting criteria for demonstrating meaningful use in the applicable meaningful use reporting year will have their Medicare payments reduced. The payment reduction starts at 1% and increases each year that an eligible hospital or professional does not demonstrate meaningful use, up to a maximum 5% reduction. CMS has engaged a contractor that conducts pre-payment and post-payment audits of certain selected Eligible Providers that have submitted meaningful use attestations. An Eligible Provider that fails the audit will have an opportunity to appeal. Ultimately, Eligible Providers that elect not to appeal or fail on appeal will have to repay any incentive payments that they received through these programs or refund Medicare reimbursement that would have been reduced as part of the payment reductions.

Moreover, MACRA ends the payment reductions for physicians who fail to demonstrate meaningful use after 2018. However, beginning in 2019, use of CEHRT will be a performance category under MACRA's MIPS for certain physicians and other health care professionals who do not meet MACRA's thresholds for participation in certain alternative payment models designated by Medicare. A physician's failure to use CEHRT consistent with MIPS' requirements would lower the physician's performance score under MIPS and could result in reduced Medicare reimbursement for professional services performed by the physician. CMS has issued a final rule to implement MIPS with numerous, complex requirements. The need to implement technology, operational and other changes to address MIPS requirements for use of CEHRT may have a material adverse impact on EMC. Generally, MACRA did not change hospital participation in the Medicare EHR Incentive Program or participation for physicians in the Medicaid EHR incentive program.

Competition

Payments to the healthcare industry have undergone rapid and fundamental change, triggered in part by the deregulation of the acute care hospital reimbursement system and the requirement to negotiate all nongovernment contracts and prices. This may further increase competitive pressures on acute care hospitals and other healthcare providers, including the Institution. The Institution faces and will continue to face competition from other hospitals, integrated delivery systems and ambulatory care providers that offer similar health care services.

There are many limitations on the ability of a hospital to increase volume and control costs, and there can be no assurance that volume increases, or expense reductions, needed to maintain the financial stability of the Institution will occur.

Management believes that insurers will encourage competition among healthcare 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 healthcare providers based on price where insurance companies attempt to steer patients to the providers that have the most favorable contracts.

Workforce Shortages

Workforce shortages are affecting health care organizations at the local, regional, and national level. There can be no assurance that such workforce shortages will not continue or increase over time and adversely affect the Institution's ability to control costs and its financial performance.

In order to recruit and retain professional and nursing staff to strengthen clinical services, the Institution has offered, and in the future intends to offer, competitive salaries to both newly recruited individuals and existing staff. In some years such salaries have increased, and in the future may continue

to increase, more than the rate of inflation. Such increases in the future may exceed increases in the Institution's rates of payment

Labor Relations and Collective Bargaining

Hospitals and other health care providers often are large employers with a wide diversity of employees. 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. See "APPENDIX A – INFORMATION CONCERNING THE INSTITUTION."

In addition, employee strikes or other adverse labor actions may have an adverse impact on the Institution.

Risks Related to Construction of the Project

The Project is subject to the risk of delays due to a variety of factors including, among others, delays in obtaining the necessary permits, licenses and other governmental approvals, site difficulties, labor disputes, delays in delivery and shortage of materials, weather conditions, fire and other casualties and default by the Institution, contractors or subcontractors. If completion of the Project is delayed beyond the estimated construction period, receipt of revenues projected from the operations of the Project will be delayed and the ability of the Institution to make required payments may be adversely affected. Such a delay could adversely affect the ability of the Institution to meet the debt service payments on the Bonds and the operating expenses of the Institution.

Management of the Institution believes that the proceeds of the Bonds, together with other funds of the Institution, will be sufficient to finance the costs of the Project. The cost of the Project may be increased, however, if there are change orders Further, the cost of construction of the Project may be affected by other factors beyond the control of the Institution, including, but not limited to, labor disputes, delays in delivery and shortage of materials, site difficulties, adverse weather conditions, contractor defaults, fire and casualty and unknown contingencies.

Federal "Fraud and Abuse" Laws and Regulations

While there is no set category of laws that comprise "fraud and abuse," the term is often used as short-hand for the following types of laws: anti-referral laws, false claims laws and laws pursuant to which civil monetary penalties may be imposed. Some of these laws are discussed below.

Federal and New York State Anti-kickback Laws

The Federal Anti-kickback Statute (the "*Federal AKS*") is a criminal statute that prohibits the knowing and willful offering, paying, soliciting or receiving of any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, in return for or to induce business that may be paid for, in whole or in part, by a Federal health care program.

For purposes of the Federal AKS, a "Federal health care program" is generally defined to include any plan or program that provides health benefits (whether directly, through insurance or otherwise), which is funded directly, in whole or in part, by the United States Government. The definition also includes certain State health care programs. Examples of "Federal health care programs" include, but are not limited to, Medicare, Medicaid, Veterans' programs and State Children's Health Insurance programs.

Violation of the Federal AKS is a felony criminal offense subject to imprisonment for up to ten years and/or a fine of up to $100,000. In addition, under its civil monetary penalties authorities (*see below, "Federal Civil Monetary Penalties Law"*), the Office of Inspector General of the United States Department of Health and Human Services (the "*OIG*") may impose a civil monetary penalty of up to $100,000, an

assessment of up to three times the total remuneration offered, paid, solicited or received and exclusion from participation in Federal health care programs for conduct that it determines has violated the Federal AKS. Claims submitted to a Federal health care program that include items or services resulting from a violation of the Federal AKS may also be considered to be false or fraudulent claims for purposes of the false claims act laws (*see below, "Federal and New York State False Claims Acts")*

The scope of the Federal AKS is broad and includes many economic arrangements and payment practices in which hospitals, physicians and other health care providers may be involved, including but not limited to, joint ventures, certain investment interests, space and equipment rentals, personal services and management contracts, sales of a practice, employment relationships and others. Given the expansive nature of the Federal AKS, the law includes certain exceptions. In addition, the OIG has promulgated a series of regulations, known as "safe harbors," that set out certain payment practices that are deemed to not be violations of the Federal AKS. To qualify for "safe harbor" protection, however, an arrangement must squarely meet all of the conditions of the applicable safe harbor(s). If an arrangement is not in safe harbor, it does not mean that the arrangement is illegal *per se*

The Federal AKS has been interpreted to cover any arrangement where *one* purpose of the remuneration was to obtain money for the referral of services or to induce further referrals, even if there are other, wholly legitimate, business purposes for the arrangement. In assessing a potential Federal AKS violation, government agencies may also consider other facts and circumstances, including but not limited to, whether the proposed transaction would result in: (a) a distortion in medical decision-making; (b) overutilization of Federal health care program items or services, (c) increased Federal health care program costs; and/or (d) unfair competition.

New York State also makes it a crime for a Medicaid provider to offer, agree to give or give, or to solicit, receive, accept or agree to receive or accept, any payment or other consideration in any form to or from another person to the extent such payment or other consideration is given: (i) for the referral of services for which payment is made under the Medicaid program, or (ii) to purchase, lease or order any good, facility, service or item for which payment is made under the Medicaid program. Those who violate this State law may be found guilty of a misdemeanor crime punishable by a fine of up to $10,000 (or up to double the amount of the violator's gain) and/or imprisonment for up to one year. If, however, the violation results in the Medicaid provider obtaining money or property having a value in excess of $7,500, the crime rises to a class E felony, meaning that the duration of the potential imprisonment increases. Other consequences may also result from a violation of the State law (*see below, "Federal and New York State False Claims Acts," "Federal Civil Monetary Penalties Law" and "Exclusions from Federal Health Care Programs")*. However, if an activity meets a Federal exception or "safe harbor" under the Federal AKS, the activity will also be deemed to have not violated the New York State law.

The outcome of any government effort to enforce the Federal and/or New York State anti-kickback laws is difficult to predict due, in part, to government discretion in pursuing enforcement. An anti-kickback law investigation, action or proceeding may have a material adverse impact on a provider's financial condition.

Federal and State False Claims Acts

The Federal criminal False Claims Act makes it illegal to knowingly make or present a false, fictitious or fraudulent claim to the United States, including any of its departments or agencies. Violation of the Federal criminal FCA may result in fines and imprisonment of up to five years.

The Federal civil False Claims Act (the "*Federal Civil FCA*") is often used by the government to combat health care fraud and abuse. In general terms, it is aimed at protecting the United States Government from being defrauded To that end, the Federal Civil FCA covers a wide variety of conduct, including conduct involving Medicare, Medicaid and other Federal program funds. For example, the Federal FCA may be violated by any person who: (i) knowingly presents, or causes to be presented, a false

or fraudulent claim for payment or approval; (ii) knowingly makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim; (iii) conspires to commit the above (or other specified) violations; or (iv) knowingly makes, uses, or causes to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the United States Government, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the United States Government.

Under the Federal Civil FCA statute, a person found to have violated the law may be held liable for a per claim civil penalty of not less than $5,000 and not more than $10,000, plus three times the amount of damages sustained by the United States Government. These statutory penalties are subject to periodic adjustments for inflation and recently have been increased, respectively, to not less than $11,181 and not more than $22,363 for assessments that are made after January 29, 2018, for violations that occur after November 2, 2015. In addition, a civil monetary penalty, assessment and exclusion from participation in Federal health care programs are also possible under the OIG's civil monetary penalties authorities, if the OIG has determined that certain violations have occurred (*see below, "Federal Civil Monetary Penalties Law"*).

The State also has a false claims act (the "*New York State FCA*"). The New York State FCA is very similar to the Federal Civil FCA. Generally, it is aimed at protecting the State and local governments from being defrauded (including, but not limited to, as to Medicaid funds). Among other things, the New York State FCA imposes penalties and damages on individuals and entities that: (i) knowingly present, or cause to be presented, false or fraudulent claims for payment or approval; (ii) knowingly make, use, or cause to be made or used, a false record or statement material to a false or fraudulent claim, (iii) conspire to commit the above (or other specified) violations; or (iv) knowingly conceal or knowingly and improperly avoid or decrease and obligation to pay or transmit money or property to the state or a local government, or conspire to do the same. Similar to the Federal Civil FCA, violations of the New York State FCA are subject to three times the amount of all damages that the state or local government sustains, plus per claim penalties that are equal in amount to the penalties under the Federal Civil FCA, as adjusted for inflation.

Both the Federal Civil FCA and New York State FCA permit individuals to initiate civil actions on behalf of the government in lawsuits known as "*qui tam*" actions. *Qui tam* plaintiffs, also known as "relators" or "whistleblowers," may share in the damages recovered by the government or that are recovered independently, if the government does not participate, or "intervene," in the case.

Among other things, health care providers may be liable under the Federal Civil FCA and the New York State FCA if they engage in any of the conduct described above. This includes, for example, instances where a provider fails to report and return an overpayment within the time period allowed under applicable law for doing so. Federal Civil FCA and New York State FCA violations also have been alleged based on the existence of purportedly impermissible kickback or self-referral arrangements or on a theory that providers are liable for the submission of false claims when they are not in full compliance with applicable legal and regulatory standards.

Federal Civil FCA and/or New York State FCA violations, investigations, actions or proceedings may lead to settlements (including the possible imposition of a corporate integrity agreement), assessments of significant damages, fines and penalties, exclusion from participation in Federal health care programs and/or reputational damage that, individually or collectively, may have a material adverse impact on the provider and, potentially, its affiliates.

Limitations on Certain Arrangements Imposed by Federal and New York State Physician Self-Referral Laws

The Federal Physician Self-Referral Law, commonly known as the "Stark" law, prohibits a physician from referring patients to receive certain designated health services ("*DHS*") that are payable by Medicare (and possibly Medicaid) to an entity with which the physician (or an immediate family member

of the physician) has a direct or indirect financial relationship, unless a specific exception to the law is met The Stark law also prohibits the entity receiving the referral for DHS from presenting or causing to be presented a claim or bill to Medicare (or from billing another individual, entity or third-party payor) for DHS that are furnished pursuant to a prohibited referral

Under the Stark law, financial relationships include a direct or indirect ownership or investment interest (whether by equity, debt or other means) and direct or indirect compensation arrangements.

The DHS subject to the Stark law are: clinical laboratory services; physical therapy services; occupational therapy services; outpatient speech-language pathology services; radiology and certain other imaging services; radiation therapy services and supplies; durable medical equipment and supplies, parenteral and enteral nutrients, equipment and supplies; prosthetics, orthotics and prosthetic devices and supplies; home health services; outpatient prescription drugs; and inpatient and outpatient hospital services.

Under the Stark law, "immediate family member" is defined to include a husband or wife: birth or adoptive parent, child, or sibling; stepparent, stepchild, stepbrother, or stepsister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; grandparent or grandchild; and spouse of a grandparent or grandchild.

The Stark law contains several statutory and regulatory exceptions that are similar, but not identical, to the "safe harbor" regulations under the Federal AKS. Unlike the Federal AKS, however, if a financial relationship between a physician (or immediate family member) and the entity receiving DHS referrals does not meet all the requirements of the applicable exception(s), the Stark law will have been violated, regardless of the intent of the parties. In other words, unlike the Federal AKS, the Stark law is a "strict liability" law.

Under the Stark statute, a violation of the Stark law will result in denial of payments for DHS provided in violation of the law, and the obligation to timely refund any amounts collected for such DHS. In addition, violations of the Stark law may result in civil monetary penalties for each service billed. Under the OIG's civil monetary penalties authorities (*see below, "Federal Civil Monetary Penalties Law"),* for penalties assessed on or after October 11, 2018 for violations occurring on or after November 2, 2015, a penalty of up to $24,748 may be imposed for each claim that is submitted or caused to be submitted in violation of the Stark law. If a physician or other entity enters into an arrangement or scheme (such as a cross-referral scheme) to circumvent the Stark law – that is, if the physician or entity knows or should know the arrangement or scheme has the principal purpose of assuring physician referrals to a particular entity which if the physician made directly would violate the Stark law – a civil monetary penalty of up to $164,992 for each such arrangement or scheme may be imposed (again, for penalties assessed on or after October 11, 2018 for violations occurring on or after November 2, 2015). Further, a Stark law violation may lead to exclusion from Federal health care programs.

New York State has its own statute and regulations that prohibit certain self-referrals Under the "New York Health Care Practitioner Referrals" law (the "*State Stark*" law), a practitioner (*i.e.*, a licensed or registered physician, dentist, podiatrist, chiropractor, nurse, midwife, physician assistant or specialist assistant, physical therapist or optometrist) may not make a referral to a health care provider (as defined under the law) for clinical laboratory services, pharmacy services, radiation therapy services, x-ray or imaging services or physical therapy services if the practitioner or an immediate family member has a financial relationship (including an ownership interest, an investment interest or a compensation arrangement) with that provider, unless a statutory or regulatory exception is met (and again, there are a number of varied exceptions that exist). "Immediate family member" under the State Stark law includes a spouse; birth and adoptive parents, children and siblings; stepparents, stepchildren and stepsiblings; fathers-in-law, mothers-in-law, brothers-in-law, sisters-in-law, sons-in-law and daughters-in-law; and grandparents and grandchildren.

As with the Federal Stark Law, if the State Stark law is implicated, all applicable exception(s) must be met, or the law will have been violated. In other words, as with the Federal Stark law, the intent of the parties is irrelevant under the State Stark law. Unlike its Federal counterpart, the State Stark law covers all payors If the referral is prohibited, so too is any demand for payment. The State Stark law also prohibits any cross-referral scheme designed to make referrals indirectly that could not be made directly. A provider or practitioner that collects any amount under a prohibited referral is jointly and severally liable to the payor In addition, disciplinary action (including license revocation) by the appropriate State licensing authority may also result from a violation of the law. There is no express penalty stated in the State Stark law statute or regulations. However, New York's Public Health Law Section 12-b authorizes penalties of imprisonment up to one year and/or fines up to $10,000 for willful violations of any provision of the Public Health Law or any lawful regulation thereunder for which there is no otherwise prescribed penalty.

Notably, there are differences between the scope and breadth of the Federal Stark law and the State Stark law, and their respective exceptions. Compliance with one of these laws does not necessarily mean that the arrangement is in compliance with the other.

Enforcement actions or proceedings for violations of the Federal Stark law or the State Stark law could have a material adverse impact on the financial condition of a health care provider, including the Institution.

Regulation of Patient Transfer

Federal and New York laws require hospitals to provide emergency treatment to all persons presenting themselves with emergency medical conditions. Congress enacted the Emergency Medical Treatment and Active Labor Act ("*EMTALA*") in response to concerns regarding inappropriate hospital transfers of emergency patients based on the patient's inability to pay for the services provided. EMTALA requires hospitals with emergency rooms, including the Institution, to treat or conduct an appropriate and uniform medical screening for emergency conditions (including active labor) on all patients and to stabilize a patient's emergency medical condition before releasing, discharging or transferring the patient to another hospital.

Failure to comply with EMTALA can result in exclusion from the Medicare and/or Medicaid programs as well as civil penalties of up to $50,000 per violation. In addition, the hospital is liable for any claim by an individual who has suffered harm as a result of such violation.

Federal Civil Monetary Penalties Law

The Federal Civil Monetary Penalty Law (the "*CMPL*") is another "fraud and abuse" law that addresses a broad range of health care related conduct with which health care providers must be concerned Violation of the CMPL may lead to the imposition of substantial civil monetary penalties, assessments or damages and/or exclusion from Federal health care programs.

Among other things, the CMPL prohibits any person (including an entity) from knowingly presenting or causing to be presented to the United States (or any of its departments or agencies) a claim: (i) for a medical or other item or service that the person knows or should know was not provided as claimed, including engaging in a pattern or practice of submitting "upcoded" claims (*i.e.*, using codes that will result in a higher payment than the code that is applicable to the item or service actually provided); (ii) for medical or other items or services when the person knows or should know the claim is false or fraudulent; (iii) for a medical or other item or service furnished during a period when the person was excluded from participating in the Federal health care program under which the claim was made; (iv) for a physician's service (or services incident to a physician's service) when the person presenting the claim knows or should know that the individual who furnished (or supervised the furnishing of) the service was not licensed as a physician; and (v) for a pattern of medical or other items or services that the person knows or should know are not medically necessary.

Other examples of conduct proscribed by the CMPL include, but are not limited to, prohibitions against any person (including an entity): (i) offering or transferring remuneration to an individual who is eligible for Medicare or certain defined State health care program benefits under circumstances where the person knows or should know that to do so is likely to influence the individual to order or receive items or services from a particular provider, practitioner or supplier that are payable under Medicare or a State health care program (*i.e.*, "beneficiary inducements"); (ii) arranging or contracting (by employment or otherwise) with an individual or entity that the person knows or should know is excluded from participation in a Federal health care program; (iii) engaging in kickbacks in violation of the Federal AKS; (iv) knowingly making or causing to be made any false statement, omission, or misrepresentation of a material fact in any application, bid, or contract to participate or enroll as a provider of services or a supplier under a Federal health care program; and (v) knowing of an overpayment and failing to report and return it in accordance with applicable law.

The imposition of civil money penalties, assessments or damages on a health care provider for violation of the CMPL will vary depending on, among other things, the nature of the conduct, may be substantial and could have a material adverse impact on the provider's financial condition.

Exclusions from Federal Health Care Program Participation

The OIG has authority to exclude individuals and entities from Federal health care programs, including but not limited to, Medicare and Medicaid. Some exclusions are mandatory, and some are permissive. Mandatory exclusion is required for: (i) convictions relating to the delivery of an item or service under Medicare or a State health care program (as defined in applicable law); (ii) convictions relating to patient neglect or abuse in connection with the delivery of a health care item or service; (iii) felony convictions relating to other health care-related fraud, theft or other financial misconduct; and (iv) felony convictions relating to the unlawful manufacture, distribution, prescription or dispensing of a controlled substance.

The OIG's permissive exclusion authority is broad and includes, but is not limited to, the discretion to impose an exclusion based on: (i) misdemeanor convictions relating to fraud, theft, embezzlement, breach of fiduciary responsibility or other financial misconduct in connection with either the delivery of a health care item or service, or with respect to any act or omission in a health care program (other than Medicare or a State health care program) that is operated by or financed in whole or in part by any Federal, State or local government agency; (ii) convictions for criminal offenses relating to fraud, theft, embezzlement, breach of fiduciary responsibility or other financial misconduct in connection with any act or omission in any program (other than a health care program) that is operated by or financed in whole or in part by any Federal, State or local government agency; (iii) certain convictions relating to obstruction of an investigation or audit; (iv) misdemeanor convictions relating to the unlawful manufacture, distribution, prescription or dispensing of a controlled substance, (v) submitting claims for excessive charges or unnecessary services; (vi) suspension, revocation, or surrender of a license to provide health care for reasons bearing on professional competence, professional performance, or financial integrity, (vii) provision of unnecessary services; (viii) submission of false or fraudulent claims to a Federal health care program, and (ix) engaging in unlawful kickback arrangements.

The New York State Office of the Medicaid Inspector General (the "*OMIG*") also has the authority to exclude individuals and entities from participation in the Medicaid program upon determining that the individual or entity engaged in an "unacceptable practice." Unacceptable practices under the Medicaid program include a wide variety of conduct, including but not limited to, conduct relating to fraud and abuse (*e.g.*, false claims, false statements, kickbacks, etc.), unacceptable recordkeeping, employing persons who are suspended, disqualified or otherwise terminated from participation in the Medicaid program, failure to meet professionally recognized standards of care, and other conduct

Exclusion from Medicare, Medicaid or other Federal health care programs may have a material adverse effect on the financial condition of a provider.

Enforcement Activity

Enforcement activity against health care providers has increased in recent years, and enforcement authorities are adopting more aggressive approaches, including conducting data-driven investigations. In the current regulatory climate, it is anticipated that many hospitals and providers will be subject to investigations, audits and/or other inquiries. Such investigations, audits and/or inquiries may address areas such as billing and documentation practices, false claims, referral relationships, compliance obligations and/or adherence to Federal or State health care program standards and requirements.

Due to the complexity of the applicable laws and regulations, the instances in which an alleged violation may arise to trigger such investigations, audits or inquiries are increasing and could result in one or more actions or proceedings against the Institution. Any such actions or proceedings may have a materially adverse effect on the financial condition of the Institution.

Moreover, enforcement authorities are often in a position to compel settlements by providers charged with, or being audited or investigated for, misconduct by withholding or threatening to withhold Federal health care program payments or by threatening the possibility of a civil, administrative or criminal action or proceeding. In addition, the cost of defending any such audit, investigation, action or proceeding, the time and management attention consumed thereby and the facts of a particular case may dictate pursuing a settlement. Regardless of the merits of a particular case or cases, the Institution could experience materially adverse settlement costs relating to such matters, as well as materially adverse costs associated with the implementation of any related settlement agreement and/or corporate integrity agreement. Further, prolonged and/or publicized audits, investigations, actions or proceedings could be damaging to the reputation, business and credit of the Institution, regardless of the outcome, and could have material adverse consequences on the financial condition of the Institution.

Increased Enforcement Affecting Academic Research

In addition to increasing enforcement of laws governing payment and reimbursement, 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 Institute of Health ("*NIH*") 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. Moreover, the OIG, in past "Work Plans" has included several enforcement initiatives related to reimbursement for experimental drugs and devices (including kickback concerns) and has issued compliance program guidance directed at recipients of extramural research awards from the NIH and other agencies of the U.S. Public Health Service. The Institution receives payments for health care items and services under many of these grants and 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. 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 reimbursement can subject the Institution to sanctions as well as repayment obligations.

The American Recovery and Reinvestment Act of 2009 (the *"Stimulus Act"*)

The Stimulus Act included several provisions that were intended to provide financial relief to the health care sector, including $86.6 billion in federal payments to states to fund the Medicaid program and $24.7 billion to provide a 65% subsidy to individuals who lost their jobs between September 1, 2008 and May 31, 2010, for health insurance premium costs. The Stimulus Act also included: $19 billion to establish a framework for the implementation of a nationally-based health information technology ("*HIT*") program,

including incentive payments to hospitals which commenced in fiscal year 2011; $10 billion for health research and construction of NIH facilities; and $1 billion for prevention and wellness programs. As a component of the federal objective of implementing electronic health records ("*EHRs*") for all Americans by 2014, the *HITECH Act* included in the Stimulus Act requires the development of regulations to establish HIT standards to which the Institution physicians and acute care hospitals will be subject. Compliant physicians and acute care hospitals that are also "meaningful users" of EHRs were eligible for Medicare and Medicaid incentive payments which began in fiscal year 2011. Hospitals that do not comply face Medicare penalties beginning in fiscal year 2015. For physicians, with the passage of MACRA, meaningful use was transitioned to become one of the four components of MIPS. Physicians are able to obtain incentives under MIPS to use certified EHR technology. Existing Medicare payment adjustments for physicians under HITECH will end in 2018 and be incorporated into MIPS beginning in 2019. The Institution is participating in the EHR incentive programs; however, the effect of the Stimulus Act and any future regulatory actions on the Institution cannot be determined at this time.

Department of Health Regulations

The Institution is subject to regulations of DOH. Compliance with such regulations may require substantial expenditures for administrative or other costs. The Institution's ability to add services or beds and to modify existing services materially is also subject to DOH review and approval. Approvals can be highly discretionary, may involve substantial delay, and may require substantial changes in the proposed request. Accordingly, the Institution's ability to make changes to its service offerings and respond to changes in the environment may be limited.

New York State Executive Order

On January 18, 2012, Governor Andrew Cuomo signed Executive Order 38 (the "*EO 38*") limiting spending by covered providers, such as hospitals, for administrative costs and executive compensation from state funds and state-authorized payments, such as Medicaid payments, (collectively, "State Funds") and placed additional limitations on the use of any other sources of funds ("*non-State Funds*") for executive compensation. State agencies, including the New York State Department of Health, promulgated final regulations implementing EO 38. The final regulations limit the use of State Funds for executive compensation up to $199,000 annually for covered executives and places additional limits on the use of non-State Funds for executive compensation in excess of $199,000 annually for such covered executives. In addition, the final regulations require that at least 85% of State Funds be used for direct care or services, rather than administrative costs. The final regulations became effective July 1, 2013. There have been a number of legal challenges to the validity of the final regulations which provided additional uncertainty. However, on October 18, 2018, the New York Court of Appeals, in *Matter of Leading Age New York, Inc et al v. Shah*, 2018 WL 5046104 (NY, 2018), affirmed an Appellate Division decision, and upheld the validity of the final regulations in connection with executive compensation which limited the use of State Funds and invalidated the final regulations regarding the use of non-State Funds.

Other Governmental Regulation

The Institution is subject to regulatory actions and policy changes by those governmental and private agencies that administer the Medicare and Medicaid programs and actions by, among others, the National Labor Relations Board, professional and industrial associations of staff and employees, applicable professional review organizations, the Joint Commission, the Environmental Protection Agency, the Internal Revenue Service ("*IRS*") and other federal, state and local governmental agencies, and by the various federal, state and local agencies created by the National Health Planning and Resources Development Act and the Occupational Safety Health Act.

Renewal and continuation 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 activity or response by the Institution. These activities generally are conducted in the normal

course of business of health facilities. Nevertheless, an adverse result could cause a loss or reduction in the Institution's scope of licensure, certification or accreditation, could reduce the payment received or could require repayment of amounts previously remitted to the provider.

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 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 health organizations 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 a health care provider's reputation and materially adversely affect business operations.

An EHR is a digital version of a paper chart that contains all of a patient's medical history from a single practice. While EHR systems are designed to provide a variety of benefits such as the ability to easily track data over time, identify patients who are due for preventive visits and screenings and improve the overall quality of care delivered by health professionals, the use of EHR systems has given rise to a number of risk management and patient safety issues including, but not limited to, inappropriate access, record tampering, inaccurate patient information, loss due to natural catastrophes, unavailability of data due to technical problems, and potential malpractice liability. Providers implementing EHR systems have experienced adverse financial results during the conversion and implementation process due to additional operating expenses, staff time committed to the process, and delays in billings. These aforementioned risks related to EHR systems may adversely affect the operations of the Institution in an amount and for a period of time that cannot be determined at this time.

Not-for-Profit Status

As a non-profit tax-exempt organization, the Institution 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. At the same time, the Institution conducts large-scale complex business transactions and is a significant employer in its geographic areas. There can often be a tension between the rules designed to regulate a wide range of charitable organizations and the day-to-day operations of a complex health care organization.

Recently, 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 nonprofit 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 many cases are examinations of core business practices of the health care organizations. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, executive compensation, exemption of property from real property taxation and others. For example, in August of 2011, the real estate tax exemption of three Illinois-based hospitals was revoked for failing to provide sufficient charity care. 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.

Tax-Exempt Status of the Bonds

Because the excludability of interest on the Bonds from gross income for federal income tax purposes is dependent in part upon events occurring after the date of issuance of the Bonds, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the Institution with certain provisions of the Code and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes in the event of noncompliance with such provisions.

The failure of the Institution to maintain its existence as an organization described in Section 501(c)(3) of the Code or to comply with certain provisions of the Code and the regulations thereunder may cause interest on the Bonds to become includable in the gross income of the owners thereof for federal income tax purposes as of the date of issue. Although the Indenture provides that the Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability (see "THE BONDS— Redemption Provisions — Mandatory Taxability Redemption" above), there can be no assurances that the Institution shall have sufficient funds or access to sufficient funds to effectuate such mandatory redemption.

From time to time the United States Congress has considered and can be expected in the future to consider tax reform and other legislative proposals, including some that carry retroactive effective dates, which, if enacted, could alter or amend the federal tax-exempt status, or adversely affect the market value, of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. In the event any such legislation which amends the federal tax-exempt status or adversely affects the market value of the Bonds become law, the Indenture does not provide for the increase in interest rate on the Bonds or the mandatory redemption of the Bonds. Also, Bondholders of the Bonds are not indemnified for any costs or losses (*e.g.*, tax deficiencies, interest and penalties, loss of market value) that may be incurred as a result of a change in law.

Internal Revenue Service Examination of Compensation Practices and Community Benefit

The IRS has been historically concerned about executive compensation practices of tax-exempt hospitals. In 2004, the IRS began a compliance program to measure compliance by tax-exempt organizations with requirements that they not pay excessive compensation and benefits to their officers and other insiders. In February 2009, the IRS issued its Hospital Compliance Project Final Report (the "*IRS Final Report*") that examined tax-exempt organizations' practices and procedures with regard to compensation and benefits paid to their officers and other defined "insiders." The IRS Final Report indicated that the IRS will continue to heavily scrutinize executive compensation arrangements, practices and procedures of tax-exempt hospitals and other tax-exempt organizations and, in certain circumstances, may conduct further investigations or impose fines on tax-exempt organizations

The IRS has also undertaken a community benefit initiative directed at hospitals The IRS Final Report determined that the reporting of community benefit by nonprofit hospitals varied widely, both as to types of programs and expenditures classified as community benefit and the measurement of community benefits. As a result, the Form 990 requires detailed 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 a compliance risk. The Form 990 also requires the disclosure of information on community benefit as well as reporting of information related to tax-exempt bonds, including compliance with the arbitrage rules and rules limiting private-use of bond-financed facilities, including compliance with the safe harbor guidance in connection with management contracts and research contracts. The Form 990 is intended to provide enhanced transparency as to the operations of

exempt organizations. It is likely that the IRS will use detailed information to assist in its enhanced enforcement efforts.

The ACA also contains new requirements for tax-exempt hospitals. Under the ACA, each tax-exempt hospital facility is required to (i) conduct a community health needs assessment at least every three years and adopt an implementation strategy to meet the identified community needs, (ii) adopt, implement and widely publicize a written financial assistance policy and a policy to provide emergency medical treatment without discrimination, (iii) limit charges to individuals who qualify for financial assistance under such tax-exempt hospital's financial assistance policy to no more than the amounts generally billed to individuals who have insurance covering such care and refrain from using "gross charges" when billing such individuals, and (iv) refrain from taking extraordinary collection actions without first making reasonable efforts to determine whether the individual is eligible for assistance under such tax-exempt hospital's financial assistance policy. In addition, the Treasury Department is required to review information about each tax-exempt hospital's community benefit activities at least once every three years, as well as to 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. The periodic reviews and reports to Congress regarding the community benefits provided by 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 tax-exempt status and may increase IRS scrutiny of particular 501(c)(3) hospital organizations.

Internal Revenue Code Limitations

Private Inurement and Excess Benefit Transactions. 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. Consequently, the Code could adversely affect the Institution's ability to finance its future capital needs and could have other adverse effects on the Institution that cannot be predicted at this time. The Code continues to subject unrelated business income of nonprofit organizations to taxation.

As a tax-exempt organization, the Institution is limited with respect to the use of practice income guarantees, reduced rent on medical office space, below market rate interest loans, joint venture programs, and other means of recruiting and retaining physicians. The IRS has recently intensified its scrutiny of a broad variety of contractual relationships commonly entered into by hospitals and affiliated entities, including the Institution, 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 Institution or assessment of significant tax liability could have a material adverse effect on the Institution and might lead to loss of tax exemption of interest on the Bonds.

Revocation of the tax-exempt status of the Institution under Section 501(c)(3) of the Code could subject the interest paid to Bondholders to federal income tax retroactively to the date of the issuance of the Bonds. 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 Section 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 assurance concerning the outcome of an audit or other investigation given the lack of clear authority interpreting the range of activities undertaken by the Institution.

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 calls 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 unreasonable compensation for services or receives other economic benefit from the organization that either exceeds fair market value or, to the extent provided in regulations yet to be promulgated, is determined in whole or in part by the revenues of one or more activities of such organization. "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.

Although the Institution believes that the sanction of revocation of tax-exempt status is likely to be imposed only in cases of pervasive excess benefit, the imposition of penalty excise tax in lieu of revocation, based upon a finding that the Institution engaged in an excess benefit transaction, is likely to result in negative publicity and other consequences that could have a materially adverse effect on the operations, property or assets of the Institution.

Charity Care. Hospitals are permitted to have 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, and when charitable donations were required to fund the health care provided to the sick and disabled. Some have posited that, with the onset of employer health insurance and government reimbursement programs, there is no longer any justification for special tax treatment for the not-for-profit health care sector, and the availability of tax-exempt status should be eliminated. Management of the Institution cannot predict the likelihood for such a dramatic change in the law. 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.

Tax Audits

Taxing authorities historically have conducted tax audits of non-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. The Institution is currently not under audit.

Antitrust

Enforcement of the antitrust laws against health care providers is becoming more common. Antitrust liability may arise in a wide variety of circumstances including medical staff privilege disputes, payor contracting, physician relations, joint ventures, merger, affiliation and acquisition activities, and certain pricing and salary setting activities. Actions can be brought by federal and state enforcement agencies seeking criminal and civil penalties and, in some instances, by private litigants seeking damages for harm arising out of allegedly anti-competitive behavior. Common areas of potential liability include joint action among providers with respect to payor contracting, medical staff credentialing, and issues relating to market share. Liability in any of these or other trade regulation areas may be substantial, depending on the facts and circumstances of each case. With respect to payor contracting, the Institution, from time to time, may be involved in joint contracting activity with hospitals or other providers. The degree to which these or

similar joint contracting activities may expose a participant to antitrust risk from governmental or private sources is dependent on a myriad of factors that may change from time to time. If any provider with whom the Institution is or becomes affiliated is determined to have violated the antitrust laws, the Institution may be subject to liability as a joint actor.

Some judicial decisions have permitted physicians who are subject to disciplinary or other adverse actions by a hospital at which they practice, including denial or revocation of medical staff privileges, to seek treble damages from the hospital under the federal antitrust laws. The Federal Health Care Quality Improvement Act of 1986 provides immunity from liability for discipline of physicians by hospitals under certain circumstances, but courts have differed over the nature and scope of this immunity. In addition, hospitals occasionally indemnify medical staff members who incur costs as defendants in lawsuits involving medical staff privilege decisions. Some court decisions have also permitted recovery by competitors claiming harm from a hospital's use of its market power to obtain unfair competitive advantage in expanding into ancillary health care businesses. Antitrust liability in any of these contexts can be substantial, depending upon the facts and circumstances involved. There can be no assurance that a third party reviewing the activities of the Institution would find such activities to be in full compliance with the antitrust laws.

Acceleration

Upon the occurrence of certain events of default under the Indenture or the Loan Agreement, the Bonds may become subject to acceleration. If Bonds are accelerated prior to their stated maturity, the owners of such Bonds will no longer continue to receive interest.

Lack of Rating; Limited Secondary Market

The Bonds will not be rated by a Rating Agency at issuance and no application for a rating currently is expected. The absence of a rating affects the market for the Bonds. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Transfer Restrictions

The Bonds have not been registered under the Securities Act in reliance upon an exemption for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act. The Bonds may be offered, resold, pledged, or transferred only in accordance with the transfer restrictions in the Indenture to a "qualified institutional buyer" or an "accredited investor" that is acquiring the Bond for its own account or for the account of a qualified institutional buyer or an accredited investor; provided, however, that after the Bonds are rated investment grade or better by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, such transfer restrictions shall no longer apply to the Bonds. (See "THE BONDS— General")

Environmental Matters

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. These requirements govern medical and toxic or hazardous waste management, air and water quality control, notices to employees and the public and training requirements for employees. As owners and operators of properties and facilities, the Institution may be subject to potentially material liability for costs of investigating and remedying the release of any such substances either on, or that have migrated off the property. Typical health care provider operations

include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and/or discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. As such, health care provider operations are particularly susceptible to the practical, financial and legal risks associated with the obligations imposed by applicable environmental laws and regulations. Such risks may result in damage to individuals, property, or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance. There can be no assurance that the Institution will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Institution.

Affiliation, Merger, Acquisition and Divestiture

As part of its ongoing planning and property management functions, the Institution reviews the use, compatibility, and financial viability of many of its operations, and from time to time, may pursue changes in the use, or disposition, of their facilities. Likewise, the Institution may receive offers from, or conduct discussions with, third parties about the potential acquisition of operations or properties that may become part of the Institution in the future, or about the potential sale of some of the operations and properties of the Institution. Discussions with respect to affiliation, merger, acquisition, disposition, or change of use, including those that may affect the Institution, are held on an intermittent, and usually confidential, basis. As a result, it is possible that the assets currently owned by the Institution may change from time to time, subject to the provisions in the financing documents that apply to merger, sale, disposition or purchase of assets.

Insurance

The dollar amounts of patient damage recoveries remain potentially significant. A number of insurance carriers have withdrawn from this segment of the insurance market citing underwriting losses, and premiums have increased sharply in the last several years. The effect of these developments has been to significantly increase the operating costs of hospitals, including the Institution.

The Institution currently carries malpractice, directors' and officers' liability, and general liability insurance, which management of the Institution considers adequate, but no assurance can be given that the Institution will maintain coverage amounts currently in place in the future, that the coverage will be sufficient to cover all malpractice judgments rendered against the Institution or settlements of any such claims or that such coverage will be available at a reasonable cost in the future. For a discussion of the insurance coverage of the Institution, see "APPENDIX A – INFORMATION CONCERNING THE INSTITUTION."

Certain Accreditations

Certain Members of the Institution are subject to periodic review by the Joint Commission. The Members of the Institution have each received accreditation from the Joint Commission. No assurance can be given as to the effect on future operations of existing, or subsequently amended, laws, regulations and standards for certification or accreditation.

In addition, the Institution sponsors programs of graduate medical education ("*GME Programs*"), training residents and fellows, which programs are accredited by the Accreditation Council for Graduate Medical Education ("*ACGME*") (for medical programs) and by the American Dental Association ("*ADA*") (for dental programs). All GME Programs are subject to periodic review by the applicable specialty Residency Review Committee of the ACGME, or by the ADA, as appropriate. No assurance can be given as to (i) the outcome of future reviews of these GME Programs, (ii) such programs' continued accreditation, or (iii) the continuing eligibility of the costs associated therewith for graduate medical education reimbursement. See "APPENDIX A – INFORMATION CONCERNING THE INSTITUTION."

Increased Costs and State-Regulated Reimbursement

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, staff shortages, pharmaceutical costs and the highly technical nature of the industry The Institution has been affected by the impact of such rising costs, and there can be no assurance that the Members would not be similarly affected by the impact of additional unreimbursed costs in the future.

Secondary Market

There can be no assurance that there will be a secondary market for the purchase or sale of the 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 Institution's capabilities and the financial conditions and results of operations of the Institution.

Enforceability of Lien on Gross Revenues

The Loan Agreement provides that the Institution shall make payments to the Trustee sufficient to pay the Bonds and the interest thereon as the same become due. The obligation of the Institution to make such payments is evidenced by the Promissory Note and secured by obligations under the Loan Agreement, which, in turn, is secured by, among other things, a security interest granted to the Trustee in the Gross Revenues of the Institution. See "SECURITY FOR THE BONDS-The Indenture - The Trust Estate." The lien on Gross Revenues may become subordinate to certain Permitted Encumbrances under the Indenture. Gross Revenues paid by the Institution to other parties in the ordinary course might no longer be subject to the lien on the Indenture and might therefore be unavailable to the Trustee.

To the extent that Gross Revenues are derived from payments by the federal or state government under the Medicare or Medicaid program, any right to receive such payments directly may be unenforceable. The Social Security Act and state regulations prohibit anyone other than the individual receiving care or the institution providing service from collecting Medicare and Medicaid payments directly from the federal or state government. In addition, Medicare and Medicaid receivables may be subject to provisions of the Assignment of Claims Act of 1940, which restricts the ability of a secured party to collect accounts directly from government agencies. With respect to receivables and Gross Revenues not subject to the Lien, the Trustee would occupy the position of an unsecured creditor Counsel to the Institution has not provided an opinion with regard to the enforceability of the Lien on Gross Revenues of the Institution, where such Gross Revenues are derived from the Medicare and Medicaid programs.

In the event of bankruptcy of the Institution, transfers of property by the bankrupt entity, including the payment of debt or the transfer of any collateral, including receivables and Gross Revenues 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 Gross Revenues to meet expenses of the Institution before paying debt service on the Bonds.

Pursuant to the New York Uniform Commercial Code, a security interest in the proceeds of Gross Revenues may not continue to be perfected if such proceeds are not paid over to the Trustee by the Institution under certain circumstances If any required payment is not made when due, the Institution must transfer or pay over immediately to the Trustee any Gross Revenues with respect to which the security interest remains perfected pursuant to law. Any Gross Revenues thereafter received shall upon receipt by the Institution be transferred to the Trustee without such Gross Revenues being commingled with other funds, in the form received (with necessary endorsements) up to an amount equal to the amount of the

missed payment. The value of the security interest in the Gross Revenues could be diluted by the incurrence of Additional Indebtedness secured equally and ratably with the Bonds as to the security interest in the Gross Revenues or by the issuance of debt secured on a basis senior to the Bonds. See "SECURITY FOR THE BONDS - The Indenture."

Matters Affecting the Value of the Mortgaged Property

Certain of the Mortgaged Property does not comprise general purpose buildings and would require renovations in order to be generally suitable for industrial or commercial use. Consequently, it could be difficult to find a buyer or lessee for the Mortgaged Property if it were necessary to foreclose on the Mortgaged Property. Thus, upon default, it may not be possible to realize proceeds at least equal to the amount of the Outstanding Bonds then outstanding, if any, from a sale or lease of the Mortgaged Property due to its purpose-built improvements or the real estate market generally.

Bondholders also should note that, under applicable federal and State 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 Trustee's lien on behalf of the Bondholders could attach to the Mortgaged Property and Gross Revenues to secure the costs of removing or otherwise treating such pollutants or contaminants. Such a lien would adversely affect the Trustee's ability to realize value from disposition of the Mortgaged Property upon foreclosure. Furthermore, in determining whether to exercise any foreclosure rights with respect to the Mortgaged Property, the Trustee would need 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.

The value of the lien on the Mortgaged Property could be diluted by the issuance of Additional Indebtedness secured equally and ratably with the obligations under the Loan Agreement as to the lien on the Mortgaged Property. See "SECURITY FOR THE BONDS – The Indenture," herein and "APPENDIX D – INDENTURE OF TRUST."

Bankruptcy

The Bonds are payable from the sources and are secured as described in this Limited Offering Memorandum. The practical realization of value from the collateral for the Bonds described herein upon any default will depend upon the exercise of various remedies specified by the Loan Agreement and the 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 Loan Agreement and the 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 opinions to be delivered concurrently with the delivery of the 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

The rights and remedies of the holders of the Bonds are subject to various provisions of Title 11 of the United States Code (the "*Bankruptcy Code*"). If the Institution were to file a petition for relief under the Bankruptcy Code, the filing would automatically stay among other things, the commencement or continuation of any judicial or other proceedings against the Institution, any action to enforce a lien against and any action to enforce any judgments or obtain possession of control over the Institution's property its property. The Institution would not be permitted or required to make payments of principal or interest under the Loan Agreement and the Promissory Note, 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 Trustee from applying amounts on deposit in certain funds and accounts held under the Indenture from being applied in accordance with the provisions of the Indenture, and the application of such amounts to the payment of principal and Sinking Fund Installments of, and

interest on, the Bonds. Moreover, any motion for an order modifying or terminating the automatic stay and permitting such funds and accounts to be applied in accordance with the provisions of the Indenture would be subject to prevailing legal limitations and the discretion of the United States Bankruptcy Court, and would be subject to objection and/or comment by other creditors of the Institution, which could affect the likelihood or timing of obtaining such relief. The automatic stay may also extinguish the Trustee's continuing security interest in the Institution's Gross Revenues arising subsequent to the filing of the bankruptcy petition, adversely affect the ability of the Trustee to exercise remedies upon default, including the acceleration of all amounts payable by the Institution, the Indenture, and the Loan Agreement, and may adversely affect the Trustee's or the Trustee's ability to take all steps necessary to file a claim under the applicable documents on a timely basis.

The Institution could file a plan for the restructuring 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, if and when confirmed by the United States Bankruptcy Court, would bind all creditors who have notice or knowledge of the bankruptcy case whether or not they notice to approve the Plan and could discharge all claims against the Institution 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 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 there under and does not discriminate unfairly.

Considerations Relating to Additional Debt

Subject to the terms set forth therein, the Loan Agreement and the Indenture permit the Institution to incur additional indebtedness, including Additional Bonds.

Such indebtedness would increase the Institution's debt service and repayment requirements and may adversely affect debt service coverage on the Bonds.

Risks Related to Interest Rate Swaps

The Institution may from time to time enter into hedging arrangements to hedge the interest payable or manage interest cost on certain of its indebtedness, assets, or other derivative arrangements. Changes in the market value of such agreements could have a negative impact on the Institution's operating results and financial condition, and such impact could be material Any such future hedging agreement may be subject to early termination upon the occurrence of certain events. If either the Institution or the counterparty terminates any hedge agreement entered into in the future when such agreement has a negative value to the Institution, the Institution could be obligated to make a substantial termination payment, which could materially adversely affect the financial condition of the Institution

Other Risk Factors

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

- 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 Institution, which could increase the proportion of patients who are unable to pay fully for the cost of their 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 comparable regulations or attempts by third-party payors to control or restrict the operations of certain health care facilities.
- Reduced demand for the services of the Institution that might result from decreases in population, including reductions in personnel stationed at the United States Army Base at Fort Drum, New York, 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 Institution, 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 Institution's facilities.
- Adoption of a so-called "flat tax" 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 market value of the Bonds and the level of charitable donations to the Institution.

LITIGATION

The Issuer

There is no action, suit or proceeding or investigation at law or in equity by or before any court, public board or body pending against the Issuer of which the Issuer has notice, or, to the Issuer's knowledge, overtly threatened against the Issuer, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture or the Loan Agreement.

The Institution

The Institution is involved in certain ongoing litigation and claims pertaining to its hospital business. While the ultimate outcome of these lawsuits cannot be determined at this time, the Institution asserts that such matters are covered by insurance and it is the opinion of the Institution's management that the ultimate resolution of these matters will not have a material adverse effect on the Institution or its ability to perform its obligations under the Security Documents. There is no litigation of any nature now pending, or to the knowledge of the Institution's officers threatened, against the Institution restraining or enjoining the execution, sale or delivery of the Bonds by the Issuer or in any way contesting or affecting the validity of the Bonds, the Loan Agreement, the Promissory Note or the Indenture, any proceedings of the Institution taken concerning the execution, sale or delivery of the Loan Agreement or the Promissory Note, or the application of any moneys or security provided for the payment of the Bonds.

LEGAL MATTERS

Legal matters in connection with the authorization, issuance and sale of the Bonds are subject to the approving opinion of Katten Muchin Rosenman LLP, New York, New York, Bond Counsel to the Issuer, which opinion will be substantially in the form attached hereto as APPENDIX F – PROPOSED FORM OF OPINION OF BOND COUNSEL. Certain legal matters will be passed upon for the Issuer by its General Counsel, and for the Institution by its counsel, Garfunkel Wild, P.C., Great Neck, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C.

TAX MATTERS

Summary of Certain Federal Tax Requirements; Post-Issuance Compliance

The Internal Revenue Code of 1986, as amended (the "*Code*"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order for interest on the Bonds to be and remain not includable in gross income of the owners thereof under Section 103 of the Code. Included among the continuing requirements of the Code are the maintenance of the status of the Institution as an organization described in Section 501(c)(3) of the Code, certain restrictions and prohibitions on the use of proceeds of the Bonds and the use of the facilities financed or refinanced by the Bonds, restrictions on the investment of such proceeds and other amounts, and the rebate to the United States of certain earnings in respect of investments. Failure to comply with these continuing requirements may cause the interest on the Bonds to be includable in gross income for federal income tax purposes (and to be includable in taxable income for purposes of the State and the City personal income taxes) retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. If a Determination of Taxability occurs, the Indenture provides that the rate of interest on the Bonds shall be the Taxable Rate commencing with the date of the Event of Taxability and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Determination of Taxability. In addition, the Indenture further provides for the mandatory redemption of all of the Bonds (or such portion thereof as is necessary in the opinion of Bond Counsel to preserve the tax-exempt status of the interest on the Bonds that remain outstanding) within one hundred twenty (120) days following such Determination of Taxability at a redemption price equal to one hundred five percent (105%) of the principal amount of the Bonds so redeemed plus interest at the Taxable Rate accrued from the Event of Taxability to the date of redemption. However, the Indenture makes no provision to reimburse holders of the Bonds subject to an Event of Taxability for tax deficiencies, interest, and penalties paid by such holders to the IRS or loss of market value of the Bonds, resulting from the loss of the exclusion of interest on the Bonds from federal gross income. In the Indenture, the Loan Agreement, and the Tax Certificate of the Issuer and the Institution, the Issuer and the Institution have covenanted to comply with certain procedures, and it has made certain representations and certifications, designed to assure compliance with the requirements of the Code.

In addition, Bond Counsel has relied, among other things, on the opinion of Garfunkel Wild, P.C., counsel to the Institution, regarding the current qualification of the Institution as an organization described in Section 501(c)(3) of the Code and the use contemplated by Institution of facilities financed or refinanced by the Bonds as substantially related to the charitable purposes of the Institution under Section 513 of the Code. Neither Bond Counsel nor counsel to the Institution can give or has given any opinion or assurance about the future activities of the Institution, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the resulting changes in the enforcement thereof by the IRS. Failure of the Institution to be organized and operated in accordance with the IRS's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code or to operate the facilities financed or refinanced by the Bonds in a manner that is substantially related to its charitable purposes under Section 513 of the Code may result in interest payable with respect to the Bonds being included in federal gross income and in the State and the City taxable income, possibly from the date of original issuance of the Bonds.

Opinion of Bond Counsel

In the opinion of Katten Muchin Rosenman LLP, New York, New York, Bond Counsel, assuming continuing compliance by the Issuer and the Institution (and their successors) with the covenants, and the accuracy of the representations discussed above, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable in gross income for federal income tax purposes. Bond Counsel is of the further opinion that interest on the Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax on individuals.

In the opinion of Bond Counsel, assuming continuing compliance by the Issuer and the Institution (and their successors) with the requirements of the Code that must be met in order for interest on the Bonds to be not includable in gross income for federal income tax purposes, interest on the Bonds (including any accrued original issue discount) is also not includable in taxable income for purposes of personal income taxes imposed by the State and the City, under existing statutes and regulations.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the IRS or any court. Further, Bond Counsel cannot give, and has not given, any opinion or assurance about the future activities of the Issuer or the Institution, or about the effect of future changes in the Code, applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificate of the Issuer and the Institution and other relevant documents may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of a Nationally Recognized Bond Counsel. Katten Muchin Rosenman LLP expresses no opinion as to the effect on the exclusion from gross income for federal tax purposes, and as to the effect on the non-inclusion in taxable income for purposes of personal income taxes imposed by the State and the City of interest on the Bonds of any such change occurring, or such action or other action taken or not taken, after the date of issuance of the Bonds, upon the advice or approval of bond counsel other than Katten Muchin Rosenman LLP

Original Issue Discount

The Bonds will be initially issued to the Initial Bondholder at a price less than the principal amount thereof payable at maturity. The difference between such price and principal amount constitutes original issue discount with respect to the Bonds. Bond Counsel is of the opinion that original issue discount, as it accrues, is excludable from gross income for federal income tax purposes and is subject to the alternative minimum tax to the same extent as is interest on the Bonds. Original issue discount accrues in each taxable year over the term of the Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code, with certain adjustments. Accruals of original issue discount are treated as tax-exempt interest earned by owners on the accrual basis of tax accounting and as tax-exempt interest received by owners on the cash basis of tax accounting even though no cash corresponding to the accrual is received in the year of accrual. The tax basis of a Bond if held by an original purchaser, can be determined by adding to such owner's purchase price of such Bond the original issue discount that has accrued. Holders of the Bonds should consult their own tax advisors with respect to the calculation of the amount of the original issue discount that will be treated for federal income tax purposes as having accrued for any taxable year (or portion thereof) of such owners and with respect to other federal, state and local tax consequences of owning and disposing of the Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor of interest is required to deduct and withhold a tax from the payment, calculated in the manner set forth in the Code. If a Holder purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes.

Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Other Considerations

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of, tax-exempt obligations may have collateral federal income tax consequences for certain taxpayers, including financial institutions, certain S corporations, United States branches of foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors as to any possible collateral tax consequences in respect of the Bonds. Bond Counsel expresses no opinion regarding any such collateral tax consequences.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the Closing Date 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, will not cause interest on the Bonds to be subject, directly or indirectly, to federal or State or local income taxation, or otherwise prevent Holders from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal or State tax legislation. Further no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit, or the course or result of any IRS examination of the Bonds, or obligations which present similar tax issues, will not affect the market price of the Bonds.

Bond Counsel's engagement with respect to the Bonds ends on the Closing Date of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the Institution or the Bondholders regarding the tax status of interest on the Bonds in the event of an audit by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current procedures parties other than the Issuer, the Institution, and their appointed counsel, including the Bondholders, would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with any audit of tax-exempt bonds is difficult, obtaining an independent judicial review of IRS positions with which the Issuer or the Institution legitimately disagrees, may not be practical. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for, or the marketability of, the Bonds, and may cause the Issuer or the Institution and the Bondholders to incur significant expense.

RATINGS

The Bonds shall not be rated at the time of issuance. So long as any Bonds are Outstanding, the Institution agrees, not later than sixty days after receipt of a written request executed by more than 50% of the Bonds then Outstanding or the Bondholder Representative, to cooperate with the solicitation of a credit rating on the then Outstanding Bonds from one or more Nationally Recognized Credit Rating Agencies in order to obtain a rating on the Bonds, which ratings shall be paid for by the beneficial owners of the Bonds.

UNDERWRITING

Cain Brothers, a division of KeyBanc Capital Markets Inc (the "*Underwriter*") is underwriting the Bonds. On the sale date, the Underwriter will enter into a Bond Purchase Agreement with the Issuer and the Institution pursuant to which the Underwriter will agree to purchase the Bonds subject to certain conditions contained in the Bond Purchase Agreement (including the purchase of the Bonds by the Bondholder) and to pay to the Trustee, on the date of issuance of the Bonds, (1) the Series 2018A Initial Advance in the aggregate amount of $47,172,562.50 (which includes an Underwriter's discount of $1,400,000.00), and (2) the Series 2018B Initial Advance in the aggregate amount of $113,850.00.

The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

INDEPENDENT AUDITORS

The audited financial statements of the Institution as of and for the years ended December 31, 2017 and 2016, included in APPENDIX B to this Limited Offering Memorandum, have been audited by Baker Tilly Virchow Krause, LLP, independent auditors, as stated in their report appearing in APPENDIX B.

CONTINUING DISCLOSURE

On the date of issuance of the Bonds, the Institution will enter into the Continuing Disclosure Agreement in substantially the form attached hereto as APPENDIX E for the benefit of the beneficial owners of the Bonds. Under the Continuing Disclosure Agreement, the Institution is required to file certain information quarterly and annually with, and to provide notice of certain events to, the Municipal Securities Rulemaking Board (the "*MSRB*") using its Electronic Municipal Market Access system ("*EMMA*"), pursuant to Rule 15c2-12, as amended (the "*Rule*"), of the Securities and Exchange Commission. The information to be provided on a quarterly and annual basis and the events of which notice is required to be provided upon occurrence are set forth in the Continuing Disclosure Agreement. The Institution has not entered into any previous undertakings with respect to Rule 15c2-12. Failure of the Institution to provide such information will not constitute a default under the Loan Agreement. See APPENDIX E hereto.

MISCELLANEOUS

The foregoing summaries or descriptions of provisions in the Indenture, the Loan Agreement, the Promissory Note, the Agreement to Advance, the Tax Regulatory Agreement, the Continuing Disclosure Agreement, and the other agreements and documents referred to herein, and all references to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions or purport to summarize all of the pertinent provisions thereof. Reference is made to the complete Indenture and the Loan Agreement, copies of which are attached to the Limited Offering Memorandum.

The information contained in this Limited Offering Memorandum is the responsibility of the Institution, except for the information contained under the heading BOOK-ENTRY ONLY SYSTEM," which has been provided by DTC to the extent described therein, the information under the heading "THE ISSUER" and "LITIGATION-The Issuer," which has been provided by the Issuer, and the information under the heading "UNDERWRITING," which has been provided by the Underwriter. The Issuer makes no representation, warranty, or certification as to the adequacy or accuracy of the information set forth in this Limited Offering Memorandum, other than the information set forth under the headings "THE

ISSUER" and "LITIGATION—The Issuer " This Limited Offering Memorandum is not intended to be construed as a contract or agreement between the Issuer and the purchasers or holders of the Bonds.

Any statements made in this Limited Offering Memorandum involving matters of opinion or estimates, whether or not expressly stated, are set forth as such, and not as representations of facts. No representation is made that any of the opinions or estimates will be realized.

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The distribution of this Limited Offering Memorandum has been duly authorized by the Issuer and the Institution

BUILD NYC RESOURCE CORPORATION

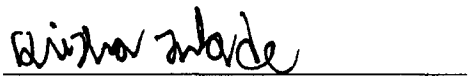
By. /s/ Krishna Omolade
Krishna Omolade
Deputy Executive Director

RICHMOND MEDICAL CENTER,
doing business as
Richmond University Medical Center,
a New York not-for-profit corporation

By: /s/ Joseph Saporito
Joseph Saporito
Senior Vice President and
Chief Financial Officer

The distribution of this Limited Offering Memorandum has been duly authorized by the Issuer and the Institution.

BUILD NYC RESOURCE CORPORATION

By: 

Krishna Omolade
Deputy Executive Director

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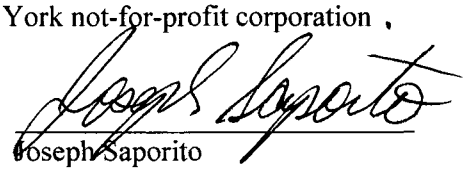
By: 

Joseph Saporito
Senior Vice President and
Chief Financial Officer

APPENDIX A – INFORMATION CONCERNING THE INSTITUTION

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INTRODUCTION

This Appendix A includes information regarding Richmond Medical Center, doing business as Richmond University Medical Center (the "Institution") in connection with the sale of the Series 2018 Bonds described in the front portion of this Official Statement. Terms used in this Appendix A that are not otherwise defined herein have the same meanings assigned to such terms in the front portion of this Official Statement.

The Institution is located on the northeastern portion of the borough of Staten Island, New York and is a full service, acute care, teaching hospital for the residents of Staten Island. The Institution's geographic distinction, as being the only hospital on Staten Island not located in a designated flood zone, makes the Institution a strategic resource for borough residents in the event of flood-related natural disasters. The Institution is a not-for-profit, 501(c)(3) healthcare provider, offering patient-centered care through a full spectrum of emergency, acute, primary, behavioral health and medical services.

The Institution, currently an affiliate of The Mount Sinai Hospital and the Icahn School of Medicine, was founded on January 1, 2007 as a wholly-owned subsidiary of Bridge Regional Health System. Presently, the Institution and its affiliates are comprised of (a) Richmond Medical Center, a 448 licensed bed (291 staffed beds excluding newborns and NICU bassinettes) acute care teaching facility; (b) Amboy Medical Practice P.C., a professional services organization which houses the employed medical staff members; (c) Richmond Medical Center Foundation, a tax exempt organization established to raise funds for the Institution; (d) Richmond Quality, LLC, an "accountable care organization" which is responsible for quality, cost and overall care for an assigned group of Medicare beneficiaries, and (e) Staten Island Performing Provider, LLC, an unconsolidated affiliate, through a joint venture with Staten Island University Hospital established as a Performing Provider System established through the New York State Department of Health Delivery System Reform Incentive Payment Program.

The Institution provides a number of high-end tertiary care services as follows: designation as a Level I Adult, and Level II Pediatric Trauma Emergency Department by the American College of Surgeons; designation as a Stroke Center receiving national recognition from the American Heart Association and American Stroke Association, development of a Cardiac Catheterization Laboratory with PCI (percutaneous coronary intervention) with capabilities for elective and emergent angioplasty procedures; and a Wound Care/Hyperbaric Center and a Sleep Disorder Center. In addition, the Institution is one of the only borough facilities designated as a Certified Psychiatric Emergency Program providing a full range of behavioral health services for children, adolescents and adults in both inpatient and outpatient settings, including emergency services, mobile crisis intervention, and inpatient and outpatient psychiatric services.

CORPORATE ORGANIZATION AND INSTITUTION CONTROL

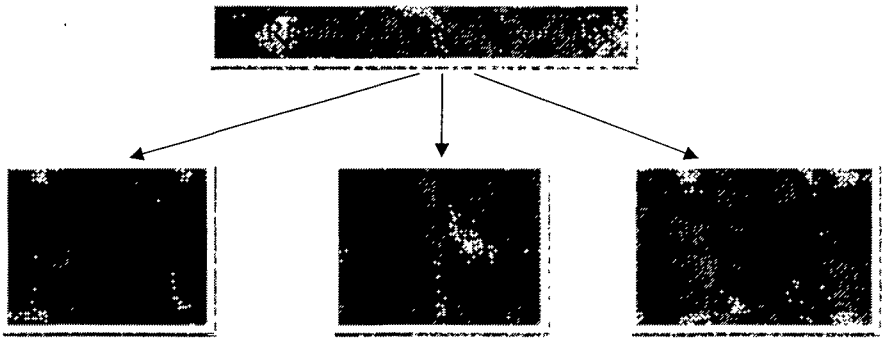
Corporate Organization

The Institution is a Type-B corporation formed and operated exclusively for charitable, scientific and educational purposes as defined in Section 501(c)(3) of the Internal Revenue Service Code of 1986 (the "Code"). The Institution was formed, amongst other reasons, to establish, maintain and/or operate a hospital or hospitals within the State of New York for the medical and surgical care and treatment of inpatients and outpatients and the provision of a range of medical and associated services for the diagnosis and treatment of patients, including, but not limited to, outpatient care, home care and extended care. Further, the Institution was formed to (a) promote and carry on scientific and medical research related to the care of the sick, injured or disabled, and related to the causes, origins, treatment and prevention of diseases, sickness, injuries and disabilities; (b) provide clinical training in conjunction with duly authorized colleges and universities, and continuing education in the field of medicine; (c) offer training in medical research, but not to award any degree or diploma or to operate other professional training programs, except as may be authorized by the Board of Regents and registered by the Commissioner of Education, (d) solicit contributions for the purposes of the establishment, maintenance and operation of a hospital or hospitals, and (e) promote, participate in and carry on any activity designed to promote the general health of the community.

The sole member of the Institution is Bridge Regional Health System (the "Member"). The Member has certain reserved powers, as listed in the By-Laws, which include: (a) the power to elect the Trustees of the Institution and to remove the Trustees of the Institution; (b) the power to authorize, (i) the amendment and restatement of the Certificate of Incorporation and By-Laws of the Institution, (ii) the merger or consolidation of the Institution with any

other entity, (iii) the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all the property and assets of the Institution; and (iv) the voluntary dissolution of the Institution, and the plan of distribution of assets upon dissolution and the revocation of voluntary dissolution proceedings, (c) the power to approve affiliation agreements for education and research between academic institutions and the Institution; (d) the power to approve (i) the Institution's strategic and business plans and; (ii) any proposed changes to the Institution's mission statements, (e) the power to approve the Institution's (i) capital budget, (ii) operating budgets, and (iii) non-budgeted material expenditures (classification of expenditures as "material" shall be established by the Member's Board of Trustees from time to time); (f) the power to approve the Institution's investment policies; (g) the power to authorize the Institution's participation in a joint venture, consolidation, affiliation, network, association, system or alliance of health care providers; (h) the power to authorize the Institution's organization or formation of a new subsidiary or joint venture entity, arrangement or relationship in which the Institution's ownership interest will be equal to or in excess of fifty percent (50%) of the net income or voting interests therein, (i) the power to authorize the Institution's incurrence or guarantee of material indebtedness to any other person or entity and a mortgage or pledge of, or grant of a security interest in, property or assets of a hospital or related entity in connection with any such indebtedness; (j) the power to approve the Institution's human resource plans; (k) the power to approve accounting policies for the Institution and approve the appointment of the Institution's outside auditors, (l) the power to authorize any vote by the Institution of the capital stock, membership or partnership voting rights owned by the corporation in any and all of its subsidiaries or affiliates with respect to any of the foregoing; and (m) the power to hire and fire the President of the Institution

The organizational structure of the Institution is as follows.



History of the Institution

Castleton Acquisition Corporation ("Castleton") was formed on March 29, 2006 as a nonprofit corporation under the laws of the State of New York. Castleton was formed to undergo the process of applying for an application with the Public Health Council of the New York State Department of Health to operate any hospitals acquired by Castleton. On May 16, 2006, an Asset Purchase Agreement was signed between Saint Vincent's Catholic Medical Centers of New York and Castleton, in which Castleton acquired assets of the former Saint Vincent's Hospital, Staten Island, located at 355 Bard Avenue ("Main Campus") and certain interest in leased property, all located on the North Shore of Staten Island, New York. Assets conveyed to Castleton consisted primarily of real property, furniture, equipment, and assets associated with programs located at the Main Campus and programs located at the Bayley Seton Campus

On December 28, 2006, Castleton amended its certificate of incorporation to change its legal name to Richmond Medical Center. Other changes were made in accordance with this amendment, including changing the purpose to establish and operate hospitals within the state of New York. The Institution began operations on January 1, 2007, as a wholly-owned subsidiary of the Member.

In 2008, the Institution created a professional services corporation known as Amboy Medical Practice, P.C ("Amboy"), which has as its primary purpose to engage in the profession of medicine. Amboy began operations on October 1, 2008 at a location on the South Shore of Staten Island and has since expanded to other locations Richmond Medical Center Foundation, Inc (the "Foundation") is a tax-exempt organization, established to raise funds for the Institution Richmond Quality, LLC ("RQ LLC") is an Accountable Care Organization. RQ LLC's mission is to establish a group of coordinated healthcare providers which agree to be accountable for the quality, cost and overall care for an assigned group of Medicare beneficiaries.

Amboy is a New York professional service corporation As such, its shares of stock are required by the New York Business Corporation Law to be owned by a natural person licensed to practice the profession of medicine by the New York State Department of Education. All of the issued and outstanding shares of the Practice's stock are owned by Alexander Beylinson, D O. Dr Beylinson is a board member of Amboy and Amboy's President and Treasurer. Pursuant to the Stock Restriction and Option Agreement by and among, Amboy, Dr. Beylinson and the Institution, upon separation of his employment from the Institution or Amboy for any reason, Dr. Beylinson is required to transfer the shares of Amboy to a person of the Institution's choosing for a total purchase price of $2.00. The Institution maintains control over Amboy through this structure Any transferee of the shares of Amboy would be subject to identical terms and conditions of the Stock Restriction and Option Agreement, to ensure that the Institution maintains the appropriate level of control over Amboy's operations. The Institution supports the operation of Amboy by providing administrative and practice management services, including supply chain services, payroll services, human resources services, and accounting services.

GOVERNANCE AND SENIOR MANAGEMENT

Board of Trustees

The Institution is a New York not-for profit corporation and is qualified as a tax-exempt organization under Section 501(c)(3) of the Code. Pursuant to the Institution's By-laws, the Board of Trustees (the "Board") must comprise not less than 3 or more than 21 trustees ("Trustees"). The Board shall have general power to control and manage the affairs and property of the Institution in accordance with the purposes and limitations set forth in the Certificate of Incorporation The number of Trustees may be increased or decreased, but no decrease shall shorten the term of any incumbent Trustee. The President of the Institution and the President of the Medical Staff shall be ex-officio members of the Board with vote and shall be counted as regular members of the Board for purposes of determining whether a quorum is present and for all other purposes. Any person over the age of twenty-one (21) years shall be eligible for membership on the Board. Trustees shall be selected for their ability to contribute to and effectively fulfill their responsibilities as Trustees of the Institution Any Trustee may be removed at any time, with or without cause, by a 2/3 vote of the Board. Any Trustee may resign from office at any time by delivering a resignation in writing to the Board or to the President and the acceptance of the resignation, unless required by its terms, shall not be necessary to make the resignation effective

The elected members of the Board of Trustees are divided into three (3) classes, designated Class A, Class B and Class C, each class being as nearly equal in number as possible, having not less than four (4) nor more than seven (7) Trustees The term of office of the initial Class A Trustees shall expire at the next annual meeting of the Member. The term of office of the initial Class B Trustees shall expire at the second succeeding annual meeting of the Member The term of office of the initial Class C Trustees shall expire at the third succeeding annual meeting of the Member At each annual meeting of the Member, Trustees to replace those whose terms expire shall be elected, after giving consideration to the recommendations of the Institution's Governance Committee, to hold office until the third succeeding annual meeting. Each Trustee shall be elected to serve until such Trustee's respective successor has been elected and qualified. At least one member of each class shall be a member of the Active Medical Staff. No member of the Active Medical Staff who is an officer of the Staff, other than the President, shall be eligible to serve as a Trustee and, if any member of the Active Medical Staff is elected an officer of the Attending Medical and Dental Staff while serving as a Trustee of the Institution, his membership as a Trustee shall automatically terminate upon his acceptance of such office.

The Trustees, their office (if any), their year of initial election, their voting status, and their principal occupation are as follows

Trustee	Voting Status	Year First Appointed	Year Term Expires	Occupation
Rev Dr Tony Baker, D. Min	Voting	Feb. 2007	2022	Pastor
Alan S Bernikow, CPA	Voting	June 2015	2030	Accounting Executive
Pietro Carpenito, MD Chief Medical Officer	Voting	Feb. 2007	2022	Anesthesiologist
Katherine Anne Connors, MPH, PT	Voting	Sept. 2008	2023	Physical Therapist
Thomas DelMastro	Voting	May 2018	2033	Chief Executive Officer of Staten Island Marine Development LLC
Gina Gutzeit, Treasurer	Voting	Sept. 2008	2023	Financial Executive/CPA
Steven M. Klein	Voting	Feb. 2017	2032	Banking Executive/CPA
Daniel Messina, Ph.D.	Voting	*Ex-Officio*		President and Chief Executive Officer
James Molinaro	Voting	Feb. 2007	2022	Former Staten Island Borough President
Jill O'Donnell-Tormey, Ph D	Voting	June 2011	2026	Executive Director – Cancer Research Institute
Pankaj Patel, MD	Voting	Sept. 2017	2032	Former Chairman of the Department of Psychiatry and Chief Medical Officer
Catherine Paulo, Esq Secretary	Voting	Feb. 2007	2022	Financial Advisor
Ronald A. Purpora Vice-Chairperson	Voting	Feb. 2008	2023	Financial Services Executive
Dennis W. Quirk	Voting	Feb. 2007	2022	President of New York State Court Officer's Association
Kathryn Krause Rooney, Esq Chairperson	Voting	Feb. 2007	2022	Attorney
John C Santora	Voting	June 2011	2026	Financial Services Executive
Marianne La Barbera, MD	Voting	*Ex-Officio*		President of the Medical Staff
John Vincent Scalia, Sr	Voting	June 2012	2027	Funeral Director
Samala Swamy, MD	Voting	March 2016	2031	Cardiologist
Sarah Warren Gardner, MPH	Voting	June 2010	2025	Public Health Executive
Allan Weissglass	Voting	Feb. 2007	2022	Former President of Magruder Color Company, Inc

Conflicts of Interest Policy

The Board's Conflict of Interest Policy follows the Internal Revenue Service's model and the New York State Not-for-Profit Law regarding conflict of interest and requires any direct or indirect financial interest on the part of any Trustee to be disclosed to the other members of the Board and made a matter of record either through an annual statement or when the interest becomes a matter of Board action. If a Trustee has a direct or indirect financial interest in any matter, the Trustee may not vote on the matter, and the Chairperson of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

Audit and Corporate Compliance

The Institution's Audit and Compliance Committee oversees the Institution's corporate compliance program (the "Compliance Program"). The Compliance Program is designed to prevent and detect violations of federal and state law, and health care related fraud, waste and abuse, as it relates to the Institution's conduct. The Compliance Program includes a Compliance Officer who is responsible for the day-to-day operation of the Compliance Program, and who is a member of the Institution's senior management, with the responsibility to report directly to the Audit and Compliance Committee, the Board, and the President and Chief Executive Officer. The Compliance Program includes methods for individuals to report concerns confidentially and anonymously, methods for responding to claims of improper, illegal or unethical activities, and audits or other methods to evaluate and monitor compliance and help to decrease identified deficiencies.

The Institution's external accounting firm, Baker Tilly, meets with the Audit and Compliance Committee to discuss the audit approach, audit risk assessment, and the results of the annual audit of the Institution's consolidated financial statements In addition, Baker Tilly meets with the Audit and Compliance Committee in an executive session to discuss other matters identified during the audit, as necessary

The Institution maintains a culture of integrity and ethical conduct by holding its officers, employees, medical staff, contractors, volunteers, and others accountable for meeting its compliance responsibilities. Examples are of these methods include ongoing and timely education, an established and clear code of conduct, a whistleblower policy, and regular self-monitoring activities.

Finance Committee

The Institution's Finance Committee monitors the Institution's financial performance on a regular basis, including managing the funds of the Institution, reporting to the Board on financial matters, overseeing the preparation of financial reports, reviewing the Institution's insurance coverage levels, and reviewing the Institution's investment and endowment funds.

Senior Management

A senior management team, including the current President and Chief Executive Officer of the Institution, supports and complements the governance activities of the Board, ensuring that policies, plans, and programs are implemented The management team's major responsibilities are to:

- Formulate recommendations for consideration by the Board,
- Interpret, communicate and implement the direction and policy established by the Board,
- Establish the strategic, financial, and human resources plans for the Institution,
- Allocate human and financial resources throughout the Institution to achieve its organization goals and objectives; and
- Monitor progress toward the goals and objectives of the Institution and initiate corrective plans when and where necessary.

The President and Chief Executive Officer reports to the Board and is supported by the other members of the Institution's senior management Biographical information regarding the President and Chief Executive Officer and other key members of the Institution's senior management follows

Daniel J. Messina, Ph.D., FACHE, LNHA, President and Chief Executive Officer. Daniel J Messina, Ph D , FACHE, LNHA, serves as the Institution's President and Chief Executive Officer. Dr. Messina joined the Institution in April 2014 Prior to joining the Institution, Dr Messina served as the Chief Operating Officer of CentraState Healthcare System in Freehold, New Jersey for 13 years, where he had administrative responsibility for all System Operations for the Institution, Monmouth Crossing Assisted Living Facility, The Manor Skilled Nursing and Rehabilitation Center and Applewood Estates Continuing Care Retirement Community.

During his tenure as President and Chief Executive Officer of the Institution, Dr. Messina has continued the expansion of the Institution's primary and behavioral care networks along with the integration of those services. The Institution has recently formed its own Individual Provider Association (IPA), continued success in its Accountable Care Organization (ACO). Richmond Quality, LLC. and partnered in the Staten Island Performing Provider System (SI PPS) as part of New York State's DSRIP program

Dr. Messina serves as Trustee on the National Multiple Sclerosis Society, the New Jersey Chapter, where he served as Chairman, and the Alumni Board of Trustees at Seton Hall University. Dr. Messina received his Bachelor of Science degree in Health Science/Respiratory Care from Long Island University Brooklyn, and earned his Masters in Public Administration in Healthcare Administration from LIU Post. He obtained his Doctor of Philosophy degree in Health Sciences and Leadership at Seton Hall University where he currently serves as an Adjunct Professor in the School of Health and Allied Sciences.

Pietro Carpenito, M.D., Executive Vice President. Pietro Carpenito M.D. is one of the founding board members of the Institution, where he continues to serve on various board committees, including Finance, Strategic Planning and Joint Conference As Executive Vice President, Dr. Carpenito is the liaison between the medical staff and the administration. He is responsible for clinical strategic planning and development of the organization ensuring, high-level physician integration He is a member of various committees in the organization, including Medical Executive Committee, Hospital-wide QA, the Critical Care Committee, the Executive Committee of the Medical Staff, the Credentials Committee and the CME Committee. Dr Carpenito is clinically active as the Chairperson of the Anesthesia Department, a position he has held for the past ten (10) years.

Dr. Carpenito is a graduate of the Universita degli Studi Di Pisa Facolta di Medicina e Chirurgia, Italy He is a member of the American Board of Anesthesiologists, New York State Society of Anesthesia, American Society of Anesthesiology, International Research Society, SAMBA, the Richmond County Medical Society and the American Medical Association. Dr. Carpenito has been honored numerous times for his commitment to the community, most recently as a recipient of the United Hospital Trustee of the Year and the Rev. Dr. Martin Luther King, Jr. Business Achievement Award, and an honoree at the St Vincent's Gala

Rosemarie Stazzone, RN, MS, CNE, Chief Nursing Officer and Chief Operating Officer. Rosemarie Stazzone serves as the Institution's Chief Nursing Office and Chief Operating Officer Mrs. Stazzone is responsible for the daily and strategic clinical operations throughout the Institution and is responsible for maintaining cohesive and collaborative internal relationships to assure continued service and commitment to organizational goals. Mrs. Stazzone serves as the executive leader in relationship building with other health care organizations, community and business leaders, voluntary medical staff, medical staff leadership, government agencies, academic institutions and the Board Prior to this appointment, she served as Vice President for Nursing and Patient Care Services at St. Vincent Catholic Medical Centers (Staten Island) for two years and before that was the Associate Vice President for Professional and Clinical Development, Patient Care Services at Staten Island University Hospital.

Mrs Stazzone earned a master's degree in nursing from Wagner College, Staten Island, and her Bachelor of Science in Nursing Degree at Medgar Evers College. She is a registered nurse in New York State and holds American Nurses Credential Center certification: Nurse Executive, Advanced In addition, she is a member of the New York Organization for Nurse Executives, the American Organization of Nurse Executives, and the Sigma Theta Tau Nursing Honor Society, Epsilon Mu Chapter, which honored her with a Lifetime Achievement Award in 2006

Joseph Saporito, CPA, Senior Vice President and Chief Financial Officer. Mr Saporito, serves as the Institution's Senior Vice President and Chief Financial Officer Mr Saporito joined the Institution in 2015 Prior to joining the Institution Mr Saporito served as Vice President – Finance at NYU Langone Medical Center (NYULMC) in Manhattan for five years after retiring from KPMG, LLP as the partner in charge of their northeast region Health Care advisory practice. Mr Saporito was with KPMG for over 25 years.

Mr Saporito currently serves as a trustee for Providence Rest Nursing Home in the Bronx where he is treasurer and chairs the Finance Committee He is also on the Board of Trustees for Staten Island PPS He is an adjunct professor at Baruch College, teaching Healthcare Finance in the Healthcare MBA program. He has also authored several articles in health care publications and is a former adjunct professor at the Pace University School of Law A graduate of Iona College with a Bachelor of Business Administration degree in Accounting, he is a member of the American Institute of Certified Public Accountants, the New York State Society of CPAs and the Healthcare Financial Management Association.

Mitchell (Mitch) Fogel, M.D., Chief of Medicine, Senior Vice President/Chief Medical Officer. Mitchell Fogel, M.D., serves as the Institution's Chief of Medicine, Senior Vice President/Chief Medical Officer Prior to joining the Institution, Dr. Fogel served as Chair of the Department of Medicine at St. Vincent's in Bridgeport, Connecticut In his role as Chief of Medicine, Senior Vice President/Chief Medical Officer, Dr Fogel leads new and expanded efforts for growth and collaborates with the entire Institution team to ensure the delivery of efficient and high-quality outcomes.

Dr. Fogel received his Bachelor of Science degree from Vanderbilt University and his Medical Degree from the University of Pennsylvania He completed a fellowship in nephrology at Boston Medical Center (MA)

Dr. Marianne LaBarbera. Dr LaBarbera is a Board Certified Family Physician. She was in solo private practice for 28 years before joining Amboy Medical PC. Dr. LaBarbera was President of the New York State Academy of Family Physicians in 2005, Alternate Delegate then Delegate to the American Academy of Family Physicians from 2006 through 2018.

Richard Salhany, MBA, FACHE, Senior Vice President for Strategic Planning & Medical Operations, Executive Director, A.C.O. Richard Salhany is responsible for the medical operations, working with the Institution' Clinical Chairman. and strategic planning for the organization. In addition, Mr. Salhany is responsible for the development of new programs and expansion of the Richmond University Physician enterprise with multiple sites in Staten Island and Brooklyn. He is also responsible for the Level I Adult Trauma and Level II Pediatric Trauma Program as well as an Ambulatory Program including the Patient Centered Medical Homes, Adult, Pediatric, Ob-Gyn. specialty clinics and Wound Care Services Mr. Salhany has held several executive positions within the organization including Vice President of Operations, Senior Vice President of Professional Services and Chief Operating Officer as he managed the transition of the Institution from the St Vincent's Catholic Medical Centers Health System into an independent organization.

Mr Salhany received his Masters of Business Administration in management and marketing from Wagner College and completed his undergraduate studies at the College of Staten Island. Mr. Salhany is an ordained Deacon with the Archdiocese of New York at Our Lady Help of Christians R.C. Church He is a Fellow of the American College of Healthcare Executives, a Diplomate in Laboratory Medicine in the College of American Pathologist and a Cardiovascular Administrator in the Academy of Medical Administrators.

Brian S. Moody, Esq. Senior Vice President of Legal Affairs and Risk Management, General Counsel and Chief Compliance Officer. Brian S. Moody serves as the Institution's Senior Vice President of Legal Affairs and Risk Management, General Counsel and Chief Compliance Officer Mr Moody oversees these areas, as well as the Institution's corporate compliance initiatives. Mr. Moody has more than a decade of experience representing healthcare facilities and professionals in various areas of litigation and regulatory matters. Following his career as an Assistant District Attorney in Brooklyn, Mr. Moody worked as a trial attorney and partner for several law firms specializing in healthcare litigation Throughout his career, Mr Moody has worked closely with hospital risk management to develop best practices and has lectured on related topics.

Mr Moody graduated from Fayetteville State University with a Bachelor of Science in Economics and received his Juris Doctor from North Carolina Central University School of Law He is admitted to the New York State Bar, as well as the United States District Court for the Eastern and Southern Districts of New York.

Laura Gajda, CFRE, FAHP, Vice President of Development. Laura Gajda, serves as the Institution's Vice President of Development. Prior to joining the Institution, Ms. Gajda served at University of Missouri Health Care as Executive Director of Advancement. As Vice President of Development, Ms. Gajda oversees fundraising efforts for the

Institution and the Richmond University Medical Center Foundation She has over 17 years of health care fundraising experience, and is a Certified Fund Raising Executive of the Association of Fundraising Professionals and a Fellow of the Association of Health Care Philanthropy. Ms Gajda's experience includes capital campaigns, grant writing, major, annual and planned giving expertise, as well as experience in healthcare public relations and marketing She has a Bachelor's Degree in Journalism from the University of Missouri and a Masters of Business Administration degree from Maryville University in St. Louis

Ron Musselwhite, Esq., Vice President of Human Resources. Ron Musselwhite serves as the Institution's Vice President of Human Resources. Prior to joining the Institution Mr Musselwhite served as the Director of Employee and Labor Relations at Pace University.

A graduate of Princeton University with a Bachelor of Arts in Politics, Mr. Musselwhite earned his law degree from New York Law School and an Masters of Law degree in Taxation from the NYU School of Law. Mr Musselwhite has previously served as Vice President, Human Resources, at Peninsula Hospital Center and a Labor Relations Representative with the New York State Nurses Association.

Nicholas Szymanski, Vice President of Information Technology and Chief Information Officer. Nicholas Szymanski serves as the Institution's Vice President of Information Technology and Chief Information Officer. Previously Mr. Szymanski served as the Institution's Manager of Financial Services, the Manager of Information Technology, and the Director of Information Technology.

He is a graduate of Johnson & Wales University with a Bachelor of Science in Network Engineering and received advanced certifications and training at Villanova University, including a Six Sigma Green Belt. He gained valuable experience during his years at Meditech, where he assisted in the development and implementation of Meditech's Electronic Health Record. Mr Szymanski has previously worked at St John's Episcopal Hospital, Queens and most recently at New York-Presbyterian, Peekskill

SERVICES AND PROGRAMS

The Institution, currently an affiliate of The Mount Sinai Hospital and the Icahn School of Medicine, is a four hundred forty-eight (448) bed healthcare facility and teaching institution serving Staten Island residents in the areas of acute, medical and surgical care, including emergency care, surgery, minimally invasive laparoscopic and robotic surgery, gastroenterology, cardiology, pediatrics, podiatry, endocrinology, urology, oncology, orthopedics, neonatal intensive care and maternal health. The Institution earned The Joint Commission's Gold Seal of Approval for quality and patient safety.

The Institution is a Level 1 Trauma Center and a designated Stroke Center, receiving national recognition from the American Heart Association/American Stroke Association The Cardiac Catheterization Lab has percutaneous coronary intervention capabilities for elective and emergent procedures in angioplasty. The Institution further maintains a Wound Care/Hyperbaric Center and a Sleep Disorder Center on-site at its main campus The Institution also offers behavioral health services, encompassing both inpatient and outpatient services for children, adolescents and adults, including emergency inpatient and mobile outreach units. The Institution is the only Staten Island facility that offers inpatient psychiatric services for adolescents

Licensed Beds

As of December 31, 2017, the licensed bed allocation of the Institution was as follows:

Type Available	Number of Beds
Chemical Dependence - Detoxification Beds	7
Coronary Care Beds	10
Intensive Care Beds	20
Maternity Beds	34
Medical / Surgical Beds	286
Neonatal Continuing Care Beds	6
Neonatal Intensive Care Beds	8
Neonatal Intermediate Care Beds	11
Pediatric Beds	23
Pediatric ICU Beds	3
Psychiatric Beds	40
Total Beds	**448**

KEY SERVICES PROVIDED

Anesthesia

Richmond Medical Anesthesia Associates, PC, provides high-quality anesthesia services at the Institution. The group is comprised of over 25 board-certified eligible anesthesiologists specializing in all anesthesia subspecialties, including obstetrics anesthesia, pediatrics, critical care, perioperative medicine, trauma, ambulatory, office-based anesthesia, plastic surgery, and acute and chronic pain management.

Bariatric Services

The Institution's Institute of Weight Loss and Metabolic Surgery serves residents throughout Staten Island and beyond with a diverse range of surgical services provided by a team of highly-trained and experienced doctors.

Behavioral Health

The Behavioral Health Services at the Institution encompass both inpatient and outpatient psychiatric and substance abuse services The Institution's behavioral health programs include a fifty-five (55) - bed adult inpatient mental health unit and a ten (10) bed unit for children and adolescents The Institution's services include individual and group therapy, medication management, patient and family education and rehabilitative activities.

Cardiology

The Institution offers comprehensive inpatient and outpatient services, from emergency care to sophisticated diagnostic and therapeutic procedures to risk screenings. The Institution's cardiac catheterization laboratory diagnoses and treats a full range of cardiac conditions and the Institution's electrophysiology laboratory and clinical arrhythmia service determine the cause of symptoms and disorders of the cardiac rhythm and provide sophisticated treatments in the form of medical therapies, arrhythmia radiofrequency ablation, pacemaker and defibrillator implantation and follow-up as well as the diagnosis and treatment of syncope. The Institution has an active Coronary Care Unit, as well as a forty (40) - bed Telemetry Monitoring Unit, both of which are staffed by highly-skilled nurses who are trained to recognize and care for cardiac emergencies.

Emergency Services

The emergency room at the Institution includes a Level I Trauma Center, award-winning stroke center, psychological services, emergency surgery, and urgent care The Institution's surgical team of physicians, specialists, and anesthesiologists handles over one thousand (1,000) adult and pediatric traumas per year.

Gastroenterology, Endoscopy

The Ambulatory Center & Gastrointestinal/Endoscopy Suites at the Institution provide full-service ambulatory gastrointestinal services for children and adults The Institution has six (6) procedure rooms with recently purchased diagnostic and treatment equipment

Maternity

The Institution has forty (40) bassinets and cares for three thousand (3,000) newborns annually. There are approximately six hundred (600) annual admissions to the Institution's Neonatal Intensive Care Unit and the Institution registers a survival rate of 997.2 out of 1,000 births. The Institution also provides support services for expectant mothers and new mothers such as childbirth classes, photography services, breastfeeding assistance, and partner accommodations.

The Institution continues to work toward becoming a Baby-Friendly Hospital. The Baby-Friendly Hospital Initiative (BFHI) is a global program sponsored by the World Health Organization and the United Nations Children's Fund to encourage and recognize hospitals and birthing centers that offer an optimal level of care for infant feeding and mother-baby bonding. The BFHI assists hospitals in giving mothers the information, confidence, and skills needed to successfully initiate and continue breastfeeding their babies or feeding formula safely and gives special recognition to hospitals that have done so

Oncology

In addition to general oncology services, the Institution also offers a variety of specialized services designed to address specific cancer-related issues The Institution offers various diagnostic services, including a full range of laboratory services, x-ray imaging services, computerized axial tomography scan, mammography, magnetic resonance imaging, and positron emission tomography scan.

Pain Management

The Institution's pain management team has a number of non-surgical and surgical treatment options. Non-surgical treatments include physical therapy, steroid injections, and nerve blocks. When conventional treatments are unsuccessful anesthesiologists provide treatments, including spinal cord nerve stimulation.

Pediatrics

The Institution's Pediatrics Department is housed within the Center for Women & Children's Health, where the Institution provides inpatient, outpatient, and urgent care for children The Institution's twenty-seven (27)-bed Pediatric Unit admits over two thousand (2,000) patients annually and services include a Pediatric Intensive Care Unit which provides on-site surgery, endocrinology, pulmonology, hematology/oncology, and nephrology subspecialty services. The Institution's pediatric ambulatory service has over ten thousand (10,000) patient visits annually. Additionally, the pediatric clinic, located at 800 Castleton Avenue provides walk-ins during normal business hours for routine illnesses such as earaches, colds, and sprains

Radiology

The Institution's Vascular Interventional Radiology Department performs approximately two thousand (2,000) procedures each year. The Institution's board-certified and board-qualified radiologists offer various imaging modalities with advanced subspecialty fellowship training in their areas of expertise. The Institution provides a range of imaging and radiology services including x-ray, ultrasound, magnetic resonance imaging, computed tomography scan, and positron emission tomography scan.

Rehabilitation Services

The Institution's Rehabilitation Services Department offers a wide range of treatments and therapies on an inpatient and outpatient basis including physical therapy, occupational therapy, and speech-language pathology.

Sleep Disorders

The Sleep Disorders Institute is a full-service sleep disorders program accredited by the American Academy of Sleep Medicine and was named a "Center of Excellence" by New York Magazine's issue on the Best Hospitals in New York

Stroke Center

For three consecutive years, the Institution has received the Get with the Guidelines-Stroke Gold Plus Quality Achievement Award from the American Heart Association/American Stroke Association The Institution is also the recipient of The Joint Commission's Gold Seal of Approval for quality and patient safety.

Ophthalmology, Disease and Surgery

The Institution offers comprehensive vision and eye care services and the highest level of treatment for cornea and external eye diseases, oculo-plastic and orbital reconstruction, glaucoma, diabetic retinopathy, macular degeneration, pediatric ophthalmology and strabismus, neuro-ophthalmology, and HIV-related eye conditions

Wound Care

The Institution provides comprehensive wound care management, and the Institution's staff encompasses a multidisciplinary team of wound care specialists devoted to the treatments of chronic wounds. The Institution specializes in non-healing wounds, diabetic ulcers, and hyperbaric oxygen therapy

Quality Achievements

In recent years the Institution has achieved numerous quality achievements, including the following

- Blood Banks, *American Association of Blood Bank*
- Blood Gas Laboratory; *College of American Pathologists*
- Cancer Program; *American College Surgeons, Commission on Cancer*
- Continuing Medical Education; *The Medical Society of the State of New York*
- Community Training Center; *American Heart Association*
- Emergency Department – Violence Against Women Designation
- Hospital Accreditation, *The Joint Commission*
- Mammography, *American College Radiology*
- Meaningful Use Health Information Technology, *Health Information Technology for Economic and Clinical Health Act, United States Federal Government*
- Pathology Service; *College of American Pathologists,*
- Patient Centered Medical Home Level 3 Designation, *National Committee for Quality Assurance*
- Primary Stroke; *American Heart Association – Gold Plus Stroke Award*
- Psychiatry Residency Program; *Accreditation Council for Graduate Medical Education*
- Resident Education, *American College Medical Education Sponsoring Institution*
- St. George Clinic, *VHS Health Center for Excellence in Integrated Care, Office of Mental Health*
- Trauma Services- Adult Level I & Pediatric Level II, *American College of Surgeons*
- Tobacco Free Best Practices Bronze Award; *NYC Department Health*
- Ultrasound, *American Ultrasound Institute of Medicine*
- Obstetrical Improvement Project's 2013 Quality Improvement Award; *New York State Perinatal Quality Collaborative*

MEDICAL STAFF

Physician Overview

The Institution's medical staff consists of a roster of active employed and non-employed physicians as well as a roster of employed hospitalist physicians. As demonstrated in the table below, the top 25 physicians by discharges (where a discharge is defined as an inpatient encounter in which the physician was recorded as the attending physician) account for approximately 46% of the Institution's inpatient cases in fiscal year 2017. Admits are distributed evenly among the medical staff with no one physician contributing more than approximately 5.7% of combined admissions during those time periods.

RICHMOND UNIVERSITY MEDICAL CENTER
Leading Active Physician Admitters

		Credited Discharges *		
Department	**Age**	**2017**	**% of Total**	**% Cumulative**
PEDIATRICS	47	930	5.7%	5.7%
MEDICINE – INTERNAL MEDICINE	47	479	2.9%	8.7%
MEDICINE – INTERNAL MEDICINE	45	440	2.7%	11.4%
MEDICINE – INTERNAL MEDICINE	41	437	2.7%	14.1%
PEDIATRICS	64	432	2.7%	16.7%
MEDICINE – INTERNAL MEDICINE	44	406	2.5%	19.2%
PEDIATRICS	57	404	2.5%	21.7%
OBSTETRICS & GYNECOLOGY	45	383	2.4%	24.1%
MEDICINE – INFECTIOUS DISEASES	62	374	2.3%	26.4%
MEDICINE – INTERNAL MEDICINE	46	369	2.3%	28.6%
MEDICINE – INTERNAL MEDICINE	44	360	2.2%	30.9%
PEDIATRICS	49	354	2.2%	33.0%
PSYCHIATRY	65	333	2.0%	35.1%
MEDICINE – INTERNAL MEDICINE	50	324	2.0%	37.1%
SURGERY – GENERAL	43	274	1.7%	38.8%
OBSTETRICS & GYNECOLOGY	46	272	1.7%	40.4%
PSYCHIATRY	47	268	1.6%	42.1%
SURGERY – GENERAL	57	262	1.6%	43.7%
OBSTETRICS & GYNECOLOGY	46	250	1.5%	45.2%
PSYCHIATRY	58	241	1.5%	46.7%
MEDICINE – INTERNAL MEDICINE	49	239	1.5%	48.2%
MEDICINE – GERIATRICS	69	237	1.5%	49.6%
OBSTETRICS & GYNECOLOGY	45	236	1.5%	51.1%
OBSTETRICS & GYNECOLOGY	58	225	1.4%	52.5%
OBSTETRICS & GYNECOLOGY	62	221	1.4%	53.8%
Subtotal		8750		
Average Age of Leading Admitters	51			
Remaining Admitters		7500	46.2%	100.0%
Total Admissions		16250	100.0%	

*Physician credited as the attending physician
**Includes only physicians with designated status of active, temporary or pending

Source: Internal RUMC Data

The table below represents the profile of the Institution's Medical Staff members, depicting the wide range of services available. More than 88% of the Medical Staff are board certified. The average age of 54 years old is slightly above the National average of 51.3 years old (US Census of Physicians).

RICHMOND MEDICAL CENTER
Current Physician Roster (2017)

Department	Physician Count	Average Age	2016 Discharges	% of Total	2017 Discharges	% of Total	Count of Age 60+	% Over 60
PRIMARY CARE								
Family Medicine	14	51	37	0.2%	14	0.1%	4	28.6%
Internal Medicine	69	54	5531	31.7%	4945	30.4%	25	36.2%
Obstetrics & Gynecology	38	53	3118	17.9%	3127	19.2%	14	36.8%
Pediatrics	94	56	4009	23.0%	3877	23.9%	38	40.4%
Primary Care Total	215	55	12695	72.7%	11963	73.6%	81	37.7%
MEDICINE								
Allergy & Immunology	2	58	0	0.0%	0	0.0%	1	50%
Cardiology	39	53	152	0.9%	118	0.7%	13	33.3%
Dermatology	7	58	0	0.0%	0	0.0%	4	57.1%
Emergency Medicine	24	45	29	0.2%	21	0.1%	4	16.7%
Endocrinology	5	55	5	0.0%	20	0.1%	2	40.0%
Gastroenterology	12	57	34	0.2%	15	0.1%	5	41.7%
Infectious Disease	6	47	491	2.8%	338	2.1%	1	16.7%
Laboratory Medicine	10	55	0	0.0%	0	0.0%	3	30.0%
Nephrology	20	58	115	0.7%	58	0.4%	9	45.0%
Neurology	12	60	22	0.1%	39	0.2%	5	41.7%
Oncology/Hematology	10	59	16	0.1%	12	0.1%	6	60.0%
Pulmonary Disease/CCM	9	62	124	0.7%	131	0.8%	6	66.7%
Medicine Total	156	54	988	5.7%	752	4.6%	59	37.8%
SURGERY								
General Surgery	9	53	850	4.9%	956	5.9%	1	11.1%
Neurosurgery	5	53	9	0.1%	44	0.3%	1	20.0%
Orthopedics	23	52	194	1.1%	190	1.2%	6	26.1%
Otolaryngology	6	56	2	0.0%	1	0.0%	3	50.0%
Plastic & Reconstructive	10	51	31	0.2%	25	0.2%	2	20.0%
Podiatry	24	47	4	0.0%	2	0.0%	4	16.7%
Thoracic	4	52	11	0.1%	65	0.4%	0	0.0%
Urology	8	56	93	0.5%	87	0.5%	3	37.5%
Vascular	7	56	238	1.4%	157	1.0%	2	28.6%
Surgery Total	96	52	1432	8.2%	1527	9.4%	22	22.9%
PSYCHIATRY	28	55	1817	10.4%	1581	9.7%	8	28.6%
OTHER								
Anesthesia	25	57	0	0.0%	0	0.0%	12	48.0%
Critical Care Medicine	4	52	249	1.4%	175	1.1%	1	25.0%
Geriatrics	6	65	258	1.5%	222	1.4%	6	100.0%
Ophthalmology	20	59	0	0.0%	0	0.0%	11	55.0%
Radiology	76	51	1	0.0%	0	0.0%	20	26.3%
Other Total	131	54	508	2.9%	397	2.4%	50	38.2%
ALL OTHER	13	48	27	0.2%	30	0.2%	5	38.5%
Total	639	54	17467	100.0%	16250	100.0%	225	35.2%

All other Departments consist of dentistry, rheumatology, colo-rectal surgery, pediatric surgery, oral surgery, rehabilitation and nurse practitioners.

Physician count includes all physicians with a designated status of active, temporary or pending/provisional as of June 18, 2018
Source: Internal RUMC data

Affiliations

The Institution is affiliated with the following

- Mt. Sinai Hospital ("Mt. Sinai"): The Institution is currently an affiliate of one of the top hospitals in the U.S as identified by the *US News and World Report*. Mt. Sinai brings quality of care, as well as an academic medical center affiliation helping to promote Institution's various clinical services including the Heart Institute with invasive cardiology. The current clinical affiliation with Mt. Sinai will end effective as of December 31, 2018, and the academic affiliation with Mt. Sinai will end following the current academic year on June 30, 2019.
- Staten Island Mental Health Society ("SIMHS"), is the largest outpatient provider of behavioral health services on Staten Island and is an affiliate of the Institution, allowing the Institution to provide for the total behavioral health care needs of the population served, a key requirement for "population health." SIMHS has 20 sites with one site adjacent to the Institution. SIMHS will merge into the Institution effective January 1, 2019

Teaching Programs

Currently the Institution has a number of teaching program affiliations with approximately one hundred sixty (160) residents at any one time coming from the following programs:

- New York Medical College (for OB/GYN)
- SUNY – Health Science Center at Brooklyn
- American University of Antigua (AUA)
- St. George's University

Residents can be found in the following specialties:

- Internal Medicine – 69
- Psychiatry – 24
- Pediatrics – 18
- OB/GYN – 16
- Radiology – 8
- Podiatry – 6
- Surgery – 11
- Cardiology (Fellows) – 5
- GI (Fellow) – 1
- Hem /Onc. (Fellow) – 1
- Nephrology (Fellow) – 1
- Minimally Invasive (Fellow) – 1

EMPLOYEES

The Institution is one of the largest employers on Staten Island with its main campus being located at 355 Bard Avenue and with other locations throughout the Staten Island community. As of November 2018, there were 1,542.35 full-time equivalents, 281 55 part-time and 3.15 per diem equivalent employees, with a total of 1,827.05 employees.

As shown in the following table, employment statistics from the United States Department of Labor indicate that as of April 2018, there were approximately 225,600 individuals employed in Staten Island. The New York State Department of Research and Statistics show that while the total labor force declined slightly over the 12-month period from April 2017 to April 2018, the number of unemployed individuals has also decreased. The overall unemployment rate as of April 2018 for Staten Island is 4.0%, which is a 0.2% decline year-over year, and is on par with the National average and the MSA

	Labor Force and Unemployment Statistics					
	Civilian Labor Force (000's)			Unemployment Rate		
Region	April 2018	April 2017	Change	April 2018	April 2017	Change
Richmond County	225 6	226 3	-0 3%	4 0%	4 2%	-0 2%
NYC/Newark/Jersey City	10 001 6	10 094 0	-0 9%	4 0%	4 1%	-0 1%
New York State	9,665 7	9 701 2	-0 4%	4 6%	4 7%	-0 1%
United States	161 527 0	160.181 0	0 8%	3 9%	4 4%	-0 5%

The below is a listing of the major employers on the Island, demonstrating a reliance on the Education and Health Services sector. However, a large segment of the workforce leaves Staten Island for employment opportunities elsewhere, helping with employment diversification

Staten Island, New York Major Employers			
Rank	Employer	Industry	Estimated Employees
'	Staten Island University Hospital (SIUH)	Education and Health Services	3,000
2	Richmond University Medical Center	Education and Health Services	2,500
3	College of Staten Island, City University of New York	Education and Health Services	1,514
4	Eger Health Care & Rehabilitation Center	Education and Health Services	665
5	Verizon	Trade, Transportation and Utilities	600
6	Richmond Home Need Services Inc.	Education and Health Services	600
7	Educational Data Systems, Inc.	Professional and Business Services	430
8	On Your Mark	Education and Health Services	376
9	Community Resources	Education and Health Services	335
'0	Island Auto Group	Trade, Transportation and Utilities	300
'1	United Activities Unlimited	Education and Health Services	300
'2	A Very Special Place Inc	Education and Health Services	300
'3	National Grid	Trade, Transportation and Utilities	275
'4	Santander Bank	Financial Activities	260
'5	Advantage Care Physicians	Education and Health Services	250

Health Insurance

The Institution self-insures its employee health insurance coverage. The Institution accrues the estimated costs of incurred and reported and unreported claims, after consideration of its stop-loss insurance coverage, based upon data provided by the third-party administrator of the program and historical claims experience. The self-insured liability was approximately $379,000 and $411,000 at December 31, 2017 and 2016, respectively, and is included in accounts payable and accrued expenses in the Institution's consolidated balance sheet.

Retirement Plans

Defined Contribution Pension Plans

The Institution maintains a 403(b) tax sheltered annuity plan for its non-union employees in which the employees contribute to the plan with no employer match. The Institution also maintains a 401(a) contributory plan for its non-union employees which provides for a discretionary contribution by the Institution that is allocated to the employees based on qualified compensation as defined by the plan The Institution also contributes to certain union pension plans Total pension expense associated with the 401(a) plan was approximately $2,485,000 in 2017 and $2,382,000 in 2016.

Multiemployer Pension Plans

The Institution contributes to a multiemployer defined benefit pension plan under the terms of a collective-bargaining agreement that covers its union-represented employees, the 1199 SEIU Healthcare Employees Pension Fund ("1199 SEIU Plan"). The risks of participating in multiemployer plans are different from single-employer plans in the following aspects

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers
- If an employer chooses to stop participating in some of its multiemployer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Institution's participation in this plan for the year ended December 31, 2017 and 2016 is outlined in the table below The "EIN Number" column provides the Employer Identification Number ("EIN") Unless otherwise noted, the most recent Pension Protection Act ("PPA") zone status available in 2017 and 2016 is for a plan's fiscal year beginning January 1, 2017 and 2016, respectively. This zone status is based on information that the Institution received from the plans and is certified by the plans' actuaries Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or rehabilitation plan ("RP") is pending or has been implemented. The last column lists the expiration dates of the collective bargaining agreements to which the plans are subject. In addition, in July 2009 wage concessions were agreed to by 1199 SEIU United Healthcare Workers East to offset a portion of the impact of the increase in annual contributions from contributing members.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status as of January 1 2017	Pension Protection Act Zone Status as of January 1 2016	FIP/RP Status Pending/ Implementation	Company Contributions (in thousands) 2017	Company Contributions (in thousands) 2016	Sur-Charge Imposed	Expiration Date of Collective-Bargaining Agreements
1199 SEIU Health Care Employees Pension Fund	13-3604862 001	Green	Green	No	$5,236	$5,631	No	September 30 2018

The Institution was not listed in the 1199 SEIU Plan's 2016 Form 5500 as providing more than 5% of the total plan contributions.

Defined Benefit Pension Plan

The Institution has a noncontributory defined benefit pension plan (the "Plan") covering the eligible employees represented by the New York State Nurses' Association ("NYSNA") Although the Plan became effective January 1, 2012, pursuant to a collective bargaining agreement by and between the Institution and NYSNA, the Plan provides benefits with respect to service beginning on and after April 1, 2010 and certain retroactive recognition of eligibility and vesting service. The Plan uses a December 31 measurement date. The Institution's funding policy is to contribute annually at least the minimum amounts required under the Employee Retirement Income Security Act of 1974

PROJECTS/MASTER FACILITIES PLAN/USE OF PROCEEDS OF THE SERIES 2018 BONDS

The proposed Project is part of a major strategic physical plant restructuring and quality program initiative designed to enhance service offerings while expanding the Institution's footprint. It is part of a larger facility re-design which is to be implemented over time, and is to include new operating rooms, parking lot re-grading, energy efficiencies, off-site outpatient centers, and overall facility enhancements/modernization. Additionally, as part of the Institution's affiliation (and contemplated merger) with SIMHS, the Institution has access to a three to four-acre site adjacent to the Main Campus which the Institution may use for a parking project.

Through this project, the Institution will expand and develop a state-of-the-art Emergency Department ("ED") increasing from 15,609 square feet to approximately 56,000 square feet and expanding the number of treatment rooms from 34 to 50. The project will result in an increase in the number of trauma treatment stations from one (1) to three (3) along with an additional triage room. The project has been designed to take advantage of existing ED space through the usage of the existing ED imaging department and the existing ED space for additional administrative areas. As part of the facility upgrades a new co-generation plant will be constructed, the new co-generation plant will result in the Institution saving approximately $1 million annually in energy costs. Not part of this project, but part of physical plant improvements, will be the re-grading of the parking lot to improve drainage and for which the Institution has received FEMA grant funds as a result of not being located in a flood zone.

The ED expansion project will better position the Institution's Emergency Department to receive patients and to provide emergency medical services in a more efficient and effective manner. This project will allow for continued operation of the existing ED during construction with no anticipated loss of utilization. The proposed Emergency Department, once completed, will be capable of handling more than 80,000 annual ED visits (based upon 1,700 visits per ED treatment area), which will enable the Institution to meet increased volume demands during any "surge" situation such as epidemics or disasters and/or growth in population and/or market demand.

The goal in the design of the new ED is to achieve more efficient throughput by the implementation of a dual-track ED, splitting patient volume between acute treatment spaces and a "super-track" ED. The super-track ED will provide for expedited patient care to lower-acuity patients. Additionally, there will be a separate area for the treatment of the pediatric patient, which is a needed component considering today's patient needs.

In total, the project will consist of an approximately 56,000-square-foot addition to the campus, to be called the Honorable James P. Molinaro Trauma Center. The new building addition will be located along Castleton Avenue and an internal campus roadway. The 56,000-square-foot ED will be located on the first floor adjacent to the existing ED which will be vacated, gutted and re-imagined as administrative offices once the new facility is completed. The new ED will be comprised of new public spaces, including a new walk-in entrance and waiting areas, an intake area, a sub-acute (super-track) treatment area, a main acute ED and support areas. There will be separation between adult, pediatric, and behavioral health patients. The facility is being built with a plan to eventually construct new operating rooms as well.

The Institution's goal is to improve patient experience by being clinically and technologically advanced, while also providing a holistic environment that is comfortable and accommodates the full range of patient population needs. For each phase of patient care, from arrival to disposition, the Institution will aim to be efficient and comprehensive, and the space is intended to provide maximum flexibility to accommodate surges in patient volume. It is expected the new/expanded ED will help to build market share through direct admits, lower wait times and enhanced privacy, be HIPAA (Health Insurance Portability and Accountability Act) compliant, all the while with a state-of-the-art facility with the goal of increasing patient loyalty and satisfaction.

The construction period is anticipated to be approximately 18-20 months and has been planned with the goal of minimally disrupting patient care services so that there will be no reductions in utilization. The ED is located in a newly developed area with good access to the existing ED and the main facility. The Institution has hired LF Driscoll Healthcare as the construction manager and is in the process of obtaining guaranteed maximum pricing.

Other Uses of the Proceeds of the Series 2018 Bonds

In addition to the construction of the Emergency Department and Co-Generation Plant, the funding of the Series 2018 Project Facility is expected to be used to: (i) construct a parking lot with 250 spaces on leased land, (ii) provide infrastructure improvements and deferred maintenance projects, (iii) refinance a term loan with Investor's Bank that provided certain Hospital facilities, and (iv) refinance a resident building mortgage loan with Investor's Bank which financed renovations to an apartment building primarily use to provide employee housing to interns and residents in the Institution's physician graduate education program.

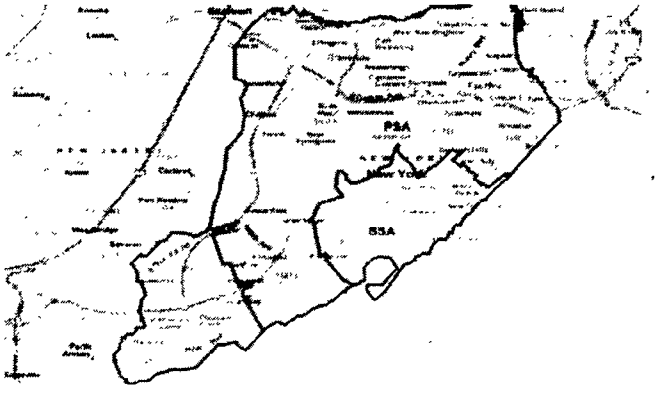
SERVICE AREA AND DEMOGRAPHICS

Patient Origin/Destination

A patient origin analysis was performed for the Institution for 2015, 2016, and 2017 for total adult and pediatric discharges (excluding normal newborns) to assist in the establishment of a primary service area ("PSA") and secondary service area ("SSA"). The defining of these areas is critical in the development of population demographics, socio-economic indicators, historical use rates, and market shares Overall the PSA and SSA were identified to account for over 90% of facility discharges

The Institution defines its service area as the area comprised of contiguous zip codes where the Institution owned off-site ambulatory care facilities are located and where there is a natural break in patient volumes (see map) to account for over 92% of total discharges Based upon the patient origin analysis a PSA was identified where the Institution receives 81 2% of its discharges from eight zip codes: 10301 (Randall, Manor, St. George, Silver Lake), 10314 (Bulls Head, Westerleigh, Castleton Corners), 10310 (Port Richmond, West New Brighton, West Brighton), 10304 (Stapleton, Fox Hills, Park Hill), 10303 (Mariner's Harbor), 10302 (Port Richmond), 10312 (Rossville, Arden Heights, Annadale, Eltingville) and 10305 (Rosebank, Dongan Hills, Arrochar). The zip code 10312 is included due to the natural break in total discharges and to the Institution's Hylan Boulevard Walk-in Clinic's location. The SSA accounts for approximately 10.9% of total discharges and includes the zip codes of 10306 (Midland Beach, New Dorp, Bay Terrace), 10309 (Charleston, Pleasant Plains, Prince's Bay), 10308 (Great Kills) and 10307 (Tottenville).

Combined for the PSA and SSA, the Institution's admissions have fluctuated but have remained relatively constant at approximately 92% from 2015 through 2017 The map below depicts a representation of the Institution's service area



Population data for the Institution's service area, New York State, and the United States were compiled from the Environmental Systems Research Institute. Population data for the Institution appears in the table below and the data is based on the 2010 census with 2017 estimates and 2022 projections. The table below also delineates the compound annual growth rate ("CAGR") for each age cohort and the total population.

Richmond University Medical Center
Comparative Population Data

	Census 2010	2017 Estimated	2022 Forecasted	%Change 2010-2017	CAGR* 2010-2017	%Change 2017-2022	CAGR* 2017-2022
Primary Service Area							
Age 0-17	80,289	77,452	75,541	-3.5%	-0.5%	-2.5%	-0.5%
Age 18-44	124,502	126,463	129,380	1.6%	0.2%	2.3%	0.5%
Age 45-64	93,034	92,609	91,058	-0.5%	-0.1%	-1.7%	-0.3%
Age 65+	41,954	54,680	62,985	30.3%	3.9%	15.2%	2.9%
Total Primary Service Area	**339,779**	**351,204**	**358,964**	**3.4%**	**0.4%**	**2.2%**	**0.4%**
Secondary Service Area							
Age 0-17	28,906	27,359	26,637	-5.4%	-0.8%	-2.6%	-0.5%
Age 18-44	45,308	45,088	46,006	-0.5%	-0.1%	2.0%	0.4%
Age 45-64	37,340	38,105	37,517	2.0%	0.3%	-1.5%	-0.3%
Age 65+	17,395	22,184	25,546	27.5%	3.5%	15.2%	2.9%
Total Secondary Service Area	**128,949**	**132,736**	**135,706**	**2.9%**	**0.4%**	**2.2%**	**0.4%**
Total Service Area							
Age 0-17	109,195	104,811	102,178	-4.0%	-0.6%	-2.5%	-0.5%
Age 18-44	169,810	171,551	175,386	1.0%	0.1%	2.2%	0.4%
Age 45-64	130,374	130,714	128,575	0.3%	0.0%	-1.6%	-0.3%
Age 65+	59,349	76,864	88,531	29.5%	3.8%	15.2%	2.9%
Total Service Area	**468,728**	**483,940**	**494,670**	**3.2%**	**0.4%**	**2.2%**	**0.4%**
Females Age 15-44	106,914	106,314	107,286	-0.6%	-0.1%	0.9%	0.2%
New York City	3,721,462	3,682,412	3,654,770	-1.0%	-0.2%	-0.8%	-0.2%
New York State	19,378,102	20,096,494	20,625,880	3.7%	0.5%	2.6%	0.5%
United States	308,745,538	327,514,334	341,615,199	6.1%	0.8%	4.3%	0.8%

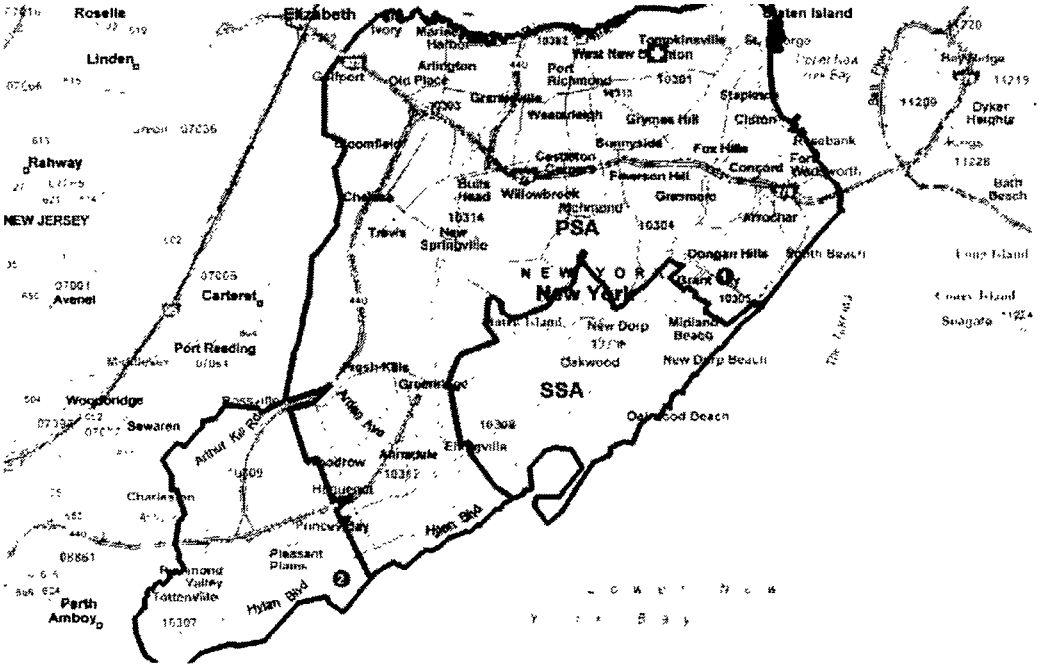
Source: Staten Island Summary and 2010 Census Profile data from ESRI. 2017 Population estimate and 2022 forecasted are provided by ESRI
Compounded Annual Growth Rate (CAGR) calculated as: CAGR = [(end value/beginning value)^(1/# years)]-1

According to 2010 U.S. Census Data, the population for the entire service area was approximately 468,728 and grew by 3.2% between 2010 and 2017. It has been forecasted that between 2017 and 2022 overall growth will be 2.2% with a CAGR of 0.4%. Growth rates for the PSA and SSA are similar. The overall CAGR of 0.4% from 2017 through 2022, is slightly lower than the CAGR for New York State at 0.5% and the United States at 0.8%, but higher than the expected negative rate of growth for New York City as a whole at -0.2%. Females age 14-44 (child bearing years) are expected to grow by a CAGR of 0.2% between 2017 and 2022.

The 65+ age cohort is the smallest but by far the fastest growing age subset within the service area, showing a forecasted CAGR of 2.9% from 2017 to 2022. Overall, the 65+ cohort is expected to increase 15.2% from 2017 through 2022. This age group is projected to grow almost seven times faster than the overall population in the service area, more than six times faster than the overall population of New York State and more than three times faster than the overall population in the United States. Overall, the percentage of the population that is 65+ is to increase from approximately 13% to approximately 18%. Healthcare utilization within this age cohort is likely to increase due to more chronic and age-induced ailments and diseases. The prevalence of diseases such as diabetes, hypertension, and heart disease are likely to increase with age, particularly in the primary service area.

COMPETITION

The Institution's primary competitor is Staten Island University Hospital ("SIUH"), a 652-staffed bed teaching facility. SIUH is comprised of two campuses: The North Campus located at 475 Seaview Avenue (indicated as "SIUH–North" or "1" on the map) and the South Campus located at 375 Seguine Avenue (indicated as "SIUH–South" or "2" on the map).

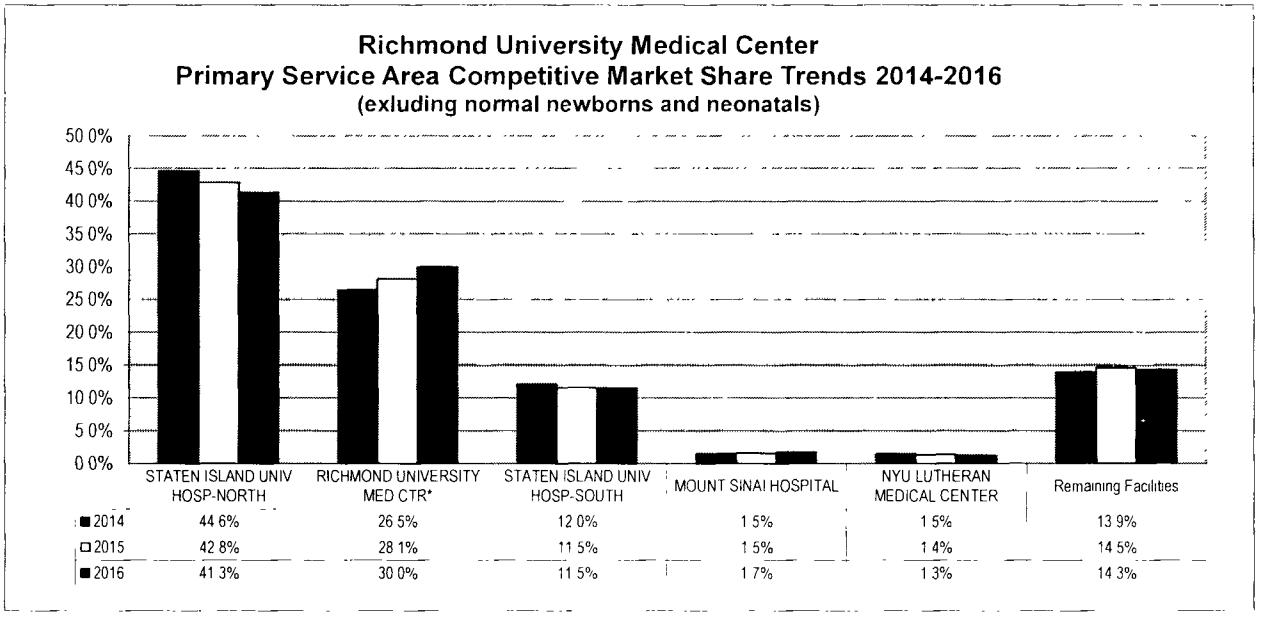


Market Share Analysis (Primary Service Area)

An analysis of the Institution's market share within its defined PSA was performed for calendar years 2014 through 2016. Fiscal 2016 was the most recent full year for which market share data was available. The Institution and SIUH are the dominant providers in the Staten Island service area, demonstrating that residents of Staten Island prefer to remain in the borough to receive their patient care. No other hospital received greater than 2% of market share. Although SIUH is the market share leader in the PSA, the Institution has gained market share since 2014 attaining approximately a 30% market share. This is a result of the Institution establishing new service initiatives and expanding its network of primary care and other providers in the community. In addition, the Institution is the market share leader in psychiatry and OB/GYN, two key services on Staten Island.

Overall Market Share

SIUH is the dominant provider in the PSA, with its North campus (41.3%) and South campus (11.5%) combining to account for 52.8% of the fiscal year 2016 discharges originating from the PSA zip codes. Even though the Institution is the second leading provider in the PSA with a 30% market share in 2016, the Institution has seen its market share improve incrementally each year while SIUH has seen a decline. Since 2014, the Institution's combined share of PSA discharges has increased nearly four percent (from 26.5% in 2014 to 30.0% in 2016) while SIUH-North's market share has declined approximately 3.3% (from 44.6% in 2014 to 41.3% in 2016). The Institution's growth is potentially due to its expansion of community-based outpatient centers and dissatisfaction with long wait times at SIUH. No other hospital accounted for more than 2% of PSA discharges in 2016, with Mount Sinai Hospital being the other leading provider at only 1.7%.


Richmond University Medical Center
Primary Service Area Competitive Market Share Trends 2014-2016
(exluding normal newborns and neonatals)
50 0%
45 0%
40 0%
35 0%
30 0%
25 0%
20 0%
15 0%
10 0%
5 0%
0 0%
STATEN ISLAND UNIV HOSP-NORTH
RICHMOND UNIVERSITY MED CTR*
STATEN ISLAND UNIV HOSP-SOUTH
MOUNT SINAI HOSPITAL
NYU LUTHERAN MEDICAL CENTER
Remaining Facilities
2014 44 6% 26 5% 12 0% 1 5% 1 5% 13 9%
2015 42 8% 28 1% 11 5% 1 5% 1 4% 14 5%
2016 41 3% 30 0% 11 5% 1 7% 1 3% 14 3%

STRATEGIC DIRECTION

In an effort to keep with growth in outpatient services, the Institution has plans to open additional off-site outpatient facilities to grow its service area. There are only two (2) inpatient acute care facilities serving Staten Island, thereby making the competition readily identifiable. Accordingly, the Institution believes it is critical to grow and solidify its service areas through an increase in off-site services in primary care, behavioral health, cancer treatment, and others. As such, to date, the Institution has opened twelve (12) such sites with plans to open more in the near future. Currently, the Institution is looking at the Teleport Women's Center, SIMHS's twenty (20) outpatient sites, expanding Richmond University Health Partners IPA (providing back-office assistance to local community physicians), and putting outpatient clinics in at the Susan Wagner Clinic and Wagner University. Additionally, the expansion of the Emergency Department is a critical component of the Institution's overall strategic plan which will allow for the anticipated growth in Emergency visits and outpatient services along with an anticipated increase in inpatient utilization.

Specialty Services

The following programs highlight the Institution's strategic thinking regarding both the needs of the community served (population health) and service diversification:

- Level I Adult and Level II Pediatric Trauma Center: Able to receive and treat high-end tertiary care trauma cases without the need to transfer to another facility including trauma and neurosurgical services.
- Cardiology Program: Co-sponsored with Mt. Sinai, provides for angioplasty/percutaneous coronary intervention for interventional radiology. The Institution also received Joint Commission certification for Heart Failure and Chest Pain.
- Cancer Care: The Institution is looking to expand its current radiation oncology/chemotherapy services with a nationally known cancer treatment provider. Being a 340B provider allows the Institution to purchase therapeutic agents at a discounted cost and to provide high-quality, low cost, multidisciplinary, patient centered care. The Institution currently has an off-site cancer center and is looking to expand this service line.
- Neuro-Surgery Program: The program is an employed model with two (2) employed neuro-surgeons so as to be able to provide 24/7 coverage and to back-up the Emergency Department's Level I Trauma Center. The Institution recently hired a neuro-surgeon who had been with Mt. Sinai and was head of quality at Continuum Health partners, a Manhattan based provider.
- Thoracic Surgery: Recently hired a thoracic surgeon who is also the Chairman of Surgery. He has an established referral base and will now see cases from the Level I Trauma Emergency Department, rather than having the Institution refer out.
- Bariatric Surgery: The Institution recently hired a surgeon to start-up this much needed program on the Island. Management anticipates significant growth potential for this product line.
- Breast Center: The Institution recently opened a new ambulatory center with a significant portion of the building dedicated to the needs of women. The Breast & Women's Imaging Center offers surgical and non-surgical services related to the disease of the breast.

Community Benefit

The Institution's goal is to provide the communities it serves with high quality, affordable, and compassionate health care. The Institution provides charity care to patients who meet certain criteria without charge or at amounts less than its established rates. The Institution provides free care or sliding fee scales based on federal poverty income guidelines or when it determines patients are unable to fulfill their obligations to the Institution. Since the Institution does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The Institution provides care to patients who meet certain criteria defined by the New York Department of Health and Senior Services ("DHSS") without charge or at amounts less than established rates. The current DHSS charity care guidelines require participation and cooperation of the patient in order to be identified as a charity care account. The Institution maintains records to identify and monitor the level of charity care it provides. The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the patients receiving charity care. Uncompensated care provided, based on cost, was

approximately $4,521,000 in 2017 and $3,479,000 in 2016. The Institution receives partial reimbursement for the charity care it provides.

The Institution also provides community services, including free and low-cost screenings, such as blood pressure, cholesterol, and immunization. Free immunization is offered to senior citizens. The Institution holds various educational programs concerning such topics as nutrition and childbirth. In addition, the Institution provides free space to various community organizations for their meetings.

UTILIZATION TRENDS

Overview

Historical trends for inpatient use-rates (total facilities discharges per 1,000 population) and market shares were analyzed to determine whether there have been changes in overall hospital utilization patterns as compared to local competition. Healthcare utilization for total hospital discharges were analyzed for the historical period of 2014 through 2017.

Use-rates have been declining over the past four-year period, which is in keeping with national trends As the 65 and over age cohort grows, making up a larger percentage of the overall population, this could potentially create an increase in the utilization of medical services, since advancing age is associated with an increasing prevalence of health problems such as diabetes, heart disease and stroke As the population ages, the risk factors for development of cardiovascular disease and stroke are expected to continue to rise continuing to contribute to increased hospitalizations The following table shows the historical utilization rates within the PSA and SSA.

HISTORICAL UTILIZATION RATES

	2015	2016	2017
Primary Services Area			
Medical/Surgical (Adult)	125.2	121 5	120.5
Pediatrics	29.9	31.9	31 6
OB/GYN	66 0	67.3	66.6
Behavioral Health	7 4	6 6	6 5
Total PSA	125 7	122 9	122 0
Secondary Service Area			
Medical/Surgical (Adult)	117.9	118 9	117.9
Pediatrics	23.4	21 7	21 5
OB/GYN	36 7	40.1	39 7
Behavioral Health	4 2	3 8	3 8
Total SSA	113.1	114.1	113.3
Total Service Area Combined	122.2	120.5	119 6

In addition, the below table summarizes historical inpatient volumes by service line. Generally, forecasting future growth of utilization takes into consideration growing/declining populations, changes in age cohorts, use-rates, market shares, average length of stay and the future plans of the Institution's management Management expected growth for the Institution is due to the new Emergency Department, the Institution's commitment to growth of its ambulatory care network, enhanced overall facility appearance, population increases and the growth of the 65+ age cohort and additional medical staff members. Below are the utilization results by major healthcare service over the prior years ended December 31, 2015, 2016 and 2017

SUMMARY OF INPATIENT UTILIZATION For the Years Ended December 31,			
	2015	**2016**	**2017**
Medical/Surgical			
Discharges (a)	9,044	9,133	8,366
Patient Days (b)	51,738	51,588	48,016
LOS	5.7	5.6	5.7
Operational Beds (c)	185	185	185
Occupancy %	76.6%	76.4%	71.1%
Pediatrics			
Discharges (a)	1,020	1,123	987
Patient Days (b)	2,715	3,132	2,701
LOS	2.7	2.8	2.7
Operational Beds (c)	26	26	26
Occupancy %	28.6%	33.0%	28.5%
OB/GYN			
Discharges (a)	3,018	3,127	3,065
Patient Days (b)	8,648	9,070	9,056
LOS	2.9	2.9	3.0
Operational Beds (c)	36	34	34
Occupancy %	65.8%	73.1%	73.0%
Behavioral Health			
Discharges (a)	1,716	1,828	1,602
Patient Days (b)	19,944	20,020	16,720
LOS	11.6	11.0	10.4
Operational Beds (c)	65	65	65
Occupancy %	84.1%	84.4%	70.5%
Total (Excluding Newborns)			
Discharges (a)	14,798	15,211	14,020
Patient Days (b)	83,045	83,810	76,493
LOS	5.6	5.5	5.5
Operational Beds (c)	312	310	310
Occupancy %	72.9%	74.1%	67.6%
NICU	568	591	561
Total Discharges including NICU	15,366	15,802	14,581
Newborn Discharges	1,916	1,909	2,420
Total RUMC Discharges	**17,282**	**17,711**	**17,001**

MANAGEMENT DISCUSSION OF RECENT UTILIZATION TRENDS

Total inpatient discharges declined by 710 or 1 63% between 2015 and 2017, with an increase in OB/GYN and normal newborns mitigating a decline in medical/surgical, behavioral health and pediatric discharges During 2016, discharges increased by 429 or 2 48% from the previous year, with patient volume increasing across all patient service lines as a result of gains in market share during the period The Institution experienced a decline of inpatient discharges of 710 or 4 01% in the year ended December 31, 2017. The decline in discharges was primarily in Medical/Surgical and Pediatric services Management believes that much of the decline was driven by a decrease in the inpatient use rates for Medical and Pediatric services as a result of numerous efforts by Medicaid (through the Delivery System Reform Initiative Payment Program) and Medicare (through value based payment programs) to eliminate unnecessary patient care. The Institution also experienced a decline in inpatient Behavioral Health discharges during 2017 of 226 or 12.36% as a result of the closure of an inpatient Psychiatric unit on the former Bailey Seton campus and the consolidation of services at the Bard Avenue campus. Management consolidated services to adjust capacity to the declining demand for inpatient Behavioral Health and to improve the patient experience as the former Bailey Seton Campus unit was leased, isolated and in need of significant renovation.

These utilization trends align with state and federal health care industries reforms and the Institution's goal of reducing unnecessary inpatient utilization through care management initiatives. Theses care management initiatives are designed to ensure that patients receive the appropriate level of primary care, preventative health services, and access to advanced outpatient and minimally invasive surgical procedures. The Institution leverages its primary care physicians to monitor patients after discharge and reduce readmission rates

In 2015, the New York State Department of Heath launched the Delivery System Reform Incentive Payment ("DSRIP") Program, DSRIP, which runs until 2020, aims to restructure the New York State health care delivery system with the goal of reducing avoidable hospital use, both emergency room and inpatient visits by 25% over the five-year period. Restructuring focuses on prevention, education, and early intervention The Institution, in conjunction with regional stakeholders, is involved in regional DSRIP initiatives, including integrated delivery systems, evidence-based strategies for disease prevention, integration of primary care and behavioral health services, and care transition intervention

PATIENT SERVICE REVENUE, PAYOR MIX AND REIMBURSEMENT METHODOLOGIES

The following is a summary of net patient service revenue for the Institution for each of the fiscal years ended December 31, 2015, 2016 and 2017.

NET PATIENT SERVICE REVENUE

	2017	2016	2015
Inpatient	$ 218,390,325	$ 220,210,038	$ 209,816,689
Outpatient	105,386,666	97,013,897	87,512,581
Professional Practice Revenue	18,605,074	14,642,541	11,455,303
Less: Provision for Bad Debts	(21,838,322)	(17,476,388)	(12,296,724)
Total	**$ 320,543,743**	**$ 314,390,088**	**$ 296,487,849**

Payor Mix

The Institution grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements, primarily with Medicare, Medicaid, and various commercial insurance companies. The composition of accounts receivable from payors for the Institution for each of the fiscal years ended December 31, 2015, 2016 and 2017 was

PAYOR MIX

	2017	2016	2015
Managed Care	43%	43%	46%
Self-pay	26	19	18
Medicare and Medicaid	13	16	14
Other	9	12	11
Blue Cross	9	10	11
	100%	100%	100%

Source/ Explanatory caption]

The majority of the Institution's revenue is generated through agreements with third-party payors that provide for reimbursement at amounts different from its established charges. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. There is at least a reasonable possibility that recorded revenue estimates could change as a result of regulatory review. Contractual adjustments under third-party reimbursement programs represent the difference between the Institution's billings at established charges for services and amounts reimbursed by third-party payors.

Reimbursement Methodologies

The Institution has agreements with third-party payors that provide for payments to the Institution at amounts different from its established rates. A significant portion of the Institution's net patient service revenues is derived from these third-party payor programs. A summary of the principal payment arrangements with major third-party payors follows:

- **Medicare reimbursement:** Inpatient acute care and rehabilitation services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Reimbursements for certain cost reimbursable items are

received at tentative interim rates, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization

- **Non-Medicare reimbursement:** The New York Health Care Reform Act of 1996 ("HCRA"), as periodically updated, governs non-Medicare payments to hospitals in New York State. The Act is subject to periodic renewal; modifications resulting from the State's budgetary approval process are being developed. Under HCRA, hospitals and all non-Medicare payors, except Medicaid, workers' compensation, and no-fault insurance programs, negotiate hospitals' payment rates. If negotiated rates are not established, payors are billed at hospitals' established charges. Medicaid, workers' compensation, and no-fault payors pay hospital rates promulgated by the New York State Department of Health on a prospective basis Medicaid rate methodologies are subject to approval at the Federal level by the Centers for Medicare and Medicaid Services ("CMS"), which may routinely request information about such methodologies prior to approval Revenue related to specific rate components that have not been approved by CMS are not recognized until the Institution is reasonably assured that such amounts are realizable Adjustments to the current and prior years' rates will continue to be made in future years.

The Institution has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and hospital-specific data Medicare and Medicaid regulations require annual retroactive settlements for payments through cost reports filed by the Institution The estimated settlements recorded at December 31, 2017 and 2016 could differ from actual settlements based on the results of cost report audits or other reviews. Cost reports for Medicare and Medicaid after December 31, 2015 remain subject to audit. During 2017 and 2016, the Institution revised estimates made in prior years to reflect the passage of time and the availability of more recent information associated with the related payment items. Net patient service revenue includes favorable adjustments of $5,348,000 in 2017 and $3,543,000 in 2016 which are related to settlements of prior year cost reports and other third-party payor adjustments

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation Consequences for noncompliance can include fines, penalties, and exclusion from the Medicare and Medicaid programs. The Institution is not aware of any pending or threatened investigations involving allegations of potential wrongdoing which could have a material adverse effect on the accompanying consolidated financial statements

There are various proposals at the Federal and State levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes cannot be determined presently Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Institution.

- **State Subsidy Funds.** The New York State Public Goods Pools Fund ("Pools Fund") was established for various purposes, including the distribution of charity care payments to hospitals statewide The Pools Fund also provides funds for other uncompensated care for hospitals whose actual costs for healthcare services are significantly greater than the rates paid by the Medicaid program for those services The Institution received approximately $8,375,000 and $9,257,000 in 2017 and 2016, respectively, from the Pools Fund, which is included in net patient service revenue in the consolidated statement of operations. The amount paid into the Pools Fund by the Institution was approximately $2,103,000 and $2,202,000 in 2017 and 2016, respectively, and is included in net patient service revenue in the consolidated statement of operations.

- **Delivery System Reform Inventive Program.** Designed by New York State to seek a federal waiver for the expenditure of Medicaid funds, the Delivery System Reform Incentive Program ("DSRIP") will allocate $6 42 billion to health care providers in New York State to

undertake system reform, clinical projects, and population health management. Providers identified as safety net providers based on the percentage of Medicaid, uninsured, and dual eligible patients they serve are eligible to receive funds under DSRIP. In order to participate in DSRIP, providers are required to form collaborations called Performing Provider Systems to execute DSRIP projects. The Institution met the qualifications of a safety net provider and is participating in the Staten Island Performing Provider System

In December 2014, several Performing Provider Systems submitted applications to the New York State Department of Health for participation in the State's DSRIP Although the Institution believes that it will receive a significant amount of DSRIP funding over the life of the five-year program, the ultimate amount of funding cannot be determined at this time since it is dependent on certain regulatory approvals as well as the ability of the Institution to meet certain program benchmarks and metrics over the life of the program.

The Institution recognized revenue of approximately $6,241,000 and $2,750,000 in 2017 and 2016, respectively, related to the DSRIP Program.

Grants and Other Revenue for Project

The Institution is the recipient of funds under several federal, state, and local grant programs to render services Below is a listing of the grants related to the Project.

LISTING OF GRANTS

Client Specified Grant	Amount	Spread		
		(in thousands)		
Emergency Department	Award	2019	2020	2021
2016 City Council	$ 13,500	$ 6,007	$ 6 007	$ 1 486
2017 City Council*	5,770	2,670	2 670	430
2018 City Council	7,526	2,447	2 447	2,632
CRFP Capital	5,000	2 225	2 225	550
TAD	1,000	445	445	110
Total	**32,796**	**13,794**	**13,794**	**5,208**
Co-Generation				
2017 City Council*	8,900	4 450	4,450	-
NYSERDA Co-Gen	2 600	1,300	1 300	-
Con Edison	912	456	456	-
Total	**12,412**	**6,206**	**6,206**	**-**
Grand-Total	**$ 45,208**	**$ 20,000**	**$ 20,000**	**$ 5,208**

* Same grant

Source Internal RUMC Data

The Institution was awarded funds from the New York State Department of Health and Mental Hygiene as part of the Vital Access Provider/Safety Net ("VAP") program. Funds from the VAP program are made available to ensure patient access to a health care provider's services otherwise jeopardized by the provider's payor mix or geographic isolation During 2016, the Institution began the process whereby SIMH would merge with the Institution A joint VAP application was awarded to the Institution and SIMH to assist with all merger related costs and to support other initiatives that will expand access and strengthen infrastructure and financial viability of SIMH The Institution recognized $1,783,255 and $651,511 in other revenues from the VAP program in 2017 and 2016, respectively

LICENSURE

The Institution received an operating certificate from the New York State Department of Health in 2015. The Operating Certificate is shared by the Institution, RUMC-Bayley Seton, Ambulatory Care Pavilion, Reg Imaging and Therapeutic Rad Services, Continuing Treatment Program and Forest Avenue Alcohol Treatment Extension Clinic.

HEALTHCARE REGULATORY ENVIRONMENT

The healthcare industry is subject to extensive governmental regulation through numerous and complex laws, rules, regulations, and orders, some of which are ambiguous and subject to varying interpretation The federal government and many states, including the State of New York, have aggressively increased enforcement of such laws that are often referred to as Medicare and Medicaid "antifraud and abuse" rules For many years, the Institution has maintained a corporate compliance program to monitor the organization's compliance with applicable rules, including the "antifraud and abuse" rules Noncompliance with such rules could result in repayments of amounts improperly reimbursed, substantial monetary fines, civil and criminal penalties, and exclusion from Medicare and Medicaid programs.

SUMMARY HISTORICAL FINANCIAL INFORMATION OF THE INSTITUTION

The following financial information reflects a summary of the operating results and financial condition for the Institution for each of the fiscal years ended December 31, 2015, 2016 and 2017, and the eight-month periods ended August 31, 2017 and 2018. The financial information for the fiscal years ended December 31, 2015, 2016 and 2017 has been derived from the audited consolidated financial statements of the Institution for the years ended December 31, 2015, 2016 and 2017 and should be read in conjunction with the audited consolidated financial statements for the Institution and its affiliates for the years ended December 31, 2016 and 2017, including the notes thereto, appearing in Appendix B to this Limited Offering Memorandum The financial information for the eight-month periods ended August 31, 2017 and 2018 was derived from the internal financial statements of the Institution and includes all adjustments management considers necessary for a fair presentation of the results of operations for these periods. The results of the eight-month period ended August 31, 2018 are not necessarily indicative of the operating results to be expected for the entire fiscal year ending December 31, 2018. Because Amboy, the Foundation and RQ LLC are controlled entities of the Institution, the consolidated financial statements of the Institution include the accounts of Amboy, the Foundation and RQ LLC.

Consolidated Balance Sheet

The following table presents the audited consolidated balance sheet of the Institution for the years ended December 31, 2015, 2016 and 2017 and unaudited consolidated balance sheet for the eight-month periods ended August 31, 2017 and August 31, 2018

	August 31, 2018	August 31, 2017	December 31, 2017	December 31, 2016	December 31, 2015
Current Assets					
Cash and cash equivalents	32 945 280	39 506 462	33	46 3	45 569 541
Accounts receivable					
Patients net of estimated allowance for doubtful accounts	35 602 756	38 694 013	38,146,415	39 360 419	34 043 338
Other	12 354 216	6 812,749	6 499,061	7,463 810	7 416 037
Current portion of insurance recoveries receivable	5 697 012	5 575,627	5 580 852	5 480 516	5 376 448
Inventories of drugs and supplies	6 337,668	5 983,372	6,288 940	5,930 006	5 544 524
Prepaid expenses and other current assets	3 122 618	2,845 039	2 026 439	1 463 214	1 009 330
Estimated third-party payor settlements	-	-	621,528	-	-
Pledges receivable	1 338 557	1 198,693	1,338,557	1,198 693	1 564 918
Total current assets	97 398 117	100,615,955	94 153 880	107 197 648	100 714 136
Property and Equipment, Net	80 586 928	78 742 898	80 348 092	69,006 130	51 916 445
Other Assets, Net	2 481 802	2 384 361	2 605 861	639 287	501 275
Pledges Receivable, Net	488 146	1,546 916	1 297 181	2 191 106	294 845
Insurance Recoveries Receivable	10 526,327	10 592,205	10 101,020	10,078 265	10 863 170
Total assets	**$ 191,481,320**	**$ 193,882,335**	**$ 188,416,034**	**$ 189,112,436**	**$ 164,299,871**

	August 31, 2018	August 31, 2017	December 31,2017	December 31, 2016	December 31, 2015
CURRENT LIABILITIES					
Borrowings under revolving loan agreement	-		-		2 000 000
Current portion of long-term debt	2 340 767	2 014,287	2 208 583	3 981 655	2 878,823
Accounts payable and accrued expenses	30,976,526	29,529 730	29 137 141	27 329 852	23 836,855
Current portion of estimated insurance claims liability	5,803,280	5 859 967	5 580 852	5 480 516	5,376 448
Accrued employee liabilities	16 369,828	14,794 791	13 438,173	13 460 349	11 164 802
Estimated third-party payor settlements	924,366	181,587	-	2,015 897	1 898 515
Deferred revenue	1,958,887	4,008 385	3 114 897	2 528 165	583,821
Total current liabilities	58,373,654	56 388,747	53 479 646	54 796 434	47 739 264
Long-Term Debt	16,513,221	17,546,282	17,247 418	14 933 274	8 991,862
Estimated Third-Party Payor Settlements	12,892,815	19,378,200	15 153,654	19,577 200	18,623 607
Estimated Insurance Claims Liability	22 788,049	22,462 044	22 323,406	21 922 066	21 505 793
Accrued Pension Costs	19,172,769	17,026,980	19,739,433	17,493 644	17 647 076
Other Liabilities	1,475,420	1,702,673	1 629,945	1,862,586	413 342
Total liabilities	$ 131 215,928	$ 134 504,926	129,573,502	130 585 204	114 920 944
Net Assets					
Unrestricted	56 278 685	53 754 511	53 573 768	51 992 072	44 178 003
Temporarily restricted	3,642 060	5,278 251	4,924 117	6 190 513	4 856 277
Permanently restricted	344 647	344,647	344 647	344 647	344 647
Total net assets	60,265,392	59 377 409	58,842 532	58 527 232	49 378 927
Total liabilities and net assets	$ 191,481,320	$ 193,882,335	$ 188 416 034	$ 189 112 436	$ 164 299,871

Consolidated Statements of Operations and Changes in Net Assets

The following table presents the Institution's audited consolidated statements of operations and changes in net assets for the years ended December 31, 2015, 2016 and 2017, and unaudited consolidated statements of operations and changes in net assets for the eight- month periods ended August 31, 2017 and 2018:

	August 31, 2018	August 31, 2017	December 31, 2017	December 31, 2016	December 31, 2015
Unrestricted Revenue, Gains, and Other Support					
Patient service revenue , net of contractual allowances	$221,275 801	$ 222 607 430	$ 342,382,065	$ 331,866,476	$ 308 784 213
Provision for bad debts	(10 725 696)	(10 134 882)	(21 838,322)	(17,476,388)	(12 296,724)
Net patient service revenue	210 550 105	212 472 548	320,543,743	314,390,088	296,487 489
Other revenue	23 459 509	17,131,409	23,806,011	18,373,395	15,312 736
Net assets released from restrictions used for operations	71 317	147 070	122 385	122,246	127 253
Total unrestricted revenue gains, and other support	234 080,931	229 751,027	344,472,139	332 885 729	311,927,478
Expenses					
Salaries wages and contracted labor	118 886 314	116,816 664	176,504,434	167 758,379	156 237 971
Purchased services and other	40 273 061	40,685,987	57 585,947	54 751 045	49 904 169
Employee benefits	39 822 356	39 570 675	59 069,153	56,532 179	53 481 285
Medical and surgical supplies and drugs	24 665 896	24 099 855	36 292,484	34,837,689	33,412,591
Insurance	5 391 937	5,019 753	7 655 778	6 316,525	7,913 752
Depreciation and amortization	6 713 692	5 571,947	8,979,038	7 538 150	6,646 047
Interest	640 191	507 942	804,483	793,206	804 662
Total expenses	236 393 444	232 272 823	346 891 317	328 527,173	308,400 477
Operating (loss) income	(2 312 513)	(2 521 796)	(2 419,178)	4 358,556	3,527,001
Interest Income	91,815	92 691	154,173	110,422	182 357
Revenues (less than) in excess of expenses before loss on termination of workers compensation agreement	(2 220 698)	(2 429 105)	(2,265,005)	4,468,978	3,709 358
Loss on termination of workers compensation agreement	-	-	-	(2 673,129)	-
Revenues (less than) in excess of expenses	(2 220 698)	(2 429 105)	(2,265 005)	1 795,849	3 709,358
Pension Liability Adjustment	-	-	(1 457,088)	250 068	618 667
Net Assets Released from Restrictions, Used for Property and Equipment	4 925 615	4 191 544	5 303,789	5 768 152	836 758
Increase in unrestricted net assets	$2 704,917	$ 1,762,439	$1,581 696	$7 814,069	5,164,783

	August 31, 2018	August 31, 2017	December 31, 2017	December 31, 2016	December 31, 2015
Unrestricted Net Assets					
Revenues (less than) in excess of expenses	(2,220,698)	(2,429,105)	(2,265,005)	1,795,849	3,709,358
Pension liability adjustment	-	-	(1,457,088)	250,068	618,667
Net assets released from restrictions used for property and equipment	4,925,615	4,191,544	5,303,789	5,768,152	836,758
Increase in unrestricted net assets	2,704,917	1,762,439	1,581,696	7,814,069	5,164,783
Temporarily Restricted Net Assets					
Restricted grants and contributions	3,714,875	3,426,352	4,159,778	7,224,634	4,692,725
Net assets released from restrictions, used for operations	(71,317)	(147,070)	(122,385)	(122,246)	(127,253)
Net assets released from restrictions, used for property and equipment	(4,925,615)	(4,191,544)	(5,303,789)	(5,768,152)	(836,758)
(Decrease) increase in temporarily restricted net assets	(1,282,057)	(912,262)	(1,266,396)	1,334,236	3,728,714
Increase in net assets	1,422,860	850,177	315,300	9,148,305	8,893,497
Net Assets, Beginning	58,842,532	58,527,232	58,527,232	49,378,927	40,485,430
Net Assets, Ending	60,265,392	$ 59,377,409	$ 58,842,532	$ 58,527,232	$ 49,378,927

Consolidated Statement of Cash Flows

The following table presents the Consolidated Statement of Cash Flows for the Institution for each of the years ended December 31, 2017, 2016, and 2015 and the eight-month periods ended August 31, 2017 and 2018. The Consolidated Statement of Cash Flows for the years ended December 31, 2015, 2016, and 2017 was derived from the audited consolidated financial statements of the Institution and the Consolidated Statement of Cash Flows for the eight-month periods ended August 31, 2017 and 2018 was derived from internally prepared financial statements of the Institution and has not been audited.

	August 31, 2018	August 31, 2017	December 31, 2017	December 31, 2016	December 31, 2015
Increase in net assets	1,422,860	850,177	315,300	9 148,305	8,893,497
Adjustments to reconcile increase in net assets to net cash provided by operating activities					
Depreciation and amortization	6,713,692	5,571,947	8,979,038	7,538,150	6 646,047
Amortization of deferred financing costs	62,081	62,081	93 120	181,271	213 707
Provision for bad debts	10,725,696	10,134 882	21,838,322	17 476,388	12 296 724
Pension liability adjustment	-	-	1,457 088	(250,068)	(618 667)
Restricted grants and contributions	(3,714,875)	(3,426,352)	(4,159,778)	(7,224,634)	(4,692,725)
Changes in assets and liabilities					
Accounts receivable	(13,727,203)	(8,817 414)	(19,659,569)	(22,841,242)	(16,695 554)
Inventories of drugs and supplies	(48,728)	(53,366)	(358,934)	(385 482)	(796 804)
Due from Staten Island University Hospital	-	-	-	-	6 116 521
Prepaid expenses and other current assets	(906,969)	(1,381,825)	(563,225)	(363,884)	(337,203)
Other assets	(391,274)	(1,106457)	(418,761)	(62,199)	(60 144)
Accounts payable and accrued expenses	1,839,385	2,199 878	1,807,289	3 492 997	(171 482)
Accrued employee liabilities	2,931,655	1,334,442	(22 176)	2 295 547	572 633
Estimated third-party settlements	(714,945)	(2,033,310)	(7,060,971)	1,070,975	2 199,449
Estimated insurance claims liability, net of insurance recoveries receivable	145,604	310,378	378,585	1 201 178	1 899,009
Accrued pension costs	(566,664)	(466,664)	788,701	96,636	1 343 707
Deferred revenue and other liabilities	(1,310,535)	1,320,307	354,091	3 393,588	70 153
Net cash provided by operating activities	2,459,780	4,498,704	3,768,120	14 767,526	16 878 868
Cash Flows Used in Investing Activities					
Purchases of property and equipment	(6,361,210)	(15,020,575)	(16 817,505)	(24 294,151)	(12,995 931)
Acquisition of radiation therapy practice	-	-	(4 500 000)	-	-
Net cash used in investing activities	(6,361,210)	(15,020,575)	(21 317,505)	(24 294 151)	(12 995 931)
Cash Flows from Financing Activities					
Net borrowings under revolving loan agreements	(378,798)	3,150,000	3,150,000	2,144,543	(1 000 000)
Proceeds from issuance of long-term debt	-	-	-	8 000 000	1 000 000
Repayment of long term debt	(860,489)	(2,774,361)	(3,253 356)	(4 939,266)	(2 645,886)
Payment of deferred financing costs	-	-	-	(651,801)	-
Restricted grants and contributions	4,433,909	3,351 704	5 003 839	5 704 598	2 822,962
Net cash provided by (used in) financing	3,194,622	3,727 343	4 900,483	10 258,074	177 076
Net (decrease) increase in cash	(706,808)	(6,794 528)	(12 648 902)	731,449	4 060 013
Cash and Cash Equivalents, Beginning	33,652,088	46,300,990	46 300 990	45 569 541	41,509,528
Cash and Cash Equivalents, Ending	32,945,280	39,506,462	33,652,088	46 300,990	45 569 541

Management's Discussion of the Institution's Operations

Eight months ended August 31, 2018 compared to the eight months ended August 31, 2017

The Institution reported an operating loss of approximately $2 3 million for the eight months ended August 31, 2018 which was approximately $209,000 (8%) better than the operating loss for the eight months ended August 31, 2017. Earnings, before interest depreciation and amortization was approximately $5.04 million for the eight-months ended August 31, 2018 compared to $3 56 million for the eight months ended August 31, 2017 which amounts to an approximate S1.48 million improvement. The Institution's increase in unrestricted net assets after the recognition of grants and contributions utilized for capital acquisitions was approximately $2.7 million compared to approximately $1.76 million a year earlier, which amounts to an improvement of approximately $942,000.

A summary of the financial results for the eight months ended August 31, 2018 compared to the eight months ended August 31, 2017 are as follows.

- Total Operating Revenue was approximately $234.1 million (approximately 1.88% higher than the prior year). Through the first eight months of 2018 the Institution's total operating revenue was higher than the prior year despite a decline in inpatient revenue of approximately $7.8 million This higher operating revenue was the result of lower net patient service revenue offset by higher other operating revenue The biggest drivers of the revenue increase were: (i) shortfall in net patient service revenue was primarily due to lower inpatient volume which was offset by higher ambulatory volume, (ii) Inpatient revenue was approximately $132 million (5 6% lower than 2017), (iii) Institution had 17.439 weighted adjusted discharges (1.963 or 10.12% lower than the prior year), (iv) Professional practice revenue was approximately $15.1 million ($3.3 million or 28% higher than 2017), (v) Other operating revenue was approximately $23 5 million (approximately $6.3 million or 36.9% higher than 2017) largely attributable to VAP Grants, 340b Revenue, Accountable Care Organization Shared Savings Revenue and DSRIP Revenue, (vi) overall CMI neutral acute length of stay of 3 7717 which was lower than 2017 by 0.0850 days or 2.2%, and (vii) Overall occupancy percentage was 71.22%, slightly higher than prior year's occupancy due to the reduction of inpatient psychiatric beds at the Baily Seton campus and the consolidation of this service at 355 Bard Avenue

- Operating expenses were approximately $236.4 million (approximately $4.1 million or 1.77% higher than the prior year) Management continues to develop and implement management action plans which have helped to keep the expense increases below the overall inflation rate and the rate of contracted union increases. The biggest drivers of the expense increase were: (i) Salaries, wages and contract labor for the first eight months of 2018 were approximately $118.9 million which is approximately 50% of total expenses (approximately $2 1 million or 1 8% higher than 2017), and FTE's were actually lower than 2017 by 47 or 2 22%, however salary per FTE was higher by 4.08%, representing the addition of new physicians as well as union salary increases, (ii) medical and surgical supplies and drugs were approximately $24 7 million (approximately $566,000 or 2.35% higher than 2017) primarily due to higher pharmaceutical and blood costs offset by lower inpatient volume), (iii) purchased services and other expenses were approximately $40.3 million (lower than the prior year by approximately $413,000 or 1%) due to the implementation of cost reduction efforts including the previously discussed consolidation of inpatient psychiatric services at the Institution's main campus and the elimination of the lease for the Baily Seton space.

Calendar year ended December 31, 2017 compared with the calendar year ended December 31, 2016

The Institution reported an operating loss of approximately $2.4 million for the year ended December 31, 2017 compared to operating income of approximately $4 4 million for the year ended December 31, 2016, a decline of approximately S6 8 million Earnings before interest, depreciation and amortization for the year ended December 31, 2017 was approximately $7 4 million compared to approximately $12 7 million for the year ended December 31, 2016, a decline of approximately $5.3 million. The Institution still reported an increase in unrestricted net assets, after the recognition of grants and contributions utilized for capital acquisitions as well as a pension liability

adjustment, of approximately $1 6 million for the year ended December 31, 2017. This compared to an increase in unrestricted net assets of approximately $7 8 million a year earlier, a decline of approximately $6 2 million

A summary of the financial results for the year ended December 31, 2017 compared to December 31, 2016 are as follows.

- Total Operating Revenue was approximately $344.4 million (approximately $11 6 million or 3.48% higher than 2016).
- Net Patient Service Revenue was approximately $320.5 million (approximately $6.2 million or 1 96% higher than 2016) A shortfall of inpatient revenue was offset by higher outpatient and physician revenue
- Inpatient acute volume was lower than 2016. The financial impact of declining inpatient utilization was somewhat mitigated by a higher case mix and higher outpatient volume. This resulted in 28,817 weighted adjusted discharges (255 or .87% lower than 2016).
- Other Operating Revenue was $23 9 million ($5 4 million or 29.2% higher than 2016) The biggest drivers of the higher Other Operating Revenue for the year were the recognition of DSRIP revenue. Accountable Care Organization Shared Savings Revenue, and 340B revenue
- Overall CMI neutral acute length of stay was 3 85 (0 16 days lower than 2016)
- Total operating expenses were approximately $346.9 million (approximately $18.4 million or 5 6% higher than the 2016)
- Salaries, wages and contract labor were approximately $8.7 million higher than 2016 and employee benefits were approximately $2 5 million higher than 2016 partially due to an increase of 55 FTEs during the year.
- Medical and surgical supplies and drugs were higher in 2017 by approximately $1 million (4 2%) primarily due to certain industry wide shortages in key supply areas, particularly IV's, and higher implantable costs partially driven by the Institution's higher CMI.
- Purchased services and other expenses were also higher in 2017 by approximately $2.8 million (5.2%).
- Other changes in unrestricted net assets in 2017 included approximately $5.3 million of net assets released from restriction for property and equipment.

Calendar year ended December 31, 2016 compared with the calendar year ended December 31, 2015

The Institution reported operating income of approximately $4.4 million for the year ended December 31, 2016 compared to operating income of approximately $3.5 million for the year ended December 31, 2015, an improvement of approximately $830,000. Earnings before interest, depreciation and amortization was approximately $12 7 million for the year ended December 31, 2016 compared to approximately $11 million for the year ended December 31, 2015, an improvement of approximately $1.7 million. The Institution also reported an increase in unrestricted net assets of approximately $7 8 million for the year ended December 31, 2016 which was higher than the previous year by $2.6 million

A summary of the financial results for the year ended December 31, 2016 compared to the year ended December 31, 2015 are as follows.

- Total Operating Revenue was approximately $332.9 million (approximately $21.0 million or 6 7% higher than 2015)
- Net Patient Service Revenue was approximately $314.4 million (approximately $17.9 million or 6.0% higher than 2015) Inpatient, outpatient and professional practice revenue all increased in 2016.
- The Institution provided 29,170 weighted adjusted discharges in 2016 (1,285 or 4 61% higher than 2015).

- Other Operating Revenue was approximately $18.5 million (approximately $3.1 million or 20% higher than 2015). The biggest drivers of the higher other operating revenue for the year were the recognition of DSRIP revenue, Accountable Care Organization Shared Savings Revenue, and 340B revenue
- Overall CMI neutral acute length of stay was 3.91 (.18 days lower than the previous year).
- Overall occupancy percentage was 75.68% in 2016 versus 66.61% in 2015
- Total operating expenses were approximately $328.5 million (approximately $20.1 million or 6.5% higher than 2015)
- Salaries, wages and contract labor were approximately $11.5 million higher than 2015 and employee benefits were approximately $3.1 million higher than 2015 partially due to an increase of 52 FTEs during the year.
- Medical and surgical supplies and drugs increased during 2016 by approximately $1.4 million (4.3%) partially driven by higher patient volumes in 2016.
- Purchased services and other expenses were also higher in 2016 by approximately $4.8 million (9.7%)

Days Cash on Hand

Set forth below are the Days Cash on Hand ratios of the Institution for each of the years ended December 31, 2015, 2016, 2017 and for the eight months ended August 31, 2018. The Days Cash on Hand ratios for the years ended December 31, 2015, 2016, and 2017 were derived from the audited consolidated financial statements of the Institution and the Days Cash on Hand ratio for the eight months ended August 31, 2018 was derived from internally prepared financial statements of the Institution. This summary should be read in conjunction with the audited consolidated financial statements and related notes included in this Limited Offering Memorandum in Appendix B

		Fiscal Years Ended December 31,		
	Eight-Months Ended August 31, 2018	2017	2016	2015
Day count	243	365	366	365
Cash and cash equivalents	$32,945,280	$33,652,088	$46,300,990	$45,569,541
Operating expenses	$236,393,444	$346,891,317	$328,527,173	$308,400,477
Less: Interest	($640,191)	($804,483)	($793,206)	($804,662)
Less: Depreciation and Amortization	($6,713,692)	($8,979,038)	($7,538,150)	($6,646,047)
Subtotal	$229,039,561	$337,107,796	$320,195,817	$300,949,768
Average daily operating expense	$942,550	$928,672	$879,659	$829,063
Days cash on hand	**35**	**36**	**53**	**55**

* According to "Available Reserves" definition in *Appendix A - Definitions* for FY 2018 – 2020. Beginning in FY 2021, without the Bondholder Representative's prior consent, the Medical Center shall not draw on revolving loans or any other credit facilities in order to satisfy the DCOH requirement

Outstanding Indebtedness

The following table sets forth the existing outstanding indebtedness of the Institution as of December 31, 2017, 2016 and 2015:

	2017	2016	2015
Revolving loan payable	$ 7,294,543	$ 4,144,543	-
Term loan payable	3,555,553	3,891,243	-
Mortgage loans payable	4,680,950	4,905,286	997,567
Equipment loans	2,570,526	4,892,208	6,205,600
Capital lease obligations, interest at fixed rates from 1.0% to 6.0% due at various dates through March 2025	1,874,310	1,694,650	1,829,724
Debt with HFG repaid in 2015	-	-	4,980,265
Total	19,975,882	19,527,930	14,013,156
Less current maturities	2,208,583	3,981,655	4,878,823
Less deferred financing costs	519,881	613,001	142,471
Long-term debt	$ 17,247,418	$ 14,933,274	$ 8,991,862

Source: Internal RUMC Data

Debt Service Coverage Ratio

The table below sets forth the Institution's Debt Service Coverage Ratios for the years ended December 31, 2015, 2016 and 2017

	2017	2016	2015
Revenues (less than) in excess of expenses	($2,265,005)	$1,795,849	$3,709,358
Plus Depreciation and amortization	$8,979,038	$7,538,150	$6,646,047
Plus. Interest	$804,483	$793,206	$804,662
Income available for debt service	$7,518,516	$10,127,205	$11,160,067
Required Payments of Principal and Interest	$3,013,066	$4,774,861	$3,683,485
Debt Service Coverage Ratio	**2.50**	**2.12**	**3.03**

INSURANCE ARRANGEMENTS

Medical Malpractice

The Institution maintains malpractice insurance coverage with a combination of a self-insurance and commercial insurance policies.

Primary coverage: Primary coverage is provided under the terms of an insurance policy with Physicians' Reciprocal Insurers. From January 1, 2007 through December 31, 2012, the coverage was for losses, if any, reported during the period the contracts are in force, "claims made coverage," for claims up to an annual maximum of $2,000,000 per occurrence and $6,000,000 in the aggregate. From January 1, 2013 through December 31, 2015, the coverage was for losses, if any, for claims up to an annual maximum of $1,000,000 per occurrence and $6,000,000 in the aggregate. From January 1, 2016 through December 31, 2016, the coverage was for losses, if any, for claims up to an annual maximum of $1,000,000 per occurrence and $6,000,000 in the aggregate with a $100,000 deductible for each and every indemnity claim. Beginning January 1, 2017, the coverage is for losses, if any, for claims up to an annual maximum of $1,000,000 per occurrence and $6,000,000 in the aggregate.

Self-insured retention: From January 1, 2007 through December 31, 2007, the Institution had a self-insured retention of $5,000,000 per claim above the primary insurance coverage. From January 1, 2008 through December 31, 2008, the Institution had a self-insured retention of $8,000,000 per claim above the primary insurance coverage. From January 1, 2009 through December 31, 2009, the Institution had a self-insured retention of $2,000,000 per occurrence and $4,000,000 aggregate, for obstetric claims only, above the primary insurance coverage. This was applicable on a claims-made basis.

Excess coverage: Effective January 1, 2013, the Institution does not have excess insurance in place.

The Institution's liability for the estimated future payments of its asserted and unasserted medical malpractice claims was approximately $27,425,000 at December 31, 2017 and $26,538,000 at December 31, 2016. The discount rate used in determining these liabilities was 3% at December 31, 2017 and 2016. The Institution has recorded a receivable, and related claim liability, for anticipated insurance recoveries of approximately $15,203,000 at December 31, 2017 and $14,694,000 at December 31, 2016, with a net liability of approximately $12,222,000 and $11,844,000 at December 31, 2017 and 2016, respectively.

General Liability

Primary coverage: Primary coverage is provided under the terms of an insurance policy with Physicians' Reciprocal Insurers. The coverage is for claims up to an annual maximum of $2,000,000 per occurrence and $6,000,000 in the aggregate.

Self-insured retention: From January 1, 2007 through December 31, 2007, the Institution had a self-insured retention of $5,000,000 per claim on an occurrence basis above the primary insurance coverage. From January 1, 2008 through December 31, 2008, the Institution had a self-insured retention of $8,000,000 per claim on an occurrence basis above the primary insurance coverage.

Excess coverage: Effective January 1, 2013, the Institution does not have excess insurance in place.

The Institution's liability for the estimated future payments of its asserted and unasserted general liability claims was approximately $479,000 at December 31, 2017 and $865,000 at December 31, 2016. The discount rate used in determining these liabilities was 3% at December 31, 2017 and 2016. The Institution has recorded a receivable, and related claim liability, for anticipated insurance recoveries of approximately $479,000 at December 31, 2017 and $865,000 at December 31, 2016.

The estimates for professional liabilities under the Institution's insurance program are based upon extremely complex actuarial calculations which utilize factors such as historical claim experience for the Institution and related industry factors, trending models, estimates for the payment patterns of future claims, and present value discounting factors. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Revisions to estimated amounts resulting from actual experience differing from projected expectations are recorded in the period the information becomes known

During 2013, in connection with the self-insurance retention, the Board of Trustees approved a separate trust be established related to payments of the self-insurance program's covered liability losses and related expenses The Institution has identified approximately $4,342,000 of cash and cash equivalents at December 31, 2017 and 2016, that would be used to fund this trust.

The Institution believes that it has adequate insurance coverages for all asserted claims and has no knowledge of unasserted claims which would exceed insurance coverages

LITIGATION MATTERS

Professional and general liability claims have been asserted against the members of the Institution, by various claimants. These claims are in various stages of processing and some may ultimately be brought to trial The outcome of these actions cannot be predicted with certainty by management or by counsel to the Institution or by the respective insurance companies handling such matters. There are known incidents that may result in the assertion of additional claims, and such other claims may arise. It is the opinion of the management of the Institution based on prior experiences, that adequate reserves, as well as professional and comprehensive general liability insurance coverage, which supplement reserves, is maintained to provide for all significant liability losses which may arise, and that the eventual liability from claims will not have a material adverse effect on the financial position of the Institution or on its ability to make required debt service payments. There is no litigation or proceedings now existing, and to the knowledge of the Institution, none have been threatened against the Institution, which would materially adversely affect its operations or financial condition or on its ability to perform its obligations with respect to the Series 2018 Bonds.

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APPENDIX B – AUDITED CONSOLIDATED FINANCIAL STATEMENTS of Richmond Medical Center as of and for the years ended December 31, 2017 and 2016

RICHMOND MEDICAL CENTER
Staten Island, New York

Audited Consolidated Financial Statements
Including Independent Auditor's Report
as of and for the years ended
December 31, 2017 2016

Richmond University Medical Center

Consolidated Financial Statements

December 31, 2017 and 2016

Candor Insight Results

Richmond University Medical Center

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December 31, 2017 and 2016

BAKER TILLY

Independent Auditors' Report

Board of Trustees
Richmond University Medical Center

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Richmond University Medical Center (the "Medical Center"), which comprise the consolidated balance sheet as of December 31, 2017 and 2016, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Richmond University Medical Center as of December 31, 2017 and 2016, and the results of its operations, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 30 through 37 is presented for purposes of additional analysis rather than to present the financial position and results of operations and changes in net assets of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
May 9, 2018

Richmond University Medical Center

Consolidated Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	$ 33,652,088	$ 46,300,990
Accounts receivable		
Patients, net of estimated allowance for doubtful accounts of $32,055,759 in 2017 and $26,279,373 in 2016	38,146,415	39,360,419
Other	6,499,061	7,463,810
Current portion of insurance recoveries receivable	5,580,852	5 480,516
Inventories of drugs and supplies	6,288,940	5,930,006
Prepaid expenses and other current assets	2,026,439	1,463,214
Estimated third-party payor settlements	621,528	-
Pledges receivable	1,338,557	1,198,693
Total current assets	94,153,880	107,197,648
Property and Equipment, Net	80,348,092	69,006,130
Other Assets, Net	2,605,861	639,287
Pledges Receivable, Net	1,207,181	2,191,106
Insurance Recoveries Receivable	10,101,020	10,078,265
Total assets	$ 188,416,034	$ 189,112,436

	2017	2016
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	$ 2,208,583	$ 3,981,655
Accounts payable and accrued expenses	29,137,141	27,329 852
Current portion of estimated insurance claims liability	5,580,852	5,480,516
Accrued employee liabilities	13,438,173	13,460,349
Estimated third-party payor settlements	-	2,015,897
Deferred revenue	3,114,897	2,528,165
Total current liabilities	53,479,646	54,796,434
Long-Term Debt	17,247,418	14,933,274
Estimated Third-Party Payor Settlements	15,153,654	19,577,200
Estimated Insurance Claims Liability	22,323,406	21,922,066
Accrued Pension Costs	19,739,433	17,493,644
Other Liabilities	1,629,945	1,862,586
Total liabilities	129,573,502	130,585,204
Net Assets		
Unrestricted	53,573,768	51,992,072
Temporarily restricted	4,924,117	6,190,513
Permanently restricted	344,647	344,647
Total net assets	58,842,532	58,527,232
Total liabilities and net assets	$ 188,416,034	$ 189,112,436

See notes to consolidated financial statements

Richmond University Medical Center

Consolidated Statement of Operations
Years Ended December 31, 2017 and 2016

	2017	2016
Unrestricted Revenue, Gains, and Other Support		
Patient service revenue (net of contractual allowances and discounts)	$ 342,382,065	$ 331,866,476
Provision for bad debts	(21,838,322)	(17,476,388)
Net patient service revenue	320,543,743	314,390,088
Other revenue	23,806,011	18,373,395
Net assets released from restrictions, used for operations	122,385	122,246
Total unrestricted revenue, gains, and other support	344,472,139	332,885,729
Expenses		
Salaries, wages and contracted labor	176,504,434	167,758,379
Purchased services and other	57,585,947	54,751,045
Employee benefits	59,069,153	56,532,179
Medical and surgical supplies and drugs	36,292,484	34,837,689
Insurance	7,655,778	6,316,525
Depreciation and amortization	8,979,038	7,538,150
Interest	804,483	793,206
Total expenses	346,891,317	328,527,173
Operating (loss) income	(2,419,178)	4,358,556
Interest Income	154,173	110,422
Revenues (less than) in excess of expenses before loss on termination of workers compensation agreement	(2,265,005)	4,468,978
Loss on termination of workers compensation agreement	-	(2,673,129)
Revenues (less than) in excess of expenses	(2,265,005)	1,795,849
Pension Liability Adjustment	(1,457,088)	250,068
Net Assets Released from Restrictions, Used for Property and Equipment	5,303,789	5,768,152
Increase in unrestricted net assets	$ 1,581,696	$ 7,814,069

See notes to consolidated financial statements

Richmond University Medical Center

Consolidated Statement of Changes in Net Assets
Years Ended December 31, 2017 and 2016

	2017	2016
Unrestricted Net Assets		
Revenues (less than) in excess of expenses	$ (2,265,005)	$ 1,795,849
Pension liability adjustment	(1,457,088)	250,068
Net assets released from restrictions, used for property and equipment	5,303,789	5,768,152
Increase in unrestricted net assets	1,581,696	7,814,069
Temporarily Restricted Net Assets		
Restricted grants and contributions	4,159,778	7,224,634
Net assets released from restrictions, used for operations	(122,385)	(122,246)
Net assets released from restrictions, used for property and equipment	(5,303,789)	(5,768,152)
(Decrease) increase in temporarily restricted net assets	(1,266,396)	1,334,236
Increase in net assets	315,300	9,148,305
Net Assets, Beginning	58,527,232	49,378,927
Net Assets, Ending	$ 58,842,532	$ 58,527,232

See notes to consolidated financial statements

Richmond University Medical Center

Consolidated Statement of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Increase in net assets	$ 315,300	$ 9,148 305
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	8,979,038	7 538,150
Amortization of deferred financing costs	93,120	181,271
Provision for bad debts	21,838,322	17 476,388
Pension liability adjustment	1,457,088	(250,068)
Restricted grants and contributions	(4,159,778)	(7,224,634)
Changes in assets and liabilities		
Accounts receivable	(19,659,569)	(22,841,242)
Inventories of drugs and supplies	(358,934)	(385,482)
Prepaid expenses and other current assets	(563,225)	(363,884)
Other assets	(418,761)	(62,199)
Accounts payable and accrued expenses	1,807,289	3,492,997
Accrued employee liabilities	(22,176)	2,295,547
Estimated third-party settlements	(7,060,971)	1,070,975
Estimated insurance claims liability, net of insurance recoveries receivable	378,585	1,201,178
Accrued pension costs	788,701	96,636
Deferred revenue and other liabilities	354,091	3,393,588
Net cash provided by operating activities	3,768,120	14,767,526
Cash Flows Used in Investing Activities		
Purchases of property and equipment	(16,817,505)	(24,294,151)
Acquisition of radiation therapy practice	(4,500,000)	-
Net cash used in investing activities	(21,317,505)	(24,294 151)
Cash Flows from Financing Activities		
Net borrowings under revolving loan agreements	3,150,000	2,144,543
Proceeds from issuance of long-term debt	-	8,000,000
Repayment of long term debt	(3,253,356)	(4,939,266)
Payment of deferred financing costs	-	(651,801)
Restricted grants and contributions	5,003,839	5,704,598
Net cash provided by financing activities	4,900,483	10,258,074
Net (decrease) increase in cash and cash equivalents	(12,648,902)	731,449
Cash and Cash Equivalents, Beginning	46,300,990	45,569,541
Cash and Cash Equivalents, Ending	$ 33,652,088	$ 46,300,990
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 690,016	$ 641,981
Supplemental Disclosure of Noncash Investing and Financing Activities		
Capital lease obligation incurred for property and equipment	$ 551,308	$ 309,498

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Castleton Acquisition Corporation ("Castleton") was formed on March 29, 2006 as a nonprofit corporation under the laws of the state of New York Castleton was formed to undergo the process of applying for an application with the Public Health Council of the New York State Department of Health to operate any hospitals acquired by Castleton

On May 16, 2006, an Asset Purchase Agreement was signed between Saint Vincent's Catholic Medical Centers of New York ("SVCMC") and Castleton, in which Castleton acquired assets of the former Saint Vincent's Hospital, Staten Island, located at 355 Bard Avenue ("Main Campus") and at 75 Vanderbilt Avenue ("Bayley Seton Campus") and certain interest in leased property, all located on the North Shore of Staten Island, New York Assets conveyed to Castleton consisted primarily of real property, furniture, equipment, and assets associated with programs located at the Main Campus and programs located at the Bayley Seton Campus.

On December 28, 2006, Castleton amended its certificate of incorporation to change its legal name to Richmond Medical Center ("Richmond"). Other changes were made in accordance with this amendment, including changing the purpose to establish and operate hospitals within the state of New York.

Richmond began operations on January 1, 2007 as a wholly owned subsidiary of Bridge Regional Health System. Richmond's operations consist primarily of an acute care hospital with 448 licensed beds and services provided include Level I trauma and various other inpatient and outpatient surgical and medical services.

In 2008, Richmond was instrumental in the development and creation of a professional services corporation known as Amboy Medical Practice, P.C. ("Amboy"), which has as its primary purpose to engage in the profession of medicine. Amboy began operations on October 1, 2008 at a location on the South Shore of Staten Island and has since expanded to other locations.

Richmond Medical Center Foundation, Inc. (the "Foundation") is a tax exempt organization, established to raise funds for Richmond.

Richmond Quality, LLC ("RQ LLC") is an Accountable Care Organization. RQ LLC's mission is to establish a group of coordinated healthcare providers which agree to be accountable for the quality, cost and overall care for an assigned group of Medicare beneficiaries

Since Amboy, the Foundation and RQ LLC are controlled entities of Richmond, the consolidated financial statements of Richmond include the accounts of Amboy, the Foundation and RQ LLC (collectively, the "Medical Center").

Principles of Consolidation

The consolidated financial statements include the accounts of Richmond, Amboy, the Foundation, and RQ LLC. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments purchased with original maturities of three months or less, and includes approximately $4,342,000 of cash that has been approved by the Board of Trustees to fund a separate trust which would be used for payments of the Medical Center's professional and general liability losses and related expenses (see Note 8). The consolidated statement of cash flows includes restricted cash as cash.

Accounts Receivable, Patients

Accounts receivable, patients, are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. In evaluating the collectability of patient accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts For receivables associated with services provided to patients who have third-party coverage (which includes patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Medical Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients, the Medical Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable to pay the portion of their bill for which they are financially responsible. The difference between the billed rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Inventories of Drugs and Supplies

In 2017, the Medical Center adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No 2015-11, *Simplifying the Measurement of Inventory*. As a result of ASU No 2015-11, the Medical Center is required to measure inventories of drugs, medical, and surgical supplies at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonable predictable costs of completion, disposal, and transportation. The effect of the required prospective application of this change did not have a material effect on the Medical Center's consolidated financial statements

Property and Equipment

Property and equipment are recorded at cost or, if donated, the fair market value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The carrying amounts of assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of and any resulting gain or loss is included in operations Equipment under capital lease obligations is amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation expense in the accompanying consolidated statement of operations.

Gifts of long-lived assets 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 about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

Deferred Financing Costs

Deferred financing costs are reported on the balance sheet as a direct reduction to long-term debt and are being amortized under the interest method over the remaining term of the related indebtedness.

Other Assets

In August 2017, the Medical Center acquired the assets of Staten Island Radiation Therapy ("SIRTH"). The purchase price of SIRTH was $4,500,000, and the fair value of the assets acquired was $2,928,000. In connection with the acquisition, goodwill of $1,572,000 was recorded, which is included in other assets in the consolidated balance sheet.

Pledges Receivable

Pledges receivable are primarily unsecured and are receivable from individuals and businesses. Pledges receivable and revenue are recorded at the present value of estimated cash flows on the date the unconditional promise to give is made. The discounts on those amounts are computed using assumptions made by management regarding the market return and ultimate collectability of the receivables Pledges are written off when they are determined to be uncollectible based upon management's assessment of individual accounts

Grants

The Medical Center is the recipient of funds under several federal, state, and local grant programs to render services. These funds are generally designated to cover current operating costs and/or capital acquisitions for specific programs. Grants to cover operating costs are recognized as revenue as expenditures are incurred

The Medical Center was awarded funds from the New York State Department of Health and Mental Hygiene ("NYDOH") as part of the Vital Access Provider/Safety Net ("VAP") program Funds from the VAP program are made available to ensure patient access to a health care provider's services otherwise jeopardized by the provider's payor mix or geographic isolation. During 2016, the Medical Center began the process whereby Staten Island Mental Health Society, Inc. ("SIMH") would merge with the Medical Center. A joint VAP application was awarded to the Medical Center and SIMH to assist with all merger related costs and to support other initiatives that will expand access and strengthen infrastructure and financial viability of SIMH. The Medical Center recognized $1,783,255 and $651,511 in other revenues from the VAP program in 2017 and 2016, respectively.

The Medical Center was reimbursed by the NYDOH for certain capital expenditures The Medical Center received approximately $2,200,000 and $4,100,000 in reimbursement from NYDOH in 2017 and 2016, respectively.

Revenues (Less Than) in Excess of Expenses

The consolidated statement of operations includes the determination of revenues (less than) in excess of expenses. Changes in unrestricted net assets which are excluded from the determination of revenues (less than) in excess of expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets) and pension liability adjustments.

Net Patient Service Revenue

The Medical Center has agreements with third-party payors, including commercial insurance carriers and health maintenance organizations, which provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, per diem and case rate payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including an estimate for retroactive adjustments that may occur as a result of future audits, reviews and investigations. For uninsured patients that do not qualify for charity care, the Medical Center recognizes revenues on the basis of its standard rates, discounted in accordance with the Medical Center's policy. On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable to pay for the services provided Thus, the Medical Center records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Patient service revenues, net of contractual allowances and discounts (but before the provision for bad debts), recognized in 2017 and 2016 from these major payor sources, are as follows:

	December 31, 2017			
	Third-Party Government Payors	Third-Party Commercial Payors	Self-Pay	Total
Patient service revenues (net of contractual allowances and discounts)	$ 224,693,000	$ 117,131,000	$ 558,000	$ 342,382,000
	December 31, 2016			
Patient service revenues (net of contractual allowances and discounts)	$ 220,229,000	$ 111,108,000	$ 529,000	$ 331,866,000

Charity Care

The Medical Center provides charity care to patients who meet certain criteria without charge or at amounts less than its established rates. The Medical Center provides free care or sliding fee scales based on federal poverty income guidelines or when it is determined that the patients are unable to fulfill their obligations to the Medical Center. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

Donor Restricted Gifts and Temporary and Permanently Restricted Net Assets

Unconditional promises to give cash and other assets to the Medical Center are reported at fair value at the date the promise is received. 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 either temporarily or permanently restricted support 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, temporarily restricted net assets are classified as unrestricted net assets and reported in the accompanying consolidated statement of operations as net assets released from restrictions

Temporarily restricted net assets whose use by the Medical Center has been limited by donors to a specific time period or purpose are available for the purchase of capital projects and equipment, providing health education to the community, and designated for the furtherance of programs provided by specific operating departments Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity.

Income Taxes

Richmond, Amboy and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on their exempt income under Section 501(a) of the Internal Revenue Code

RQ LLC is treated as a partnership for federal and state income tax purposes. Therefore, income earned is passed through to the sole member, and as such, no income taxes have been incurred or accrued.

Estimated Medical Malpractice Claims Liability

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, including costs associated with litigating or settling claims. Anticipated insurance recoveries associated with reported claims are reported separately in the Medical Center's consolidated balance sheet at net realizable value.

Workers Compensation Liability

During 2016, the Medical Center terminated a previous workers compensation agreement, and recorded a non-recurring loss of $2,673,129 which is included in revenues (less than) in excess of expenses in the consolidated statement of operations The Medical Center paid a portion of the loss to the insurance provider in 2016 and financed the remaining liability with a note payable The note payable was due in monthly installments, including interest, of $111,380. The note payable, which was paid off in 2017, had an outstanding balance of $1,113,799 at December 31, 2016 and is included in accounts payable and accrued expenses in the consolidated balance sheet.

Subsequent Events

The Medical Center evaluated subsequent events for recognition or disclosure through May 9, 2018, the date the consolidated financial statements were available to be issued.

Reclassifications

Certain 2016 amounts have been reclassified to conform to the 2017 presentation.

2. New Accounting Pronouncements

Financial Statements

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. The Medical Center will be required to retrospectively adopt the guidance in ASU No. 2016-14 for its fiscal year ending December 31, 2018. The Medical Center is currently assessing the impact that ASU No. 2016-14 will have on its consolidated financial statements.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 supersedes the *Revenue Recognition Requirements in Topic 605, Revenue Recognition*, and most industry-specific guidance Under the requirements of ASU No. 2014-09, the core principle is that entities should recognize revenue to depict the transfer of promised goods or services to customers (patients) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Medical Center will be required to retrospectively adopt the guidance in ASU No. 2014-09 for its fiscal year ending December 31, 2019. The Medical Center is currently assessing the impact that ASU No. 2014-09 will have on its consolidated financial statements.

Pension Accounting

In March 2017, the FASB issued ASU No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715) ASU No 2017-07 requires the service cost component to be reported in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost will be required to be presented in the statement of operations separately from the service cost component and outside of operating income. The Medical Center will be required to adopt the guidance in ASU No. 2017-07 for its fiscal year ending December 31, 2019. The Medical Center is currently assessing the impact that ASU No. 2017-07 will have on its consolidated financial statements.

Lease Accounting

In February 2016, the FASB issued ASU No 2016-02, *Leases (Topic 842)* ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Medical Center's leasing activities. The Medical Center will be required to retrospectively adopt the guidance in ASU No. 2016-02 for its fiscal year ending December 31, 2020. The Medical Center has not yet determined the impact that ASU No 2016-02 will have on its consolidated financial statements.

3. Charity Care

The Medical Center provides care to patients who meet certain criteria defined by the New York Department of Health and Senior Services ("DHSS") without charge or at amounts less than established rates. The current DHSS charity care guidelines require participation and cooperation of the patient in order to be identified as a charity care account. The Medical Center maintains records to identify and monitor the level of charity care it provides. The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the patients receiving charity care Uncompensated care provided, based on cost, was approximately $4,521,000 in 2017 and $3,479,000 in 2016. The Medical Center receives partial reimbursement for the charity care it provides.

The Medical Center also provides community services, including free and low cost screenings, such as blood pressure, cholesterol, and immunization. Free immunization is offered to senior citizens. The Medical Center holds various educational programs concerning such topics as nutrition and childbirth In addition, the Medical Center provides free space to various community organizations for their meetings.

4. Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A significant portion of the Medical Center's net patient service revenues is derived from these third-party payor programs. A summary of the principal payment arrangements with major third-party payors follows:

- **Medicare reimbursement**: Inpatient acute care and rehabilitation services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors Reimbursements for certain cost reimbursable items are received at tentative interim rates, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization

- **Non-Medicare reimbursement**: The New York Health Care Reform Act of 1996 ("HCRA"), as periodically updated, governs non-Medicare payments to hospitals in New York State. The Act is subject to periodic renewal; modifications resulting from the State's budgetary approval process are being developed. Under HCRA, hospitals and all non-Medicare payors, except Medicaid, workers' compensation, and no-fault insurance programs, negotiate hospitals' payment rates. If negotiated rates are not established, payors are billed at hospitals' established charges. Medicaid, workers' compensation, and no-fault payors pay hospital rates promulgated by the New York State Department of Health on a prospective basis Medicaid rate methodologies are subject to approval at the Federal level by the Centers for Medicare and Medicaid Services ("CMS"), which may routinely request information about such methodologies prior to approval. Revenue related to specific rate components that have not been approved by CMS are not recognized until the Medical Center is reasonably assured that such amounts are realizable. Adjustments to the current and prior years' rates will continue to be made in future years.

The Medical Center has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and hospital-specific data. Medicare and Medicaid regulations require annual retroactive settlements for payments through cost reports filed by the Medical Center. The estimated settlements recorded at December 31, 2017 and 2016 could differ from actual settlements based on the results of cost report audits or other reviews. Cost reports for Medicare and Medicaid after December 31, 2015 remain subject to audit. During 2017 and 2016, the Medical Center revised estimates made in prior years to reflect the passage of time and the availability of more recent information associated with the related payment items Net patient service revenue includes favorable adjustments of $5,348,000 in 2017 and $3,543,000 in 2016 related to settlements of prior year cost reports and other third-party payor adjustments.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation for which action for noncompliance can include fines, penalties, and exclusion from the Medicare and Medicaid programs The Medical Center is not aware of any pending or threatened investigations involving allegations of potential wrongdoing which could have a material adverse effect on the accompanying consolidated financial statements.

There are various proposals at the Federal and State levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes cannot be determined presently. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Medical Center

State Subsidy Funds

The New York State Public Goods Pools Fund ("Pools Fund") was established for various purposes, including the distribution of charity care payments to hospitals statewide. The Pools Fund also provides funds for other uncompensated care for hospitals whose actual costs for healthcare services are significantly greater than the rates paid by the Medicaid program for those services. The Medical Center received approximately $8,375,000 and $9,257,000 in 2017 and 2016, respectively, from the Pools Fund, which is included in net patient service revenue in the consolidated statement of operations. The amount paid into the Pools Fund by the Medical Center was approximately $2,103,000 and $2,202,000 in 2017 and 2016, respectively, and is included in net patient service revenue in the consolidated statement of operations.

Delivery System Reform Inventive Program

Designed by New York State to seek a federal waiver for the expenditure of Medicaid funds, the Delivery System Reform Incentive Program ("DSRIP") will allocate $6 42 billion to health care providers in New York State to undertake system reform, clinical projects, and population health management. Providers identified as safety net providers based on the percentage of Medicaid, uninsured, and dual eligible patients they serve are eligible to receive funds under DSRIP. In order to participate in DSRIP, providers are required to form collaborations called Performing Provider Systems to execute DSRIP projects. The Medical Center met the qualifications of a safety net provider and is participating in the Staten Island Performing Provider System.

In December 2014, several Performing Provider Systems submitted applications to the New York State Department of Health for participation in the State's DSRIP. Although the Medical Center believes that it will receive a significant amount of DSRIP funding over the life of the five year program, the ultimate amount of funding cannot be determined at this time since it is dependent on certain regulatory approvals as well as the ability of the Medical Center to meet certain program benchmarks and metrics over the life of the program.

The Medical Center recognized revenue of approximately $6,241,000 and $2,750,000 in 2017 and 2016, respectively, related to the DSRIP Program, which is included in other revenue in the consolidated statement of operations.

5. Property and Equipment and Accumulated Depreciation

Property and equipment and accumulated depreciation at December 31, 2017 and 2016 are as follows

	2017	2016
Land and improvements	$ 4,756,044	$ 4,701,226
Buildings and improvements	46,432,721	40,490,582
Equipment	65,083,311	56,200,876
Construction in progress	9,735,116	4,374,095
Total	126,007,192	105,766,779
Less accumulated depreciation	45,659,100	36,760,649
Property and equipment, net	$ 80,348,092	$ 69,006,130

Included in the above amounts are building and equipment under capital leases with a cost of $3,347,033 at December 31, 2017 and $4,292,958 at December 31, 2016 and accumulated amortization of $1,680,783 at December 31, 2017 and $2,753,872 at December 31, 2016. Depreciation and amortization expense was $8,979,038 and $7,538,150 for the years ended December 31, 2017 and 2016, respectively.

6. Long-Term Debt

Long-term debt is comprised of the following at December 31, 2017 and 2016:

	2017	2016
Revolving loan payable	$ 7,294,543	$ 4,144,543
Term loan payable	3,555,553	3,891,243
Mortgage loans payable	4,680,950	4,905,286
Equipment loans	2,570,526	4,892,208
Capital lease obligations, interest at fixed rates from 1 0% to 6.0% due at various dates through March 2025	1,874,310	1,694,650
Total	19,975,882	19,527,930
Less current maturities	2,208,583	3,981,655
Less deferred financing costs	519,881	613,001
Long-term debt	$ 17,247,418	$ 14,933,274

Revolving Loan Payable

On July 19, 2016, The Medical Center entered into a Loan Agreement with Investors Bank. The Loan Agreement provided the Medical Center with three separate loans, including a revolving loan payable with a maximum loan balance of $10,000,000. The revolving loan payable bears interest at a rate of LIBOR (floor of .50%) plus 2.75%, or 3.25%, whichever is greater (4.25% at December 31, 2017). The outstanding balance on the revolving loan payable was $7,294,543 and $4,144,543 at December 31, 2017 and 2016, respectively. The maturity date of the revolving loan is August 1, 2019

Term Loan Payable

The Loan Agreement also provided the Medical Center with a $4,000,000 term loan. The term loan is currently payable in monthly installments of $40,608 and is payable in full in August 2026 Interest on the term loan is payable monthly at an annual rate equal of 4% through July 2021. Beginning in August 2021, the term loan bears interest at a variable rate based on the five-year U.S. Treasury Securities rate (as defined in the Loan Agreement) plus 3%, or 3 97%, whichever is greater. The outstanding balance on the term loan payable was $3,555,553 and $3,891,243 at December 31, 2017 and 2016, respectively.

Mortgage Loan Payable

The Loan Agreement also provided the Medical Center with a $4,000,000 mortgage loan in order to finance renovations to certain Medical Center property. The mortgage loan is currently payable in monthly installments of $30,733 and is payable in full in August 2031. Interest on the mortgage loan is payable monthly at an annual rate of 4.50%. The outstanding balance on the Investors Bank mortgage loan payable was $3,744,911 and $3,937,717 at December 31, 2017 and 2016, respectively.

The Loan Agreement grants the bank a first lien security interest in substantially all of the Medical Center's property and equipment

The Medical Center is required to comply with certain financial and non-financial covenants as described in the Loan Agreement On a quarterly basis, the Medical Center is required to comply with a Debt Service Coverage Ratio requirement of 1.25 to 1, based on the previous four quarters, and a Days Cash on Hand requirement of 30 days.

Second Mortgage Loan Payable

During 2015, the Medical Center purchased land and a building from a third-party for $1,300,000 which was used to finance an urgent care facility in Staten Island. As part of the agreement, the Medical Center entered into a $1,000,000 mortgage with the third-party, which is due in monthly principal installments ranging from $2,568 to $3,109 through November 2020, when a balloon payment is due. The mortgage bears interest at a fixed rate of 5%. The outstanding balance on the mortgage loan payable was $936,039 and $967,569 at December 31, 2017 and 2016, respectively.

Equipment Loans

The Medical Center had a financing agreement with a third-party financing company for surgical equipment, which was collateralized under the agreement. The payments were due in monthly installments ranging from $15,000 to $20,000 through January 2017, with a balloon payment that was due in February 2017.

The Medical Center has also entered into financing agreements for other equipment, which are collateralized under the agreements. Payments under the financing agreements are payable in monthly installments through the term of the respective agreement

Capital Lease Obligations

The Medical Center has entered into various capital lease agreements, including leases for a building and equipment, which are collateralized under the agreements. Payments under the capital lease agreements are payable in monthly installments through the term of the respective agreement.

With regard to the building lease, the Medical Center entered into a lease for approximately 38,000 square feet of space representing the first floor of a building located in Corporate Commons One in the address known as One Teleport Drive, South Avenue, Staten Island, New York. The lease is for a fifteen-year term beginning April 1, 2010, with two five-year renewal options

During January 2011, the Medical Center exercised an option to rent an additional 14,332 square feet of space representing approximately one-third of the second floor of Corporate Commons One.

Scheduled principal repayments on the long-term debt at December 31, 2017, are as follows:

Years ending December 31:	
2018	$ 2,208,583
2019	8,685,987
2020	2,184,036
2021	1,185,798
2022	924,452
Thereafter	4,787,026
Total	$ 19,975,882

7. Pledges Receivable

The Medical Center has undertaken a capital campaign to raise funds in connection with various construction and renovation projects. Pledges and grants related to this campaign have been recorded as temporarily restricted contributions. Pledges receivable are recorded as follows at December 31, 2017:

Pledges receivable, gross	$ 4,435,040
Less allowance for uncollectible pledges	1,552,297
Less unamortized discount	337,005
Less current portion	1,338,557
Pledges receivable, net	$ 1,207,181
Amounts due in:	
Less than one year	$ 1,338,557
One to five years	2,930,731
Five to ten years	165,752
Total	$ 4,435,040

The discount rate used was approximately 5% at December 31, 2017.

8. Estimated Insurance Claims Liability

Medical Malpractice

The Medical Center maintains malpractice insurance coverage with a combination of a self-insurance and commercial insurance policies

Primary coverage: Primary coverage is provided under the terms of an insurance policy with Physicians' Reciprocal Insurers. From January 1, 2007 through December 31, 2012, the coverage was for losses, if any, reported during the period the contracts are in force, "claims made coverage," for claims up to an annual maximum of $2,000,000 per occurrence and $6,000,000 in the aggregate From January 1, 2013 through December 31, 2015, the coverage was for losses, if any, for claims up to an annual maximum of $1,000,000 per occurrence and $6,000,000 in the aggregate. From January 1, 2016 through December 31, 2016, the coverage was for losses, if any, for claims up to an annual maximum of $1,000,000 per occurrence and $6,000,000 in the aggregate with a $100,000 deductible for each and every indemnity claim. Beginning January 1, 2017, the coverage is for losses, if any, for claims up to an annual maximum of $1,000,000 per occurrence and $6,000,000 in the aggregate.

Self-insured retention: From January 1, 2007 through December 31, 2007, the Medical Center had a self-insured retention of $5,000,000 per claim above the primary insurance coverage From January 1, 2008 through December 31, 2008, the Medical Center had a self-insured retention of $8,000,000 per claim above the primary insurance coverage. From January 1, 2009 through December 31, 2009, the Medical Center had a self-insured retention of $2,000,000 per occurrence and $4,000,000 aggregate, for obstetric claims only, above the primary insurance coverage. This was applicable on a claims-made basis.

Excess coverage: From January 1, 2007 through December 31, 2007, excess coverage was provided through an excess insurance policy with Lexington Insurance Company with an individual occurrence limit of $10,000,000 and $10,000,000 in the aggregate above the Medical Center's self-insured retention. From January 1, 2008 through December 31, 2008, excess coverage was provided through an excess insurance policy with Lexington Insurance Company with an individual occurrence limit of $5,000,000 and $5,000,000 in the aggregate above the Medical Center's self-insured retention. From January 1, 2009 through December 31, 2009, excess coverage was provided through an excess insurance policy with Darwin National Assurance Company with an individual occurrence limit of $3,000,000 and $3,000,000 in the aggregate above the Medical Center's self-insured retention for obstetrics only. From January 1, 2010 through December 31, 2012, excess coverage was provided through an excess insurance policy with Darwin National Assurance Company that effectively eliminated the Medical Center's self-insured layers of retention. Effective January 1, 2013, the Medical Center does not have excess insurance in place

The Medical Center's liability for the estimated future payments of its asserted and unasserted medical malpractice claims was approximately $27,425,000 at December 31, 2017 and $26,538,000 at December 31, 2016. The discount rate used in determining these liabilities was 3% at December 31, 2017 and 2016. The Medical Center has recorded a receivable, and related claim liability, for anticipated insurance recoveries of approximately $15,203,000 at December 31, 2017 and $14,694,000 at December 31, 2016, with a net liability of approximately $12,222,000 and $11,844,000 at December 31, 2017 and 2016, respectively.

General Liability

Primary coverage: Primary coverage is provided under the terms of an insurance policy with Physicians' Reciprocal Insurers. The coverage is for claims up to an annual maximum of $2,000,000 per occurrence and $6,000,000 in the aggregate.

Self-insured retention: From January 1, 2007 through December 31, 2007, the Medical Center had a self-insured retention of $5,000,000 per claim on an occurrence basis above the primary insurance coverage. From January 1, 2008 through December 31, 2008, the Medical Center had a self-insured retention of $8,000,000 per claim on an occurrence basis above the primary insurance coverage

Excess coverage: From January 1, 2007 through December 31, 2007, excess coverage was provided through an excess insurance policy with Lexington Insurance Company with an individual occurrence limit of $10,000,000 and $10,000,000 in the aggregate above the Medical Center's self-insured retention. From January 1, 2008 through December 31, 2008, excess coverage was provided through an excess insurance policy with Lexington Insurance Company with an individual occurrence limit of $5,000,000 and $5,000,000 in the aggregate above the Medical Center's self-insured retention. From January 1, 2009 through December 31, 2009, excess coverage was provided through an excess insurance policy with Lexington Insurance Company with an individual occurrence limit of $3,000,000 and $3,000,000 in the aggregate above the Medical Center's self-insured retention for obstetric claims only. From January 1, 2010 through December 31, 2012, excess coverage was provided through an excess insurance policy with Darwin National Assurance Company that effectively eliminated the Medical Center's self-insured layers of retention. Effective January 1, 2013, the Medical Center does not have excess insurance in place.

The Medical Center's liability for the estimated future payments of its asserted and unasserted general liability claims was approximately $479,000 at December 31, 2017 and $865,000 at December 31, 2016. The discount rate used in determining these liabilities was 3% at December 31, 2017 and 2016. The Medical Center has recorded a receivable, and related claim liability, for anticipated insurance recoveries of approximately $479,000 at December 31, 2017 and $865,000 at December 31, 2016.

The estimates for professional liabilities under the Medical Center's insurance program are based upon extremely complex actuarial calculations which utilize factors such as historical claim experience for the Medical Center and related industry factors, trending models, estimates for the payment patterns of future claims, and present value discounting factors As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Revisions to estimated amounts resulting from actual experience differing from projected expectations are recorded in the period the information becomes known

During 2013, in connection with the self-insurance retention, the Board of Trustees approved a separate trust be established related to payments of the self-insurance program's covered liability losses and related expenses. The Medical Center has identified approximately $4,342,000 of cash and cash equivalents at December 31, 2017 and 2016, that would be used to fund this trust

The Medical Center believes that it has adequate insurance coverages for all asserted claims and has no knowledge of unasserted claims which would exceed insurance coverages.

9. Health Insurance

The Medical Center self-insures its employee health insurance coverage. The Medical Center accrues the estimated costs of incurred and reported and unreported claims, after consideration of its stop-loss insurance coverage, based upon data provided by the third-party administrator of the program and historical claims experience. The self-insured liability was approximately $379,000 and $411,000 at December 31, 2017 and 2016, respectively, and is included in accounts payable and accrued expenses in the accompanying consolidated balance sheet.

10. Retirement Plans

Defined Contribution Pension Plans

The Medical Center maintains a 403(b) tax sheltered annuity plan for its non-union employees in which the employees contribute to the plan with no employer match The Medical Center also maintains a 401(a) contributory plan for its non-union employees which provides for a discretionary contribution by the Medical Center that is allocated to the employees based on qualified compensation as defined by the plan. In addition, the Medical Center contributes to certain union pension plans. Total pension expense associated with the 401(a) plan was approximately $2,485,000 in 2017 and $2,382,000 in 2016

Multiemployer Pension Plans

The Medical Center contributes to a multiemployer defined benefit pension plan under the terms of a collective-bargaining agreement that covers its union-represented employees, the 1199 SEIU Healthcare Employees Pension Fund ("1199 SEIU Plan"). The risks of participating in multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If an employer chooses to stop participating in some of its multiemployer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Medical Center's participation in this plan for the year ended December 31, 2017 and 2016 is outlined in the table below The "EIN Number" column provides the Employer Identification Number ("EIN"). Unless otherwise noted, the most recent Pension Protection Act ("PPA") zone status available in 2017 and 2016 is for a plan's fiscal year beginning January 1, 2017 and 2016, respectively. This zone status is based on information that the Medical Center received from the plans and is certified by the plans' actuaries. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or rehabilitation plan ("RP") is pending or has been implemented The last column lists the expiration dates of the collective bargaining agreements to which the plans are subject. In addition, in July 2009 wage concessions were agreed to by 1199 SEIU United Healthcare Workers East to offset a portion of the impact of the increase in annual contributions from contributing members.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status as of January 1 2017	Pension Protection Act Zone Status as of January 1 2016	FIP/RP Status Pending/ Implementation	Company Contributions (in thoudands) 2017	Company Contributions (in thoudands) 2016	Sur-Charge Imposed	Expiration Date of Collective-Bargaining Agreements
1199 SEIU Health Care Employees Pension Fund	13-3604862/001	Green	Green	No	$ 5,236	$ 5,631	No	September 30 2018

The Medical Center was not listed in the 1199 SEIU Plan's 2016 Form 5500 as providing more than 5% of the total plan contributions. Form 5500 is not available for the plan's year ended in 2017.

Defined Benefit Pension Plan

The Medical Center has a noncontributory defined benefit pension plan (the "Plan") covering the eligible employees represented by the New York State Nurses' Association ("NYSNA"). Although the Plan became effective January 1, 2012, pursuant to a collective bargaining agreement by and between the Medical Center and NYSNA, the Plan provides benefits with respect to service beginning on and after April 1, 2010 and certain retroactive recognition of eligibility and vesting service. The Plan uses a December 31 measurement date. The Medical Center's funding policy is to contribute annually at least the minimum amounts required under the Employee Retirement Income Security Act of 1974. The following is a summary of the funded status of the Plan at December 31, 2017 and 2016, the measurement date for the Plan.

	2017	2016
Fair value of plan assets	$ 31,736,732	$ 23,717,001
Projected benefit obligation	51,476,165	41,210,645
Funded status of plan	$ (19,739,433)	$ (17,493,644)

The changes in the Plan's projected benefit obligation during 2017 and 2016 are as follows:

	2017	2016
Projected benefit obligation at beginning of year	$ 41,210,645	$ 34,944,212
Service cost	5,656,499	5,428,727
Interest cost	1,796,638	1,508,883
Actuarial loss (gain)	3,261,967	(377,933)
Benefits paid	(449,584)	(293,244)
Projected benefit obligation at end of year	$ 51,476,165	$ 41,210,645
Accumulated benefit obligation	$ 44,419,706	$ 35,397,773

The changes in the Plan's assets during 2017 and 2016 are as follows:

	2017	2016
Fair value of plan assets at beginning of year	$ 23,717,001	$ 17,297,136
Actual return on plan assets	3,569,315	1,213,109
Employer contributions	4,900,000	5,500,000
Benefits paid	(449,584)	(293,244)
Fair value of plan assets at end of year	$ 31,736,732	$ 23,717,001

Amounts recognized in accumulated unrestricted net assets consist of:

	2017	2016
Net actuarial loss	$ 5,852,372	$ 4,347,747
Prior service cost	223,429	270,966
Total	$ 6,075,801	$ 4,618,713

The estimated net actuarial loss and prior service cost that is expected to be amortized from other changes in net assets into net periodic pension cost for the years ending December 31, 2018 is $67,505 and $47,537, respectively.

The actuarial loss of $3,261,967 in 2017 was primarily attributed to a decrease in the discount rate.

Components of net periodic pension cost in 2017 and 2016 are as follows

	2017	2016
Service cost	$ 5,656,499	$ 5,428,727
Interest cost	1,796,638	1,508,883
Expected return on plan assets	(1,864,904)	(1,418,214)
Amortization of prior service cost	47,537	47,537
Amortization of accumulated loss	52,931	29,703
Net periodic pension cost	$ 5,688,701	$ 5,596,636

The weighted-average assumptions used in computing the benefit obligation of the Plan at December 31, 2017 and 2016 are as follows.

	2017	2016
Discount rate	4.01%	4.35%
Rate of compensation increase	2 50%	2 50%

The weighted-average assumptions used in the measurement of the net periodic pension cost of the Plan in 2017 and 2016 are as follows:

	2017	2016
Discount rate	4 35%	4 45%
Expected long-term rate of return on plan assets	7.00%	7.00%
Rate of compensation increase	2.50%	2.50%

The following table sets forth the actual asset allocation for plan assets:

	December 31,	
	2017	2016
Cash and cash equivalents	$ 852,319	$ 531,223
Equity mutual funds	18,079,522	13,407,276
Fixed income mutual funds	12,804,891	9,778,502
Total	$ 31,736,732	$ 23,717,001

The following table sets forth the actual asset allocation for plan assets:

Plan Assets	Target Asset Allocation	2017	2016
Cash and cash equivalents	0 %	3 %	2 %
Equity mutual funds	55	57	57
Fixed income mutual funds	45	40	41
		100 %	100 %

At December 31, 2017 and 2016, plan assets as summarized above were measured using Level 1 inputs (quoted prices in active markets). The Plan did not have any assets whose fair values were measured using Levels 2 or 3 inputs.

The Plan's investments are valued at fair value based on quoted market prices in active markets for cash and cash equivalents and mutual funds.

The Plan's overall portfolio mix of equity mutual funds and fixed income mutual funds is based on asset allocation modeling taking into consideration historical return patterns and risk factors. Equity mutual funds are diversified among mid and small-cap index and growth securities Fixed income mutual funds are diversified among bond and income securities.

The Plan's investment objectives are to.

- Provide retirement benefits as described in the Plan document, and
- Provide a long-term investment return greater than the Plan's actuarial interest rate assumption commensurate with appropriate levels of risk.

The plan assets are invested among and within various asset classes in order to achieve sufficient diversification in accordance with the Medical Center's risk tolerance. This is achieved through the utilization of systemic allocation to investment management styles, providing a broad exposure to different segments of the fixed income and equity markets.

The overall expected long-term rate of return on assets assumption was chosen to anticipate the long range experience of the plan, including the consideration of the allocation of the plan assets between equity and debt securities The recognition of inflationary trends in the economy was also considered to determine the overall expected long-term rate of return on assets.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

Years ending December 31:	
2018	$ 716,946
2019	958,222
2020	1,221,202
2021	1,507,283
2022	1,823,728
2023 - 2027	14,544,141

The Medical Center expects to contribute approximately $6,300,000 to the Plan in 2018.

11. Operating Lease Commitments

The following is a schedule by year of approximate future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2017:

Years ending December 31.	
2018	$ 2,328,844
2019	2,244,443
2020	1,882,835
2021	1,589,481
2022	1,377,465
Thereafter	11,026,899
Total	$ 20,449,967

Rental expense for operating leases was approximately $3,928,000 in 2017 and $4,272,000 in 2016.

12. Contingencies

Litigation

Various suits and claims arising in the normal course of operations are pending or are on appeal against the Medical Center. While the outcome of these suits cannot be determined at this time, management believes that any loss which may arise from the Medical Center's actions will not have a material adverse effect on the financial position or results of operations.

Asbestos Removal

The Medical Center's facilities, a portion of which were constructed prior to the passage of the Clean Air Act, contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe fashion prior to the demolition and renovation of such facility. At this time, the Medical Center has no plans to demolish or renovate its facilities that contain encapsulated asbestos material, and as such, cannot reasonably estimate the fair value of the liability for such asbestos removal. If plans change with respect to the use of its facilities and information becomes available to estimate such a liability, it will be recognized at that time.

Other

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase 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 service previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Medical Center, if any, are not presently determinable.

13. Significant Group Concentrations of Credit Risk

The Medical Center grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor arrangements, primarily with Medicare, Medicaid, and various commercial insurance companies.

At December 31, 2017 and 2016, the composition of gross accounts receivable from patients and third party payors is as follows:

	2017	2016
Managed care	43%	43%
Self pay	26	19
Medicare and Medicaid	13	16
Other	9	12
Blue Cross	9	10
	100%	100%

At December 31, 2017 and 2016, the composition of net patient service revenue, by payor class, is as follows:

	2017	2016
Medicare	37%	39%
Medicaid	29	28
Blue Cross	17	16
Managed care	13	12
Other commercial	3	4
Self pay and others	1	1
	100%	100%

The Medical Center maintains its cash and cash equivalents with several financial institutions which, from time to time, exceed FDIC coverage.

The Medical Center has contracts with five separate unions as of December 31, 2017. Approximately 80% of the Medical Center's employees are covered by these contracts. The contract with NYSNA, which covers 24% of the Medical Center's employees, expires on December 31, 2018.

14. Functional Expenses

The Medical Center provides general acute care and related services to individuals within its geographic location. Expenses related to providing these services, including loss on termination of workers compensation agreement, in 2017 and 2016 approximate the following:

	2017	2016
Health care and other services	$ 295,783,000	$ 283,003,000
General and administrative	50,419,000	48,197,000
Total expenses	$ 346,202,000	$ 331,200,000

Richmond University Medical Center

Consolidating Balance Sheet Schedule
December 31, 2017

	Richmond Medical Center	Amboy Medical Practice, P C	Richmond Medical Center Foundation, Inc	Richmond Quality, LLC	Consolidation Eliminations	Consolidation Consolidated
Assets						
Current Assets						
Cash and cash equivalents	$ 30,820,789	$ 366,863	$ 1,255,436	$ 1,209,000	$ -	$ 33,652,088
Accounts receivable						
Patients, net of estimated allowance for doubtful accounts of $32,055,759 at December 31, 2017	36,008,990	2,137,425	-	-	-	38,146,415
Other	6,048,655	321,674	128,732	-	-	6,499,061
Current portion of insurance recoveries receivable	5,580,852	-	-	-	-	5,580,852
Inventories of drugs and supplies	6,288,940	-	-	-	-	6,288,940
Due from affiliates	27,602,299	-	-	-	(27,602,299)	-
Prepaid expenses and other current assets	2,026,439	-	-	-	-	2,026,439
Estimated third-party payor settlements	621,528	-	-	-	-	621,528
Pledges receivable	-	-	1,338,557	-	-	1,338,557
Total current assets	114,998,492	2,825,962	2,722,725	1,209,000	(27,602,299)	94,153,880
Property and Equipment, Net	77,117,592	3,230,500			-	80,348,092
Beneficial Interest in Foundation	3,825,617	-	-	-	(3,825,617)	-
Other Assets, Net	1,000,846	1,605,015	-	-	-	2,605,861
Pledges Receivable, Net	-	-	1,207,181	-	-	1,207,181
Insurance Recoveries Receivable	10,101,020	-	-	-	-	10,101,020
Total assets	$ 207,043,567	$ 7,661,477	$ 3,929,906	$ 1,209,000	$ (31,427,916)	188,416,034

Richmond University Medical Center

Consolidating Balance Sheet Schedule
December 31, 2017

	Richmond Medical Center	Amboy Medical Practice, P C	Richmond Medical Center Foundation, Inc.	Richmond Quality LLC	Consolidation Eliminations	Consolidation Consolidated
Liabilities and Net Assets						
Current Liabilities						
Current portion of long-term debt	$ 2,208,583	$ -	$ -	-	$ -	$ 2,208,583
Accounts payable and accrued expenses	29,137,141	-	-	-	-	29,137,141
Current portion of estimated insurance claims liability	5,580,852	-	-	-	-	5,580,852
Accrued employee liabilities	12,816,156	622,017	-	-	-	13,438,173
Due to affiliates	-	26,289,010	104,289	1,209,000	(27,602,299)	-
Deferred revenue	3,114,897	-	-	-	-	3,114,897
Total current liabilities	52,857,629	26,911,027	104,289	1,209,000	(27,602,299)	53,479,646
Long-Term Debt	17,247,418	-	-	-	-	17,247 418
Estimated Third-Party Payor Settlements	15,153,654	-	-	-	-	15,153,654
Estimated Insurance Claims Liability	22,323,406	-	-	-	-	22,323 406
Accrued Pension Costs	19,739,433	-	-	-	-	19,739 433
Other Liabilities	1,629,945	-	-	-	-	1,629,945
Total liabilities	128,951,485	26,911,027	104,289	1,209,000	(27,602,299)	129,573 502
Net Assets						
Unrestricted	73,340,992	(19 249,550)	(517,674)	-	-	53,573 768
Temporarily restricted	4,406,443	-	4,343,291	-	(3,825 617)	4,924,117
Permanently restricted	344,647	-	-	-		344 647
Total net assets	78 092 082	(19,249,550)	3,825,617	-	(3 825 617)	58,842 532
Total liabilities and net assets	$ 207 043,567	$ 7,661,477	$ 3,929,906	$ 1,209 000	$ (31 427,916)	$ 188,416,034

Richmond University Medical Center

Consolidating Schedule of Operations
Year Ended December 31, 2017

	Richmond Medical Center	Amboy Medical Practice, P.C.	Richmond Medical Center Foundation, Inc	Richmond Quality, LLC	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Revenue, Gains, and Other Support						
Patient service revenue (net of contractual allowances and discounts)	$ 323,511,304	$ 18,870,761	$	$ -	$ -	$ 342,382,065
Provision for bad debts	(21,838,322)			-	-	(21,838,322)
Net patient service revenue	301,672,982	18,870,761	-	-		320,543,743
Other revenue	20,775,321	1,110,316		3,473,744	(1,553,370)	23,806,011
Net assets released from restrictions used for operations	117,501		4,884		-	122,385
Total unrestricted revenue, gains, and other support	322,565,804	19,981,077	4,884	3,473,744	(1,553,370)	344,472,139
Expenses						
Salaries, wages and contracted labor	161,891,780	14,055,954	248,538	308,262	-	176,504,434
Purchased services and other	47,509,380	8,380,173	152,100	3,097,664	(1,553,370)	57,585,947
Employee benefits	55,793,924	3,152,733	54,678	67,818	-	59,069,153
Medical and surgical supplies and drugs	35,945,741	346,743	-	-		36,292,484
Insurance	6,476,079	1,179,699	-	-		7,655,778
Depreciation and amortization	8,608,366	370,672	-	-		8,979,038
Interest	804,483	-	-			804,483
Total expenses	317,029,753	27,485,874	455,316	3,473,744	(1,553,370)	346,891,317
Operating (loss) income	5,536,051	(7,504,797)	(450,432)	-		(2,419,178)
Interest Income	148,473		5,700	-		154,173
Revenues in excess of (less than) expenses	5,684,524	(7,504,797)	(444,732)	-	-	(2,265,005)
Pension Liability Adjustment	(1,457,088)		-	-		(1,457,088)
Net Asset Transfers From (To) Affiliate	2,644,500		(2,644,500)	-		
Net Assets Released from Restrictions Used for Property and Equipment	2,659,289		2,644,500	-	-	5,303,789
Increase (decrease) in unrestricted net assets	$ 9,531,225	$ (7,504,797)	$ (444,732)	$ -	$ -	$ 1,581,696

Richmond University Medical Center

Consolidating Schedule of Changes in Net Assets
Year Ended December 31, 2017

	Richmond Medical Center	Amboy Medical Practice, P C	Richmond Medical Center Foundation Inc	Richmond Quality LLC	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Net Assets						
Revenues in excess of (less than) expenses	$ 5,684,524	$ (7,504,797)	$ (444,732)	$ -	$ -	$ (2,265,005)
Pension liability adjustment	(1,457,088)	-	-	-	-	(1,457,088)
Net asset transfer from (to) affiliate	2,644,500	-	(2,644,500)	-	-	-
Net assets released from restrictions used for property and equipment	2,659,289	-	2,644,500	-	-	5,303,789
Increase (decrease) in unrestricted net assets	9,531,225	(7,504,797)	(444,732)	-	-	1,531,696
Temporarily Restricted Net Assets						
Restricted grants and contributions	2,494,008	-	1,665,770	-	-	4,159,778
Change in beneficial interest in Richmond Medical Center Foundation Inc	(1,428,346)	-	-	-	1,428,346	-
Net assets released from restrictions used for operations	(117,501)	-	(4,884)	-	-	(122,385)
Net assets released from restrictions used for property and equipment	(2,659,289)	-	(2,644,500)	-	-	(5,303,789)
Increase in temporarily restricted net assets	(1,711,128)	-	(983,614)	-	1,428,346	(1,266,396)
Increase (decrease) in net assets	7,820,097	(7,504,797)	(1,428,346)	-	1,428,346	315,300
Net Assets, Beginning	70,271,985	(11,744,753)	5,253,963	-	(5,253,963)	58,527,232
Net Assets, Ending	$ 78,092,082	$ (19,249,550)	$ 3,825,617	$ -	$ (3,825,617)	$ 58,842,532

Richmond University Medical Center

Consolidating Balance Sheet Schedule
December 31, 2016

	Richmond Medical Center	Amboy Medical Practice, P C	Richmond Medical Center Foundation, Inc	Richmond Quality, LLC	Consolidation Eliminations	Consolidation Consolidated
Assets						
Current Assets						
Cash and cash equivalents	$ 43,656,788	$ 440,038	$ 1,864,164	$ 340,000	$ -	$ 46,300,990
Accounts receivable						
Patients, net of estimated allowance for doubtful accounts of $26,279,373 at December 31, 2016	37,770,640	1 589,779	-	-	-	39,360,419
Other	7,457,719	6,091	-	-	-	7,463,810
Current portion of insurance recoveries receivable	5,480,516	-	-	-	-	5,480,516
Inventories of drugs and supplies	5,930,006	-	-	-	-	5,930,006
Due from affiliates	14,195,416	-	-	-	(14,195,416)	-
Prepaid expenses and other current assets	1,463,214	-	-	-	-	1,463,214
Pledges receivable	-	-	1,198,693	-	-	1,198,693
Total current assets	115,954,299	2,035,908	3,062,857	340,000	(14,195,416)	107,197 648
Property and Equipment, Net	68,634 377	371,753			-	69 006,130
Beneficial Interest in Foundation	5,253,963	-	-	-	(5,253,963)	-
Other Assets, Net	639,287	-	-	-	-	639,287
Pledges Receivable, Net	-	-	2,191,106	-	-	2,191 106
Insurance Recoveries Receivable	10,078,265	-	-	-	-	10 078 265
Total assets	$ 200,560,191	$ 2,407,661	$ 5,253,963	$ 340,000	$ (19 449 379)	$ 189,112,436

Richmond University Medical Center

Consolidating Balance Sheet Schedule
December 31, 2016

	Richmond Medical Center	Amboy Medical Practice, P.C	Richmond Medical Center Foundation, Inc.	Richmond Quality, LLC	Consolidation Eliminations	Consolidation Consolidated
Liabilities and Net Assets						
Current Liabilities						
Current portion of long-term debt	$ 3,981,655	$ -	$ -	-	$ -	$ 3,981,655
Accounts payable and accrued expenses	27,329,852	-	-	-	-	27,329,852
Current portion of estimated insurance claims liability	5,480,516	-	-	-	-	5,480,516
Accrued employee liabilities	13 163 351	296 998	-	-	-	13 460 349
Estimated third-party payor settlements	2,015,897	-	-	-	-	2 015,897
Due to affiliates	-	13,855,416	-	340,000	(14,195 416)	-
Deferred revenue	2,528,165	-	-	-	-	2,528,165
Total current liabilities	54,499,436	14,152,414	-	340 000	(14,195,416)	54 796,434
Long-Term Debt	14,933,274	-	-	-	-	14 933 274
Estimated Third-Party Payor Settlements	19,577,200	-	-	-	-	19 577 200
Estimated Insurance Claims Liability	21 922,066	-	-	-	-	21,922,066
Accrued Pension Costs	17,493 644	-	-	-	-	17,493,644
Other Liabilities	1,862,586	-	-	-	-	1 862,586
Total liabilities	130,288,206	14,152,414	-	340,000	(14,195,416)	130,585,204
Net Assets						
Unrestricted	63,809,767	(11,744,753)	(72,942)	-	-	51 992,072
Temporarily restricted	6,117,571	-	5,326,905	-	(5,253,963)	6,190,513
Permanently restricted	344,647	-	-	-	-	344,647
Total net assets	70,271,985	(11,744,753)	5,253,963	-	(5,253,963)	58,527,232
Total liabilities and net assets	$ 200,560,191	$ 2,407,661	$ 5,253,963	$ 340,000	$ (19,449,379)	$ 189,112,436

Richmond University Medical Center

Consolidating Schedule of Operations
Year Ended December 31, 2016

	Richmond Medical Center	Amboy Medical Practice, P C	Richmond Medical Center Foundation, Inc	Richmond Quality, LLC	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Revenue, Gains and Other Support						
Patient service revenue (net of contractual allowances and discounts)	$ 316 926 823	$ 14 939 653	$ -	$ -	$	$ 331 866 476
Provision for bad debts	(17 476 388)	-	-	-		(17 476 388)
Net patient service revenue	299 450 435	14 939 653	-	-		314 390 088
Other revenue	15 899 451	1 109 019	186 282	1 830 511	(651 868)	18 373 395
Net assets released from restrictions used for operations	89 429	-	32 817			122 246
Total unrestricted revenue gains and other support	315 439 315	16 048 672	219 099	1,830 511	(651 868)	332 885 729
Expenses						
Salaries wages and contracted labor	154 677 688	12 689 227	193 367	198 097		167 758 379
Purchased services and other	49 331,956	4 179,891	461 882	1 429 184	(651 868)	54 751 045
Employee benefits	54 002,055	2 444 002	42 541	43 581		56 532 179
Medical and surgical supplies and drugs	34 600 904	77 136		159 649		34 837 689
Insurance	5 077 933	1 238 592				6 316 525
Depreciation and amortization	7 481 129	57 021				7 538 150
Interest	793 206	-				793 206
Total expenses	305 964 871	20 685 869	697 790	1 830 511	(651 868)	328 527 173
Operating income (loss)	9 474 444	(4,637 197)	(478 691)	-	-	4 358 556
Interest Income	106 072		4 350	-		110 422
Revenues in excess of (less than) expenses before loss on termination of workers compensation agreement	9 580 516	(4 637 197)	(474 341)			4 468 978
Loss on termination of workers compensation agreement	(2 673 129)	-	-	-		(2 673 129)
Revenues in excess of (less than) expenses	6 907,387	(4 637,197)	(474 341)	-	-	1 795 849
Pension Liability Adjustment	250 068	-		-		250 068
Net Assets Released from Restrictions, Used for Property and Equipment	5 768 152	-	-	-		5 768 152
Increase (decrease) in unrestricted net assets	$ 12,925 607	$ (4,637,197)	$ (474 341)	$	$	$ 7 814 069

Richmond University Medical Center

Consolidating Schedule of Changes in Net Assets
Year Ended December 31, 2016

	Richmond Medical Center	Amboy Medical Practice, P.C.	Richmond Medical Center Foundation, Inc.	Richmond Quality, LLC	Consolidation Eliminations	Consolidated
Unrestricted Net Assets						
Revenues in excess of (less than) expenses	$ 6,907,387	$ (4,637,197)	$ (474,341)	$ -	$	$ 1,795,849
Pension liability adjustment	250,068	-	-	-	-	250,068
Net assets released from restrictions, used for property and equipment	5,768,152	-	-	-	-	5,768,152
Increase (decrease) in unrestricted net assets	12,925,607	(4,637,197)	(474,341)	-	-	7,814,069
Temporarily Restricted Net Assets						
Restricted grants and contributions	4,116,963		3,107,671	-		7,224,634
Change in beneficial interest in Richmond Medical Center Foundation, Inc.	2,600,513	-	-	-	(2,600,513)	-
Net assets released from restrictions, used for operations	(89,429)	-	(32,817)	-	-	(122,246)
Net assets released from restrictions, used for property and equipment	(5,768,152)	-	-	-	-	(5,768,152)
Increase in temporarily restricted net assets	859,895	-	3,074,854	-	(2,600,513)	1,334,236
Increase (decrease) in net assets	13,785,502	(4,637,197)	2,600,513	-	(2,600,513)	9,148,305
Net Assets, Beginning	56,486,483	(7,107,556)	2,653,450	-	(2,653,450)	49,378,927
Net Assets, Ending	$ 70,271,985	$ (11,744,753)	$ 5,253,963	$ -	$ (5,253,963)	$ 58,527,232

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APPENDIX C – LOAN AGREEMENT

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EXECUTION VERSION

LOAN AGREEMENT

Dated as of December 1, 2018

by and between

BUILD NYC RESOURCE CORPORATION,
a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038,
as "**Issuer**"

And

RICHMOND MEDICAL CENTER (D/B/A/ RICHMOND UNIVERSITY MEDICAL CENTER),
a not-for-profit corporation, organized and existing under the laws of the State of New York, having its principal office at 355 Bard Avenue, Staten Island, New York 10310,
as, "**Institution**"

Up to $102,065,000
Build NYC Resource Corporation
Tax- Exempt Revenue Bonds
(Richmond Medical Center Project), Series 2018A

and

Up to $30,000,000
Build NYC Resource Corporation
Tax-Exempt Revenue Bonds
(Richmond Medical Center Project), Series 2018B

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EXHIBITS

LOAN AGREEMENT

This **LOAN AGREEMENT**, dated as of December 1, 2018 (this "**Agreement**"), is by and between **BUILD NYC RESOURCE CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038 (the "**Issuer**"), party of the first part, and **RICHMOND MEDICAL CENTER (D/B/A/ RICHMOND UNIVERSITY MEDICAL CENTER)**, a not-for-profit corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**"), organized and existing under the laws of the State of New York, having its principal office at 241 Water Street, New York, New York 10038 (the "**Institution**"), party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Agreement).

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the "**City**") by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, the Institution entered into negotiations with officials of the Issuer for the Issuer's assistance with a tax-exempt revenue bond transaction, the proceeds of which, together with other funds of the Institution, will be used by the Institution to finance the Project; and

WHEREAS, the Issuer has determined that the providing of financial assistance to the Institution for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Institution has requested the Issuer to issue its bonds to finance a portion of the costs of the Project; and

WHEREAS, the Issuer adopted the Bond Resolution authorizing the Project and the issuance of its revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance a portion of the costs of the Project, the Issuer and the Institution have entered into negotiations pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the original aggregate principal amount of the Initial Bonds, to the Institution pursuant to this Agreement, and (ii) the Institution will execute the Promissory Note in favor of the Issuer to evidence the Institution's obligation under this Agreement to repay the Loan, and the Issuer will endorse the Promissory Note to the Trustee; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Bond Resolution and the Indenture, and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, the Institution will grant mortgage liens on and security interests in its fee and leasehold interest in the Mortgage Property to the Trustee pursuant to the Mortgage.

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1 **Definitions**. Capitalized terms shall have the respective meanings specified in Appendix A hereto.

Section 1.2 **Construction.** In this Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated "Exhibits", "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Agreement.

(f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 **Representations and Warranties by Issuer.** The Issuer makes the following representations and warranties:

(a) The Issuer is a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and is duly organized and validly existing under the laws of the State.

(b) Assuming the accuracy of representations made by the Institution, the Issuer is authorized and empowered to enter into the transactions contemplated by this Agreement and any other Project Documents to which the Issuer is a party and to carry out its obligations hereunder and thereunder and to issue and sell the Initial Bonds.

(c) By proper action of its board of directors, the Issuer has duly authorized the execution and delivery of this Agreement and each of the other Project Documents to which the Issuer is a party.

(d) In order to finance a portion of the cost of the Project, the Issuer proposes to issue the Initial Bonds in the Authorized Principal Amount. The Initial Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

(e) The Issuer is that not-for-profit local development corporation formed and existing on behalf of the City to act as a governmental issuer of tax-exempt and taxable bonds and notes for the purpose of providing financial assistance to not-for-profit institutions and manufacturing and industrial companies and other businesses.

(f) The Issuer has all requisite power, authority and legal right to execute and deliver the Project Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant hereto and thereto and to perform its obligations under the Project Documents and all such other instruments and documents to which it is a party. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Project Documents and all such other instruments and documents to which it is a party has been duly authorized and effectively taken, and such execution, delivery, performance and observance by

the Issuer do not contravene the Issuer's Organizational Documents or any applicable Legal Requirements or any contractual restriction binding on or affecting the Issuer.

(g) There is no action or proceeding before any court, governmental agency or arbitrator pending or, to the knowledge of the Issuer, threatened against the Issuer, which seeks (i) to restrain or enjoin the issuance or delivery of the Initial Bonds, the pledge and grant of the Trust Estate or the collection of any revenues pledged under the Indenture, (ii) to contest or affect in any way the authority for the issuance of the Initial Bonds or the validity of any of the Project Documents, or (iii) to contest in any way the existence or powers of the Issuer.

Section 2.2 Representations and Warranties by the Institution. The Institution makes the following representations and warranties:

(a) The Institution is a not-for-profit corporation, organized under the laws of the State, is validly existing, is duly qualified to do business and in good standing under the laws of the State, is not in violation of any provision of its Organizational Documents, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.

(b) This Agreement and the other Project Documents to which the Institution is a party (x) have been duly authorized by all necessary action on the part of the Institution, (y) have been duly executed and delivered by the Institution, and (z) constitute the legal, valid and binding obligations of the Institution, enforceable against the Institution in accordance with their respective terms.

(c) The execution, delivery and performance of this Agreement and each other Project Document to which the Institution is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the Organizational Documents of the Institution or any indenture, agreement or other instrument to which the Institution is a party or by which the Institution or any of their respective property is bound or to which the Institution or any of their respective property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or (z) result in the imposition of any Lien of any nature whatsoever other than Permitted Encumbrances.

(d) There is no action or proceeding pending or, to the best of the Institution's knowledge, after diligent inquiry, threatened, by or against the Institution by or before any court or administrative agency that would adversely affect the ability of the Institution to perform its obligations under this Agreement or any other Project Document to which the Institution is or shall be a party.

(e) The financial assistance provided by the Issuer to the Institution as contemplated by this Agreement is necessary to induce the Institution to proceed with the Project.

(f) Undertaking the Project is anticipated to serve the corporate public purposes of the Issuer by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State.

(g) The Facility will be the Approved Facility

(h) Except as permitted by Section 8.9, no Person other than the Institution is or will be in use, occupancy or possession of any portion of the Facility

(i) The Institution has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by it as of the Closing Date in connection with the execution and delivery of this Agreement and each other Project Document to which it shall be a party or in connection with the performance of its obligations hereunder and under each of the Project Documents, except such permits which will be issued for construction in due course.

(j) The Project will be designed, and the operation of the Facility will be, in compliance with all applicable Legal Requirements.

(k) The Institution is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project, the Project Work, any future renovation or equipping of the Facility and the operation of the Facility.

(l) The Institution has delivered to the Issuer a true, correct and complete copy of the Environmental Audit.

(m) The Institution has not used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and except as set forth in the Environmental Audit, to the best of the Institution's knowledge, no prior owner or occupant of the Facility has used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements.

(n) The Project Cost Budget attached as Exhibit E — "Project Cost Budget" represents a true, correct and complete budget as of the Closing Date of the proposed costs of the Project; the Estimated Project Cost is a fair and accurate estimate of the Project Cost as of the Closing Date. Expenses for supervision by the officers or employees of the Institution and expenses for work done by such officers or employees in connection with the Project will be included as a Project Cost only to the extent that such Persons were specifically employed for such particular purpose, the expenses do not exceed the actual cost thereof and are to be treated on the books of the Institution as a capital expenditure in conformity with GAAP. Any costs incurred with respect to that part of the Project paid from the proceeds of the sale of the Initial Bonds shall be treated on the books of the Institution as capital expenditures in conformity with GAAP.

(o) The total cost of the Project Work being funded with the Initial Bonds is not less than the Authorized Principal Amount. That portion of the Estimated Project Cost as shall not derive from the proceeds of the Initial Bonds shall be provided from the proceeds of additional loans and other funds of the Institution. The amounts provided to the Institution from the proceeds of the Initial Bonds, together with other moneys available to the Institution, are sufficient to pay all costs in connection with the completion of the Project.

(p) The Facility comprises two (2) complete tax lots and no portion of any single tax lot.

(q) The Fiscal Year is true and correct.

(r) None of the Institution, the Principals of the Institution, or any Person that is an Affiliate of the Institution:

(1) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;

(2) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(3) has been convicted of a felony in the past ten (10) years;

(4) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(5) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

(s) The Project Application Information was true, correct and complete as of the date submitted to the Issuer, and no event has occurred or failed to occur since such date of submission which would cause any of the Project Application Information to include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make such statements not misleading.

(t) The Principals of the Institution their respective titles to the Institution, as set forth in Exhibit D — "Principals of the Institution", are true, correct and complete.

(u) The representations, warranties, covenants and statements of expectation of the Institution set forth in the Tax Certificate are by this reference incorporated in this Agreement as though fully set forth herein.

(v) The property included in the Project is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land.

(w) No part of the proceeds of the Initial Bonds will be used to finance inventory or will be used for working capital, or will be used for any other property not constituting part of the Facility.

(x) The Institution has fee or leasehold title in the Facility, as applicable, and has no present intention to sell, directly or indirectly, in whole or in part, its interest in the Facility.

(y) The Institution is in compliance with the provisions of the Code and any applicable regulations thereunder necessary to maintain its exempt status under Section 501(a) of the Code.

(z) The Institution is exempt from Federal income taxes under Section 501(a) of the Code.

(aa) The Institution is an organization described in Section 501(c)(3) of the Code and has received the IRS Determination Letter. The facts and circumstances which form the basis of the IRS Determination Letter continue substantially to exist as represented to the Internal Revenue Service. The IRS Determination Letter has not been modified, limited or revoked, and the Institution is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of the IRS Determination Letter.

(bb) The Institution is not a "private foundation", as defined in Section 509 of the Code.

ARTICLE III

THE PROJECT; MAINTENANCE; REMOVAL OF PROPERTY AND TITLE INSURANCE

Section 3.1 **Agreement to Undertake Project**.

The Institution covenants and agrees to undertake and complete the Project Work in accordance with this Agreement, including, without limitation:

(i) effecting the Project Work,

(ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons, and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project Work,

(iii) paying all fees, costs and expenses incurred in the Project Work from funds made available therefor in accordance with or as contemplated by this Agreement and the Indenture, and

(iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to the Institution under the terms of any contract, order, receipt or writing in connection with the Project Work and to enforce the provisions of any contract, agreement, obligation, bond or other performance security entered into or obtained in connection with the Project Work.

Section 3.2 **Manner of Project Completion**.

(a) The Institution will complete the Project Work, or cause the Project Work to be completed, by the Completion Deadline, in a first class workmanlike manner, free of defects in materials and workmanship (including latent defects); provided, however, the Institution may revise the scope of the Project Work, subject to the prior written consents of the Issuer and the Trustee (given at the direction of the Bondholder Representative) (which consents shall not be unreasonably withheld, delayed or conditioned).

(b) In undertaking the Project Work, the Institution shall take such action and institute such proceedings as shall be necessary to cause and require all contractors, manufacturers and suppliers to complete their agreements relating to the Project Work in accordance with the terms of the contracts therefor including the correction of any defective work. Upon request, the Institution will extend to the Issuer or the Trustee all vendors' warranties received by the Institution in connection with

the Project, including any warranties given by contractors, manufacturers or service organizations who perform Project Work.

(c) Project Costs shall be paid from the Project Fund or other funds provided by the Institution including grant funds and donations. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Institution shall pay that portion of such costs of the Project as may be in excess of the moneys therefor in the Project Fund and shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Institution be entitled to any diminution of the loan payments payable or other payments to be made under this Agreement, under the Promissory Note or under any other Project Document. All expenses incurred by the Institution or the Issuer in connection with the performance of its obligations under this Section 3.2(c) shall be considered a Project Cost. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, if recovered prior to the Project Completion Date, shall be deposited into the Project Fund and made available for payment of Project Costs, or if recovered after such date of completion, be deposited, first, in the Redemption Account of the Bond Fund.

(d) The Institution shall pay all costs, charges, fees, expenses or claims incurred in connection with the Project Work.

(e) The Institution will perform or cause to be performed the Project Work in accordance with all applicable Legal Requirements and with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work. Promptly upon finishing of the Project Work, the Institution will obtain or cause to be obtained all required permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility as an Approved Facility and shall furnish copies of same to the Trustee immediately upon the receipt thereof and to the Issuer and the Bondholder Representative immediately upon demand therefor.

(f) Upon completion of the last Project Work, the Institution shall (y) deliver to the Issuer and the Bondholder Representative the Final Project Cost Budget, which budget will include a comparison with the Project Cost Budget, and indicate the source of funds (i.e., Bond proceeds, equity, etc.) for each cost item, and (z) evidence the completion of the Project and the occurrence of the Project Completion Date by delivering to the Issuer, the Trustee and the Bondholder Representative a certificate of an Authorized Representative of the Institution in substantially the form set forth in Exhibit G – "Form of Project Completion Certificate", together with all attachments required thereunder. To the extent that the Institution delivers a temporary certificate of occupancy with the certificate described in the immediately preceding sentence, the Institution shall deliver a permanent certificate of occupancy within two hundred seventy (270) days after the delivery of such temporary certificate of occupancy.

(g) Upon request by the Issuer, the Trustee or the Bondholder Representative, the Institution shall make available to the Issuer, the Trustee and the Bondholder Representative copies of any bills, invoices or other evidences of costs as shall have been incurred in the effectuation of the Project Work.

(h) In the event that the aggregate costs of the Project Work upon the completion thereof shall be significantly different from the estimated costs thereof set forth in the Project Cost Budget (i.e., more than a ten percent (10%) difference in either total Project costs or in major categories of Project Work cost), on request of the Issuer or the Bondholder Representative, the Institution shall provide evidence to the reasonable satisfaction of the Issuer as to the reason for such discrepancy, and that

the scope of the Project Work as originally approved by the Issuer has not been modified in a material manner without the prior written consent of the Issuer.

(i) The Institution covenants that it (i) shall deliver or cause to be delivered to the Issuer forty-five (45) days prior to the commencement of each Project Work an executed original certificate from the Institution's construction manager or contractor in substantially the form attached hereto as Exhibit L – "Form of Construction Manager or Contractor Certificate", and (ii) shall deliver or cause to be delivered to the Issuer forty-five (45) days prior to the commencement of the Cogeneration Facility Project Work, the Emergency Department Project Work and the Parking Lot Project Work an executed original certificate from the Institution's architect or engineer in substantially the form attached hereto as Exhibit K – "Form of Architect's or Engineer's Certificate".

(j) Upon completion of a Project Work, the Institution shall deliver to the Issuer a certificate of an Authorized Representative of the Institution in substantially the form set forth in Exhibit N – "Form of Individual Project Work Completion Certificate", together with all attachments required thereunder.

Section 3.3 Maintenance. (a) During the term of this Agreement, the Institution will:

(i) keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted,

(ii) occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as the Approved Facility, and

(iii) make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that (x) the interest on the Bonds shall not cease to be excludable from gross income for federal income tax purposes, (y) the operations of the Institution at the Facility shall not be materially impaired or diminished in any way, and (z) the security for the Bonds shall not be materially impaired.

(b) All replacements, renewals and repairs shall be similar in quality and class to the original work and be made and installed in compliance with all applicable Legal Requirements.

(c) The Issuer shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility, and the Institution hereby agrees to assume full responsibility therefor.

Section 3.4 Alterations and Improvements.

(a) The Institution shall have the privilege of making such alterations of or additions to the Facility Realty ("**Additional Improvements**") or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that:

(i) as a result of the Additional Improvements, the fair market value of the Facility is not reduced below its fair market value immediately before the Additional Improvements are made and the usefulness, structural integrity or operating efficiency of the Facility is not materially impaired,

(ii) the Additional Improvements are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements,

(iii) the Additional Improvements are promptly (subject to any good faith dispute) and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor, and

(iv) the Additional Improvements do not change the nature of the Facility so that it would not constitute the Approved Facility.

(b) All Additional Improvements shall constitute a part of the Facility, subject to this Agreement and the Mortgage.

(c) In addition to the Facility Personalty, the Institution shall have the right to install or permit to be installed at the Facility Realty, machinery, equipment and other personal property at the Institution's own cost and expense (the "**Institution's Property**"). Once so installed, the Institution's Property shall not constitute part of the Facility Personalty and shall not be subject to this Agreement, nor constitute part of the Facility, provided that the same is not made fixtures appurtenant to the Facility Realty; provided, however, that such Institution's Property shall be subject to the lien of the Mortgage.

Section 3.5 Removal of Property of the Facility.

(a) With the prior approval of the Bondholder Representative, the Institution shall have the right from time to time to remove from that property constituting part of the Facility any fixture constituting part of the Facility Realty or any machinery, equipment or other item of personal property constituting part of the Facility Personalty (in any such case, the "**Existing Facility Property**") and thereby removing such Existing Facility Property from that property constituting part of the Facility and the Lien of the Mortgage, provided, however:

(i) such Existing Facility Property is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all Liens other than Permitted Encumbrances, or

(ii) if such Existing Facility Property is not to be substituted or replaced by other property but is instead to be sold, scrapped, traded-in or otherwise disposed of in an arms'-length bona fide transaction for consideration, the Institution shall pay to the Trustee for deposit, the Redemption Account of the Bond Fund and thereby cause a redemption of such Series of the Bonds as directed by the Institution to be effected in an amount (to the nearest integral multiple of Authorized Denomination) equal to the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition; provided that no such redemption shall be required when such amount received in connection with any removal or series of removals does not exceed, in the aggregate, $250,000.

No such removal set forth in paragraph (i) or (ii) above shall be effected if (v) such removal would cause the interest on the Bonds to cease to be excludable from gross income for federal income tax purposes, (w) such removal would change the nature of the Facility as the Approved Facility, (x) such removal would materially impair the usefulness, structural integrity or operating efficiency of the Facility, (y) such removal would materially reduce the fair market value of the Facility below its fair market value immediately before such removal (except by the amount by which the Bonds are to be redeemed as provided in paragraph (ii) above), or (z) there shall exist and be continuing an Event of Default hereunder. Any amounts received pursuant to paragraph (ii) above in connection with any removal or series of

removals, which are not in excess of $250,000, shall be retained by the Institution but shall constitute Gross Revenues.

(b) The removal from the Facility of any Existing Facility Property pursuant to the provisions of Section 3.5(a) shall not entitle the Institution to any abatement or reduction in the loan payments and other amounts payable by the Institution under this Agreement, under the Promissory Note or under any other Project Document.

Section 3.6 Implementation of Additional Improvements and Removals.

(a) In the event of any Additional Improvements or substitution or replacement of property pursuant to Section 3.4 or 3.5, the Institution shall deliver or cause to be delivered to the Issuer and the Trustee any necessary documents in order to subject such Additional Improvements or substitute or replacement property to the Lien of the Mortgage (in each case to the extent such Additional Improvements or substitute or replacement property relates to the Mortgaged Property) and to cause all of same to be made part of the Facility.

(b) The Institution agrees to pay all costs and expenses (including reasonable counsel fees) in subjecting, in accordance with Section 3.4, Additional Improvements to, or releasing, in accordance with Section 3.5, Existing Facility Property from the Lien of the Mortgage.

(c) The Institution agrees, upon request of the Issuer, the Bondholder Representative or the Trustee, to furnish to the Issuer, the Bondholder Representative and the Trustee with a certificate of an Authorized Representative of the Institution indicating whether or not the Institution has taken any action to (i) effect Additional Improvements in compliance with Section 3.4 and (ii) effect the removal of Existing Facility Property in compliance with Section 3.5(a), pursuant to Sections 8.15(d) and (e), respectively.

Section 3.7 Title Insurance. On or prior to the Closing Date, the Institution will obtain and deliver (w) to the Issuer and the Bondholder Representative a title report (in form and substance acceptable to the Issuer) reflecting all matters of record with respect to the Mortgaged Property, (x) to the Issuer and the Bondholder Representative a full set of municipal department search results showing only Permitted Encumbrances, (y) to the Trustee a mortgagee title insurance policy in an amount not less than the Authorized Principal Amount of the Initial Bonds, insuring the Trustee's interest under the Mortgage as a holder of a mortgage lien on the Mortgaged Property, subject only to Permitted Encumbrances, and (z) to the Issuer, the Trustee and the Bondholder Representative a current or updated survey of the Mortgaged Property, certified to the Trustee, the Issuer and the title company issuing such title insurance policy. The title insurance policy shall be subject only to Permitted Encumbrances and shall provide for, among other things, the following: (1) full coverage against mechanics' liens; (2) no exceptions other than those approved by the Trustee and the Bondholder Representative; (3) an undertaking by the title insurer to provide the notice of title continuation or endorsement; and (4) such other matters as the Trustee shall request. Any proceeds of such mortgagee title insurance shall be paid to the Trustee for deposit in the Renewal Fund and applied to remedy the applicable defect in title in respect of which such proceeds shall be derived (including the reimbursement to the Institution for any costs incurred by the Institution in remedying such defect in title). If not so capable of being applied or if a balance remains after such application, the amounts in the Renewal Fund shall be transferred by the Trustee, to the Redemption Account of the Bond Fund, and used to redeem an equivalent principal amount of the Initial Bonds to the nearest integral multiple of Authorized Denominations as directed by the Institution.

Section 3.8 No Warranty of Condition or Suitability. THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR

IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE INSTITUTION OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE INSTITUTION ACKNOWLEDGES THAT THE ISSUER IS NOT THE MANUFACTURER OF THE FACILITY PERSONALTY NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE INSTITUTION IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE INSTITUTION. THE ISSUER SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE INSTITUTION OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

ARTICLE IV

LOAN; PAYMENT PROVISIONS

Section 4.1 **Loan of Proceeds.** The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the Institution (the "**Loan**"). The Loan shall be made by depositing on the Closing Date and on each Draw-Down Date thereafter the proceeds from the sale of the Initial Bonds into the Project Fund in accordance with Section 4.01 of the Indenture. Such proceeds shall be disbursed to or on behalf of the Institution as provided in Section 3.2(c) and Section 5.02 of the Indenture.

Section 4.2 **Promissory Note.** The Institution's obligation to repay the Loan shall be evidenced by this Agreement and the Promissory Note. On the Closing Date, the Institution shall execute and deliver the Promissory Note payable to the Issuer, and the Issuer will endorse the Promissory Note to the Trustee. The Institution acknowledges that the original principal amount payable under the Promissory Note may be more or less than the original principal amount of the Loan as a result of the Initial Bonds being draw-down bonds or if the Initial Bonds are sold at a discount or at a premium, respectively, and agrees that repayment of the Loan and the Promissory Note will be made in accordance with Section 4.3.

Section 4.3 **Loan Payments; Pledge of this Agreement and of the Promissory Note.**

(a) The Institution covenants to pay the Promissory Note and repay the Loan made pursuant to this Agreement by making loan payments which the Issuer agrees shall be paid in immediately available funds by the Institution directly to the Trustee on each Loan Payment Date (except as provided in Section 4.3(a)(ii), (iv), (v) and (vi) below which shall be paid on the respective due dates thereof) for deposit in the Bond Fund (except to the extent that amounts are on deposit in the Bond Fund and available therefor) in an amount equal to the sum of:

(i) with respect to interest due and payable on the Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Bonds Outstanding payable on the first Interest Payment Date (after taking into account any amount on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Bonds on the first

Interest Payment Date) by the number of Loan Payment Dates between the Closing Date and the first Interest Payment Date, and thereafter in an amount equal to one-sixth (1/6) of the amount of interest which will become due and payable on the Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date shall be an amount sufficient to pay the interest next becoming due on the Bonds on such immediately succeeding Interest Payment Date; and

(ii) with respect to principal due on the Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13) month period (or, if the first principal payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date), and thereafter for each principal payment date commencing on that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to principal on the Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Initial Bonds shall be an amount sufficient to pay the principal of the Bonds Outstanding becoming due on such next succeeding principal payment date of the Initial Bonds; provided further that in the event of the acceleration of the principal of the Bonds, a loan payment in the amount of the principal amount of the Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(iii) with respect to Sinking Fund Installment payments due on the Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment on the Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first Sinking Fund Installment, an amount equal to the quotient obtained by dividing such Sinking Fund Installment by the number of Loan Payment Dates between the Closing Date and such first Sinking Fund Installment payment date), and thereafter for each Sinking Fund Installment payment date commencing on that Loan Payment Date as shall precede such Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment of the Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

(iv) on each redemption date, with respect to the Redemption Price (other than by Sinking Fund Installments) due and payable on the Initial Bonds, whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Initial Bonds being redeemed on such redemption date;

(v) with respect to interest due and payable on the Initial Bonds, the Institution shall further pay such additional amounts as set forth in the Indenture in the event of the occurrence of a Determination of Taxability with respect to the Initial Bonds or an Event of Default under the Indenture; and

(vi) upon receipt by the Institution of notice from the Trustee pursuant to Section 5.09(f) of the Indenture that the amount on deposit in the applicable account of the Debt Service Reserve Fund shall be less than the applicable Debt Service Reserve Fund Requirement, the Institution shall pay to the Trustee for deposit in the applicable account of the Debt Service Reserve Fund on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the five (5) succeeding months, or over such longer time period as shall be consented to in writing by the Bondholder Representative (or, if there is no Bondholder Representative, the Majority Holders), an amount equal to one sixth (1/6th) of such deficiency in the Debt Service Reserve Fund.

(b) In the event the Institution should fail to make or cause to be made any of the payments required under the foregoing provisions of this Section, the item or installment not so paid shall continue as an obligation of the Institution until the amount not so paid shall have been fully paid including all unpaid accrued interest thereon at the applicable Default Rate.

(c) The Institution has the option to make advance loan payments for deposit in the Bond Fund to effect the retirement, defeasance or redemption of the Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial retirement, defeasance or redemption of the Bonds may be effected through advance loan payments hereunder if there shall exist and be continuing an Event of Default. The Institution shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Institution to the Trustee in accordance with the Indenture, with a copy to the Issuer and the Bondholder Representative, setting forth (u) the amount of the advance loan payment, (v) the Series and principal amount of Bonds Outstanding requested to be redeemed with such advance loan payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (w) the date on which such principal amount of Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). In the event the Institution shall exercise its option to make advance loan payments to effect the redemption, retirement or defeasance in whole of the Bonds, and such redemption is expressly permitted under the Indenture as a result of the damage, destruction or condemnation of the Facility, or changes in law, or executive or judicial action, the Institution shall further deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes. Such advance loan payment shall be paid to the Trustee in legal tender, for deposit, the applicable Redemption Account of the Bond Fund on or before the redemption date and shall be an amount which, when added to the amounts on deposit in the Bond Fund and available therefor, will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agent in connection with such redemption. In the event the Bonds are to be redeemed, retired or defeased in whole or otherwise retired, the Institution shall further pay on or before such redemption date, in legal tender, to the Issuer, the Trustee, the Bond Registrar and the Paying Agent all fees and expenses owed

such party or any other party entitled thereto under this Agreement or the Indenture together with (x) all other amounts due and payable under this Agreement and the other Security Documents, and (y) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Certificate

(d) At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds of a Series are to be redeemed from mandatory Sinking Fund Installments, the Institution may deliver to the Trustee Bonds of such Series which are subject to mandatory Sinking Fund Installment redemption in an aggregate principal amount not in excess of the principal amount of Bonds of such Series to be so redeemed on such date. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date and any excess over such Sinking Fund Installment shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

(e) In the event Defaulted Interest (as defined in Section 2.02(g) of the Indenture) shall become due on any Initial Bond, the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on such Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with Section 2.02(g) of the Indenture), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment.

(f) No further loan payments need be made to the Issuer on account of the Bonds when and so long as the amount of cash and/or Defeasance Obligations on deposit in the Bond Fund is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in Article XI of the Indenture.

(g) Any amounts remaining in the Earnings Fund, the Rebate Fund, the Bond Fund, the Debt Service Reserve Fund, the Project Fund or the Renewal Fund after payment in full of (w) the Bonds (in accordance with Article XI of the Indenture), (x) the fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agent in accordance with the Indenture, (y) all amounts required to be rebated to the Federal government pursuant to the Tax Certificate or the Indenture, and (z) all amounts required to be paid under any Project Document, shall have been so paid, shall belong to and be paid to the Institution by the Trustee as overpayment of the loan payments.

(h) In the event that the Institution fails to make any loan payment required in this Section 4.3, the installment so in default shall continue as an obligation of the Institution until the amount in default shall have been fully paid including all unpaid accrued interest thereon at the applicable Default Rate.

(i) Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the Bond Fund is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Institution shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund.

Section 4.4 Loan Payments and Other Payments Payable Absolutely Net. The obligation of the Institution to pay the loan payments and other payments under this Agreement and under the Promissory Note shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this

Agreement and the Promissory Note shall yield, net, to the Issuer and to the Trustee, the loan payments and other payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable under this Agreement, shall be paid by the Institution and the Indemnified Parties shall be indemnified by the Institution for, and the Institution shall hold the Indemnified Parties harmless from, any such costs, expenses and charges.

Section 4.5 **Nature of Institution's Obligation Unconditional.** The Institution's obligation under this Agreement and under the Promissory Note to pay the loan payments and all other payments provided for in this Agreement and in the Promissory Note shall be absolute, unconditional and a general obligation of the Institution, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee or the Holder of any Bond and the obligation of the Institution shall arise whether or not the Project has been completed as provided in this Agreement and whether or not any provider of a credit facility or liquidity facility, if any, with respect to the Bonds shall be honoring its obligations thereunder. The Institution will not suspend or discontinue any such payment or terminate this Agreement (other than such termination as is provided for hereunder), or suspend the performance or observance of any covenant or agreement required on the part of the Institution hereunder, for any cause whatsoever, and the Institution waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Institution under this Agreement except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments hereunder or under the Promissory Note.

Section 4.6 **Advances by the Issuer, the Trustee or the Bondholder Representative.** In the event the Institution fails to make any payment or to perform or to observe any obligation required of it under this Agreement, under the Promissory Note or under any other Security Document, the Issuer, the Trustee or the Bondholder Representative, after first notifying the Institution in writing of any such failure on its part (except that no prior notification of the Institution shall be required in the event of an emergency condition that, in the reasonable judgment of the Issuer, the Trustee or the Bondholder Representative, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Issuer, the Trustee or the Bondholder Representative under this Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Institution to perform and to observe its other obligations hereunder or thereunder. All amounts so advanced therefor by the Issuer, the Trustee or the Bondholder Representative shall become an additional obligation of the Institution to the Issuer or the Trustee, as the case may be, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Institution will pay upon demand therefor by the Issuer, the Trustee or the Bondholder Representative, as applicable. Any remedy vested in the Issuer or the Trustee herein or in any other Security Document for the collection of the loan payments or other payments or other amounts due hereunder, under the Promissory Note or under any other Security Document shall also be available to the Issuer or the Trustee for the collection of all such amounts so advanced. No advance shall be made by the Trustee except as specified in the Indenture.

Section 4.7 **Pledge of Gross Revenues.** As security for the payment of all liabilities and the performance of all obligations of the Institution hereunder, the Institution does hereby continuously pledge, grant a security interest in and assign to the Trustee, for the benefit of the Bondholders, the Gross Revenues together with the Institution's right to receive and collect the Gross Revenues and the proceeds of such Gross Revenues.

ARTICLE V

RESERVED

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.1 **Damage, Destruction and Condemnation.** In the event that the whole or part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement to which the Institution and those authorized to exercise such right are parties, or if the temporary use of the Facility shall be so taken by condemnation or agreement (a "**Loss Event**"):

(i) the Issuer shall have no obligation to rebuild, replace, repair or restore the Facility or to advance funds therefor,

(ii) there shall be no abatement, postponement or reduction in the loan payments or other amounts payable by the Institution under this Agreement or the Promissory Note or any other Project Document to which it is a party, and the Institution hereby waives, to the extent permitted by law, any provisions of law which would permit the Institution to terminate this Agreement, the Promissory Note or any other Project Document, or eliminate or reduce its payments hereunder, under the Promissory Note or under any other Project Document, and

(iii) the Institution will promptly give written notice of such Loss Event to the Issuer, the Trustee and the Bondholder Representative, generally describing the nature and extent thereof.

Section 6.2 **Loss Proceeds.**

(a) The Issuer, the Trustee and the Institution shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromise, arbitration or adjustment of any such claim or demand shall, as between the Issuer and the Institution, be subject to the written approval of the Institution and the Trustee (such approvals not to be unreasonably withheld).

(b) The Net Proceeds with respect to the Facility shall be paid to the Trustee and deposited in the Renewal Fund (except as provided in Section 3.11(d) of the Mortgage in respect of property insurance proceeds that are less than a threshold amount). Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund shall be applied, and may be invested, as provided in the Indenture.

Section 6.3 **Election to Rebuild or Terminate.**

(a) In the event a Loss Event shall occur, the Institution shall either:

(i) at its own cost and expense (except to the extent paid from the Net Proceeds), within one (1) year of the Loss Event, promptly and diligently rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or

not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Institution shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Issuer, the Trustee or any Bondholder, nor shall the loan payments or other amounts payable by the Institution under this Agreement or the Promissory Note or any other Project Document be abated, postponed or reduced, or

(ii) if, to the extent and upon the conditions permitted to do so under Sections 10.1 and 10.2 and under the Indenture, exercise its option to terminate this Agreement and cause the Bonds to be redeemed in whole;

provided that if all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation renders the Facility unsuitable for use by the Institution as contemplated hereby, the Institution shall exercise its option to terminate this Agreement pursuant to Sections 10.1 and 10.2.

Not later than thirty (30) days after the occurrence of a Loss Event, the Institution shall advise the Issuer and the Trustee in writing of the action to be taken by the Institution under this Section 6.3(a), a failure to so timely notify being deemed an election in favor of Section 6.3(a)(ii) to be exercised in accordance with the provisions of Section 6.3(a)(ii).

(b) If the Institution shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Facility as set forth in Section 6.3(a)(i), the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 5.03 of the Indenture to pay or reimburse the Institution, at the election of the Institution, either as such work progresses or upon the completion thereof, provided, however, the amounts so disbursed by the Trustee to the Institution shall not exceed the actual cost of such work. If the Institution shall exercise its option in Section 6.3(a)(ii), the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited, in the Redemption Account of the Bond Fund, and the Institution shall thereupon pay to the Trustee for deposit, in the Redemption Account of the Bond Fund, an amount which, when added to any amounts then in the Redemption Account of the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or redemption date and redemption premium, if any), and shall pay the expenses of redemption, the fees and expenses of the Issuer, the Trustee, the Bondholder Representative, the Bond Registrar and the Paying Agent, together with all other amounts due under the Indenture, under this Agreement and under each other Project Document, as well as any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Certificate and such amount so deposited shall be applied, together with such other available amounts in the Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or Maturity Date.

Section 6.4 Effect of Election to Build.

(a) All rebuilding, replacements, repairs or restorations of the Facility in respect of or occasioned by a Loss Event shall:

(i) automatically be deemed a part of the Facility under this Agreement and, with respect to Mortgaged Property, shall be subject to the Lien of the Mortgage,

(ii) be effected only if the Institution shall deliver to the Issuer and the Trustee a certificate from an Authorized Representative of the Institution acceptable to the Issuer and the Trustee to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Facility as the Approved Facility,

(iii) be effected with due diligence in a good and workmanlike manner, in compliance with all applicable Legal Requirements and be promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor,

(iv) restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, and to a state and condition that will permit the Institution to use and operate the Facility as the Approved Facility,

(v) be effected only if the Institution shall have complied with Section 8.1(c),

(vi) be preceded by the furnishing by the Institution to the Trustee of a labor and materials payment bond, or other security, satisfactory to the Trustee, and

(vii) if the estimated cost of such rebuilding, replacement, repair or restoration is in excess of $500,000, be effected under the supervision of an Independent Engineer.

(b) The date of completion of the rebuilding, replacement, repair or restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution with a copy to the Bondholder Representative stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility under this Agreement and, if applicable, subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 5.03 of the Indenture and (z) that no Person other than the Issuer or the Trustee may benefit therefrom.

(c) The certificate delivered pursuant to Section 6.4(b) shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, if required, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases and/or waivers of liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other Lien, unless bonded, in connection with the rebuilding,

replacement, repair and restoration of the Facility and that there exist no Liens other than Permitted Encumbrances and those Liens consented to by the Issuer and the Trustee in writing.

ARTICLE VII

COVENANTS OF THE ISSUER

Section 7.1 **Assignment of Promissory Note.** On the Closing Date, the Issuer will endorse and assign the Promissory Note to the Trustee.

Section 7.2 **Issuance of Initial Bonds.** Subject to the satisfaction of the conditions to the issuance of the Initial Bonds, the Issuer will sell and deliver the Initial Bonds in amount up to the Authorized Principal Amount under and pursuant to the Bond Resolution and under and pursuant to the Indenture. The proceeds of sale of the Initial Bonds shall be deposited and applied in accordance with the provisions of the Indenture.

Section 7.3 **Issuance of Additional Bonds.** Under the provisions of and subject to the conditions set forth in the Indenture, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Initial Bonds for the purpose of (w) completing the Project, (x) providing funds in excess of the Net Proceeds of insurance or eminent domain to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (y) providing extensions, additions or improvements to the Facility, or (z) refunding Outstanding Bonds. If the Institution is not in default hereunder or under any other Project Document, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request of an Authorized Representative of the Institution in accordance with the applicable provisions set forth in the Indenture.

Section 7.4 **Pledge and Assignment to Trustee.** As security for the payment of the Bonds and the obligations of the Institution under the Security Documents:

(a) the Institution shall, pursuant to the Mortgage, grant to the Trustee, for the benefit of the Bondholders, a mortgage lien on and security interest in its fee and leasehold interest in the Mortgaged Property; and

(b) the Issuer shall pledge and assign to the Trustee, for the benefit of the Bondholders, pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Note and all of the Issuer's right, title and interest in this Agreement (except for the Issuer's Reserved Rights), including all loan payments hereunder and under the Promissory Note, and in furtherance of such pledge, the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture.

ARTICLE VIII

COVENANTS OF THE INSTITUTION

Section 8.1 **Insurance**.

(a) Definitions. The following capitalized terms shall have the respective meanings specified below:

Certificate means an ACORD certificate evidencing insurance.

CGL means commercial general liability insurance.

CM means a construction manager or contractor providing construction management services in connection with any Construction.

Construction means any construction, reconstruction, restoration, renovation, alteration and/or repair on, in, at or about the Facility Realty, including the Project Work or any other construction, reconstruction, restoration, alteration and/or repair required under this Agreement in connection with the Facility.

Contractor(s) means, individually or collectively, a contractor or subcontractor providing materials and/or labor and/or other services in connection with any Construction, but not including a GC, CM or any architect or engineer providing professional services.

GC means any general contractor or manager providing general contracting services in connection with any Construction.

Insured means the Institution.

Insurer means any entity writing or issuing a Policy.

ISO means the Insurance Services Office or its successor.

ISO Form CG-0001 means the CGL form published by ISO at the Closing Date.

Policy(ies) means, collectively or individually, the policies required to be obtained and maintained pursuant to Section 8.1(b) and (c).

SIR means self-insured retention.

U/E means Umbrella or Excess Liability insurance.

Workers' Compensation means Workers' Compensation, disability and employer liability insurance.

(b) Required Insurance. Except during periods of Construction, the Insured shall obtain and maintain for itself as a primary insured the following insurance:

(i) CGL with $2,000,000 minimum per occurrence; $7,000,000 minimum in the aggregate, and per-location aggregate. This Policy shall contain coverage for contractual liability, premises operations, and products and completed operations.

(ii) Reserved.

(iii) Auto liability insurance with $1,000,000 combined single limit and $1,000,000 for uninsured or under-insured vehicles. If the Insured owns any vehicles, it shall obtain auto liability insurance in the foregoing amounts for hired and non-owned vehicles. Coverage should be at least as broad as ISO Form CA0001, ed. 10/01.

(iv) Workers Compensation satisfying State statutory limits. Coverage for employer liability shall be in respect of any work or operations in, on or about the Facility Realty.

(v) Property insurance in the amount required under the Mortgage.

(c) Required Insurance During Periods of Construction. In connection with any Construction and throughout any period of such Construction, the Institution shall cause the following insurance requirements to be satisfied:

(i) The Insured shall obtain and maintain for itself Policies in accordance with all requirements set forth in Section 8.1(b).

(ii) Any GC or CM shall obtain and maintain for itself as a primary insured the following Policies:

(A) CGL and U/E in accordance with the requirements in Section 8.1(b), subject to the following modifications: (x) coverage shall be in an aggregate minimum amount of $10,000,000 per project aggregate, and (y) completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Institution shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);

(B) Auto liability insurance in accordance with the requirements in Section 8.1(b); and

(C) Workers' Compensation in accordance with the requirements in Section 8.1(b).

(iii) Notwithstanding preceding subsections "i" and "ii," during Construction aggregate minimum coverage in the amount of $10,000,000 (combined CGL and U/E required by Sections 8.1(b) and 8.1(c)) may be achieved by any combination of coverage amounts between the Insureds on the one hand and the GC or CM on the other.

(iv) Each Contractor shall obtain and maintain for itself as a primary insured the following insurance:

(A) CGL and U/E in accordance with the requirements in Section 8.1(b) except that, in addition, completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Institution shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);

(B) Auto Liability insurance in accordance with the requirements in Section 8.1(b), and

(C) Workers' Compensation in accordance with the requirements in Section 8.1(b)

(d) Required Policy Attributes. Except as the Issuer and the Trustee shall expressly otherwise agree in writing in their sole and absolute discretion:

(i) The Institution shall cause each Policy (other than Worker's Compensation and auto liability insurance) to name the Issuer and the Trustee as additional insureds on a primary and non-contributory basis as more particularly required in Section 8.1(f)(i). In addition, each Contractor must protect the Issuer and Trustee as additional insureds on a primary and non-contributory basis via ISO endorsement CG-20 26 and CG 20 37 or their equivalents and the endorsements must specifically identify the Issuer and Trustee as Additional Insureds.

(ii) No Policy shall have a deductible.

(iii) CGL shall not be subject to SIR.

(iv) CGL shall be written on either ISO Form CG-0001 or on such other form that the Institution may request provided that any requested substitute shall provide an additional insured with substantially equivalent coverage to that enjoyed by an additional insured in a policy written on ISO Form CG-0001 and provided further that the substitute is reasonably approved by the Issuer. If the Insured intends to renew its CGL on a form that is not ISO Form CG-0001, it shall provide the Issuer and the Trustee with a copy of the substitute form at least sixty (60) days prior to the intended date on which the renewal Policy is to be effective.

(v) The Institution acknowledges that the Issuer and the Trustee are materially relying upon the content of ISO Form CG-0001 to implement the Issuer's insurance requirements under this Section 8.1; accordingly, the Institution agrees that non-standard exclusions and other modifications to ISO Form CG-0001 are prohibited under the terms and conditions of this Section 8.1. In the event that ISO either ceases to exist or discontinues ISO Form CG-0001, the Issuer or the Trustee shall have the right to require, for all purposes hereunder, a different CGL form, provided that the replacement is substantially similar to ISO Form CG-0001.

(vi) Without limiting Section 8.1(d)(v) or the application of any other requirement under this Section 8.1, no Policy delivered hereunder shall limit (whether by exception, exclusion, endorsement, script or other modification) any of the following coverage attributes:

(A) contractual liability coverage insuring the contractual obligations of the Insureds;

(B) employer's liability coverage;

(C) coverage for claims arising under New York Labor Law;

(D) the right of the Insured to name additional insureds including the Issuer and the Trustee;

(E) the applicability of CGL coverage to the Issuer and the Trustee as additional insureds in respect of liability arising out of any of the following claims: (x) claims against the Issuer and/or the Trustee by employees of an Insured, or (y) claims against the Issuer and/or the Trustee by any GC, CM, Contractor, architect or engineer or

by the employees of any of the foregoing, or (z) claims against the Issuer and/or the Trustee arising out of any work performed by a GC, CM, Contractor, architect or engineer.

(vii) U/E shall follow the form of CGL except that U/E may be broader.

(viii) Each Policy shall provide primary insurance and the issuing Insurer shall not have a right of contribution from any other insurance policy insuring the Issuer and/or the Trustee.

(ix) In each Policy, the Insurer shall waive, as against any Person insured under such Policy including any additional insured, the following: (x) any right of subrogation, (y) any right to set-off or counterclaim against liability incurred by a primary insured or any additional insured, and (z) any other deduction, whether by attachment or otherwise, in respect of any liability incurred by any primary insured or additional insured.

(x) Policies shall not be cancellable without at least thirty (30) days' prior written notice to the Issuer and the Trustee as additional insureds.

(xi) Each Policy under which the Issuer and the Trustee is an additional insured shall provide that the Issuer and the Trustee will not be liable for any insurance premium, commission or assessment under or in connection with any Policy.

(e) Required Insurer Attributes. All Policies must be issued by Insurers satisfying the following requirements:

(i) Insurers shall have a minimum AM Best rating of A-.

(ii) Each Insurer must be an authorized insurer in accordance with Section 107(a) of the New York State Insurance Law.

(iii) Insurers must be admitted in the State; provided, however, that if an Insured requests the Issuer to accept a non-admitted Insurer, and if the Issuer reasonably determines that for the kind of operations performed by the Insured an admitted Insurer is commercially unavailable to issue a Policy or is non-existent, then the Issuer shall provide its written consent to a non-admitted Insurer. For purposes of this paragraph, an "admitted" Insurer means that the Insurer's rates and forms have been approved by the State Department of Financial Services and that the Insurer's obligations are entitled to be insured by the State's insurance guaranty fund.

(f) Required Evidence of Compliance. The Institution shall deliver or cause to be delivered evidence of all Policies required hereunder as set forth in this Section 8.1(f):

(i) All Policies. With respect to all Policies on which an Insured is to be a primary insured, the Insured shall deliver to the Issuer and the Trustee a Certificate or Certificates evidencing all Policies required by this Section 8.1 (w) at the Closing Date, (x) prior to the expiration or sooner termination of Policies, (y) prior to the commencement of any Construction, and (z) upon request by the Issuer or the Trustee. If the Certificate in question evidences CGL, such Certificate shall name the Issuer and the Trustee as additional insureds in the following manner:

Build NYC Resource Corporation and U S. Bank National Association, as Trustee, are each additional insureds on a primary and non-contributory basis. The referenced CGL is written on ISO Form CG-0001 without modification to the contractual liability, employer's liability or waiver-of-subrogation provisions thereof, and contains no endorsement limiting or excluding coverage for claims arising under New York Labor Law, covering the following premises. 355 Bard Avenue, Staten Island, New York; 288 Kissel Avenue, Staten Island, New York and 669 Castleton Avenue, Staten Island, New York.

(ii) CGL. With respect to CGL on which the Insured is to be a primary insured, the Insured shall additionally deliver to the Issuer and the Trustee the following:

(A) Prior to the Closing Date, the Insured shall deliver to the Issuer and the Trustee the declarations page and the schedule of forms and endorsements pertinent thereto, and in addition, deliver such documents to the Issuer forty-five (45) days prior to the commencement of a Project Work.

(B) Upon the expiration or sooner termination of any CGL, the Insured shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the new or replacement CGL.

(C) Prior to the commencement of any Construction, including, but not limited to, any Project Work as set forth in paragraph (A) above, the Insured shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the CGL under which the Insured is to be the primary insured during the period of such Construction, including the time frame set forth in paragraph (A) above with respect to a Project Work.

(iii) Insurance to be obtained by GCs and CMs. Prior to the commencement of any Construction that entails the services of a GC or CM, the Institution shall provide to the Issuer and the Trustee, in a form satisfactory to the Issuer and the Trustee, evidence that the GC or CM (as the case may be) has obtained the Policies that it is required to obtain and maintain in accordance with Section 8.1(c).

(iv) Insurance to be obtained by Contractors. In connection with any Construction, the Institution shall, upon the written request of the Issuer or the Trustee, cause any or all Contractors to provide evidence, satisfactory to the Issuer and the Trustee, that such Contractors have obtained and maintain the Policies that they are required to obtain and maintain in accordance with the requirements of Section 8.1(c).

(g) Notice. The Institution shall immediately give the Issuer and the Trustee notice of each occurrence that is reasonably probable to give rise to a claim under the insurance required to be maintained by this Section 8.1.

(h) Miscellaneous.

(i) If, in accordance with the terms and conditions of this Section 8.1, an Insured is required to obtain the consent of the Issuer and/or the Trustee, the Institution shall request such consent in a writing provided to the Issuer and/or the Trustee at least thirty (30)

days in advance of the commencement of the effective period (or other event) to which the consent pertains.

(ii) The delivery by an Insured of a Certificate evidencing auto liability insurance for hired and non-owned vehicles shall, unless otherwise stated by the Institution to the contrary, constitute a representation and warranty from the Insured to the Issuer and the Trustee that the Insured does not own vehicles.

(iii) The Insured shall neither do nor omit to do any act, nor shall it suffer any act to be done, whereby any Policy would or might be terminated, suspended or impaired.

(iv) If insurance industry standards applicable to properties similar to the Facility Realty and/or operations similar to the operations of the Institution materially change; and if, as a consequence of such change, the requirements set forth in this Section 8.1 become inadequate in the reasonable judgment of the Issuer or the Trustee for the purpose of protecting the Issuer and the Trustee against third-party claims, then the Issuer or the Trustee shall have the right to supplement and/or otherwise modify such requirements, provided, however, that such supplements or modifications shall be commercially reasonable.

(v) THE ISSUER AND THE TRUSTEE DO NOT REPRESENT THAT THE INSURANCE REQUIRED IN THIS SECTION 8.1, WHETHER AS TO SCOPE OR COVERAGE OR LIMIT, IS ADEQUATE OR SUFFICIENT TO PROTECT THE INSURED AND ITS OPERATIONS AGAINST CLAIMS AND LIABILITY.

(vi) The Issuer, in its sole discretion and without obtaining the consent of the Trustee or any other party to the transactions contemplated by this Agreement, may make exceptions to the requirements under this Section 8.1 by a written instrument executed by the Issuer. In the event the Institution shall request the Issuer to make any exception to the requirements under this Section 8.1, the Issuer shall not unreasonably withhold its consent. The Institution acknowledges that the Issuer's decision in this respect will be deemed reasonable if made in furtherance of protecting the Issuer from liability.

Section 8.2 Indemnity.

(a) The Institution shall at all times indemnify, defend, protect and hold the Issuer, the Trustee, the Bondholder Representative, the Bond Registrar and the Paying Agent, and any director, member, officer, employee, servant, agent (excluding for this purpose the Institution, which is not obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Issuer's control or supervision (collectively, the "**Indemnified Parties**" and each an "**Indemnified Party**") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses (collectively, "**Claims**") of any kind for losses, damage, injury and liability (collectively, "**Liability**") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing on the Indemnification Commencement Date, and continuing until the termination of this Agreement, arising upon, about, or in any way connected with the Facility, the Project, or any of the transactions with respect thereto, including:

(i) the financing of the costs of the Facility or the Project and the marketing, offering, issuance, sale and remarketing of the Bonds for such purpose,

(ii) the planning, design, acquisition, site preparation, Project Work, construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, or any defects (whether latent or patent) in the Facility,

(iii) the maintenance, repair, replacement, restoration, rebuilding, construction, renovation, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof,

(iv) the execution and delivery by an Indemnified Party, the Institution or any other Person of, or performance by an Indemnified Party, the Institution or any other Person, as the case may be, of, any of their respective obligations under, this Agreement or any other Project Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,

(v) any damage or injury to the person or property of any Person in or on the premises of the Facility,

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including failure to comply with the requirements of the City's zoning resolution and related regulations, or

(vii) the presence, disposal, release, or threatened release of any Hazardous Materials that are on, from, or affecting the Facility; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials.

(b) The Institution releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Institution or its Affiliates for, any Claim or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth in Section 8.2(a) including any Claim or Liability arising from or incurred as a result of the negligence or gross negligence of such Indemnified Party, or at the direction of the Institution with respect to any of such matters above referred to.

(c) An Indemnified Party shall promptly notify the Institution in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Institution pursuant to this Section 8.2; such notice shall be given in sufficient time to allow the Institution to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Institution under this Section 8.2.

(d) Anything to the contrary in this Agreement notwithstanding, the covenants of the Institution contained in this Section 8.2 shall be in addition to any and all other obligations and liabilities

that the Institution may have to any Indemnified Party in any other agreement or at common law, and shall remain in full force and effect after the termination of this Agreement until the later of (x) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (y) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

Section 8.3 Compensation and Expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agent; Administrative and Project Fees.

(a) The Institution shall pay the fees, costs and expenses of the Issuer together with any reasonable fees and disbursements incurred by lawyers or other consultants in performing services for the Issuer in connection with this Agreement or any other Project Document, together with all fees and costs incurred in connection with complying with Section 8.12(b) (including reasonable fees and disbursements of lawyers and other consultants).

(b) On the Closing Date, the Institution shall pay to the Issuer the Initial Annual Administrative Fee and the Project Fee.

(c) The Institution further agrees to pay the Annual Administrative Fee to the Issuer on each July 1 following the Closing Date until the Termination Date (the Annual Administrative Fee shall not be pro-rated for the final period ending on the Termination Date). In the event the Institution shall fail to pay the Annual Administrative Fee on the date due, the Issuer shall have no obligation to deliver notice of such failure to the Institution.

(d) The Institution shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay the following fees, charges and expenses and other amounts:

(i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture and the reasonable fees of its counsel,

(ii) the reasonable fees and charges of the Trustee and the Paying Agent on the Bonds for acting as paying agent as provided in the Indenture, including the reasonable fees of its counsel,

(iii) the reasonable fees, charges, and expenses of the Trustee for extraordinary services rendered by it under the Indenture, including reasonable counsel fees; and

(iv) the reasonable fees, charges and expenses, including reasonable counsel fees, of the Bondholder Representative incurred by it in enforcing its rights under the Indenture and the other Project Documents.

(e) With respect to any advance of the Series 2018B Bond proceeds subsequent to the Closing Date, the Institution shall pay to the Issuer a project fee in the amount of $149,425 on the first Draw-Down Date (as defined in the Agreement to Advance)

Section 8.4 Current Facility Personalty Description. The Institution covenants and agrees that, until the termination of this Agreement, including upon the completion of the Project or of any

replacement, repair, restoration or reconstruction of the Facility pursuant to Article VI, it will cause Exhibit B — "Description of the Facility Personalty", together with the "Description of the Facility Personalty" attached as part of the appendices to the Indenture, this Agreement and the Mortgage, to be an accurate and complete description of all current items of Facility Personalty. To this end, the Institution covenants and agrees that (x) no requisition shall be submitted to the Trustee for moneys from the Project Fund for the acquisition or installation of any item of Facility Personalty, (y) no item of Facility Personalty shall be substituted or replaced by a new item of machinery, equipment or other tangible personal property except pursuant to Section 3.5(a) or Article VI, and (z) no item of Facility Personalty shall be delivered and installed at the Facility Realty as part of the property comprising the Facility, unless in each case such item of machinery, equipment or other item of tangible personal property shall be accurately and sufficiently described in Exhibit B — "Description of the Facility Personalty", together with the "Description of the Facility Personalty" in the appendices attached as part of the Indenture, this Agreement and the Mortgage, and the Institution shall from time to time prepare and deliver to the Issuer and the Trustee supplements to such Appendices in compliance with the foregoing. Such supplements shall be executed and delivered by the appropriate parties and, at the Trustee's request, duly recorded by the Institution, and, at the Trustee's request, additional financing statements with respect thereto shall be duly filed by the Institution.

Section 8.5 Signage at Facility Site. Upon commencement of the renovation and/or construction of or at the Facility in connection with the Project (including the commencement of any demolition and/or excavation), the Institution shall erect on the Facility site, at its own cost and expense, within easy view of passing pedestrians and motorists, a large and readable sign with the following information upon it (hereinafter, the "**Sign**"):

FINANCIAL ASSISTANCE PROVIDED
THROUGH THE
BUILD NYC RESOURCE CORPORATION
Mayor Bill de Blasio

In addition, the Sign shall satisfy the following requirements: (x) format and appearance generally shall be stipulated by the Issuer in writing or electronically; (y) the minimum size of the Sign shall be four (4) feet by eight (8) feet; and (z) the Sign shall have no other imprint upon it other than that of the Issuer. The Sign shall remain in place at the Facility until completion of the renovations and/or construction. The Institution may erect other signs in addition to the Sign.

Section 8.6 Environmental Matters.

(a) On or before the Closing Date, the Institution shall provide to the Issuer and the Trustee a letter from the Environmental Auditor addressed to the Issuer and the Trustee, stating that the Issuer and the Trustee may rely upon the Environmental Audit as if it was prepared for the Issuer and the Trustee in the first instance.

(b) The Institution shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Institution cause or permit, as a result of any intentional or unintentional act or omission on the part of the Institution or any occupant or user of the Facility, a release of Hazardous Materials onto the Facility or onto any other property.

(c) The Institution shall comply with, and require and enforce compliance by, all occupants and users of the Facility with all applicable Legal Requirements pertaining to Hazardous

Materials, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

(d) The Institution shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.

(e) In the event the Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or this Agreement is terminated as provided in Article IX, the Institution shall deliver the Mortgaged Property so that the conditions of the Mortgaged Property with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Mortgaged Property

(f) The parties hereto agree that the reference in Section 2.2(m) to the Environmental Audit is not intended, and should not be deemed to intend, to modify, qualify, reduce or diminish the Institution's obligations to carry out and perform all of the covenants stated throughout this Section 8.6 and in Section 8.2.

Section 8.7 Employment Matters.

(a) Except as is otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor ("**DOL**") Community Services Division, and with the administrative entity of the service delivery area created by the Workforce Investment Act of 1998 (29 U.S.C. §2801) in which the Facility Realty is located. Except as is otherwise provided by collective bargaining contracts or agreements, the Institution agrees, where practicable, to consider first, and cause each of its Affiliates at the Facility to consider first, persons eligible to participate in the Workforce Investment Act of 1998 (29 U.S.C. §2801) programs who shall be referred by administrative entities of service delivery areas created pursuant to such Act or by the Community Services Division of the DOL for such new employment opportunities.

(b) Upon the Issuer's written request, the Institution shall provide to the Issuer any employment information in the possession of the Institution which is pertinent to the Institution and the employees of the Institution to enable the Issuer and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations.

(c) The Institution hereby authorizes any private or governmental entity, including the DOL, to release to the Issuer and/or NYCEDC, and/or to the successors and assigns of either (collectively, the "**Information Recipients**"), any and all employment information under its control and pertinent to the Institution and the employees of the Institution to enable the Issuer and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations. Information released or provided to Information Recipients by DOL, or by any other governmental entity, or by any private entity, or by the Institution, or any information previously released as provided by all or any of the foregoing parties (collectively, "**Employment Information**") may be disclosed by the Information Recipients in connection with the administration of the programs of the Issuer, and/or NYCEDC, and/or the successors and assigns of either, and/or the City, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to City Charter §1301, (y) other reports required of the Issuer, and (z) any other reports required by law. This authorization shall remain in effect until the termination of this Agreement.

(d) Upon the request of the Issuer, the Institution shall cooperate with the Issuer in the development of programs for the employment and/or training of members of minority groups in connection with performing work at the Facility.

(e) Nothing in this Section shall be construed to require the Institution to violate any existing collective bargaining agreement with respect to hiring new employees.

Section 8.8 Non-Discrimination.

(a) At all times during the maintenance and operation of the Facility, the Institution shall not discriminate nor permit any of its Affiliates to discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Institution shall use its best efforts to ensure that employees and applicants for employment with any tenant of the Facility are treated without regard to their race, color, creed, age, sex or national origin. As used herein, the term "treated" shall mean and include the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded, demoted; transferred; laid off; and terminated.

(b) The Institution shall, in all solicitations or advertisements for employees placed by or on behalf of the Institution state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin, age or sex.

(c) The Institution shall furnish to the Issuer all information required by the Issuer pursuant to this Section and will cooperate with the Issuer for the purposes of investigation to ascertain compliance with this Section.

Section 8.9 Assignment of this Agreement or Lease of Facility.

(a) The Institution shall not at any time, except as permitted by Section 8.20, assign or transfer this Agreement without the prior written consents of the Issuer (which consent may be withheld by the Issuer in its absolute discretion) and the Trustee (given at the written direction of the Bondholder Representative); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer:

(i) the Institution shall have delivered to the Issuer, the Bondholder Representative and the Trustee a certificate of an Authorized Representative to the effect that the transfer or assignment to the assignee or transferee (the "**New Institution**") shall not cause the Facility to cease being the Approved Facility;

(ii) the New Institution shall be liable to the Issuer for the payment of all loan and other payments and for the full performance of all of the terms, covenants and conditions of this Agreement and of any other Project Document to which it shall be a party;

(iii) the New Institution shall have assumed in writing (and shall have executed and delivered to the Issuer, the Bondholder Representative and the Trustee such document and have agreed to keep and perform) all of the terms of this Agreement and each other Project Document on the part of the New Institution to be kept and performed, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) the New Institution shall be a not-for-profit corporation or a limited liability company constituting a Tax-Exempt Organization;

(v) such assignment or transfer shall not violate any provision of this Agreement or any other Project Document,

(vi) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that, (x) such assignment or transfer shall constitute the legally valid, binding and enforceable obligation of the New Institution and shall not legally impair in any respect the obligations of the New Institution for the payment of all loan payments nor for the full performance of all of the terms, covenants and conditions of this Agreement, of the Promissory Note or of any other Project Document to which the New Institution shall be a party, nor impair or limit in any respect the obligations of any other obligor under any other Project Document, and (y) this Agreement and each of the other Project Documents to which the New Institution is a party constitute the legally valid, binding and enforceable obligation of the New Institution,

(vii) the .New Institution shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(viii) each such assignment shall contain such other provisions as the Issuer, the Trustee or the Bondholder Representative may reasonably require; and

(ix) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such assignment or transfer shall not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes.

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such assignment or transfer in substantially final form at least thirty (30) days prior to the date of execution thereof.

(b) With the exception of Approved Users (as defined in Section 8.9(d)), the Institution shall not at any time lease all or substantially all of the Facility, without the prior written consents of the Issuer (which consent may be withheld by the Issuer in its absolute discretion) and the Trustee (given at the written direction of the Bondholder Representative); nor shall the Institution lease part (*i.e.,* not constituting substantially all) of the Facility without the prior written consents of the Issuer and the Trustee (which consents shall, in such case, not be unreasonably withheld and, in the case of the Issuer, such consent to be requested by the Institution of the Issuer in the form prescribed by the Issuer, and such consent of the Issuer to take into consideration the Issuer's policies as in effect from time to time); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such letting

(i) the Institution shall have delivered to the Issuer, the Bondholder Representative and the Trustee a certificate of an Authorized Representative to the effect that the lease shall not cause the Facility to cease being the Approved Facility (except to the extent approved pursuant to clause (iv) below);

(ii) the Institution shall remain primarily liable to the Issuer for the payment of all loan and other payments and for the full performance of all of the terms, covenants and

conditions of this Agreement and of the Promissory Note and of any other Project Document to which it shall be a party;

(iii) any lessee in whole or substantially in whole of the Facility shall have assumed in writing (and shall have executed and delivered to the Issuer, the Bondholder Representative and the Trustee such document) and have agreed to keep and perform all of the terms of this Agreement and each other Project Document on the part of the Institution to be kept and performed, shall be jointly and severally liable with the Institution for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) any lessee shall utilize the Facility as an Approved Facility and shall constitute a Tax-Exempt Organization; provided, however, that the Issuer (in its sole and absolute discretion) and the Trustee (at the direction of the Bondholder Representative) may approve a lessee for a term not to exceed five (5) years that shall not utilize the Facility as an Approved Facility and shall not constitute a Tax-Exempt Organization;

(v) such lease shall not violate any provision of this Agreement or any other Project Document;

(vi) with respect to any letting in part of the Facility, no more than an aggregate of twenty percent (20%) of the Facility shall be leased by the Institution;

(vii) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such lease shall constitute the legally valid, binding and enforceable obligation of the lessee and shall not legally impair in any respect the obligations of the Institution for the payment of all loan or other payments nor for the full performance of all of the terms, covenants and conditions of this Agreement, of the Promissory Note or of any other Project Document to which the Institution shall be a party, nor impair or limit in any respect the obligations of any other obligor under any other Project Document;

(viii) such lease shall in no way diminish or impair the obligation of the Institution to carry the insurance required under Section 3.11 of the Mortgage or Section 8.1 and the Institution shall furnish written evidence satisfactory to the Issuer and the Trustee (which such determination of satisfaction shall be at the direction of the Bondholder Representative) that such insurance coverage shall in no manner be diminished or impaired by reason of such assignment, transfer or lease;

(ix) any such lessee shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(x) each such lease shall contain such other provisions as the Issuer, the Trustee or the Bondholder Representative may reasonably require; and

(xi) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such lease shall not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such lease in substantially final form at least thirty (30) days prior to the date of execution thereof.

(c) Any consent by the Issuer or the Trustee to any act of assignment, transfer or lease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Institution, or the successors or assigns of the Institution, to obtain from the Issuer and the Trustee consent to any other or subsequent assignment, transfer or lease, or as modifying or limiting the rights of the Issuer or the Trustee under the foregoing covenant by the Institution.

(d) For purposes of this Section 8.9, any license or other right of possession or occupancy granted by the Institution with respect to the Facility shall be deemed a lease subject to the provisions of this Section 8.9, other than agreements with "Approved Users" defined below.

(e) For purposes of this Section 8.9, "Approved Users" shall mean and include: (1) Lease between the Institution and Richmond Specialty Script, Inc. dated as of September 2014 for the period from January 1, 2015 through January 31, 2020 all for use of 600 usable square feet in the lobby of the Institution's medical center campus at 355 Bard Avenue for the operation of a retail pharmacy; (2) Gift Shop Management and Operation Agreement dated September 1, 2009 between the Institution and LAMAJAK INC. d/b/a Lori's Hospital Gift Shops, for the period from September 1, 2009 through August 1, 2014, as automatically renewed for successive terms of 5 years each, for the use of 650 square feet of sales floor area and 85 square feet of storage area located in the basement of the Sister Loretta Bernard Building on the Institution's medical campus at 355 Bard Avenue, for the operation a retail gift shop, (3) Service Agreement between the Institution and Crothall Healthcare, Inc. dated May 1, 2012, to provide housekeeping management services and cleaning to buildings located at 355 Bard Avenue for a term commencing May 1, 2012 and ending April 30, 2017, subject to automatic annual renewal; (4) Management Services Agreement, between the Institution and Aramark Healthcare Supportive Services, LLC, dated as of March 21, 2007, as amended by Amendment to Management Services Agreement, effective as of August 31, 2017, for patient food service and coffee shop retail food service or use of the food preparation and service space (approximately 10,420 square feet) at 355 Bard Avenue, (5) Prostaff Contract between the Institution and Crothall Facilities Management, Inc effective as of August 1, 2015, as amended by the Amendment to ProStaff Contract, effective as of August 1, 2017, for a term ending on July 31, 2019, for provision of biomedical services at 355 Bard Avenue; (6) Amended and Restated Agreement for Professional Medical Services dated as of September 3, 2012, as amended by Amendment to the Amended and Restated Agreement for Professional Medical Services, effective as September, 1, 2016, as amended, between the Institution and Richmond Emergency Medical Association, P.L.L.C. d/b/a Richmond Emergency Medical Associates, as amended, to provide emergency medicine services in the Institution's Emergency Department for a term commencing June 1, 2012 and ending May 31, 2015, subject to automatic renewal for additional three year terms; (7) Communication Site Lease Agreement (Building), effective as of July 14, 2009 commencing on the later of commencement of construction and terminating five years from such date, by and between Institution and Clearwire US LLC, for a rooftop lease on a building at 355 Bard Avenue comprising approximately 49 square feet; (8) Rooftop Lease with Option, effective on date Omnipoint Communications, Inc. receives all permits and terminating five years from such date, by and between Institution and Omnipoint Communications, Inc , for a rooftop lease on a building at 355 Bard Avenue comprising 211 square feet; (9) Lease Agreement effective as of June 15, 2000 between the Sisters of Charity Health Corp. and AT&T Wireless Services for a rooftop lease on a building at 355 Bard Avenue comprising 336 square feet; (10) Diagnostic Cardiology Agreement effective September 1, 1998 by and between Sisters of Charity Medical Center and Bard Cardiology Associates, P.C. for the use of an approximately 90 square foot office; and (11) including any housing agreement with staff, interns residents and/or medical students for residential apartments located in the approximately 68,000 square foot Resident's Building located at 288 Kissel Avenue, including renewals, extensions or replacements of the agreements listed in this paragraph on materially similar terms with the same parties, provided in each case that such renewals, extensions or replacements do not extend the duration of use or space use and otherwise comply with the requirements of the Tax Certificate. Any

changes in material terms including, without limitation, the type of use, duration or new user must be approved in advance by the Issuer to qualify as an Approved User and comply with the requirements of the Tax Certificate.

The Institution, with respect to all Approved Users, shall comply with all covenants, restrictions and limitations in the Tax Certificate, including, without limitation, non-governmental/private use and loan restrictions set forth in the Tax Certificate and the Institution's commercial general liability insurance shall cover all Approved Users or if not, the Institution shall require that all Approved Users provide commercial general liability and excess/umbrella insurance covering such Approved Users and invitees prior to the commencement of the applicable lease, license or other use or occupancy agreement, as the case may be, and throughout the term of such agreement.

Section 8.10 Retention of Title to or of Interest in Facility; Grant of Easements; Release of Portions of Facility.

(a) The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or interest in the Facility, or any part of the Facility or interest therein, except as set forth in Sections 3.3, 3.4, 3.5, 3.6, Article VI, 8.9 and 9.2 or in this Section, without (i) the prior written consents of the Issuer and of the Trustee (given at the written direction of the Bondholder Representative) and (ii) the Institution delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to this Section will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income taxes. Any purported disposition without such consents and opinion shall be void.

(b) No conveyance or release effected under the provisions of this Section 8.10 shall entitle the Institution to any abatement or diminution of the loan payments or other amounts payable under Section 4.3 or any other payments required to be made by the Institution under this Agreement or any other Project Document to which it shall be a party.

Section 8.11 Discharge of Liens.

(a) If any Lien is filed or asserted (including any Lien for the performance of any labor or services or the furnishing of materials), whether or not valid, against any property constituting a part of the Trust Estate, the Facility or any part thereof or the interest therein of the Institution or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Security Documents, or the interest of the Issuer or the Institution in any Security Document, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted by Section 8.11(b), the Institution forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Issuer and the Trustee and take all action (including the payment of money and/or the securing of a bond with respect to any such Lien) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full of such Lien and to remove or nullify the basis therefor. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under this Section 8.11(a).

(b) The Institution may at its sole cost and expense contest (after prior written notice to the Issuer, the Trustee and the Bondholder Representative), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if:

(i) such proceeding shall suspend the execution or enforcement of such Lien against the Trust Estate, the Facility or any part thereof or interest therein, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents or the interest of the Issuer or the Institution in any Project Document,

(ii) neither the Facility nor any part thereof or interest therein, the Trust Estate or any portion thereof, the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Security Documents or the interest of the Issuer or the Institution in any Security Document would be in any danger of being sold, forfeited or lost,

(iii) none of the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Institution shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

Section 8.12 Filing.

(a) The security interest granted by the Issuer to the Trustee pursuant to the Indenture in the rights and other intangible interests described therein, shall be perfected by the filing of financing statements at the direction of the Issuer (at the sole cost and expense of the Institution) in the office of the Secretary of State of the State in the City of Albany, New York, and in the offices of such Register of the City, which financing statements shall be in accordance with Article 9 (Secured Transactions) of the New York State Uniform Commercial Code.

(b) As of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a "public-finance transaction" as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the

Liens that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the Liens of the Indenture (individually or collectively, the "**Continuation Action(s)**"), then the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) if requested by the Trustee (acting at the direction of the Bondholder Representative (or, if there is no Bondholder Representative, Majority Holders)) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)", the Trustee shall reasonably promptly perform such Continuation Actions at the Institution's sole expense. The Institution shall perform the obligations described hereinabove in clauses "(A)" (in every case) and "(B)" (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the Liens of the Indenture.

If an Opinion of Counsel to the Institution is requested pursuant to clause "(B)", then the Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. If so requested, the Institution shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of the Indenture are to be subjected to the Liens of the Indenture.

(d) Any filings with respect to the Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of the Uniform Commercial Code financing statements.

(e) The Institution acknowledges and agrees that neither the Issuer nor the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of

perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) The Institution agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Issuer and the Trustee to comply with this Section and with Section 7.07 of the Indenture, including but not limited to, providing prompt notice to the Trustee of any change in either of the name or address of the Institution. The Institution agrees that the Issuer and the Trustee, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Institution as necessary at the sole cost and expense of the Institution.

Section 8.13 No Further Liens Permitted. The Institution shall not create, permit or suffer to exist any Lien against (i) the Facility or any part thereof, or the interest of the Institution in the Facility, except for Permitted Encumbrances, or (ii) the Trust Estate or any portion thereof, the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Security Documents or the interest of the Issuer or the Institution in any Security Document. The Institution covenants that it shall take or cause to be taken all action, including all filing and recording, as may be necessary to ensure that there are no mortgage liens on, or security interests in, the Facility (other than Permitted Encumbrances) prior to the mortgage liens thereon, and security interests therein, granted by the Mortgage.

Section 8.14 Documents Automatically Deliverable to the Issuer.

(a) The Institution shall immediately notify the Issuer and the Bondholder Representative of the occurrence of any Event of Default, or any event that with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Institution and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Institution shall state this fact on the notice.

(b) The Institution shall promptly provide written notice to the Issuer and the Bondholder Representative if any Conduct Representation made by the Institution would, if made on any date during the term of the Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect.

(c) Within five (5) Business Days after receipt from the Issuer of any subtenant survey and questionnaire pertaining to the Facility, the Institution shall complete and execute such survey and questionnaire and return the same to the Issuer.

(d) The Institution shall deliver all insurance-related documents required by Sections 8.1(f) and 8.1(g).

(e) Reserved.

(f) If a removal involving Existing Facility Property having a value in the aggregate exceeding $250,000 was taken by the Institution pursuant to Section 3.5(a), the Institution shall deliver written notice of such removal to the Issuer and the Bondholder Representative within five (5) Business Days following such removal.

(g) Promptly following completion of the Project, but no later than ten (10) Business Days following the receipt of any one of a certificate of occupancy or temporary certificate of occupancy, the Institution shall deliver to the Issuer and the Bondholder Representative the certificate as to Project completion in substantially the form set forth in Exhibit G – "Form of Project Completion Certificate", together with all attachments required thereunder.

(h) If the Institution shall request the consent of the Issuer under Section 8.9 to any sublease in whole or in part of the Facility, or to any assignment or transfer of this Agreement, the Institution shall submit such request to the Issuer in the form prescribed by the Issuer.

(i) Promptly following completion of a Project Work, but no later than ten (10) Business Days following the receipt of any one of a certificate of occupancy, temporary certificate of occupancy, an amended certificate of occupancy or a letter of no objection relating to such Project Work, the Institution shall deliver to the Issuer the certificate as to such Project Work completion in substantially the form set forth in Exhibit N – "Form of Individual Project Work Completion Certificate", together with all attachments required thereunder.

Section 8.15 Requested Documents. Upon request of the Issuer or the Bondholder Representative, the Institution shall deliver or cause to be delivered to the Issuer and the Bondholder Representative within five (5) Business Days of the date so requested:

(a) a copy of the most recent annual audited financial statements of the Institution and of its subsidiaries, if any (including balance sheets as of the end of the Fiscal Year and the related statement of revenues, expenses and changes in fund balances and, if applicable, income, earnings, and changes in financial position) for such Fiscal Year, prepared in accordance with GAAP and certified by an Independent Accountant;

(b) a certificate of an Authorized Representative of the Institution that the insurance the Institution maintains complies with the provisions of Section 8.1, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and are in full force and effect and the evidence required by Section 8.1(f);

(c) copies of any (x) bills, invoices or other evidences of cost as shall have been incurred in connection with the Project Work, and (y) permits, authorizations and licenses from appropriate authorities relative to the occupancy, operation and use of the Facility;

(d) reserved;

(e) a certificate of an Authorized Representative of the Institution certifying either (x) the Institution did not take any action described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding $250,000 during the preceding Fiscal Year or (y) the Institution did take action or actions described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding $250,000 during the preceding Fiscal Year and the Institution complied with the provisions of Section 3.5(a);

(f) a certificate of an Authorized Representative of the Institution as to whether or not, as of the close of the immediately preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions that relate to the Institution in this Agreement and in any other Project Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he or she shall disclose

in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Institution with respect thereto;

(g) upon twenty (20) days prior request by the Issuer and the Bondholder Representative, a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such Authorized Representative after due inquiry there is no default under or breach of any of the terms hereof that exists or, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, or specifying each such default or breach of which such Authorized Representative has knowledge;

(h) employment information requested by the Issuer pursuant to Section 8.7(b); and

(i) information regarding non-discrimination requested by the Issuer pursuant to Section 8.8.

Section 8.16 Periodic Reporting Information for the Issuer.

(a) The Institution shall not assert as a defense to any failure of the Institution to deliver to the Issuer any reports specified in this Section 8.16 that the Institution shall not have timely received any of the forms from or on behalf of the Issuer unless, (x) the Institution shall have requested in writing such form from the Issuer not more than thirty (30) days nor less than fifteen (15) days prior to the date due, and (y) the Institution shall not have received such form from the Issuer at least one (1) Business Day prior to the due date. For purposes of this Section 8.16, the Institution shall be deemed to have "received" any such form if it shall have been directed by the Issuer to a website at which such form shall be available. In the event the Issuer, in its sole discretion, elects to replace one or more of the reports required by this Agreement with an electronic or digital reporting system, the Institution shall make its reports pursuant to such system.

(b) Annually, by August 1 of each year, commencing on the August 1 immediately following the Closing Date, until the termination of this Agreement, the Institution shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing July 1 of the previous year and ending June 30 of the year of the obligation of the filing of such report, in the form prescribed by the Issuer, certified as to accuracy by an officer of the Institution. Upon termination of this Agreement, the Institution shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing the date of the last such Report submitted to the Issuer and ending on the last payroll date of the preceding month in the form prescribed by the Issuer, certified as to accuracy by the Institution. Nothing herein shall be construed as requiring the Institution to maintain a minimum number of employees on its respective payroll.

(c) If there shall have been a tenant, other than the Institution, with respect to all or part of the Facility, at any time during the immediately preceding calendar year, the Institution shall file with the Issuer by the next following February 1, a certificate of an Authorized Representative of the Institution with respect to all tenancies in effect at the Facility, in the form prescribed by the Issuer.

(d) If there shall have been a subtenant, other than the Institution, with respect to all or part of the Facility, at any time during the twelve-month period terminating on the immediately preceding June 30, the Institution shall deliver to the Issuer by the next following August 1, a completed Subtenant's Employment and Benefits Report with respect to such twelve-month period, in the form prescribed by the Issuer.

(e) If the Institution shall have had the benefit of a Business Incentive Rate at any time during the twelve-month period terminating on the immediately preceding June 30, the Institution shall deliver to the Issuer by the next following August 1, a completed report required by the Issuer in connection with the Business Incentive Rate with respect to such twelve-month period, in the form prescribed by the Issuer.

(f) The Institution shall deliver to the Issuer on August 1 of each year, commencing on the August 1 immediately following the Closing Date, a completed location and contact information report in the form prescribed by the Issuer.

Section 8.17 Taxes, Assessments and Charges.

(a) The Institution shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against any property constituting a part of the Trust Estate, the Facility Realty or any part thereof, or interest of the Institution in the Facility, or against any of the loan payments or other payments or other amounts payable hereunder, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility Realty, all of which are herein called "**Impositions**". The Institution may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance

(b) In the event the Facility Realty is exempt from Impositions solely due to the Issuer's involvement with the Project and the Facility Realty, the Institution shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Facility Realty as if the Issuer had no involvement with the Project and the Facility Realty.

(c) The Institution may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition, if

(i) such proceeding shall suspend the execution or enforcement of such Imposition against the Trust Estate, the Facility or any part thereof, or interest of the Institution in the Facility, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document,

(ii) none of the Trust Estate, the Facility nor any part thereof or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, would be in any danger of being sold, forfeited or lost,

(iii) none of the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Institution shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

Section 8.18 Compliance with Legal Requirements.

(a) The Institution shall not occupy, use or operate the Facility, or allow the Facility or any part thereof to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting the Facility or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

(b) At its sole cost and expense, the Institution shall promptly observe and comply with all applicable Legal Requirements (including, without limitation, as applicable, the LW Law, and the Earned Sick Time Act, constituting Chapter 8 of Title 20 of the New York City Administrative Code), whether foreseen or unforeseen, ordinary or extraordinary, that shall now or at any time hereafter be binding upon or applicable to the Institution, the Facility, any occupant, user or operator of the Facility or any portion thereof, and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including zoning variances, special exception and nonconforming uses), privileges, franchises and concessions. The Institution will not, without the prior written consent of the Trustee at the direction of the Bondholder Representative and the Issuer (which consents shall not be unreasonably withheld or delayed), initiate, join in or consent to any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses that may be made of the Facility or any part thereof.

(c) The Institution may at its sole cost and expense contest in good faith the validity, existence or applicability of any of the matters described in Section 8.18(b) if (i) such contest shall not result in the Trust Estate, the Facility or any part thereof or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Institution, the Issuer or the Trustee being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Institution shall have furnished such security, if any, as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents for failure to comply therewith.

Section 8.19 Operation as Approved Facility.

(a) The Institution will not take any action, or suffer or permit any action, if such action would cause the Facility not to be the Approved Facility.

(b) The Institution will not fail to take any action, or suffer or permit the failure to take any action, if such failure would cause the Facility not to be the Approved Facility.

(c) The Institution will permit the Bondholder Representative, the Trustee and their duly authorized agents, at all reasonable times upon written notice to enter upon the Facility and to examine and inspect the Facility and exercise its rights hereunder, under the Indenture and under the other Security Documents with respect to the Facility. The Institution will further permit the Issuer, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Facility, but solely for the purpose of assuring that the Institution is operating the Facility, or is causing the Facility to be operated, as the Approved Facility consistent with the Approved Project Operations and with the corporate purposes of the Issuer.

Section 8.20 Restrictions on Dissolution, Sale and Merger.

(a) The Institution covenants and agrees that at all times during the term of this Agreement, it will

(i) maintain its existence as a not-for-profit corporation constituting a Tax-Exempt Organization, ,

(ii) continue to be subject to service of process in the State,

(iii) continue to be organized under the laws of, or qualified to do business in, the State,

(iv) not liquidate, wind up, dissolve, sell or otherwise dispose of all or substantially all of its property, business or assets ("**Transfer**") remaining after the Closing Date, except as provided in Section 8.20(b),

(v) not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it ("**Merge**" or "**Merger**"), except as provided in Section 8.20(b), and

(vi) not change or permit the change of any Principal of the Institution or a change in the relative Control of the Institution, of any of the existing Principals, except in each case as provided in Section 8.20(c).

(b) Notwithstanding Section 8.20(a), the Institution may Merge or participate in a Transfer with the consent of the Trustee (which consent shall be given at the direction of the Bondholder Representative who may give or withhold consent in their sole and absolute discretion) and if the following conditions are satisfied on or prior to the Merger or Transfer, as applicable:

(i) when the Institution is the surviving, resulting or transferee Entity,

(1) the Institution shall have a net worth (as determined by an Independent Accountant in accordance with GAAP) at least equal to that of the Institution immediately prior to such Merger or Transfer,

(2) the Institution shall continue to be a Tax-Exempt Organization,

(3) the Institution shall deliver to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes, and

(4) the Institution shall deliver to the Issuer a Required Disclosure Statement with respect to itself as surviving Entity in form and substance satisfactory to the Issuer; or

(ii) when the Institution is not the surviving, resulting or transferee Entity (the "**Successor Institution**"),

(1) the predecessor Institution (the "**Predecessor Institution**") shall not have been in default under this Agreement or under any other Project Document,

(2) the Successor Institution shall be a Tax-Exempt Organization and shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State,

(3) the Successor Institution shall have assumed in writing all of the obligations of the Predecessor Institution contained in this Agreement and in all other Project Documents to which the Predecessor Institution shall have been a party,

(4) the Successor Institution shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(5) each Principal of the Successor Institution shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(6) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an Opinion of Counsel to the effect that (y) this Agreement and all other Project Documents to which the Predecessor Institution shall be a party constitute the legal, valid and binding obligations of the Successor Institution and each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Predecessor Institution, and (z) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents,

(7) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an opinion of an Independent Accountant to the effect that the Successor Institution has a net worth (as determined in accordance with GAAP) after the Merger or Transfer at least equal to that of the Predecessor Institution immediately prior to such Merger or Transfer, and

(8) the Successor Institution delivers to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes.

(c) If there is a change in Principals of the Institution, or a change in the Control of the Institution, the Institution shall deliver to the Issuer prompt written notice thereof (including all details that would result in a change to Exhibit D — "Principals of Institution") to the Issuer, the Bondholder Representative and the Trustee together with a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion.

(d) The Issuer acknowledges receipt of a Required Disclosure Statement relating to the Institution's proposed merger with the Staten Island Mental Health Society.

Section 8.21 Preservation of Exempt Status. The Institution agrees that it shall.

(a) not perform any acts, enter into any agreements, carry on or permit to be carried on at the Facility, or permit the Facility to be used in or for any trade or business, which shall adversely affect the basis for its exemption under Section 501 of the Code;

(b) not use more than five percent (5%) of the proceeds of the Bonds, less the percentage of such proceeds used for Costs of Issuance, or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any Person or Persons who are not governmental units or Tax-Exempt Organizations;

(c) not directly or indirectly use the proceeds of the Bonds to make or finance loans to Persons other than governmental units or Tax-Exempt Organizations, provided that no loan shall be made to another Tax-Exempt Organization unless such organization is using the funds for a purpose that is not an unrelated trade or business for either the Institution or the borrower;

(d) not take any action or permit any circumstances within its control to arise or continue, if such action or circumstances, or its expectation on the Closing Date, would cause the Bonds to be "arbitrage bonds" under the Code or cause the interest paid by the Issuer on the Bonds to be subject to Federal income tax in the hands of the Holders thereof; and

(e) use its best efforts to maintain the tax-exempt status of the Bonds.

Section 8.22 Securities Law Status. The Institution covenants that.

(a) the Facility shall be operated (y) exclusively for civic or charitable purposes and (z) not for pecuniary profit, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act,

(b) no part of the net earnings of the Institution shall inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act, and

(c) it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

Section 8.23 Further Assurances. The Institution will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Institution, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Issuer or the Trustee hereunder, under the Indenture or under any other Security Document.

Section 8.24 Tax Certificate.

(a) The Institution shall comply with all of the terms, provisions and conditions set forth in the Tax Certificate, including, without limitation, the making of any payments and filings required thereunder.

(b) Promptly following receipt of notice from the Trustee as provided in Section 5.07 of the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate Amount, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) The Institution agrees to pay all costs of compliance with the Tax Certificate and costs of the Issuer relating to any examination or audit of the Bonds by the Internal Revenue Service (including fees and disbursements of lawyers and other consultants).

Section 8.25 Compliance with the Indenture. The Institution will comply with the provisions of the Indenture applicable to the Institution The Trustee shall have the power, authority, rights and protections provided in the Indenture. The Institution will use its best efforts to cause there to be obtained for the Issuer any documents or opinions of counsel required of the Issuer under the Indenture.

Section 8.26 Reporting Information for the Trustee.

(a) The Institution shall furnish or cause to be furnished to the Trustee and the Bondholder Representative:

(i) as soon as available and in any event within one hundred and fifty (150) days after the close of each Fiscal Year, a copy of the annual financial statements of the Institution, including balance sheets as at the end of each such Fiscal Year, and the related statements of income, balances, earnings, retained earnings and changes in financial position for each such Fiscal Year, as audited by the Institution's Independent Accountant and prepared in accordance with GAAP, and

(ii) as soon as available and in any event within forty-five (45) days after the close of each quarter of each Fiscal Year, a copy of the unaudited financial statements of the Institution, including balance sheets as at the end of such quarter, and the related statements of income, balances, earnings, retained and changes in financial position for such quarter, prepared in accordance with GAAP, certified by an Authorized Representative of the Institution.

(b) The Institution shall deliver to the Trustee and the Bondholder Representative with each delivery of annual financial statements required by Section 8.26(a)(i):

(i) a certificate of an Authorized Representative of the Institution·

(1) as to whether or not, as of the close of such preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions which relate to the Institution in this Agreement and in any other Project Document to which it shall be a party, and

(2) as to whether or not a Determination of Taxability has occurred, and

(3) if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default or Determination of Taxability, he or she shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of

Default hereunder, and any action proposed to be taken by the Institution with respect thereto, and

(ii) a certificate of an Authorized Representative of the Institution that the insurance it maintains complies with the provisions of Section 8.1 of this Agreement and Section 3.11 of the Mortgage, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and the Trustee and are in full force and effect.

(c) In addition, upon twenty (20) days prior request by the Trustee, the Institution will execute, acknowledge and deliver to the Issuer, the Trustee and the Bondholder Representative a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such Authorized Representative after due inquiry no default or breach exists hereunder or specifying each such default or breach of which such Authorized Representative has knowledge.

(d) The Institution shall immediately notify the Trustee and the Bondholder Representative of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Institution and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Institution shall state this fact on the notice.

(e) The Institution shall deliver to the Trustee all insurance-related documents required by Sections 8.1(f)(i), 8.1(f)(ii), 8.1(f)(iii) and 8.1(g).

(f) The Trustee shall be under no obligation to review the financial statements received under this Section 8.26 for content and shall not be deemed to have knowledge of the contents thereof.

(g) The Institution shall not enter into any interest rate, payment or credit swap, or any similar agreement, without the consent of the Bondholder Representative.

Section 8.27 Continuing Disclosure. The Institution shall enter into and comply with and carry out all of the provisions of each continuing disclosure agreement entered into by the Institution with respect to the Bonds. Notwithstanding any other provision of this Agreement, failure of the Institution to comply with such continuing disclosure agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders), shall, upon receipt of reasonable indemnification for its fees and costs acceptable to it), and the Bondholder Representative or any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution to comply with its obligations under this Section 8.27 The Institution agrees that the Issuer shall have no continuing disclosure obligations.

Section 8.28 Bondholder Representative Expenses. The Institution shall pay the reasonable fees and expenses (including reasonable fees and expenses of counsel) of the Bondholder Representative, upon invoice, incurred in connection with the acceptance or administration of its rights and duties (on behalf of the Holders of the Bonds) under the Indenture, and in connection with any amendment, modification, supplement, consent or waiver with respect to or required under the Project Documents, or in connection with the enforcement thereof, except any such expense, disbursement or advance as may arise from its gross negligence, bad faith, or willful misconduct.

Section 8.29 HireNYC Program.

The Institution shall use its good faith efforts to participate in the hiring and workforce development goals of the HireNYC Program and shall perform the requirements of the HireNYC Program, all as set forth in Exhibit I. The Institution agrees to be bound by the provisions of the HireNYC Program set forth in Exhibit I, including without limitation, the payment of any liquidated damages and other enforcement provisions set forth therein.

Section 8.30 Living Wage.

(a) Institution acknowledges and agrees that it has received "financial assistance" as defined in the LW Law. Institution agrees to comply with all applicable requirements of the LW Law. Institution acknowledges that the terms and conditions set forth in this Section 8.30 are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.

(b) The following capitalized terms shall have the respective meanings specified below for purposes hereof.

Asserted Cure has the meaning specified in Section 8.30(k)(i).

Asserted LW Violation has the meaning specified in Section 8.30(k)(i)

Comptroller means the Comptroller of The City of New York or his or her designee.

Concessionaire means a Person that has been granted the right by Institution, an Affiliate of Institution or any tenant, subtenant, leaseholder or subleaseholder of Institution or of an Affiliate of Institution to operate at the Facility Realty for the primary purpose of selling goods or services to natural persons at the Facility Realty.

Covered Counterparty means a Covered Employer whose Specified Contract is directly with Institution or one of its Affiliates to lease, occupy, operate or perform work at the Facility Realty.

Covered Employer means any of the following Persons: (a) Institution, (b) a Site Affiliate, (c) a tenant, subtenant, leaseholder or subleaseholder of Institution or of an Affiliate of Institution that leases any portion of the Facility Realty (or an Affiliate of any such tenant, subtenant, leaseholder or subleaseholder if such Affiliate has one or more direct Site Employees), (d) a Concessionaire that operates on any portion of the Facility Realty, and (e) a Person that contracts or subcontracts with any Covered Employer described in clauses (a), (b), (c) or (d) above to perform work for a period of more than ninety days on any portion of the Facility Realty, including temporary services or staffing agencies, food service contractors, and other on-site service contractors; provided, however, that the term "Covered Employer" shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered

Person operating on any portion of the Facility Realty if residential units comprise more than 75% of the total Facility Realty area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, or (vi) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor's Executive Order No. 7 dated September 30, 2014.

DCA means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

LW has the same meaning as the term "living wage" as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the "living wage rate" component of the LW shall be eleven dollars and sixty-five cents per hour ($11.65/hour) and the "health benefits supplement rate" component of the LW shall be one dollar and sixty-five cents per hour ($1.65/hour). The annual adjustments to the "living wage rate" and "health benefits supplement rate" will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

LW Agreement means, with respect to any Covered Counterparty, an enforceable agreement in the form attached hereto as Exhibit J (except only with such changes as are necessary to make such Covered Counterparty the obligor thereunder).

LW Agreement Delivery Date means, with respect to any Covered Counterparty, the latest of (a) the effective date of such Covered Counterparty's Specified Contract, (b) the date that such Covered Counterparty becomes a Covered Employer at the Facility Realty and (c) the Closing Date.

LW Event of Default means the satisfaction of the following two conditions: (a) two or more LW Violation Final Determinations shall have been imposed against Institution or its Site Affiliates in respect of the direct Site Employees of Institution or its Site Affiliates in any consecutive six year period during the LW Term and (b) the aggregate amount of Owed Monies and Owed Interest paid or payable by Institution in respect of such LW Violation Final Determinations is in excess of the LW Violation Threshold in effect as of the date of the second LW Violation Final Determination. For the avoidance of doubt, the Owed Monies and Owed Interest paid or payable by Institution in respect of the Site Employees of a Covered Counterparty that is not an Affiliate of Institution (pursuant to Section 8.30(k)(v)) shall not count for purposes of determining whether the conditions in clauses (a) and (b) of the preceding sentence have been satisfied.

LW Law means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

LW Term means the period commencing on the Closing Date and ending on the later to occur of (a) the date on which Institution is no longer receiving financial assistance under this Agreement or (b) the date that is ten years after the Facility

commences operations.

LW Violation Final Determination has the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B), as applicable.

LW Violation Initial Determination has the meaning specified in Section 8.30(k)(i)(2).

LW Violation Notice has the meaning specified in Section 8.30(k)(i).

LW Violation Threshold means $100,000 multiplied by 1.03^n, where "n" is the number of full years that have elapsed since January 1, 2015.

Owed Interest means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

Owed Monies means, as the context shall require, either (a) the total deficiency of LW required to be paid by Institution or a Site Affiliate in accordance with this Section 8.30 to Institution's or its Site Affiliate's (as applicable) direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis; or (b) if Institution or its Site Affiliate failed to obtain a LW Agreement from a Covered Counterparty as required under Section 8.30(f) below, the total deficiency of LW that would have been required to be paid under such Covered Counterparty's LW Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis, during the period commencing on the LW Agreement Delivery Date applicable to such Covered Counterparty and ending immediately prior to the execution and delivery by such Covered Counterparty of its LW Agreement (if applicable).

Qualified Workforce Program means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor's Office of Workforce Development.

Site Affiliates means, collectively, all Affiliates of Institution that lease, occupy, operate or perform work at the Facility Realty and that have one or more direct Site Employees.

Site Employee means, with respect to any Covered Employer, any natural person who works at the Facility Realty and who is employed by, or contracted or subcontracted to work for, such Covered Employer, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work

through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term "Site Employee" shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Facility Realty unless the primary work location or home base of such person is at the Facility Realty (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Facility Realty shall thereafter constitute a Site Employee).

Small Business Cap means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the "living wage rate" component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

Specified Contract means, with respect to any Person, the principal written contract that makes such Person a Covered Employer hereunder.

(c) During the LW Term, if and for so long as Institution is a Covered Employer, Institution shall pay each of its direct Site Employees no less than an LW. During the LW Term, Institution shall cause each of its Site Affiliates that is a Covered Employer to pay their respective Site Employees no less than an LW.

(d) During the LW Term, if and for so long as Institution is a Covered Employer (or if and so long as a Site Affiliate is a Covered Employer, as applicable), Institution shall (or shall cause the applicable Site Affiliate to, as applicable), on or prior to the day on which each direct Site Employee of Institution or of a Site Affiliate begins work at the Facility Realty, (i) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Section 8.30 in a conspicuous place at the Facility Realty that is readily observable by such direct Site Employee and (ii) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Section 8.30. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.

(e) During the LW Term, if and for so long as Institution is a Covered Employer (or if and for so long as a Site Affiliate is a Covered Employer, as applicable), Institution shall not (or the applicable Site Affiliate shall not, as applicable) take any adverse employment action against any Site Employee for reporting or asserting a violation of this Section 8.30.

(f) During the LW Term, regardless of whether Institution is a Covered Employer, Institution shall cause each Covered Counterparty to execute an LW Agreement on or prior to the LW Agreement Delivery Date applicable to such Covered Counterparty. Institution shall deliver a copy of each Covered Counterparty's LW Agreement to the Issuer, the DCA and the Comptroller at the notice address specified in Section 12.5 and promptly upon written request. Institution shall retain copies of each Covered Counterparty's LW Agreement until six (6) years after the expiration or earlier termination of such Covered Counterparty's Specified Contract.

(g) During the LW Term, in the event that an individual with managerial authority at Institution or at a Site Affiliate receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Institution shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.

(h) Institution hereby acknowledges and agrees that the City, the DCA and the Comptroller are each intended to be third party beneficiaries of the terms and provisions of this Section 8.30. Institution hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Section 8.30 in accordance with paragraph (k) below. Institution hereby agrees that the DCA, the Comptroller and the Issuer may bring an action for damages (but not in excess of the amounts set forth in paragraph (k) below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph (k) below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Institution (or of any Site Affiliate) under this Section 8.30. Notwithstanding anything herein to the contrary, no default or Event of Default under this Agreement shall occur by reason of Institution's failure to perform or observe any obligation, covenant or agreement contained in this Section 8.30 unless and until an LW Event of Default shall have occurred The agreements and acknowledgements of Institution set forth in this Section 8.30 may not be amended, modified or rescinded by Institution without the prior written consent of the Issuer or the DCA.

(i) No later than 30 days after Institution's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Institution shall provide to the Issuer, the DCA and the Comptroller (i) a certification stating that all of the direct Site Employees of Institution and its Site Affiliates are paid no less than an LW (if such obligation is applicable hereunder) and stating that Institution and its Site Affiliates are in compliance with this Section 8.30 in all material respects, (ii) a written list of all Covered Counterparties, together with the LW Agreements of such Covered Counterparties, (iii) certified payroll records in respect of the direct Site Employees of Institution or of any Site Affiliate (if applicable), and/or (iv) any other documents or information reasonably related to the determination of whether Institution or any Site Affiliate is in compliance with their obligations under this Section 8.30.

(j) Annually, by August 1 of each year during the LW Term, Institution shall (i) submit to the Issuer a written report in respect of employment, jobs and wages at the Facility Realty as of June 30 of such year, in a form provided by the Issuer to all projects generally, and (ii) submit to the Issuer and the Comptroller the annual certification required under Section 6-134(f) of the LW Law (if applicable).

(k) Violations and Remedies.

(i) If a violation of this Section 8.30 shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Institution for such alleged violation (an "**LW Violation Notice**"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "**Asserted LW Violation**") and specifying the remedy required under Section 8.30(k)(ii), (iii), (iv), (v) and/or (vi) (as applicable) to cure the Asserted LW Violation (the "**Asserted Cure**"). Upon Institution's receipt of the LW Violation Notice, Institution may either:

(1) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "**LW Violation Final Determination**" shall be deemed to exist), or

(2) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Institution shall bear the burdens of proof and persuasion and

shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Institution and deliver to Institution a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "**LW Violation Initial Determination**"). Upon Institution's receipt of the LW Violation Initial Determination, Institution may either:

(A) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (B) below, the LW Violation Initial Determination shall be deemed to be a "**LW Violation Final Determination**"), or

(B) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Institution's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Institution's receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "**LW Violation Final Determination**". If such a filing is made, then a "**LW Violation Final Determination**" will be deemed to exist when the matter has been finally adjudicated. Institution shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.

(ii) For the first LW Violation Final Determination imposed on Institution or any Site Affiliate in respect of any direct Site Employees of Institution or of a Site Affiliate, at the direction of the Issuer or the DCA (but not both), (A) Institution shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Institution or of a Site Affiliate to such direct Site Employees; and/or (B) in the case of a violation that does not result in monetary damages owed by Institution, Institution shall cure, or cause the cure of, such non-monetary violation.

(iii) For the second and any subsequent LW Violation Final Determinations imposed on Institution or any Site Affiliate in respect of any direct Site Employees of Institution or of a Site Affiliate, at the direction of the Issuer or the DCA (but not both), (A) Institution shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Institution or of a Site Affiliate to such direct Site Employees, and Institution shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee; and/or (B) in the case of a violation that does not result in monetary damages owed by Institution, Institution shall cure, or cause the cure of, such non-monetary violation.

(iv) For the second and any subsequent LW Violation Final Determinations imposed on Institution or any Site Affiliate in respect of any direct Site Employees of Institution or of a Site Affiliate, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Institution in respect of the direct Site Employees of Institution or of a Site Affiliate is in excess of the LW Violation Threshold for all past and present LW Violation Final

Determinations imposed on Institution or any Site Affiliate, then in lieu of the remedies specified in subparagraph (iii) above and at the direction of the Issuer or the DCA (but not both), Institution shall pay (A) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Institution or of a Site Affiliate, and (B) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

(v) If Institution fails to obtain an LW Agreement from its Covered Counterparty in violation of paragraph (f) above, then at the discretion of the Issuer or the DCA (but not both), Institution shall be responsible for payment of the Owed Monies, Owed Interest and other payments described in subparagraphs (ii), (iii) and (iv) above (as applicable) as if the direct Site Employees of such Covered Counterparty were the direct Site Employees of Institution.

(vi) Institution shall not renew the Specified Contract of any specific Covered Counterparty or enter into a new Specified Contract with any specific Covered Counterparty if both (A) the aggregate amount of Owed Monies and Owed Interest paid or payable by such Covered Counterparty in respect of its direct Site Employees for all past and present LW Violation Final Determinations (or that would have been payable had such Covered Counterparty entered into an LW Agreement) is in excess of the LW Violation Threshold and (B) two or more LW Violation Final Determinations against such Covered Counterparty (or in respect of the direct Site Employees of such Covered Counterparty) occurred within the last 6 years of the term of the applicable Specified Contract (or if the term thereof is less than 6 years, then during the term thereof); provided that the foregoing shall not preclude Institution from extending or renewing a Specified Contract pursuant to any renewal or extension options granted to the Covered Counterparty in the Specified Contract as in effect as of the LW Agreement Delivery Date applicable to such Covered Counterparty.

(vii) It is acknowledged and agreed that (A) other than as set forth in Section 8.2, the sole monetary damages that Institution may be subject to for a violation of this Section 8.30 are as set forth in this paragraph (k), and (B) in no event will the Specified Contract between Institution and a given Covered Counterparty be permitted to be terminated or rescinded by the Issuer, the DCA or the Comptroller by virtue of violations by Institution or another Covered Counterparty.

(l) The terms and conditions set forth in this Section 8.30 shall survive the expiration or earlier termination of this Agreement.

Section 8.31 Limitations on Additional Indebtedness. Without the prior written approval of the Bondholder Representative, the Institution shall not incur or become liable for any Indebtedness, except as follows (collectively, "Permitted Indebtedness"):

(a) Indebtedness constituting Permitted Encumbrances but not including Indebtedness described in (ix) of the definition of Permitted Encumbrance and the existing Indebtedness set forth in Exhibit O – "Institution's Existing Indebtedness" hereto.

(b) The Institution may incur Indebtedness in any amount, for any capital or operating purpose of the Institution and with any maturity, if, prior to incurrence of such Indebtedness, the Institution delivers to the Bondholder Representative a Certificate of Authorized Representative of the Institution stating that:

(i) there currently exists no Event of Default; and

(ii) based on the proposed date of incurrence of such Indebtedness the Additional Indebtedness Debt Service Coverage Ratio is not less than 125% (as calculated in good faith by the Institution and by the Bondholder Representative); and

(iii) based on the proposed date of incurrence of such Indebtedness the Liquidity to Debt Ratio is not less than 0.50:1.

(c) Without regard to the provisions of subsection (b), the Institution may incur Indebtedness for the purpose of providing funds to pay for capital improvements to the Institution's operating rooms and supporting facilities, if prior to the incurrence of such Indebtedness:

(i) the Institution delivers to the Bondholder Representative a Certificate of Authorized Representative of the Institution stating that:

(1) there currently exists no Event of Default; and

(2) the amount of such Indebtedness, together with the original principal amount of all other Indebtedness previously incurred in accordance with this subsection does not exceed $40,000,000; and

(3) based on the proposed date of incurrence of such Indebtedness the Additional Indebtedness Debt Service Coverage Ratio is not less than 115% (as calculated in good faith by the Institution and by the Bondholder Representative); and

(ii) the Institution makes a written offer to the Initial Bondholder of a right-of-first-refusal to purchase such Indebtedness or the Bonds secured by such Indebtedness.

(d) Without regard to the provisions of subsection (b), the Institution may incur Indebtedness described in (i) or (ii) , below, provided that the amount of such Indebtedness, together with all other Indebtedness previously incurred in accordance with this subsection does not exceed the greater of $12,000,000 or 10% of the principal amount of all outstanding Indebtedness of the Institution:

(i) Indebtedness up to a principal amount outstanding at any time not in excess of $5,000,000 that is:

(1) Indebtedness that is not secured by a Lien on any asset of the Institution and/or,

(2) Short-Term Indebtedness; and

(ii) Indebtedness secured by a purchase money security interest in machinery and/or equipment acquired with the proceeds of such Indebtedness; and

(iii) prior to incurring any Indebtedness pursuant to this Section 8.31(d), an Authorized Representative of the Institution shall deliver to the Trustee and the Bondholder Representative a certificate of compliance with this Section 8.31(d).

(e) Notwithstanding anything in this Agreement to the contrary, the Institution shall not be permitted to incur any Indebtedness if there has been an Event of Default which is continuing.

(f) The Initial Bondholder acknowledges the Investor's Bank Revolving Line of Credit which would be taken into account for purposes of the amount limitation in subsection (d)(i)(2).

Section 8.32 Debt Service Coverage Ratio

(a) Commencing with the Fiscal Year ending December 31, 2021 and continuing each Fiscal Year for so long as the Bonds are Outstanding, the Institution covenants to comply with the Debt Service Coverage Ratio Requirement for such Fiscal Year. The Institution shall no later than sixty (60) days after each Fiscal Year End Date, commencing with the Fiscal Year End Date of December 31, 2021, deliver to the Bondholder Representative a Certificate of Authorized Representative of the Institution (a) setting forth the Debt Service Coverage Ratio for the immediately preceding Fiscal Year and the calculation of such Debt Service Coverage Ratio, together with such documentation as is required to confirm such calculation, and (b) certifying whether or not the Debt Service Coverage Ratio Requirement for such Fiscal Year has been met. The Institution shall provide such additional information as may be reasonably requested by the Bondholder Representative to confirm such Debt Service Coverage Ratio and whether such Debt Service Coverage Ratio has been met.

(b) If the Debt Service Coverage Ratio Requirement for any such Fiscal Year is not met, the Institution shall immediately retain a Consultant, approved in writing by the Bondholder Representative, to submit a written report and make recommendations with respect to the rates, fees, and other charges relating to the Institution's operations and with respect to improvements or changes in the operations and scope of the services delivered by the Institution so as to permit the Institution to comply with the Debt Service Coverage Ratio Requirement for each subsequent Fiscal Year, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Institution. The Institution shall cause a copy of such report to be sent to Bondholder Representative at the same time it is sent to the Institution. The Institution shall follow the recommendations of the Consultant to the extent permitted by law. At least quarterly, following the submission of its initial report, the Consultant shall submit to Bondholder Representative progress report(s) indicating whether or not the recommendations contained in its initial report are being complied with. If the Institution continuously complies with the recommendations of the Consultant, failure to meet the Debt Service Coverage Ratio Requirement for any Fiscal Year covered by such recommendations will not constitute an Event of Default hereunder, except as provided in Section 9.1 hereof.

Section 8.33 Days Cash on Hand.

(a) The Institution covenants that it shall meet the Days Cash on Hand Requirement for each Fiscal Year.

(b) The Institution covenants that no later than sixty (60) days after each Liquidity Testing Date, commencing with the Liquidity Testing Date of December 31, 2018, deliver to the Bondholder Representative a Certificate of Authorized Representative of the Institution (a) setting forth the Days Cash on Hand for the immediately preceding Liquidity Testing Date and the calculation of such Days Cash on Hand, together with such documentation as is required to confirm such calculation, and (b) certifying whether or not the Days Cash on Hand Requirement for such Liquidity Testing Date has been met. The Institution shall provide such additional information as may be reasonably requested by the Bondholder Representative to confirm such Days Cash on Hand and whether such Days Cash on Hand Requirement has been met. For the Liquidity Testing Date of December 31, 2021, and each Liquidity Testing Date thereafter, the Institution shall not, without the Bondholder Representative's prior written consent, draw on any revolving loan, line of credit or other credit facility in order to satisfy the Days Cash on Hand Requirement.

(c) If the Institution fails to meet the Days Cash on Hand Requirement for any Liquidity Testing Date, the Institution shall immediately retain a Consultant, approved in writing by the Bondholder Representative, to make recommendations with respect to the rates, fees and other charges relating to the Institution's operations and with respect to improvements or changes in the operations and scope of the services delivered by the Institution so as to permit the Institution to comply with the Days Cash on Hand Requirement for each subsequent Liquidity Testing Date. A copy of the Consultant's report and recommendations, if any, shall be filed by the Institution with Bondholder Representative within sixty (60) days after the date such Consultant is retained. The Institution shall follow each recommendation of the Consultant applicable to it to the extent permitted by applicable law. At least quarterly, following the submission of its initial report, the Consultant shall submit to Bondholder Representative progress report(s) indicating whether or not the recommendations contained in its initial report are being complied with. If the Institution continuously complies with the recommendations of the Consultant, failure to meet the Days Cash on Hand Requirement for any Liquidity Testing Date covered by such recommendations will not constitute an Event of Default hereunder, except as provided in Section 9.1 hereof.

(d) The Institution shall not draw on revolving loan agreements or lines of credit or any other credit facilities in order to satisfy the Days Cash-on-Hand Requirement for any Fiscal Year after the Fiscal Year ending December 31, 2020, without the prior written consent of the Bondholder Representative.

Section 8.34 Incorporation of Additional Collateral and Covenants. In the event that the Institution shall, directly or indirectly, incur, enter into or otherwise consent to any Indebtedness payable to any Person, or any amendment thereto, which provides such Person with any financial covenant, or security interest in or pledge of any asset or proceeds now owned or hereafter acquired by the Institution in addition to those provided in the Indenture and this Agreement or more favorable to such Person or other counterparty under such Indebtedness than the corresponding provisions of the Security Documents, the Institution shall provide the Bondholder Representative with a copy of each contract, agreement or instrument pursuant to which such Indebtedness is payable or amendment and the financial covenant, security interest pledge shall automatically be deemed to be incorporated into the Security Documents and the Bondholders, including the Initial Bondholder, shall have the benefits of such financial covenant, security interest or pledge (for so long as such Indebtedness remains outstanding) as if specifically set forth herein and such financial covenant shall be for the benefit of the Bondholders, including the Initial Bondholder and shall be governed by the rights and remedies in the Security Documents. Upon the written request of the Bondholder Representative, the Institution, the Issuer and the Trustee shall promptly enter into amendments to the Security Documents to reflect such financial covenant(s), security interest or pledge that has been so automatically incorporated therein Notwithstanding the above, this provision shall not apply: (i) any purchase money indebtedness incurred pursuant to this Section 8.31(d) and (ii) to any additional financial covenant, security interest or pledge if including such financial covenant, security interest or pledge herein would cause (a) interest on any of the tax-exempt Bonds to be included in gross income for federal income tax purposes, (b) the Institution to be required to restrict the yield on any part of its investments or property, or (c) any rebate liability with respect to earnings on any of the Institution's investments.

Section 8.35 Deposit Account Control Agreement. The Institution hereby covenants and agrees that it shall enter into the Deposit Account Control Agreement no later than December 31, 2019.

Section 8.36 Bond Rating. The Institution hereby covenants and agrees that it will, at the request of Bondholder Representative or the Majority Holders, apply for a rating on the Bonds from a Rating Agency acceptable to Bondholder Representative, and will update the Limited Offering Memorandum issued by the Institution and the Issuer in connection with the issuance of the Bonds The

Bondholder Representative or the Majority Holders shall not make such request more frequently than (a) one time during the first two years after the Closing Date; and (b) from and after the first two years after the Closing Date, one time every other year.

Section 8.37 Surety Bonds. The Institution shall deliver to the Issuer and the Trustee valid and executed payment and performance bonds, in a form approved by Bondholder Representative.

Section 8.38 Quarterly Conference Calls. So long as the Bonds are unrated or rated below a rating of Baa2/BBB, or the equivalent, by a Rating Agency, then at the request of the Bondholder Representative, or the Majority Holders, the Institution shall, within fifteen (15) days of such request, organize and hold a quarterly conference call to discuss the Institution's recent financing and operating results and related matters with the Bondholder Representative, or such Majority Holders, as applicable, and the interested Holders of the Outstanding Bonds. The Institution shall cause a recording of any such conference call to be posted on EMMA.

Section 8.39 Meetings of the Board of Trustees. The Institution hereby authorizes and agrees that the Bondholder Representative may attend, as an observer, any meetings of the Institution's Board of Trustees.

Section 8.40 Additional Mortgage Liens and Related Matters. (a) The Institution shall, within ninety (90) days of the Closing Date, grant to the Trustee to secure the Loan, mortgage liens (having terms in form and substance comparable to the terms of the Mortgage and approved by the Bondholder Representative) in, and security interests in its fee and leasehold interest in 669 Castleton Avenue, Staten Island, New York and 800 Castleton Avenue, Staten Island, New York.

(b) The Institution shall, within ninety (90) days of Closing Date (i) enter into an environmental indemnity agreement in substantially the form set forth in Exhibit P — "Form of Environmental Indemnity Agreement" with regards to 669 Castleton Avenue, Staten Island, New York and 800 Castleton Avenue, Staten Island, New York; and (ii) deliver to the Trustee, at the Institution's sole cost and expense, a revised mortgagee title insurance policy, approved by the Issuer, the Trustee and the Bondholder Representative, in an amount not less than the Authorized Principal Amount of the Initial Bonds, insuring the Trustee's interest under the Mortgage as a holder of a mortgage lien on the Mortgaged Property (including 669 Castleton Avenue, Staten Island, New York and 800 Castleton Avenue, Staten Island, New York), subject only to Permitted Encumbrances. Such revised title policy shall conform to the requirements set forth in Section 3.7 hereof. Further any proceeds of such revised title policy shall be governed by Section 3.7 hereof. In connection with clauses (i) and (ii) above, the Institution shall cause to be delivered an opinion of its counsel, addressed to the Trustee, the Issuer and the Bondholder Representative, in form and substance reasonably satisfactory to the Issuer and the Bondholder Representative.

Section 8.41 Construction Disbursement and Monitoring Agreement. The Institution shall enter into a Construction Disbursement and Monitoring Agreement in substantially the form set forth in Exhibit M — "Form of Construction Disbursement and Monitoring Agreement", with such changes thereto as reasonably agreed upon by the Institution and the Bondholder Representative, at the time of execution and delivery of the guaranteed maximum price contract for the Cogeneration Facility Project Work and the Emergency Department Project Work.

Section 8.42 Guaranteed Maximum Price Contract and Certificate of Need. The Institution shall enter into a guaranteed maximum price contract incorporating by reference or otherwise the insurance requirements of Section 8.1 hereof pertaining to insurance during periods of construction and shall obtain a certificate of need approval for the Emergency Department Project Work no later than

six (6) months from the Closing Date and deliver copies of the same to the Issuer, the Trustee and the Bondholder Representative within five (5) business days of receipt thereof. Provided further that no requisitions shall be made from the Project Fund to pay for hard costs of construction related to Project Costs in connection with the Cogeneration Facility Project Work (except those Project Costs that are approved and part of the initial requisition from the Project Fund delivered on the Closing Date and soft costs related to such projects) until the date the guaranteed maximum price contract is delivered and no requisitions shall be made from the Project Fund to pay for hard costs of construction related to Project Costs in connection with the Emergency Department Project Work (except those Project Costs that are approved and part of the initial requisition from the Project Fund delivered on the Closing Date and soft costs related to such projects) until the date the guaranteed maximum price contract and certificate of need are delivered.

Section 8.43 **Additional Title Matters.** Within sixty (60) days of the Closing Date, the Institution will obtain and deliver (i) to the Issuer and the Bondholder Representative a title report (in form and substance acceptable to the Issuer) reflecting all matters of record with respect to 669 Castleton Avenue, Staten Island, New York and 800 Castleton Avenue, Staten Island, New York; (ii) to the Issuer and the Bondholder Representative a full set of municipal department search results showing only Permitted Encumbrances; and (iii) to the Issuer, the Trustee and the Bondholder Representative a current or updated survey of 669 Castleton Avenue, Staten Island, New York and 800 Castleton Avenue, Staten Island, New York, certified to the Trustee, the Issuer and the title company issuing the revised title insurance policy required by Section 8.40(b)(ii) hereof.

ARTICLE IX

REMEDIES AND EVENTS OF DEFAULT

Section 9.1 **Events of Default.** Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Institution to pay any loan payment that has become due and payable by the terms of Section 4 3(a) or (e) which results in an Event of Default under the Indenture;

(b) Failure of the Institution to pay any amount (other than as set forth in Section 9.1(a)) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Sections 8.1, 8.2, 8.3, 8.9, 8.11, 8.17, 8.18, 8.21, 8.22, 8.26, 8.31, 8.32, 8.33, 8.34, 9.7, 11 2, 11.3 or 11.4 or Article VI and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of such failure by the Issuer or the Trustee or the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders), provided however, if the default is not capable of being cured within thirty (30) days and the Institution is proceeding in good faith to cure such default, then within ninety (90) days;

(c) Failure of the Institution to observe and perform any covenant, condition or agreement on its part to be performed under Sections 8.13 or 8.20;

(d) Failure of the Institution to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 9.1(a), (b) or (c)) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of same by the Issuer or the Trustee or the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders), or (ii) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Institution

fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice;

(e) The Institution shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(f) A proceeding or case shall be commenced, without the application or consent of the Institution, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Institution or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Institution shall be entered in an involuntary case under such Bankruptcy Code; the terms "dissolution" or "liquidation" of the Institution as used above shall not be construed to prohibit any action otherwise permitted by Section 8.20;

(g) Any representation or warranty made by the Institution (i) in the application and related materials submitted to the Issuer or the Underwriter of the Bonds for approval of the Project or its financing, or (ii) herein or in any other Project Document, or (iii) in the Letter of Representation and Indemnity Agreement, or (iv) in the Tax Certificate, or (v) by or on behalf of the Institution or any other Person in any Required Disclosure Statement, or (vi) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(h) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Facility including the Mortgage,

(i) An "Event of Default" or uncured default under the Indenture or under any other Project Document shall occur and be continuing.

(j) The occurrence of an LW Event of Default.

(k) Failure of the Institution to pay the amount required of it under Section 4.3(a)(vi) when required thereunder

(l) A Debt Service Coverage Ratio of less than 1.00 as of any Fiscal Year.

(m) Days Cash on Hand of less than thirty (30) days as of any Liquidity Testing Date.

Section 9.2 **Remedies on Default.** (a) Whenever any Event of Default referred to in Section 9.1 shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable, provided, however, that upon the occurrence of an Event of Default under Section 9.1(e) or (f), all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Institution under this Agreement; and

(iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

(b) Upon the occurrence of a default with respect to any of the Issuer's Reserved Rights, the Issuer, without the consent of the Trustee or any other Person, may proceed to enforce the Issuer's Reserved Rights by

(i) bringing an action for damages, injunction or specific performance, and/or

(ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payment of amounts due by the Institution under the Issuer's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Institution under the Issuer's Reserved Rights.

(c) No action taken pursuant to this Section 9.2 or by operation of law or otherwise shall, except as expressly provided herein, relieve the Institution from the Institution's obligations hereunder, all of which shall survive any such action.

Section 9.3 **Bankruptcy Proceedings.** In case proceedings shall be pending for the bankruptcy or for the reorganization of the Institution under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee (other than the Trustee under the Indenture) shall have been appointed for the property of the Institution or in the case of any other similar judicial proceedings relative to the Institution or the creditors or property of the Institution, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Agreement and the Promissory Note, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Note and Section 4.3(a)) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment hereunder or thereunder, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Institution, the creditors or property of the Institution, and to collect and receive any moneys or other property

payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 9.4 **Remedies Cumulative.** The rights and remedies of the Issuer or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under this Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Institution hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Institution with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Institution be continued or repeated.

Section 9.5 **No Additional Waiver Implied by One Waiver.** In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer, the Bondholder Representative and/or the Trustee and the Institution or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights hereunder or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Institution hereby waives the benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisement, extension or redemption laws now existing or which may hereafter exist.

Section 9.6 **Effect on Discontinuance of Proceedings.** In case any proceeding taken by the Issuer or the Trustee under the Indenture or this Agreement or under any other Security Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 9.7 **Agreement to Pay Fees and Expenses of Attorneys and Other Consultants.** In the event the Institution should default under any of the provisions of this Agreement, and the Issuer or the Trustee should employ outside attorneys or other consultants or incur other expenses for the collection of loan payments or other amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Institution herein contained or contained in any other Security Document, the Institution agrees that it will on demand therefor pay to the Issuer or the Trustee, as the case may be, the reasonable fees and disbursements of such attorneys or other consultants and such other expenses so incurred.

Section 9.8 **Certain Continuing Representations.** If at any time during the term of this Agreement, any Conduct Representation made by the Institution would, if made on any date while Bonds are Outstanding and deemed made as of such date, be false, misleading or incorrect in any material respect, then, the Institution shall be deemed to be in default under this Agreement unless the Issuer, with the written approval of the Bondholder Representative, shall, upon written request by the Institution, either waive such default in writing or consent in writing to an exception to such representation or warranty so that such representation or warranty shall no longer be false, misleading or incorrect in a

material respect. Upon the occurrence of any such default, the Issuer shall have the right to require the redemption of the Bonds in accordance with Section 11.3(a).

Section 9.9 **Late Delivery Fees**.

(a) In the event the Institution shall fail:

(i) to pay the Annual Administrative Fee on the date required under Section 8.3,

(ii) to file and/or deliver any of the documents required of the Institution under Section 8.14 or Section 8.16 by the date therein stated (collectively, the "**Fixed Date Deliverables**"), or

(iii) to deliver to the Issuer any of the documents as shall have been requested by the Issuer of the Institution under Section 8.15 within five (5) Business Days of the date so requested (collectively, the "**Requested Document Deliverables**"),

then the Issuer may charge the Institution on a daily calendar basis commencing with the day immediately following the date on which the payment, filing or delivery was due (the "**Due Date**"), the Per Diem Late Fee.

(b) If the Issuer shall deliver written notice (a "**Notification of Failure to Deliver**") to the Institution of such failure to deliver on the Due Date the Annual Administrative Fee, a Fixed Date Deliverable and/or a Requested Document Deliverable, and such payment or document shall not be delivered to the Issuer within twenty (20) Business Days following delivery by the Issuer to the Institution of the Notification of Failure to Deliver, then, commencing from and including the twenty-first (21st) Business Day following the delivery by the Issuer to the Institution of the Notification of Failure to Deliver, the Issuer may charge the Institution on a daily calendar basis the Per Diem Supplemental Late Fee in respect of each noticed failure which shall be in addition to, and be imposed concurrently with, the applicable Per Diem Late Fee.

(c) The Per Diem Late Fee and the Per Diem Supplemental Late Fee shall each, if charged by the Issuer, (i) accrue until the Institution delivers to the Issuer the Annual Administrative Fee, the Fixed Date Deliverable(s) and/or the Requested Document Deliverable(s), as the case may be, and (ii) be incurred on a daily basis for each such Annual Administrative Fee, Fixed Date Deliverable and/or Requested Document Deliverable as shall not have been delivered to the Issuer on the Due Date.

(d) No default on the part of the Institution under Section 8.3, 8.14, 8.15 or 8.16 of this Agreement to deliver to the Issuer an Annual Administrative Fee, a Fixed Date Deliverable or a Requested Document Deliverable shall be deemed cured unless the Institution shall have delivered same to the Issuer and paid to the Issuer all accrued and unpaid Per Diem Fees in connection with the default.

ARTICLE X

TERMINATION OF THIS AGREEMENT

Section 10.1 **Termination of this Agreement**.

(a) The Institution shall have the option to cause the redemption or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture.

(b) After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Article XI of the Indenture, but not later than the receipt by the Institution of ten (10) days prior written notice from the Issuer directing termination of this Agreement, the Institution shall terminate this Agreement by giving the Issuer notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to (x) the delivery of those documents referred to in Section 10.2, and (y) the survival of those obligations of the Institution set forth in Section 10.3.

Section 10.2 **Actions on Termination.** (a) As a condition precedent to the termination of this Agreement, the Institution shall:

(i) pay to the Trustee

(A) the expenses of redemption, the fees and expenses of the Trustee, the Bond Registrar, the Bondholder Representative and the Paying Agent and all other amounts due and payable under this Agreement and the other Security Documents, and

(B) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Certificate; and

(ii) pay to the Issuer

(A) the fees and expenses of the Issuer, and

(B) all other amounts due and payable under this Agreement and the other Security Documents,

(iii) pay to the Bondholder Representative, the fees and expenses of the Bondholder Representative,

(iv) perform all accrued obligations hereunder or under any other Project Document,

(v) deliver or cause to be delivered to the Issuer with respect to any mortgage exempt from the payment of mortgage recording tax by reason of the Issuer being a party thereto, an executed satisfaction of such mortgage in recordable form, executed by the mortgagee, and

(vi) effect at its own cost and expense the proper recording and filing of all instruments terminating, satisfying and discharging the Security Documents.

(b) Upon the termination of this Agreement in accordance with Section 10.1, the Issuer will deliver or cause to be delivered, at the sole cost and expense of the Institution, to the Institution (i) a termination of this Agreement, and (ii) all necessary documents releasing all of the Issuer's rights and interests in and to any rights of action under this Agreement (other than as against the Institution or any insurer of the insurance policies under Section 8.1), or any insurance proceeds (other than liability insurance proceeds for the benefit of the Issuer) or condemnation awards, with respect to the Facility or any portion thereof. Concurrently with the delivery of such instruments, there shall be delivered by the Issuer (at the sole cost and expense of the Institution) to the Trustee any instructions or other instruments required by Article XI of the Indenture to defease and pay the Outstanding Bonds, together with a direction to the Trustee that the Trustee deliver to the Issuer and the Institution a release,

satisfaction or termination of the Indenture and of the mortgage lien and security interest of the Mortgage on the Mortgaged Property.

Section 10.3 **Survival of Institution Obligations.** Upon compliance with Section 10.2, this Agreement and all obligations of the Institution hereunder shall be terminated except the obligations of the Institution under Sections 8.2, 8.24, 8.30, 9.2, 9.3, 9.7, 9.9, 12.4, 12.5, 12.6, 12.11, 12.13 and 12.14 shall survive such termination.

ARTICLE XI

CERTAIN PROVISIONS RELATING TO THE BONDS

Section 11.1 **Issuance of Additional Bonds.** If a Series of Additional Bonds are to be issued pursuant to the Indenture, the Issuer and the Institution shall enter into an amendment to this Agreement, and the Institution shall execute and deliver a new Promissory Note, in each case providing, among other things, for the payment by the Institution of such additional loan payments as are necessary in order to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith.

Section 11.2 **Determination of Taxability.** (a) If any Holder of Bonds receives from the Internal Revenue Service a notice of assessment and demand for payment with respect to interest on any Bond, an appeal may be taken by such Holder at the option of either such Holder or the Institution. If such appeal is taken at the option of the Institution (exercised in accordance with the procedures set forth in the definition of "Determination of Taxability"), all expenses of the appeal including reasonable counsel fees shall be paid by the Institution, and the Institution shall control the procedures and terms relating to such appeal, and such Holder and the Institution shall cooperate and consult with each other in all matters pertaining to any such appeal which the Institution has elected to take, except that no Holder of Bonds shall be required to disclose or furnish any non-publicly disclosed information, including without limitation, financial information and tax returns. Before the taking of any appeal which the Institution has elected to take, however, the Bondholder shall have the right to require the Institution to pay the tax assessed and conduct the appeal as a contest for reimbursement.

(b) The obligations of the Institution to make the payments provided for in this Section shall be absolute and unconditional, and the failure of the Issuer, the Trustee or any other Person to execute or deliver or cause to be delivered any documents or to take any action required under this Agreement or otherwise shall not relieve the Institution of its obligation under this Section.

(c) Not later than one hundred twenty (120) days following a Determination of Taxability, the Institution shall pay to the Trustee an amount sufficient, when added to the amounts then in the Bond Fund and available for such purpose, to retire and redeem all Bonds then Outstanding, in accordance with the Indenture. The Bonds shall be redeemed in whole unless redemption of a portion of the Bonds Outstanding would have the result that interest payable on the Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Bond. In such event, the Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result

Section 11.3 **Mandatory Redemption of Bonds as Directed by the Issuer.** (a) Upon the determination by the Issuer that (i) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations in accordance with this Agreement and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such noncompliance from the Issuer to cure such noncompliance (a

copy of which notice shall be sent to the Trustee and the Bondholder Representative), (ii) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such determination from the Issuer to cure such material violation (which cure, in the case of a Principal who shall have committed the material violation of a material Legal Requirement, may be effected by the removal of such Principal), (iii) as set forth in Section 9.8, any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (iv) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, the Institution covenants and agrees that it shall, no later than ten (10) days following the termination of such thirty (30) day period, pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of 100% of the aggregate principal amount of the Outstanding Bonds together with interest accrued thereon to the redemption date. The Issuer shall give prior written notice of the meeting at which the Board of Directors of the Issuer are to consider a resolution with respect to matters set forth in this paragraph to the Institution and the Trustee, which notice shall be no less than fifteen (15) days prior to such meeting.

(b) In the event the Institution fails to obtain or maintain the liability insurance with respect to the Facility required under Section 8.1, and the Institution shall fail to cure such circumstance within ten (10) days of the receipt by the Institution of written notice of such noncompliance from the Issuer and a demand by the Issuer on the Institution to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Institution shall pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

Section 11.4 Mandatory Redemption As a Result of Project Gifts or Grants. (a) If, prior to completion of the construction of a component of the Project, the Institution receives any gift or grant required by the terms thereof to be used to pay any item which is a cost of such component of the Project, the Institution shall apply such gift or grant to completion of the construction of such component of the Project. In the event that the amount of such gift or grant is in excess of the amount necessary to complete such component of the Project, and if proceeds of the Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the receipt of such gift or grant, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the receipt of such gift or grant and (B) the aggregate amount of Project Costs not otherwise provided for is less than the amount of Bond proceeds expended on such component of the Project, the Institution shall cause the Trustee to effect a redemption of Bonds in a principal amount equal to such excess only to the extent to which proceeds of the Bonds were expended for such component.

(b) If, after completion of the construction of a component of the Project, the Institution receives any gift or grant which prior to such completion it reasonably expected to receive and which is required by the terms thereof to be used to pay any item which is a cost of such component of the Project, and if proceeds of the Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the earlier of the date on which Bond proceeds were expended thereon or the placed in service date of such component, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the earlier of the date on which Bond proceeds were expended thereon or the placed in service date of such component and (B) the aggregate amount of Project Costs not otherwise provided for is less than the amount of Bond proceeds expended on such component of the Project, the Institution shall, to the extent not inconsistent with the terms of such gift or grant, deposit an amount equal to such gift or grant with the Trustee for deposit, into the Redemption

Account of the Bond Fund and cause the Trustee to effect a redemption of the Bonds in a principal amount equal to such gift or grant, but only to the extent to which proceeds of Bonds were expended for such component.

(c) The Institution shall, prior to directing the redemption of any Bonds in accordance with this Section 11.4, consult with Nationally Recognized Bond Counsel for advice as to a manner of selection of Bonds for redemption that will not affect the exclusion of interest on any Bonds then Outstanding from gross income for federal income tax purposes.

(d) Nothing in this Section 11.4 shall apply to the Grant Proceeds, which Grant Proceeds shall be used by the Institution to redeem the Series 2018B Bonds.

Section 11.5 Right to Cure Issuer Defaults. The Issuer hereby grants the Institution full authority for account of the Issuer to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Institution, in the name and stead of the Issuer, with full power of substitution.

Section 11.6 Prohibition on the Purchase of Bonds. Except as provided in this Section, neither the Institution nor any Related Person (as defined in the Tax Certificate) to the Institution shall purchase Bonds in an amount related to the amount of the Loan. The Institution shall have the option, at any time during the term of this Agreement, to purchase Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by making a tender offer to the Holders thereof. The Bonds so purchased by the Institution or by any Affiliate of the Institution shall be delivered to the Trustee for cancellation within fifteen (15) days of the date of purchase unless the Institution shall deliver to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the failure to surrender such Bonds by such date will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes.

Section 11.7 Investment of Funds. Any moneys held as part of the Rebate Fund, the Earnings Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund or the Renewal Fund or in any special fund provided for in this Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the Institution, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Certificate). Neither the Issuer nor the Trustee nor any of their members, directors, officers, agents, servants or employees shall be liable for any depreciation in the value of any such investments or for any loss arising therefrom.

Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Force Majeure. In case by reason of force majeure either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than (i) the obligations of the Institution to make the loan payments or other payments required under the terms hereof, or (ii) the obligations of the Institution to comply with Section 5.3, 8.1 or 8.2), so far as they are affected by such force majeure, shall

be suspended during the continuance of the inability then claimed, which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, war, terrorism, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other act or event so long as such act or event is not reasonably foreseeable and is not reasonably within the control of the party claiming such inability. Notwithstanding anything to the contrary herein, in no event shall the Institution's financial condition or inability to obtain financing constitute a force majeure. It is understood and agreed that the requirements that any force majeure shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a force majeure hereunder by acceding to the demands of the opposing person or persons.

The Institution shall promptly notify the Issuer and the Trustee upon the occurrence of each *force majeure*, describing such *force majeure* and its effects in reasonable detail. The Institution shall also promptly notify the Issuer and the Trustee upon the termination of each such *force majeure*. The information set forth in any such notice shall not be binding upon the Issuer or the Trustee, and the Issuer or the Trustee shall be entitled to dispute the existence of any *force majeure* and any of the contentions contained in any such notice received from the Institution.

Section 12.2 **Pledge under Indenture.** Pursuant to (i) the Mortgage, the Institution will mortgage its fee and leasehold interest in the Mortgaged Property to the Trustee as security for the Bonds and the obligations of the Institution under the Security Documents and (ii) the Indenture, the Issuer will pledge and assign the Promissory Note and the loan payments and certain other moneys receivable under this Agreement to the Trustee as security for payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on the Bonds. The Institution hereby consents to the Issuer's pledge and assignment to the Trustee of all its right, title and interest in the Promissory Note and this Agreement (except for the Issuer's Reserved Rights).

Section 12.3 **Amendments.** This Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and the written consent of the Bondholder Representative and only by a written instrument executed by the parties hereto

Section 12.4 **Service of Process.** The Institution represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Institution under this Agreement shall be satisfied and met. If for any reason the Institution should cease to be so subject to service of process in the State, the Institution hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing the Senior Vice President and Chief Financial Officer of the Institution at 355 Bard Avenue, Staten Island, New York 10310, as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Institution as a result of any of its obligations under this Agreement. If such appointed agent shall cease to act or otherwise cease to be subject to service of process in the State, the Institution hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Institution as a result of any of its obligations under this Agreement; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Institution's obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Institution under this Agreement remain unsatisfied, the Institution's agent(s) designated in this Section 12 4 shall accept and acknowledge on the Institution's behalf each service of process in any such suit, action or proceeding brought in any such court. The Institution agrees and consents that each such service of process upon such agents and written notice of such service to the Institution in the manner set forth in Section 12 5 shall be taken and held to be valid personal service upon the Institution whether or not the Institution shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Institution according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Institution or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Institution.

Section 12.5 **Notices.** Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Agreement to be given to or filed with the Issuer, the Institution, the Trustee, the Bondholder Representative, the DCA or the Comptroller shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

(1) if to the Issuer, to

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention. General Counsel

with a copy to

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: Executive Director

(2) if to the Institution, to

Richmond Medical Center
355 Bard Avenue
Staten Island, New York 10310
Attention: Senior Vice President and Chief Financial Officer

with a copy to

Garfunkel Wild, P.C.
111 Great Neck Road, Suite 600
Great Neck, New York 11021
Attention. Andrew Schulson, Esq.

(3) if to the Trustee, to

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Mail Station: EX-NY-WALL
Attention: Corporate Trust Administration

with a copy to:

Paparone Law PLLC
30 Broad Street, 14th Floor, #1482
New York, New York 10004
Attention: Melissa E. Paparone, Esq., and

(4) if to the Bondholder Representative, to

Preston Hollow Capital, LLC
1717 Main Street, Suite 3900
Dallas, Texas 75201
Attention: John Dinan, General Counsel

(5) if to the DCA, to

Department of Consumer Affairs of The City of New York
42 Broadway
New York, New York 10004
Attention: Living Wage Division

(6) if to the Comptroller, to

Office of the Comptroller of The City of New York
One Centre Street
New York, New York 10007
Attention: Chief, Bureau of Labor Law

The Issuer, the Institution, the Trustee, the Bondholder Representative, the DCA and the Comptroller may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 12.6 Consent to Jurisdiction. The Institution irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Agreement or any other Project Document, the Facility, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Facility and/or any claim for injury or damages may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action

or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (A) to move to dismiss on grounds of *forum non conveniens*, (B) to remove to any federal court other than the United States District Court for the Southern District of New York, and (C) to move for a change of venue to a New York State Court outside New York County.

If the Institution commences any action against the Issuer or the Trustee in a court located other than the courts of record of the State in New York County or the United States District Court for the Southern District of New York, the Institution shall, upon request from the Issuer or the Trustee, either consent to a transfer of the action or proceeding to a court of record of the State in New York County or the United States District Court for the Southern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Institution shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in New York County or the United States District Court for the Southern District of New York.

Section 12.7 Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Issuer and the Institution relating to the Facility, other than any other Project Document.

Section 12.8 Severability. If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 12.9 Effective Date; Counterparts. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was delivered on the Closing Date. This Agreement shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.10 Binding Effect. This Agreement shall inure to the benefit of the Issuer, the Trustee, the Bond Registrar, the Paying Agent, the Indemnified Parties and the Holders of the Bonds, and shall be binding upon the Issuer and the Institution and their respective successors and assigns.

Section 12.11 Third Party Beneficiaries. (a) The Issuer and the Institution agree that this Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Issuer and the Institution as set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced as provided in Article VIII of the Indenture on behalf of the Bondholders by the Trustee or the Bondholder Representative.

(b) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agent and the Holders of the Bonds any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agent, the Bondholder Representative and the Holders of the Bonds.

Section 12.12 Law Governing. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 12.13 Waiver of Trial by Jury. The Institution does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the Institution's obligations hereunder, the Facility, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Facility and/or any claim for injury or damages.

The provision of this Agreement relating to waiver of a jury trial shall survive the termination or expiration of this Agreement.

Section 12.14 Recourse Under This Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the City, and neither the State nor the City shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Issuer by the Institution hereunder and under the Promissory Note.

Section 12.15 Legal Counsel; Mutual Drafting. Each party acknowledges that this Agreement is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Agreement. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Agreement and agrees that this Agreement and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra preferentum* doctrine, that would require interpretation of any ambiguities in this Agreement against the party that has drafted it.

Section 12.16 Control by Bondholder Representative. Notwithstanding any other provision to the contrary, any discretionary action on the part of the Trustee contained herein or in any Project Document, including, without limitation, any consent or waiver hereunder or thereunder, shall require the prior written consent of the Bondholder Representative, and the Trustee hereby agrees to take such action, or refrain from taking such action, upon the written direction of the Bondholder Representative. If the Trustee fails to take any such action within fifteen (15) days after the written direction of the Bondholder Representative to take such action, the Bondholder Representative may, but need not, take such action. Notwithstanding the foregoing, the Trustee shall not be required to take any such action at the direction of the Bondholder Representative unless the Bondholder Representative provides indemnification to the Trustee as provided in Section 9.02 of the Indenture.

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IN WITNESS WHEREOF, the Issuer has caused its corporate name to be subscribed unto this Loan Agreement by its duly authorized Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and the Institution has caused its respective name to be hereunto subscribed by their respective duly Authorized Representatives, all being done as of the year and day first above written.

BUILD NYC RESOURCE CORPORATION

By:_____
Krishna Omolade
Deputy Executive Director

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the _____ day of December, in the year 2018, before me, the undersigned, personally appeared Krishna Omolade, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

RICHMOND MEDICAL CENTER D/B/A
RICHMOND UNIVERSITY MEDICAL CENTER

By:_____
Joseph Saporito
Senior Vice President and Chief Financial Officer

STATE OF NEW YORK)
. ss..
COUNTY OF NEW YORK)

On the ____ day of December, in the year 2018, before me, the undersigned, personally appeared Joseph Saporito, personally known to me or proved to me on the basis of satisfactory evidence to me the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

DEFINITIONS OF CERTAIN TERMS IN THE INDENTURE AND THE LOAN AGREEMENT

Additional Bonds shall mean one or more Series of parity additional bonds issued, executed, authenticated and delivered under the Indenture.

Additional Improvements shall have the meaning specified in Section 3.4(a) of the Loan Agreement.

Additional Indebtedness Debt Service Coverage Ratio shall be determined based on the audited financial statements, determined in accordance with GAAP, for the last Fiscal Year preceding the incurrence of the proposed Indebtedness and shall mean the ratio determined by dividing (a) a numerator equal to Cash Available for Debt Service for such Fiscal Year, by (b) a denominator equal to the sum of (i) the Maximum Annual Debt Service for all Indebtedness of the Institution outstanding during such Fiscal Year and the additional Indebtedness proposed to be incurred in accordance with Section 8.31 of the Loan Agreement, provided, however, with respect to any Indebtedness that is not amortized by the terms thereof, the amount of principal which would be payable in such period, if such then outstanding principal were amortized from the date of incurrence thereof, over a period of the lesser of thirty (30) years or the maturity of such Indebtedness (if applicable) on a level debt service basis at an interest rate borne by such Indebtedness on the date calculated, except that if the date of calculation is within twelve (12) months of the scheduled maturity of such Indebtedness the full amount of principal payable at scheduled maturity shall be included in the calculation. In addition, with respect to variable rate indebtedness, the interest on such indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect for the most recent twelve (12) month period immediately preceding the date of calculation. For purposes of section 8.31(c)(i)(2) of the Loan Agreement, the Additional Indebtedness Debt Service Coverage Ratio shall be determined for two consecutive Fiscal Years, the second of which is the last Fiscal Year preceding the incurrence of the proposed Indebtedness.

Advance Direction Letter shall have the meaning set forth in the Agreement to Advance.

Affiliate shall mean, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person. For the avoidance of doubt, the Bondholder Representative shall not be deemed to be an Affiliate of the Institution as a result of entering into the Loan Agreement and performing their respective obligations thereunder.

Agreement to Advance shall mean the Agreement to Advance, dated as of the Closing Date, among the Institution, Preston Hollow Capital, LLC, as the initial purchaser of the Initial Bonds, the Trustee and the Underwriter, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Annual Administrative Fee shall mean that annual administrative fee established from time to time by the Issuer's Board of Directors as generally applicable to Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors).

Annual Evaluation Date shall mean one hundred fifty (150) days after the Institution's Fiscal Year End Date, commencing on December 31, 2019.

Approved Facility shall mean the Facility as occupied, used and operated by the Institution substantially for the Approved Project Operations, including such other activities as may be substantially related to or substantially in support of such operations, all to be effected in accordance with the Loan Agreement.

Approved Project Operations shall mean the facilities located at 355 Bard Avenue, Staten Island, New York and 288 Kissel Avenue, Staten Island, New York, for use by the Institution as a hospital, medical center and ancillary facilities.

Asserted Cure has the meaning specified in Section 8.30(k)(i) of the Loan Agreement.

Asserted LW Violation has the meaning specified in Section 8.30(k)(i) of the Loan Agreement.

Authorized Denomination shall mean $100,000 or any integral multiple of $5,000 in excess thereof; provided, however, that after the Initial Bonds are rated investment grade or better by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, the Authorized Denomination with respect to the Bonds shall be $5,000 or any integral multiple thereof.

Authorized Principal Amount shall mean, (i) in the case of the Series 2018A Bonds, up to $117,000,000, and (ii) in the case of the Series 2018B Bonds, up to $42,600,000.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Institution, a person named in Exhibit C — "Authorized Representative of Institution" to the Loan Agreement, or any other officer or employee of the Institution who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Institution has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of the Loan Agreement, the Indenture or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Available Reserves shall mean the fair market value of all unrestricted and liquid cash and investments of the Institution, determined as set forth in a Certificate of Authorized Representative of the Institution, which determination shall be based on the most recent audited financials of the Institution, but excluding the amounts on deposit in any bond payment, debt service or similar fund pledged for the payment of principal or interest due on any Indebtedness, and in any event excluding amounts in a Debt Service Reserve Fund. For each of Fiscal Year 2018-2019 and Fiscal Year 2019-2020, amounts drawn by the Institution on revolving loan agreements or lines of credit, or any other credit facilities available to the Institution shall be taken into account in computing Days Cash-on-Hand.

Beneficial Owner shall mean, whenever used with respect to an Initial Bond, the Person in whose name such Initial Bond is recorded as the Beneficial Owner of such Initial Bond by the respective systems of DTC and each of the Participants of DTC. If at any time any or all of the Initial Bonds are not held in the Book-Entry System, Beneficial Owner with respect to such Initial Bond shall mean "Holder" for purposes of the Security Documents.

Benefits shall have the meaning set forth in Section 5.1(a) of the Loan Agreement.

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Bond Purchase Agreement shall mean the Bond Purchase Agreement, dated December 19, 2018, among the Institution, the Issuer and the Underwriter.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10 of the Indenture.

Bond Resolution shall mean the resolution of the Issuer adopted on November 7, 2018, authorizing the Project and the issuance of the Initial Bonds.

Bondholder, **Holder of Bonds**, **Holder** or **holder** shall mean any Person who shall be the registered owner of any Bond or Bonds.

Bondholder Representative shall mean Preston Hollow Capital, LLC, and any successor thereto designated as the Bondholder Representative in accordance with Section 10.01 of the Indenture.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of December 1, 2018, by and among the Issuer, the Institution and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Loan Agreement and the Indenture

Business Day shall mean any day that shall not be:

(i) a Saturday, Sunday, or legal holiday;

(ii) a day on which banking institutions in the City are authorized by law or executive order to close; or

(iii) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is closed.

Business Incentive Rate shall mean the discount energy transportation and delivery rate provided through the Business Incentive Rate program co-administered by NYCEDC and Consolidated Edison Company of New York, Inc.

Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Capital Lease shall mean a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

Cash Available for Debt Service shall mean for any Fiscal Year the amount determined as the sum of net income, depreciation, amortization, interest expense and any other noncash expense for such Fiscal Year, all as determined for financial reporting purposes for such Fiscal Year in accordance with GAAP.

Certificate shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Certificate of Authorized Representative of the Institution shall mean a certificate signed by an Authorized Representative of the Institution which shall state that it is being delivered pursuant to (and shall identify the Section or subsection of) the Loan Agreement, and shall incorporate by reference and use in all appropriate instances all terms defined in the Loan Agreement. Each Certificate of Authorized Representative of the Institution shall state that (i) the terms thereof are in compliance with the requirements of the Section or subsection pursuant to which such certificate is delivered, or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance, (ii) no Default or Event of Default has occurred and is continuing, and (iii) it is being delivered together with any opinions, schedules, statements, pro forma financial statements or other documents required in connection therewith. Any Certificate of Authorized Representative of the Institution made with respect to compliance with Sections 8.32 and 8.33 of the Loan Agreement shall be accompanied with the appropriate documentation evidencing such compliance as reasonably requested by Bondholder Representative and shall be prepared in good faith by the Institution.

CGL shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

City shall mean The City of New York, New York.

Claims shall have the meaning set forth in Section 8.2(a) of the Loan Agreement.

Closing Date shall mean December 20, 2018, the date of the initial issuance and delivery of the Initial Bonds.

CM shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Code shall mean the Internal Revenue Code of 1986, as amended, including the regulations thereunder. All references to Sections of the Code or regulations thereunder shall be deemed to include any such Sections or regulations as they may hereafter be renumbered in any subsequent amendments to the Code or such regulations.

Cogeneration Facility Project Work shall mean (i) the acquisition and installation of a cogeneration facility and associated equipment located within the Institution's boiler plant situated on the southeast portion of the land located at 355 Bard Avenue, Staten Island, New York, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Completion Deadline shall mean:

(i) October 1, 2019 for the Parking Lot Project Work;

(ii) June 1, 2020 for the Operating Room Project Work,

(iii) August 1, 2020 for the Cogeneration Facility Project Work;

(iv) June 1, 2021 for the Elevator Project Work;

(v) July 1, 2021 for the Emergency Department Project Work; and

(vi) November 1, 2021 for the Roof Project Work.

Completion Guaranty shall mean the Completion Guaranty dated as of December 1, 2018, by the Institution for the benefit of the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Comptroller has the meaning specified in Section 8.30(b) of the Loan Agreement.

Computation Date shall have the meaning assigned to that term in the Tax Certificate.

Computation Period shall have the meaning assigned to that term in the Tax Certificate.

Concessionaire has the meaning specified in Section 8.30(b) of the Loan Agreement.

Conduct Representation shall mean any representation by the Institution under Section 2.2(r) of the Loan Agreement, or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Construction shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Consultant shall mean a Person or firm selected by the Institution subject to the reasonable consent of Bondholder Representative that is not (and no member, stockholder, director, officer or employee of which is) an officer or employee of the Institution, Bondholder Representative, or any Affiliate thereof, that is an independent professional consultant with substantial experience and recognized expertise in the operation and management of hospitals and/or medical facilities. Any and all fees, costs and expenses of Consultant shall be borne by the Institution.

Construction Disbursement and Monitoring Agreement shall mean the Construction Disbursement and Monitoring Agreement, by and among the Institution, the Trustee and Preston Hollow Capital, LLC, substantially in the form attached to the Loan Agreement as Exhibit M – "Form of Construction Disbursement and Monitoring Agreement" which is to be entered into by the parties at the time of execution and delivery of the guaranteed maximum price contract for the Cogeneration Facility Project Work and the Emergency Department Project Work, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Continuation Action(s) shall have the meaning set forth in Section 7.07(c) of the Indenture.

Contractor(s) shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Control or **Controls**, including the related terms "controlled by" and "under common control with", shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

Costs of Issuance shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: the Underwriter's spread (whether realized directly or derived through the purchase of the Initial Bonds at a discount below the price at which they are expected to be sold to the public); counsel fees (including bond counsel, counsel to the Underwriter, Trustee's counsel, Issuer's counsel, Institution's counsel, counsel to the Initial Bondholder, the Bondholder Representative, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Issuer or

the Institution incurred in connection with the issuance of the Initial Bonds; engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Certificate); Rating Agency fees; Trustee and Paying Agent fees; accountant fees and other expenses related to issuance of the Initial Bonds; printing costs for the Initial Bonds and for the preliminary and final offering documents relating to the Initial Bonds; public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds; Blue Sky fees and expenses; and similar costs.

Covered Counterparty has the meaning specified in Section 8.30(b) of the Loan Agreement.

Covered Employer has the meaning specified in Section 8.30(b) of the Loan Agreement.

Days Cash-on-Hand shall mean as of any Liquidity Testing Date, as derived from the audited financial statements for the Fiscal Year ending on the Liquidity Testing Date, (a) the product of (i) three hundred sixty-five (365), and (ii) the Available Reserves, divided by (b) the sum of the following for the Fiscal Year ending on the Liquidity Testing Date: (i) Total Cash Operating Expenses of the Institution, (ii) payments of interest on, and principal of, the Bonds, and (iii) payments of interest on, and principal of, all other Indebtedness of the Institution.

Days Cash on Hand Requirement shall mean: for each of the Fiscal Years ending December 31, 2018 - 2020, at least thirty (30) Days Cash on Hand as of each Liquidity Testing Date; for Fiscal Year ending December 31, 2021, at least thirty-five (35) Days Cash on Hand as of the Liquidity Testing Date for such Fiscal Year; for Fiscal Year ending December 31, 2022, at least forty (40) Days Cash on Hand as of the Liquidity Testing Date for such Fiscal Year; and for each Fiscal Year from Fiscal Year ending December 31, 2023 through the date of maturity of the Initial Bonds (or earlier date of redemption of the last outstanding Bond), at least forty-five (45) Days Cash on Hand as of each Liquidity Testing Date.

DCA has the meaning specified in Section 8.30(b) of the Loan Agreement.

Debt Service Coverage Ratio shall mean for a Fiscal Year, the ratio determined by dividing (i) a numerator equal to Cash Available for Debt Service during such fiscal year, by (ii) a denominator equal to the required payments during such Fiscal Year of principal of and interest on all Indebtedness of the Institution other than Short-Term Indebtedness incurred in accordance with Section 8.31(d) of the Loan Agreement (but including Capital Leases).

Debt Service Coverage Ratio Requirement means for a Fiscal Year a Debt Service Coverage Ratio for such Fiscal Year of at least 1.15:1.

Debt Service Requirement shall mean for any date of determination, when used with respect to any particular Indebtedness, the aggregate of the payments to be made in respect of principal and interest on such Indebtedness, for a particular Fiscal Year.

Debt Service Reserve Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Debt Service Reserve Requirement shall mean:

(i) with respect to the Series 2018A Bonds, as of any date of determination an amount equal to the lesser of: (A) ten percent (10%) of the aggregate issue price of the Outstanding Series 2018A Bonds; (B) the greatest amount required in the then current or any future Fiscal Year to pay the Debt Service Requirement on the Outstanding Series 2018A Bonds; or (C) one hundred twenty-five (125%) of

the average annual amount required in the then current or any future Fiscal Year to pay the Debt Service Requirement on Outstanding Series 2018A Bonds;

(ii) with respect to the Series 2018B Bonds, as of any date of determination, an amount equal to the lesser of: (A) ten percent (10%) of the aggregate issue price of the Outstanding Series 2018B Bonds; (B) the greatest amount required in the then current or any future Fiscal Year to pay the Debt Service Requirement on the Outstanding Series 2018B Bonds; or (C) one hundred twenty-five (125%) of the average annual amount required in the then current or any future Fiscal Year to pay the Debt Service Requirement on Outstanding Series 2018B Bonds; and

(iii) with respect to Additional Bonds, such amount is set forth in a Supplemental Indenture with respect to such Additional Bonds.

Debt Service Reserve Fund Valuation Date shall mean the end of each Fiscal Year beginning on December 31, 2020.

Default shall mean an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

Default Rate shall mean (a) with respect to the Series 2018A Bonds, the lesser of (i) the rate of 10.625% per annum (computed on the basis of a 360-day year of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to the Series 2018B Bonds, the lesser of (i) the rate of 10.875% per annum (computed on the basis of a 360-day year of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law.

Defaulted Interest shall have the meaning specified in Section 2.02(g) of the Indenture.

Defeasance Obligations shall mean Government Obligations that are not subject to redemption prior to maturity.

Deposit Account Control Agreement shall mean the Deposit Account Control Agreement, by and among the Institution, the Trustee and the Depository Bank, relating to the Gross Revenues and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Depository Bank shall mean the depository banking institution selected by the Institution, and reasonably satisfactory to the Trustee and the Bondholder Representative, to act as the depository bank under the Deposit Account Control Agreement.

Determination of Taxability shall mean:

(i) (A) the adoption, promulgation or enactment of any federal statute or regulation, or any determination, decision, decree or ruling made by the Commissioner or any District Director of the Internal Revenue Service;

(B) the issuance of a public or private ruling or a technical advice memorandum by the Internal Revenue Service in which the Institution has participated or has been given the opportunity to participate, and which ruling or memorandum the Institution, in its discretion, does not contest or from which no further right of judicial review or appeal exists;

(C) a determination from which no further right of appeal exists of any court of competent jurisdiction in the United States in a proceeding in which the Institution has participated or has been a party, or has been given the opportunity to participate or be a party; or

(D) the admission in writing by the Institution;

in any case, to the effect that the interest payable on the Bond of a Holder or a former Holder thereof is includable in gross income for federal income tax purposes; or

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on the Bonds is includable in gross income for federal income tax purposes or the refusal of any such counsel to render a written opinion that the interest on the Bonds is not so includable when required pursuant to a request by a Bondholder in accordance with the procedures set forth in the Indenture;

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) hereof shall be considered to exist unless (1) the Holder or Beneficial Owner or former Holder or Beneficial Owner of the Bond involved in such proceeding (a) gives the Institution and the Trustee prompt notice of the commencement thereof and (b) (if the Institution agrees to pay all expenses in connection therewith) offers the Institution the opportunity to control the defense thereof and (2) either (a) the Institution does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (b) the Institution shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Institution determines to be appropriate. The Bondholder Representative, a Bondholder or a Beneficial Owner shall have the right to request the Trustee to obtain a written opinion of Nationally Recognized Bond Counsel pursuant to clause (ii) above, at the expense of the Institution, upon delivery by the Bondholder or the Beneficial Owner to the Institution of a letter from the Bondholder's or the Beneficial Owner's accountant stating that, in his or her reasonable opinion, interest on the Bonds is includable in the gross income of such Bondholder or Beneficial Owner for federal income tax purposes and stating the reasons for such determination. No Determination of Taxability described above will result from the inclusion of interest on any Bond in the computation of alternative minimum taxes or indirect taxes.

Disbursement Date shall mean first (1st) day of each quarter, or the immediately succeeding Business Day if such day is not a Business Day, or at such other time or times during each month as may be agreed to by the Issuer and the Trustee.

Distribution Date shall mean October 15 of each year.

DOL shall have the meaning set forth in Section 8.7(a) of the Loan Agreement.

Draw-Down Date shall mean the Closing Date and such subsequent dates on which a draw-down for the Bonds shall occur, provided, however, that (i) subsequent Draw-Down Dates shall not occur more frequently than once per quarter, (ii) subsequent Draw-Down Dates shall not occur any earlier than fifteen (15) days after the immediately preceding Draw-Down Date, (iii) no subsequent Draw-Down Date shall occur after December 1, 2020 and (iv) on each subsequent Draw-Down Date after the Closing Date, the total draw-down amount shall not be less than (a) $10,000,000 with respect to the Series 2018A Bonds and (b) $2,000,000 with respect to the Series 2018B Bonds.

DTC shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

Due Date shall have the meaning set forth in Section 9.9(a) of the Loan Agreement

Earnings Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Elevator Project Work shall mean (i) the elevator replacement and/or upgrades at various buildings located at 355 Bard Avenue, Staten Island, New York, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Emergency Department Project Work shall mean (i) the design, construction, furnishing and equipping of a state-of-the-art emergency department increasing the existing emergency department from 15,609 square feet to approximately 56,000 square feet and expanding the number of treatment rooms, which new building addition will be located at 355 Bard Avenue, Staten Island, New York, along Castleton Avenue and an internal campus roadway, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Employment Information shall have the meaning set forth in Section 8.7(c) of the Loan Agreement.

Entity shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

Environmental Audit shall mean that certain Phase I Environmental Site Assessment Report dated October 17, 2017, prepared by the Environmental Auditor.

Environmental Auditor shall mean RSB Environmental.

Environmental Indemnity Agreement shall mean the Environmental Indemnity Agreement, dated as of the December 1, 2018, by and among the Institution, the Trustee and the Bondholder Representative, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Estimated Project Cost shall mean $87,249,037.11.

Event of Default shall have the meaning specified in Section 8.01(a) of the Indenture and Section 9.1 of the Loan Agreement

Event of Taxability shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any Bond becomes includable for federal income tax purposes in the gross income of any Holder or Beneficial Owner thereof as a consequence of any act, omission or event whatsoever, including any change of law, and regardless of whether the same was within or beyond the control of the Institution.

Existing Facility Property shall have the meaning set forth in Section 3.5(a) of the Loan Agreement.

Facility shall mean, collectively, the Facility Personalty and the Facility Realty.

Facility Personalty shall mean those items of machinery, equipment and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 of the Loan Agreement and described in Exhibit B - "Description of the Facility Personalty" attached to the Indenture and to the Loan Agreement, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4 of the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5 of the Loan Agreement.

Facility Realty shall mean the parcels located at 355 Bard Avenue, Staten Island, New York and 288 Kissel Avenue, Staten Island, New York as described in Exhibit A – "Description of the Facility Realty" in the appendices to the Indenture and to the Loan Agreement, and all rights or interest therein or appertaining thereto, together with all structures, buildings, foundations, related facilities, fixtures (other than trade fixtures) and other improvements now or at any time made, erected or situated thereon (including the improvements made pursuant to Section 3.2 of the Loan Agreement), and all replacements, improvements, extensions, substitutions, restorations, repairs or additions thereto.

Final Project Cost Budget shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Institution pursuant to Section 3.2(f) of the Loan Agreement upon completion of the Project.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on January 1 and ending on December 31 of the next calendar year, or such other fiscal year of similar length used by the Institution for accounting purposes as to which the Institution shall have given prior written notice thereof to the Issuer, the Bondholder Representative and the Trustee at least ninety (90) days prior to the commencement thereof.

Fiscal Year End Date shall mean the last day of the Institution's Fiscal Year.

Fitch shall mean Fitch, Inc., a Delaware corporation, 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 Trustee, by notice to the other Notice Parties.

Fixed Date Deliverables shall have the meaning set forth in Section 9.9(a)(ii) of the Loan Agreement.

GAAP shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, so as to properly reflect the financial position of the Institution, except that any accounting principle or practice required to be changed by the Financial Accounting Standards Board (or other appropriate board or committee of the said Board) in order to continue as a generally accepted accounting principle or practice may be so changed.

GC shall have the meaning set forth in Section 8.1(a) of the Loan Agreement

Governing Body shall mean, when used with respect to any Entity, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Entity are exercised.

Government Obligations shall mean the following:

(i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;

(ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or

(iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above.

Grant Proceeds shall mean the proceeds of any grant provided to the Institution by the City or the State or any instrumentality of either.

Gross Revenues shall mean all receipts, revenues, income and other moneys received by or on behalf of the Institution, including, but without limiting the generality of the foregoing, revenues derived from the ownership or operation of all real or personal property owned by the Institution including but not limited to the Facility, casualty insurance and condemnation proceeds with respect to all real or personal property owned by the Institution including but not limited to the Facility or any portion thereof, and all rights to receive the same (including amounts retained by Institution under Section 3.5(a) of the Loan Agreement), whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence; provided, however, that gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on Indebtedness) and the income derived therefrom to the extent required by such designation or specification shall be excluded from Gross Revenues.

Hazardous Materials shall mean any substance or material that is now or in the future included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," "pollutant," "contaminant," "hazardous waste," or "universal waste," or in any Hazardous Materials Law, including (a) petroleum or petroleum derivatives, including crude oil or any fraction thereof, all forms of natural gas, petroleum products or by-products or waste, and waste water, (b) asbestos and asbestos-containing materials (whether friable or non-friable), (c) polychlorinated biphenyls, (d) urea formaldehyde, (e) lead and lead based paint or other lead containing materials (whether friable or non-friable), (f) microbiological pollutants, (g) batteries or liquid solvents or similar chemicals, (h) radon gas, and (i) pesticides and pesticide contaminated materials. The term "Hazardous Materials" shall not include (i) chemicals, lubricants, refrigerants, batteries and other substances kept in amounts typical for, and used as, standard janitorial supplies, office and household supplies, and the like in connection with the routine maintenance and operation of facilities similar to the Facility, to the extent kept, used and maintained in strict compliance with all such applicable Hazardous Materials Laws, (ii) gasoline, oil and other automotive products kept and used in an ordinary manner in or for the use of motor vehicles at the Project, or (iii) any substance or material that would otherwise be a Hazardous Material in environmental media (air, soil or

water) in concentrations that does not require release reporting, monitoring or investigation under Hazardous Materials Laws or removal or remediation of under Hazardous Materials.

Hazardous Materials Laws shall mean any and all applicable statutes, terms, conditions, limitations, restrictions, regulations, standards, prohibitions, obligations, schedules, plans, and timetables that are contained in or promulgated pursuant to any federal, state or local laws, whether existing now or hereinafter enacted, relating to pollution or the protection of the environment, including laws relating to emissions, discharges, releases, or threatened releases of Hazardous Materials into ambient or indoor air, surface water, ground water, drinking water, lands (including the surface and subsurface thereof), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, refinement, production, disposal, transport, or handling of Hazardous Materials, including the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA), 42 U.S.C. 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (RCRA), 42 U.S.C. 6901 et seq., the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. 2601 et seq., the Clean Air Act, 42 U.S.C. 7401 et seq., and the Safe Drinking Water Act, 42 U.S.C. § 300f et seq. "Hazardous Materials Laws" shall not include laws relating to industrial hygiene or worker safety, except to the extent that such laws address asbestos and asbestos-containing materials (whether friable or non-friable) or lead and lead-based paint or other lead containing materials.

Impositions shall have the meaning set forth in Section 8.17(a) of the Loan Agreement.

Indebtedness shall mean (a) all obligations of the Institution for borrowed money, (b) all obligations of the Institution evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, or other financial products, or obligations to bonding companies, (c) all obligations of the Institution as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of the Institution, irrespective of whether such obligation or liability is assumed, (e) all obligations of the Institution to pay the deferred purchase price of assets (other than trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices and, for the avoidance of doubt, other than royalty payments payable in the ordinary course of business in respect of non-exclusive licenses), and (f) any obligation of the Institution guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (e) above. For purposes of this definition, (i) the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such guaranty, and (ii) the amount of any Indebtedness which is limited or is non-recourse to a Person or for which recourse is limited to an identified asset shall be valued at the lesser of (A) if applicable, the limited amount of such obligations, and (B) if applicable, the fair market value of such assets securing such obligation

Indemnification Commencement Date shall mean November 7, 2018, the date on which the Issuer first adopted a resolution with respect to the Project.

Indemnified Parties shall have the meaning set forth in Section 8.2(a) of the Loan Agreement.

Indenture shall mean the Indenture of Trust, dated as of December 1, 2018, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XII of the Indenture.

Independent Accountant shall mean Baker Tilly Virchow Krause, LLP, its successors and assigns, or another independent certified public account or firm of independent certified public accountants selected by the Institution and approved by the Issuer and the Trustee (such approvals not to be unreasonably withheld or delayed).

Independent Engineer shall mean a Person (not an employee of either the Issuer or the Institution or any Affiliate of either thereof) registered and qualified to practice engineering or architecture under the laws of the State, selected by the Institution, and approved in writing by the Trustee (which approval shall not be unreasonably withheld and shall be given at the direction of the Bondholder Representative, if any).

Information Recipients shall have the meaning set forth in Section 8.7(c) of the Loan Agreement.

Initial Annual Administrative Fee shall mean $1,250.

Initial Bondholder shall mean Preston Hollow Capital, LLC.

Initial Bonds shall mean collectively, the Series 2018A Bonds and the Series 2018B Bonds.

Institution shall mean Richmond Medical Center, (d/b/a Richmond University Medical Center) a not-for-profit corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Code, organized and existing under the laws of the State of New York, and its successors and assigns.

Institution Documents shall mean, collectively, the Loan Agreement, the Building Loan Agreement, the Mortgage, the Environmental Indemnity Agreement, the Completion Guaranty, the Agreement to Advance, the Promissory Note, the Deposit Account Control Agreement, the Tax Certificate, the Construction Disbursement and Monitoring Agreement and any other Project Documents to which the Institution is a party, each as may be amended from time to time

Institution's Property shall have the meaning specified in Section 3.4(c) of the Loan Agreement.

Insured shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Insurer shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Interest Payment Date shall mean, with respect to (i) with respect to the Initial Bonds, semi-annually on June 1 and December 1 of each year, commencing June 1, 2019, and (ii) with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

IRS Determination Letter shall mean that certain ruling letter dated July 19, 2007 issued by the Internal Revenue Service to the Institution confirming that the Institution is a Tax-Exempt Organization.

ISO shall have the meaning set forth in Section 8.1(a) of the Loan Agreement

ISO Form CG-0001 shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Issuer shall mean Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and its successors and assigns.

Issuer's Reserved Rights shall mean, collectively,

(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 or the Indenture;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement or the Indenture;

(iii) the right of the Issuer to enforce in its own behalf the obligation of the Institution under the Loan Agreement to complete the Project;

(iv) the right of the Issuer to enforce or otherwise exercise in its own behalf all agreements of the Institution under the Loan Agreement with respect to ensuring that the Facility shall always constitute the Approved Facility;

(v) the right of the Issuer to amend with the Institution the provisions of Section 5.1 of the Loan Agreement without the consent of the Trustee or any Bondholder;

(vi) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under the following Articles and Sections of the Loan Agreement: Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article V, Article VI, Article VIII (except for Section 8.26), Article IX, Article X and Sections 11.1, 11.3 and 11.5, and Article XII (except Section 12.2); and

(vii) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 9.2(b) of the Loan Agreement.

Kroll shall mean Kroll Bond Rating Agency, 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, "Kroll" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Institution, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Letter of Representation and Indemnity Agreement shall mean the Letter of Representation and Indemnity Agreement, dated the Closing Date, from the Institution to the Issuer, the Trustee and the Underwriter of the Initial Bonds.

Liability shall have the meaning set forth in Section 8.2(a) of the Loan Agreement.

Lien or **Liens** shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security arrangement, any judgment, decree, order, levy or process of any court or governmental body entered, made or issued and any other preference, priority, or preferential arrangement of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

Liquidity Testing Date shall mean the Fiscal Year End Date.

Liquidity to Debt Ratio shall mean, as any date of determination, the ratio determined by dividing (a) a numerator equal to Available Reserves by (b) a denominator equal to the principal amount of all Indebtedness of the Institution outstanding on the date of determination and the principal amount of the additional Indebtedness proposed to be incurred.

Loan shall mean the loan made by the Issuer to the Institution pursuant to the Loan Agreement as described in Section 4.1 of the Loan Agreement.

Loan Agreement or **Agreement** shall mean the Loan Agreement, dated as of December 1, 2018, between the Issuer and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Loan Payment Date shall mean the twentieth (20th) day of each month (or, if the twentieth (20th) day shall not be a Business Day, the immediately preceding Business Day).

Loss Event shall have the meaning specified in Section 6.1 of the Loan Agreement.

LW has the meaning specified in Section 8.30(b) of the Loan Agreement.

LW Agreement has the meaning specified in Section 8.30(b) of the Loan Agreement.

LW Agreement Delivery Date has the meaning specified in Section 8.30(b) of the Loan Agreement.

LW Event of Default has the meaning specified in Section 8.30(b) of the Loan Agreement

LW Law has the meaning specified in Section 8.30(b) of the Loan Agreement.

LW Term has the meaning specified in Section 8.30(b) of the Loan Agreement.

LW Violation Final Determination has the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B) of the Loan Agreement, as applicable.

LW Violation Initial Determination has the meaning specified in Section 8.30(k)(i)(2) of the Loan Agreement.

LW Violation Notice has the meaning specified in Section 8.30(k)(i) of the Loan Agreement.

LW Violation Threshold has the meaning specified in Section 8.30(b) of the Loan Agreement.

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

Maturity Date shall mean with respect to the Initial Bonds, December 1, 2050.

Maximum Annual Debt Service shall mean at the time of calculation, with respect to any particular Indebtedness, the largest Debt Service Requirement for the current or any future Fiscal Year, which calculation shall not include, for a particular series of Bonds, the final payment on such series of Bonds to the extent moneys are available therefor at such time of calculation in the applicable Debt Service Reserve Fund for such series of Bonds.

Merge or **Merger** shall have the meaning specified in Section 8.20(a)(v) of the Loan Agreement.

Moody's shall mean Moody's Investors Service Inc., a Delaware corporation, 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, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Mortgage shall mean, collectively, the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan), each dated as of even date herewith, and each from the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Mortgaged Property shall have the meaning specified in the Mortgage

Nationally Recognized Bond Counsel shall mean Katten Muchin Rosenman LLP or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof

Notice Parties shall mean the Issuer, the Institution, the Bondholder Representative, the Bond Registrar, the Paying Agents and the Trustee.

Notification of Failure to Deliver shall have the meaning specified in Section 9.9(b) of the Loan Agreement

NYCDOF shall mean the New York City Department of Finance.

NYCEDC shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

NYCIDA shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

Operating Room Project Work shall mean (i) the design, construction and/or renovation of the operating room handler at various buildings located at 355 Bard Avenue, Staten Island, New York, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Operations Commencement Date shall have the meaning set forth in Section 5.1(a) of the Loan Agreement.

Opinion of Counsel shall mean a written opinion of counsel for the Institution or any other Person (which counsel shall be reasonably acceptable to the Bondholder Representative, the Issuer and the Trustee) with respect to such matters as required under any Project Document or as the Bondholder Representative, the Issuer or the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Bondholder Representative, the Issuer and the Trustee.

Organizational Documents shall mean, (i) in the case of an Entity constituting a limited liability company, the articles of organization or certificate of formation, and the operating agreement of such Entity, (ii) in the case of an Entity constituting a corporation, the charter, articles of incorporation or certificate of incorporation, and the bylaws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) deemed to have been paid in accordance with Section 11.01(b) of the Indenture.

(iii) Bonds in lieu of which other Bonds shall have been authenticated and delivered under Article III of the Indenture,

provided, however, that in determining whether the Holders or Beneficial Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the Institution or any Affiliate of the Institution shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Institution or any Affiliate of the Institution.

Owed Interest has the meaning specified in Section 8.30(b) of the Loan Agreement.

Owed Monies has the meaning specified in Section 8.30(b) of the Loan Agreement.

Parking Lot Project Work shall mean (i) the design and construction of the new approximately 250 space parking lot located on an approximately 115,000 square foot vacant parcel of land located directly behind at 669 and 657 Castleton Avenue, Staten Island, New York, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other Entity which may at any time be substituted in its place pursuant to the Indenture.

Per Diem Fees shall mean, collectively, the Per Diem Late Fee and the Per Diem Supplemental Late Fee.

Per Diem Late Fee shall mean that per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors) and that have not (x) paid to the Issuer the Annual Administrative Fee on the date required under Section 8.3 of the Loan Agreement, (y) delivered to the Issuer all or any of the Fixed Date Deliverables on the respective dates required under Section 8.14 or 8.16 of the Loan Agreement, and/or (z) delivered to the Issuer all or any of the Requested Document Deliverables under Section 8.15 of the Loan Agreement within five (5) Business Days of the Issuer having made the request therefor.

Per Diem Supplemental Late Fee shall mean that supplemental per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from general applicability as may be established by the Issuer's Board of Directors).

Permitted Encumbrances shall mean:

(i) Liens in favor of the Trustee created by the Mortgage, the Building Loan Agreement and any other Project Document;

(ii) Liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b) of the Loan Agreement;

(iv) utility, access and other easements and rights of way, restrictions and exceptions that are apparent from a search of the real estate records applicable to the Mortgaged

Property, or from an accurate survey, and which do not materially interfere with or impair the Institution's use and enjoyment of the Facility as provided in the Loan Agreement;

(v) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to Section 3.7 of the Loan Agreement insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

(vi) Liens arising by reason of good faith deposits with the Institution in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Institution 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, but only with respect to the property tendered or deposited;

(vii) 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 for any purpose at any time as required 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 the Institution to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements, but only with respect to the property deposited;

(viii) any judgment Lien against the Institution, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed by the posting of a bond the payment of which would not give rise to a Lien;

(ix) any purchase money security interest in movable personal property, including equipment leases and financing not to exceed the limitations on incurrence of such indebtedness set forth in the Project Documents;

(x) any lien, security interest, encumbrances or charge to which the Trustee shall consent in writing (and given at the direction of the Bond Representative or, if there is no Bondholder Representative, the Majority Holders); and

(xi) a lien, restrictive declaration or performance mortgage with respect to the operation of the Facility arising by reason of a grant or other funding received by the Institution from the City, State or any governmental agency or instrumentality (including, without limitation, New York City Economic Development Corporation.)

Permitted Indebtedness shall have the meaning specified in Section 8.31 of the Loan Agreement.

Person shall mean an individual or any Entity.

Policy(ies) shall have the meaning specified in Section 8.1(a) of the Loan Agreement.

Predecessor Institution shall have the meaning set forth in 8.20 of the Loan Agreement.

Principals shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity or any Person as shall have the power to Control such Entity, and "principal" shall mean any of such Persons.

Project shall mean the financing and/or refinancing of (a) the design, construction, furnishing, and equipping of a state-of-the-art Emergency Department ("ED") increasing the existing ED from 15,609 square feet to approximately 56,000 square feet and expanding the number of treatment rooms, which new building addition will be located at 355 Bard Avenue, Staten Island, New York, along Castleton Avenue and an internal campus roadway; (b) the design and construction of a new approximately 250 space parking lot located on an approximately 115,000 square foot vacant parcel of land located directly behind at 669 and 657 Castleton Avenue, Staten Island, New York; (c) the acquisition and installation of a cogeneration facility and associated equipment located within the Institution's boiler plant situated on the southeast portion of the land located at 355 Bard Avenue, Staten Island, New York which will be used to provide electrical energy to the Institution; (d) the infrastructure improvements, including, but not limited to, elevator upgrades and roof repair and replacement, with respect to various buildings located at 355 Bard Avenue, Staten Island, New York; (e) the existing taxable loans that were used to finance certain psychiatric facilities and robotic surgery equipment at 355 Bard Avenue and the renovation, furnishing and equipping of an existing approximately 68,000 square foot residential building located on an approximately 82,000 square foot parcel of land located at 288 Kissel Avenue, Staten Island, New York, which is primarily used to provide, among other things, employee housing to interns and residents in Institution's physician graduate education program; (f) a debt service reserve fund; and (g) certain costs related to the issuance of the Bonds.

Project Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Project Application Information shall mean the eligibility application and questionnaire submitted to the Issuer by or on behalf of the Institution, for approval by the Issuer of the Project and the providing of financial assistance by the Issuer therefor, together with all other letters, documentation, reports and financial information submitted in connection therewith

Project Completion Date shall mean the date by which all of the following conditions have been satisfied: (i) the Issuer shall have received a signed and complete certificate of an Authorized Representative of the Institution in substantially the form set forth in Exhibit G – "Form of Project Completion Certificate" attached to the Loan Agreement, together with all attachments required thereunder, (ii) the Project Work shall have been finished and shall have been completed substantially in accordance with the plans and specifications therefor, (iii) if required, the Issuer shall have received a copy of a certificate of occupancy, a temporary certificate of occupancy, an amended certificate of occupancy or a letter of no objection issued by the New York City Department of Buildings, from the Institution, (iv) there shall be no certificate, license, permit, authorization, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature, and (v) the Facility shall be ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines.

Project Cost Budget shall mean that certain budget for costs of the Project Work as set forth by the Institution in Exhibit E — "Project Cost Budget" attached to the Loan Agreement.

Project Costs shall mean:

(i) all costs of engineering and architectural services with respect to the Project, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project;

(ii) all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, suppliers, builders and materialmen in connection with the completion of the Project;

(iii) the interest on the Bonds during the construction and renovation of the Project;

(iv) all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction and renovation;

(v) the cost of acquisition of the Facility Realty;

(vi) all costs of title insurance as provided in Section 3.7 of the Loan Agreement;

(vii) the payment of the Costs of Issuance with respect to the Initial Bonds;

(viii) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project;

(ix) all costs which the Institution shall be required to pay, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Institution for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and

(x) all other costs and expenses relating to the completion of the Project or the issuance of a Series of Additional Bonds.

"Project Costs" shall not include (i) fees or commissions of real estate brokers, (ii) moving expenses, or (iii) operational costs.

Project Documents shall mean, collectively, the Institution Documents, the Security Documents, and any other agreement, contract, document or instrument executed by the Institution in connection with any Institution Document or Security Document.

Project Fee shall mean $520,900, representing the $535,900 Issuer's financing fee, less the application fee of $15,000.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Project Work shall mean, collectively or individually, as applicable, the Cogeneration Facility Project Work, the Elevator Project Work, the Emergency Department Project Work, the Operating Room Project Work, the Parking Lot Project Work or the Roof Project Work.

Promissory Note shall mean, (i) with respect to the Initial Bonds, that certain Promissory Note in substantially the form of Exhibit H to the Loan Agreement, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to the Loan Agreement, and (iii) with respect to the Bonds, collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and the Indenture

Qualified Investments shall mean any of the following which at the time of investment are legal investments under the laws of the State of New York for funds held by the Trustee:

(i) Government Obligations

(ii) commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from S&P and Moody's, of A1 and P1, respectively;

(iii) repurchase and reverse repurchase agreements collateralized with Government Obligations, including those of the Trustee or any of its affiliates;

(iv) investments in money market mutual funds having a rating at time of investment in the highest investment category granted thereby from S&P or Moody's, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(v) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FDIC-insured;

(vi) direct and general long-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in either of the two highest rating categories by Moody's or S&P;

(vii) direct and general short-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in the highest rating category by Moody's and S&P;

(viii) other obligations, interest on which is excludable from gross income for purposes of federal income taxation, which are rated in the two highest rating categories by S&P and Moody's; and

(ix) investment agreements, including guaranteed investment contracts, repurchase agreements and forward delivery agreements, that are obligations of an entity rated, or whose obligations are rated, or guaranteed by an entity which is rated or whose obligations are

rated, (at the time the investment is entered into) not lower than A3 by Moody's or its equivalent from another Rating Agency.

Qualified Workforce Program has the meaning specified in Section 8.30(b) of the Loan Agreement.

Rating Agency shall mean any of S&P, Moody's, Fitch or Kroll and such other nationally recognized securities rating agency as shall have awarded a rating to the Initial Bonds.

Rating Category shall mean one of the generic rating categories of a Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rebate Amount shall have the meaning assigned to that term in the Tax Certificate.

Rebate Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Recapture Event shall have the meaning set forth in Section 5.1(a) of the Loan Agreement.

Recapture Period shall have the meaning set forth in Section 5.1(a) of the Loan Agreement.

Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the fifteenth (15^{th}) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Refunding Bonds shall have the meaning assigned to that term in Section 2.07(c) of the Indenture.

Related Security Documents shall mean all Security Documents other than the Indenture.

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Representations Letter shall mean the Blanket Issuer Letter of Representations from the Issuer to DTC.

Requested Document Deliverables shall have the meaning set forth in Section 9.9(a) of the Loan Agreement.

Required Disclosure Statement shall mean that certain Required Disclosure Statement in the form of Exhibit F — "Form of Required Disclosure Statement" attached to the Loan Agreement.

Responsible Officer shall mean, with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice-president, any assistant vice-president, any secretary, any assistant secretary, the treasurer, any assistant treasurer or other officer of the corporate trust office of the Trustee customarily performing functions similar to those performed by any of the above designated officers, who has direct responsibility for the administration of the trust granted in the Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

Restricted Funds shall mean funds derived from any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to one or more particular purposes.

Roof Project Work shall mean (i) the roof repair and/or replacement at various buildings located at 355 Bard Avenue, Staten Island, New York, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

S&P shall mean S&P Global Ratings Inc., a corporation organized and existing under the laws of the State, its successors and assigns, and if such limited liability company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Securities Act shall mean the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Securities Exchange Act shall mean the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

Security Document Action shall have the meaning set forth in Section 8.12 of the Indenture.

Security Documents shall mean, collectively, the Loan Agreement, the Promissory Note, the Indenture, the Tax Certificate, the Building Loan Agreement, the Mortgage, the Environmental Indemnity Agreement, the Completion Guaranty, and the Deposit Account Control Agreement.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

Series 2018A Bonds shall mean the Issuer's up to $102,065,000 Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A Bonds, as authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2018A Bonds Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Series 2018A Bonds Debt Service Reserve Account shall mean the special trust account of the Debt Service Reserve Fund so designated, established pursuant to Section 5.01 of the Indenture

Series 2018B Bonds shall mean the Issuer's up to $30,000,000 Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B Bonds, as authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2018B Bonds Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Series 2018B Bonds Debt Service Reserve Account shall mean the special trust account of the Debt Service Reserve Fund so designated, established pursuant to Section 5.01 of the Indenture

Short-Term Indebtedness shall mean any obligation for the repayment of moneys borrowed by the Institution from a Person which matures not later than one (1) year after it is incurred.

Sign shall have the meaning specified in Section 8.5 of the Loan Agreement.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

SIR shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Site Affiliates has the meaning specified in Section 8.30(b) of the Loan Agreement.

Site Employee has the meaning specified in Section 8.30(b) of the Loan Agreement.

Small Business Cap has the meaning specified in Section 8.30(b) of the Loan Agreement.

Special Record Date shall have the meaning specified in Section 2.02(g) of the Indenture.

Specified Contract has the meaning specified in Section 8.30(b) of the Loan Agreement

State shall mean the State of New York.

Substitute Entity shall have the meaning set forth in Section 8.12 of the Indenture.

Successor Institution shall have the meaning specified in Section 8.20(b)(ii) of the Loan Agreement.

Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XII of the Indenture.

Tax Certificate shall mean the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated the Closing Date, of the Issuer and the Institution, together with all exhibits and schedules attached thereto, including, but not limited to, the

Certificate of the Institution as to 501(c)(3) Status and as to Representations and Information Regarding Tax-Exempt Financing Matters.

Tax-Exempt Organization shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from Federal income taxes under 501(a) of Code, or corresponding provisions of Federal income tax laws from time to time in effect.

Taxable Rate shall mean (a) with respect to the Series 2018A Bonds, the lesser of (i) the rate of 10.625% per annum (computed on the basis of a 360-day year of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to the Series 2018B Bonds, the lesser of (i) the rate of 10.875% per annum (computed on the basis of a 360-day year of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law.

Termination Date shall mean such date on which the Loan Agreement may terminate pursuant to Article X of the Loan Agreement.

Total Cash Operating Expenses shall mean with respect to the Institution, as of any date of determination, and for the applicable period of determination, total cash operating expenses and capital repair costs for such period, as determined in accordance with GAAP consistently applied, including legal and accounting fees and expenses and the reasonable fees and expenses of Trustee, the fees, expenses and indemnity payment owing to Issuer, including Issuer's fees and expenses, pursuant to the Indenture and Administrative Expenses.

Transfer shall have the meaning specified in Section 8.20(a)(iv) of the Loan Agreement.

Trustee shall mean U.S. Bank National Association, New York, New York, in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

Trust Corpus shall have the meaning set forth in Section 9.07 of the Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

U/E shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Underwriter shall mean Cain Brothers, a division of KeyBanc Capital Markets Inc.

Workers' Compensation shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Yield shall have the meaning assigned to such term in the Tax Certificate.

EXHIBIT A

DESCRIPTION OF THE FACILITY REALTY

Title No. 3019-890775
AMENDED 11/16/2018 (rjw)

SCHEDULE "A"

LOT 1:

ALL THAT PARCEL OF LAND SITUATE, LYING AND BEING IN THE BOROUGH OF STATEN ISLAND, COUNTY OF RICHMOND, CITY AND STATE OF NEW YORK, COMPRISING PART OF LOTS NUMBERS 8 AND 32 AND THE WHOLE OF LOTS NUMBERS 9, 10, 11, 12, 33, 34, 35 AND 36, AS SHOWN ON A CERTAIN MAP ENTITLED "MAP OF PROPERTY ADJOINING NEW BRIGHTON, STATEN ISLAND, DRAWN BY JAMES LYONS, NEW BRIGHTON, JUNE 24, 1837", AND FILED IN THE OFFICE OF THE CLERK OF RICHMOND COUNTY, MARCH 10, 1842 ROLLED MAP NO. 19-C, THE WHOLE OF SAID PLOT OR PARCEL BEING BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE CORNER FORMED BY THE INTERSECTION OF THE NORTHERLY SIDE OF CASTLETON AVENUE WITH THE EASTERLY SIDE OF BARD AVENUE;

RUNNING THENCE NORTHERLY ALONG THE EASTERLY SIDE OF BARD AVENUE, NORTH 9° 07' 09" WEST 872.78 FEET (U.S. STD.) TO A POINT THEREIN DISTANT 75 FEET SOUTHERLY FROM THE SOUTHERLY SIDE OF MOODY AVENUE;

THENCE NORTH 81° 13' 07" EAST 382.33 FEET TO A POINT;

THENCE SOUTH 8° 17' 04" EAST 300.00 FEET TO A POINT;

THENCE NORTH 81° 13' 07" EAST 277.80 FEET TO THE WESTERLY SIDE OF KISSEL AVENUE;

THENCE SOUTHERLY ALONG THE WESTERLY SIDE OF KISSEL AVENUE, SOUTH 9° 08' 48" EAST 667.02 FEET TO THE NORTHERLY SIDE OF CASTLETON AVENUE;

THENCE WESTERLY ALONG THE NORTHERLY SIDE OF CASTLETON AVENUE THE FOLLOWING COURSES AND DISTANCES TO THE POINT OR PLACE OF BEGINNING:

SOUTH 88° 20' 23" WEST 46.47 FEET;
SOUTH 86° 25' 49" WEST 131.44 FEET;
NORTH 89° 42' 57" WEST 485.69 FEET;

EXCEPTING THEREFROM THE PORTION OF PREMISES WHICH MAY HAVE BEEN TAKEN FOR THE WIDENING OF KISSEL AVENUE AND CASTLETON AVENUE.

LOT 262:

ALL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE BOROUGH AND COUNTY OF RICHMOND, CITY AND STATE OF NEW YORK, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WESTERLY LINE OF KISSEL AVENUE DISTANT 75.00 FEET SOUTHERLY FROM THE CORNER FORMED BY THE INTERSECTION OF THE WESTERLY LINE OF KISSEL AVENUE AND THE SOUTHERLY LINE OF MOODY PLACE AND AT THE SOUTHERLY LINE OF LAND OF THE ROKEBY-KISSEL ESTATE AS MAP NO. 1381, RICHMOND COUNTY, COORDINATES OF SAID POINT OF BEGINNING ARE SOUTH 7491.611 AND WEST 17166.331, SAID POINT OF BEGINNING BEING FURTHER DESCRIBED AS BEING NORTH 15° 05' 41" WEST 1003.38 FEET FROM BOROUGH OF RICHMOND MONUMENT NO. 1577, COORDINATES OF SAID MONUMENT ARE SOUTH 8476.235 AND WEST 16973.250;

CONTINUED...

Title No. 3019-890775
SCHEDULE "A" CONTINUED

RUNNING THENCE SOUTH 81° 13' 07" WEST AND ALONG THE SOUTHERLY BOUNDARY LINE OF MAP OF THE ROKEBY-KISSEL ESTATE FILED AS MAP NO. 1381, RICHMOND COUNTY, 263.00 FEET TO A POINT;

RUNNING THENCE, SOUTH 08° 17' 04" EAST AND THROUGH LAND OF ST. VINCENT'S HOSPITAL, 300.00 FEET TO A POINT;

RUNNING THENCE, NORTH 81° 13' 07" EAST AND STILL THROUGH THE LANDS OF ST. VINCENT'S HOSPITAL, 273.28 FEET TO THE LAND NOW OR FORMERLY OF THE TRUSTEES OF THE SAILORS SNUG HARBOR;

RUNNING THENCE NORTHERLY AND ALONG SAID LAND NOW OR FORMERLY OF THE TRUSTEES OF THE SAILORS SNUG HARBOR, NORTH 09° 08' 48" WEST 299.99 FEET TO A POINT;

RUNNING THENCE, SOUTH 81° 13' 07" WEST 10.28 FEET TO THE POINT OR PLACE OF BEGINNING.

THE policy to be issued under this report will insure the title to such buildings and improvements erected on the premises, which by law constitute real property.

FOR CONVEYANCING ONLY: TOGETHER with all the right, title and interest of the party of the first part, of in and to the land lying in the street in front of and adjoining said premises.

EXHIBIT B

DESCRIPTION OF THE FACILITY PERSONALTY

The acquisition of fixtures and other equipment for incorporation and/or use at Facility financed with the proceeds of the Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A and Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B

EXHIBIT C

AUTHORIZED REPRESENTATIVE OF INSTITUTION

Name	Title	Signature
Daniel Messina	President and Chief Executive Officer	_____
Rosemarie Stazzone	Chief Nursing Officer and Chief Operating Officer	_____
Joseph Saporito	Senior Vice President and Chief Financial Officer	_____

*** **See Secretary's Certificate of the Institution**

EXHIBIT D

PRINCIPALS OF THE INSTITUTION

Name	Title
Daniel J. Messina	President and Chief Executive Officer
Pietro Carpenito, MD	Executive Vice President
Rosemarie Stazzone, RN	Chief Nursing Officer Chief Operating Officer
Joseph Saporito, CPA	Senior Vice President Chief Financial Officer
Mitchell Fogel, MD	Senior Vice President Chief Medical Officer
Richard Salhany	Senior Vice President for Strategic Planning and Medical Operations
Brian Moody, Esq.	Senior Vice President of Legal Affairs and Risk Management, General Counsel
Laura Gajda	Vice President of Development
Ron Musselwhite, Esq.	Vice President of Human Resources
Nicholas Szymanski	Vice President of Information Technology, Chief Information Officer

EXHIBIT E

PROJECT COST BUDGET

	Bond Proceeds	Grant Proceeds	Equity	Total Project Costs
ED Project	$ 44,756,417	$ 29,000,000	$ 7,800,000	$ 81,556,417
Co-Gen Project	17,366,355	11,600,000	-	28,966,355
Infrastructure	12,000,000	-	-	12,000,000
Refinancings	6,834,490	-	-	6,834,490
Projects	***$ 80,957,262***	***$ 40,600,000***	***$ 7,800,000***	***$ 129,357,262***
Capitalized Interest	$ 7,535,322	$ -	$ -	$ 7,535,322
Debt Service Reserve Fund	7,973,125	-	-	7,973,125
Professional Fees, Soft Costs	2,533,000	-	200,000	2,733,000
Total Project Costs	***98,998,709***	***40,600,000***	***8,000,000***	***147,598,709***

EXHIBIT F

FORM OF REQUIRED DISCLOSURE STATEMENT

The undersigned, an authorized representative of _____, a _____ organized and existing under the laws of the State of _____, DOES HEREBY CERTIFY, REPRESENT AND WARRANT to Build NYC Resource Corporation (the "Issuer") pursuant to [Section 8.20] [Section 8.9] of that certain Loan Agreement, dated as of December 1, 2018, between the Issuer and Richmond Medical Center, a not-for-profit corporation organized and existing under the laws of the State of New York (the "Loan Agreement") THAT:

[if being delivered pursuant to 8.20 of the Loan Agreement] None of the surviving, resulting or transferee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity.

[if being delivered pursuant to 8.9 of the Loan Agreement] None of the assignee, transferee or lessee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

(1) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;

(2) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(3) has been convicted of a felony in the past ten (10) years;

(4) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(5) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

As used herein, the following capitalized terms shall have the respective meanings set forth below:

"City" shall mean The City of New York.

"Control" or "Controls" shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

"Entity" shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

"Governing Body" shall mean, when used with respect to any Person, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Person are exercised.

"NYCEDC" shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof

"NYCIDA" shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

"Person" shall mean an individual or any Entity.

"Principal(s)" shall mean, with respect to any Entity, the most subordinate three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity, and any Person as shall have the power to Control such Entity, and "principal" shall mean any of such Persons.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this ____ day of _____, 20__.

[NAME OF CERTIFYING ENTITY]

By: _____
Name:
Title:

EXHIBIT G

FORM OF
PROJECT COMPLETION CERTIFICATE OF INSTITUTION
AS REQUIRED BY SECTIONS 3.2(f) AND 8.14(g)
OF THE LOAN AGREEMENT

The undersigned, Authorized Representatives (as defined in the Loan Agreement referred to below) of Richmond Medical Center, a not-for-profit corporation organized and existing under the laws of the State of New York (the "Institution") HEREBY CERTIFY that this Certificate is being delivered in accordance with the provisions of Section 3.2(f) and 8.14(g) of that certain Loan Agreement, dated as of December 1, 2018 (the "Loan Agreement"), between Build NYC Resource Corporation (the "Issuer") and the Institution, and FURTHER CERTIFY THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Loan Agreement):

(i) each Project Work is finished and has been completed substantially in accordance with the plans and specifications therefor;

(ii) attached hereto is a copy of one of the following (check only one and attach a copy of the indicated document) (if applicable):

certificate of occupancy, or

temporary certificate of occupancy; or

not applicable;

(iii) there is no certificate, license, permit, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature;

(iv) upon receipt of funds pursuant to the last requisition submitted pursuant to the Indenture, all Initial Bonds Proceeds have been or will be expended as follows:

$_____ for the Cogeneration Facility Project Work;

$_____ for the Elevator Project Work;

$_____ for the Emergency Department Project Work;

$_____ for the Parking Lot Project Work;

$_____ for the Operating Room Project Work; and

$_____ for the Roof Project Work;

(v) the Facility is ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines;

(vi) check as applicable:

all costs for Project Work have been paid, or

all costs for Project Work have been paid except for

amounts not yet due and payable (attach itemized list) and/or

amounts the payments for which are being contested in good faith (attach itemized list with explanations); and

(vii) waivers of mechanics' liens have been obtained from the general contractor and from all contractors and materialmen who supplied work, labor, services, machinery, equipment, materials or supplies in connection with the Project Work, except for releases-of-liens pertinent to (y) amounts not yet due and payable, or (z) any amount the payment of which is being contested in good faith; copies of all such releases of mechanics' liens are attached hereto.

[ATTACH to this Certificate copies of all such releases of liens.]

Notwithstanding anything herein or elsewhere that may be inferred to the contrary, the undersigned hereby understands and agrees on behalf of the Institution as follows: (a) the Issuer does not waive its right to require delivery of releases-of-liens in connection with the costs of Project Work; (b) the Issuer does not waive its right under the Loan Agreement to demand the discharge of mechanics' and materialmens' liens encumbering the Facility Realty, whether by bond or otherwise; and (c) the Certificate shall be deemed incomplete if, in the Issuer's sole discretion, the Institution has unreasonably failed to bond or otherwise discharge any liens in respect of the costs of Project Work when payment for the same is due.

This Certificate is given without prejudice to any rights of the Institution against third parties existing on the date hereof or which may subsequently come into being and no Person other than the Issuer may benefit from this Certificate.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this _____ day of _____, ____.

RICHMOND MEDICAL CENTER D/B/A
RICHMOND UNIVERSITY MEDICAL CENTER

By:_____
Name:
Title:

EXHIBIT H

FORM OF PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS PROMISSORY NOTE, THIS PROMISSORY NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH OF WHICH ARE REFERRED TO HEREIN.

[Up to $102,065,000] [Up to $30,000,000] December 20, 2018

PROMISSORY NOTE

FOR VALUE RECEIVED, RICHMOND MEDICAL CENTER, D/B/A RICHMOND MEDICAL CENTER, a not-for-profit corporation organized and existing under the laws of the State of New York (the "**Institution**" or the "**Borrower**"), by this promissory note hereby promises to pay to the order of BUILD NYC RESOURCE CORPORATION (the "**Issuer**"), the principal sum of [up to One Hundred Two Million Sixty-Five Thousand Dollars ($102,065,000)] [up to Thirty Million Dollars ($30,000,000)], together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the [Series 2018A Bonds][Series 2018B Bonds] (as such term is hereinafter defined) until paid in full, at a rate per annum equal to the respective rates of interest borne from time to time by the [Series 2018A Bonds][Series 2018B Bonds], together with all Sinking Fund Installments and Redemption Price payments as and when due. All capitalized terms used but not defined in this Promissory Note shall have the respective meanings assigned such terms by the Indenture (as hereinafter defined) or by the Loan Agreement (as hereinafter defined). All such payments shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America and shall be paid at the designated corporate trust office of the Trustee or its successor under the Indenture.

The principal amount, interest, Sinking Fund Installments and Redemption Price shall be payable on the dates and in the amounts that principal of, interest, Sinking Fund Installments and Redemption Price on the [Series 2018A Bonds][Series 2018B Bonds] are payable under the Loan Agreement, subject to prepayments and credits to the extent provided in the Indenture and the Loan Agreement.

This promissory note is a "Promissory Note" referred to in the Loan Agreement, dated as of December 1, 2018 (as the same may be amended or supplemented, the "**Loan Agreement**"), between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to U.S. Bank National Association, as the trustee (the "**Trustee**") under the Indenture of Trust, dated as of December 1, 2018 (as the same may be amended or supplemented, the "**Indenture**"), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment Such assignment is made as security for the payment of the Issuer's [up to $102,065,000] in aggregate principal amount of Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A (the "**Series 2018A Bonds**")][up to $30,000,000] in aggregate principal amount of Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B (the "**Series 2018B Bonds**")], issued by the Issuer pursuant to the Indenture All the terms, conditions and provisions of the Indenture, the Loan

Agreement and the [Series 2018A Bonds][Series 2018B Bonds] are hereby incorporated as a part of this Promissory Note.

The Borrower may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amounts due under this Promissory Note, as provided in the Loan Agreement and the Indenture.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay costs of collection and attorneys' fees in case of default on this Promissory Note.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

RICHMOND MEDICAL CENTER D/B/A
RICHMOND UNIVERSITY MEDICAL CENTER

By:_____
Joseph Saporito
Senior Vice President and
Chief Financial Officer

ENDORSEMENT

Pay to the order of U.S. BANK NATIONAL ASSOCIATION, without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the [Series 2018A Bonds][Series 2018B Bonds] issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Promissory Note.

BUILD NYC RESOURCE CORPORATION

By:_____
Krishna Omolade
Deputy Executive Director

Dated: December 20, 2018

EXHIBIT I

HireNYC

The Institution must collaborate with the New York City Department of Small Business Services or such other New York City agency as may be designated by NYCEDC in a notice to the Institution ("**Designated City Agency**"). The Designated City Agency will assist the Institution in implementing the HireNYC Program including the screening of candidates from the target population ("**Target Population**"), defined as persons who have an income that is below two hundred percent (200%) of the poverty level as determined by the New York City Center for Economic Opportunity (a description of the income level meeting this threshold for each household size is available at http://www.nyc.gov/html/ceo/downloads/pdf/ceo_poverty_measure_2005_2013.pdf) The HireNYC Program will be in effect for a period of eight (8) years from the Operations Commencement Date ("**HireNYC Program Term**").

The HireNYC Program will apply to the Institution, its successors and assigns, and to all tenants (which term also includes subtenants) at the Facility during the HireNYC Program Term.

I. Goals. The HireNYC Program includes, at a minimum, the following hiring and workforce development goals (collectively, the "**Goals**"):

Hiring Goal:	Fifty percent (50%) of all new permanent jobs created in connection with the Facility (including jobs created by tenants, but excluding jobs relocated from other sites) will be filled by members of the Target Population referred by the Designated City Agency for a period beginning, for each employer, at commencement of business operations and continuing through the end of the HireNYC Program Term. Notwithstanding the foregoing, the Hiring Goal shall only apply to hiring on occasions when the Institution (or a tenant) is hiring for five (5) or more permanent jobs at one time.
Retention Goal:	Forty percent (40%) of all employees whose hiring satisfied the Hiring Goal will be retained for at least nine (9) months from date of hire.
Advancement Goal:	Thirty percent (30%) of all employees whose hiring satisfied the Hiring Goal will be promoted to a higher paid position within one (1) year of date of hire.
Training Goal:	Cooperation with NYCEDC and the Designated City Agency to provide skills-training or higher education opportunities to members of the Target Population.

II. Program Requirements. HireNYC Program includes all of the following requirements:

1. Designation of a workforce development liaison by the Institution to interact with NYCEDC and the Designated City Agency during the course of the HireNYC Program.

2. Commitment by the Institution to do the following:

    a. use good faith efforts to achieve the Goals;

b. notify NYCEDC six (6) weeks prior to commencing business operations;

c. with respect to initial hiring for any new permanent jobs associated with the commencement of business at the Facility (but only if initial hiring is for five (5) or more permanent jobs):

(i) provide NYCEDC and the Designated City Agency with the approximate number and type of jobs that will become available, and for each job type a description of the basic job qualifications, at least three (3) months before commencing hiring; and

(ii) consider only applicants referred by the Designated City Agency for the first ten (10) business days of interviewing, until the Hiring Goal is achieved or until all open positions are filled, whichever occurs first;

d. with respect to ongoing hiring on occasions when hiring for five (5) or more permanent jobs at one time:

(i) provide NYCEDC and the Designated City Agency with the approximate number and type of jobs that will become available, and for each job type a description of the basic job qualifications, at least one (1) month before commencing hiring or as soon as information is available, but in all cases not later than one (1) week before commencing hiring; and

(ii) consider only applicants referred by the Designated City Agency for the first five business days of interviewing, until the Hiring Goal is achieved or until all open positions are filled, whichever occurs first;

e. notify NYCEDC thirty (30) days prior to execution of any tenant lease at the Facility;

f. provide NYCEDC with one (1) electronic copy of all tenant leases at the project location within fifteen (15) days of execution;

g. submit to NYCEDC an annual HireNYC Employment Report in the form provided by NYCEDC (or quarterly reports at the discretion of NYCEDC);

h. cooperate with annual site visits and, if requested by NYCEDC, employee satisfaction surveys relating to employee experience with the Institution's HireNYC Program upon reasonable notice;

i. provide information related to the HireNYC Program and the hiring process to NYCEDC upon request; and

j. allow information collected by NYCEDC and the Designated City Agency to be included in public communications, including press releases and other media events.

III General Requirements. The following are general requirements of the HireNYC Program

1 The Institution is required to incorporate the terms of its HireNYC Program into all tenant leases obligating tenants to comply with the Goals and other requirements in the Institution's HireNYC

Program to the same extent as the Institution is required to comply with such Goals and other requirements.

2. Enforcement. In the event NYCEDC determines that the Institution or any of its tenants has violated any of the HireNYC Program requirements, including, without limitation, a determination that the Institution or any of its tenants, has failed to use good faith efforts to fulfill the Goals, NYCEDC shall notify the Issuer of the violation and the Issuer may (1) assess liquidated damages set forth immediately below; and/or (2) assert any other right or remedy it has under the Agreement.

3. Liquidated Damages. If the Institution or any of its tenants, does any of the following:

(i) fail to comply with its obligations set forth in Section II(2) clauses (a)(with respect to the Hiring Goal), (c), and/or (d), and as a result the Designated City Agency was unable to refer applicants or participate in the hiring process as required by the program; or

(ii) fail to comply with its obligations set forth in Section II(2) clauses, (f), (g), (h), (i), and/or (j) and such failure shall continue for a period of thirty (30) days after receipt of notice from NYCEDC,

then, in the case of clause (i), the Issuer may assess liquidated damages in the amount of $2,500 for each position for which the Designated City Agency was unable to refer applicants or otherwise participate in hiring as required by the program; and in the case of clause (ii), the Issuer may assess damages for breach of each requirement in the amount of $1,000. In view of the difficulty of accurately ascertaining the loss which the Issuer will suffer by reason of the Institution's failure to comply with Program requirements, the foregoing amounts are hereby fixed and agreed as the liquidated damages that the Issuer will suffer by reason of such failure, and not as a penalty. The Institution shall be liable for and shall pay to the Issuer all damages assessed against the Institution or any of its tenants at the project upon receipt of demand from the Issuer.

EXHIBIT J

FORM OF LW AGREEMENT

LIVING WAGE AGREEMENT

This LIVING WAGE AGREEMENT (this "Agreement") is made as of [_____], by [_____] ("Obligor") in favor of Institution, the Issuer, the City, the DCA and the Comptroller (each as defined below) (each, an "Obligee"). In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor hereby covenants and agrees as follows.

1. Definitions. As used herein the following capitalized terms shall have the respective meanings specified below.

"Affiliate" means, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

"Asserted Cure" has the meaning specified in paragraph 10(a).

"Asserted LW Violation" has the meaning specified in paragraph 10(a).

"City" means The City of New York.

"Comptroller" means the Comptroller of The City of New York or his or her designee.

"Concessionaire" means a Person that has been granted the right by Institution, an Affiliate of Institution or any tenant, subtenant, leaseholder or subleaseholder of Institution or of an Affiliate of Institution to operate at the Facility for the primary purpose of selling goods or services to natural persons at the Facility.

"Control" or "Controls", including the related terms "Controlled by" and "under common Control with", means the power to direct the management and policies of a Person (a) through the ownership, directly or indirectly, of not less than a majority of its voting equity, (b) through the right to designate or elect not less than a majority of the members of its board of directors, board of managers, board of trustees or other governing body, or (c) by contract or otherwise.

"Covered Counterparty" means a Covered Employer whose Specified Contract is directly with Obligor or an Affiliate of Obligor to lease, occupy, operate or perform work at the Obligor Facility

"Covered Employer" means any of the following Persons: (a) Obligor, (b) a tenant, subtenant, leaseholder or subleaseholder of Obligor that leases any portion of the Obligor Facility (or an Affiliate of any such tenant, subtenant, leaseholder or subleaseholder if such Affiliate has one or more direct Site Employees), (c) a Concessionaire that operates on any portion of the Obligor Facility, and (d) a Person that contracts or subcontracts with any Covered Employer described in clauses (a), (b) or (c) above to perform work for a period of more than ninety days on any portion of the Obligor Facility, including temporary services or staffing agencies, food service contractors, and other on-site service contractors; provided, however, that the term "Covered Employer" shall not include (i) a Person of the type described in Section 6-134(d)(2),

(3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Obligor Facility if residential units comprise more than 75% of the total Facility area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, or (vi) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor's Executive Order No. 7 dated September 30, 2014.

"DCA" means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

"Facility" means the land and improvements located at 355 Bard Avenue, Staten Island, New York and 288 Kissel Avenue, Staten Island, New York.

"Institution" means Richmond Medical Center, d/b/a Richmond University Medical Center, a not-for-profit corporation, organized and existing under the laws of the State of New York, having its principal office at 355 Bard Avenue, Staten Island, New York 10310, or its permitted successors or assigns under the Project Agreement.

"Issuer" means Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038.

"LW" has the same meaning as the term "living wage" as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the "living wage rate" component of the LW shall be eleven dollars and sixty-five cents per hour ($11.65/hour) and the "health benefits supplement rate" component of the LW shall be one dollar and sixty-five cents per hour ($1.65/hour). The annual adjustments to the "living wage rate" and "health benefits supplement rate" will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

"LW Agreement" means, with respect to any Covered Counterparty, an enforceable agreement in the form attached hereto as Attachment 1 (except only with such changes as are necessary to make such Covered Counterparty the obligor thereunder).

"LW Agreement Delivery Date" means, with respect to any Covered Counterparty, the latest of (a) the effective date of such Covered Counterparty's Specified Contract, (b) the date that such Covered Counterparty becomes a Covered Employer at the Obligor Facility and (c) the date of this Agreement.

"LW Law" means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the

New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

"LW Term" means the period commencing on the date of this Agreement and ending on the date that is the earlier to occur of: (a) the later to occur of (i) the date on which Institution is no longer receiving financial assistance under the Project Agreement or (ii) the date that is ten years after the Facility commences operations; or (b) the end of the term of Obligor's Specified Contract (including any renewal or option terms pursuant to any exercised options), whether by early termination or otherwise.

"LW Violation Final Determination" has the meaning specified in paragraph 10(a)(i), paragraph 10(a)(ii)(1) or paragraph 10(a)(ii)(2), as applicable.

"LW Violation Initial Determination" has the meaning specified in paragraph 10(a)(ii).

"LW Violation Notice" has the meaning specified in paragraph 10(a).

"LW Violation Threshold" means $100,000 multiplied by 1.03^n, where "n" is the number of full years that have elapsed since January 1, 2015.

"Obligor Facility" means the applicable portion of the Facility covered by the Specified Contract of Obligor.

"Operational Date" means the date that Obligor commences occupancy, operations or work at the Obligor Facility.

"Owed Interest" means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

"Owed Monies" means, as the context shall require, either (a) the total deficiency of LW required to be paid by Obligor in accordance with this Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis; or (b) if Obligor failed to obtain a LW Agreement from a Covered Counterparty as required under paragraph 5 below, the total deficiency of LW that would have been required to be paid under such Covered Counterparty's LW Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis, during the period commencing on the LW Agreement Delivery Date applicable to such Covered Counterparty and ending immediately prior to the execution and delivery by such Covered Counterparty of its LW Agreement (if applicable).

"Person" means any natural person, sole proprietorship, partnership, association, joint venture, limited liability company, corporation, governmental authority, governmental agency, governmental instrumentality or any form of doing business.

"Pre-Existing Covered Counterparty" has the meaning specified in paragraph 5.

"Pre-Existing Specified Contract" has the meaning specified in paragraph 5.

"Project Agreement" means that certain Loan Agreement, dated as of December 1, 2018, between the Issuer and the Institution (as amended, restated, supplemented or otherwise modified from time to time), pursuant to which Institution has or will receive financial assistance from the Issuer.

"Qualified Workforce Program" means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor's Office of Workforce Development.

"Site Employee" means, with respect to any Covered Employer, any natural person who works at the Obligor Facility and who is employed by, or contracted or subcontracted to work for, such Covered Employer, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term "Site Employee" shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility unless the primary work location or home base of such person is at the Obligor Facility (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility shall thereafter constitute a Site Employee).

"Small Business Cap" means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the "living wage rate" component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

"Specified Contract" means (a) in the case of Obligor, the [_____], dated as of [_____], by and between Obligor and [_____], or (b) in the case of any other Person, the principal written contract that makes such Person a Covered Employer hereunder.

2. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall pay each of its direct Site Employees no less than an LW.

3. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall, on or prior to the day on which each direct Site Employee of Obligor begins work at the Obligor Facility, (a) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement in a conspicuous place at the Obligor Facility that is readily observable by such direct Site Employee and (b) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.

4. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall not take any adverse employment action against any Site Employee for reporting or asserting a violation of this Agreement

5. During the LW Term, Obligor shall cause each Covered Counterparty to execute an LW Agreement on or prior to the LW Agreement Delivery Date applicable to such Covered Counterparty; provided that Obligor shall only be required to use commercially reasonable efforts (without any obligation to commence any action or proceedings) to obtain an LW Agreement from a Covered Counterparty whose Specified Contract with Obligor was entered into prior to the date hereof (a "Pre-Existing Covered Counterparty" and a "Pre-Existing Specified Contract"). Prior to the renewal or extension of any Pre-Existing Specified Contract (or prior to entering into a new Specified Contract with a Pre-Existing Covered Counterparty), Obligor shall cause or otherwise require the Pre-Existing Covered Counterparty to execute an LW Agreement, provided that the foregoing shall not preclude Obligor from renewing or extending a Pre-Existing Specified Contract pursuant to any renewal or extension options granted to the Pre-Existing Covered Counterparty in the Pre-Existing Specified Contract as such option exists as of the date hereof. Obligor shall deliver a copy of each Covered Counterparty's LW Agreement to the Issuer, the DCA and the Comptroller at the notice address specified in paragraph 12 below and promptly upon written request. Obligor shall retain copies of each Covered Counterparty's LW Agreement until six (6) years after the expiration or earlier termination of such Covered Counterparty's Specified Contract.

6. Commencing on the Operational Date and thereafter during the remainder of the LW Term, in the event that an individual with managerial authority at Obligor receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Obligor shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.

7. Obligor hereby acknowledges and agrees that the Issuer, the City, the DCA and the Comptroller are each intended to be direct beneficiaries of the terms and provisions of this Agreement. Obligor hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Agreement in accordance with paragraph 10 below. Obligor hereby agrees that the DCA, the Comptroller and the Issuer may, as their sole and exclusive remedy for any violation of Obligor's obligations under this Agreement, bring an action for damages (but not in excess of the amounts set forth in paragraph 10 below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph 10 below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Obligor under this Agreement. The agreements and acknowledgements of Obligor set forth in this Agreement may not be amended, modified or rescinded by Obligor without the prior written consent of the Issuer or the DCA.

8. No later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (a) a written list of all Covered Counterparties, together with the LW Agreements of such Covered Counterparties From and after the Operational Date, no later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (b) a certification stating that all of the direct Site Employees of Obligor are paid no less than an LW and stating that Obligor is in compliance with this Agreement in all material respects, (c) certified payroll records in respect of the direct Site Employees of Obligor, and/or (d) any other documents or information reasonably related to the determination of whether Obligor is in compliance with its obligations under this Agreement.

9. From and after the Operational Date, Obligor shall, annually by August 1 of each year during the LW Term, submit to Institution such data in respect of employment, jobs and wages at the Obligor Facility as of June 30 of such year that is needed by Institution for it to comply with its reporting obligations under the Project Agreement.

10. Violations and Remedies.

(a) If a violation of this Agreement shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Obligor for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under paragraph 10(b), (c), (d), (e) and/or (f) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Obligor's receipt of the LW Violation Notice, Obligor may either:

(i) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "LW Violation Final Determination" shall be deemed to exist), or

(ii) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice Obligor shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Obligor and deliver to Obligor a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Obligor's receipt of the LW Violation Initial Determination, Obligor may either:

(1) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (2) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or

(2) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Obligor's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Obligor's receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. Obligor shall perform the Asserted

Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.

(b) For the first LW Violation Final Determination imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.

(c) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees, and Obligor shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.

(d) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Obligor in respect of its direct Site Employees is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Obligor, then in lieu of the remedies specified in subparagraph (c) above and at the direction of the Issuer or the DCA (but not both), Obligor shall pay (i) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Obligor, and (ii) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

(e) If Obligor fails to obtain an LW Agreement from its Covered Counterparty in violation of paragraph 5 above, then at the discretion of the Issuer or the DCA (but not both), Obligor shall be responsible for payment of the Owed Monies, Owed Interest and other payments described in subparagraphs (b), (c) and (d) above (as applicable) as if the direct Site Employees of such Covered Counterparty were the direct Site Employees of Obligor.

(f) Obligor shall not renew the Specified Contract of any specific Covered Counterparty or enter into a new Specified Contract with any specific Covered Counterparty if both (i) the aggregate amount of Owed Monies and Owed Interest paid or payable by such Covered Counterparty in respect of its direct Site Employees for all past and present LW Violation Final Determinations (or that would have been payable had such Covered Counterparty entered into an LW Agreement) is in excess of the LW Violation Threshold and (ii) two or more LW Violation Final Determinations against such Covered Counterparty (or in respect of the direct Site Employees of such Covered Counterparty) occurred within the last 6 years of the term of the applicable Specified Contract (or if the term thereof is less than 6 years, then during the term thereof); provided that the foregoing shall not preclude Obligor from extending or renewing a Specified Contract pursuant to any renewal or extension options granted to the Covered Counterparty in the Specified Contract as in effect as of the LW Agreement Delivery Date applicable to such Covered Counterparty.

(g) It is acknowledged and agreed that (i) the sole monetary damages that Obligor may be subject to for a violation of this Agreement are as set forth in this paragraph 10, and (ii) in no event will the Specified Contract between Obligor and a given Covered Counterparty be permitted to be terminated or rescinded by the Issuer, the DCA or the Comptroller by virtue of violations by Obligor or a Covered Counterparty.

11. Obligor acknowledges that the terms and conditions of this Agreement are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.

12. All notices under this Agreement shall be in writing and shall be delivered by (a) return receipt requested or registered or certified United States mail, postage prepaid, (b) a nationally recognized overnight delivery service for overnight delivery, charges prepaid, or (c) hand delivery, addressed as follows:

(a) If to Obligor, to [Obligor's Name], [Street Address], [City], [State], [Zip Code], Attention: [Contact Person].

(b) If to the Issuer, to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: General Counsel, with a copy to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: Executive Director.

(c) If to the DCA, to Department of Consumer Affairs of The City of New York, 42 Broadway, New York, NY, 10004, Attention: Living Wage Division.

(d) If to the Comptroller, to Office of the Comptroller of The City of New York, One Centre Street, New York, NY 10007, Attention: Chief, Bureau of Labor Law.

13. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

14. Obligor hereby irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York in New York County or the United States District Court for the Southern District of New York, (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (d) waives and relinquishes any rights it might otherwise have (i) to move to dismiss on grounds of forum non conveniens, (ii) to remove to any federal court other than the United States District Court for the Southern District of New York, and (iii) to move for a change of venue to a New York State Court outside New York County.

15. Notwithstanding any other provision of this Agreement, in no event shall the partners, members, counsel, directors, shareholders or employees of Obligor have any personal obligation or liability for any of the terms, covenants, agreements, undertakings, representations or warranties of Obligor contained in this Agreement.

IN WITNESS WHEREOF, Obligor has executed and delivered this Agreement as of the date first written above.

[_____]

By:_____
Name:
Title:

ATTACHMENT 1 to EXHIBIT J

FORM OF LW AGREEMENT

LIVING WAGE AGREEMENT

This LIVING WAGE AGREEMENT (this "Agreement") is made as of [_____], by [_____] ("Obligor") in favor of Institution, the Issuer, the City, the DCA and the Comptroller (each as defined below) (each, an "Obligee"). In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor hereby covenants and agrees as follows:

1. Definitions. As used herein the following capitalized terms shall have the respective meanings specified below.

"Asserted Cure" has the meaning specified in paragraph 9(a).

"Asserted LW Violation" has the meaning specified in paragraph 9(a).

"City" means The City of New York.

"Comptroller" means the Comptroller of The City of New York or his or her designee.

"Covered Employer" means Obligor; provided, however, that the term "Covered Employer" shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Obligor Facility if residential units comprise more than 75% of the total Facility area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, or (vi) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor's Executive Order No. 7 dated September 30, 2014.

"DCA" means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

"Facility" means the land and improvements located at 355 Bard Avenue, Staten Island, New York and 288 Kissel Avenue, Staten Island, New York.

"Institution" means Richmond Medical Center, d/b/a Richmond University Medical Center, a not-for-profit corporation, organized and existing under the laws of the State of New York, having its principal office at 355 Bard Avenue, Staten Island, New York 10310, or its permitted successors or assigns under the Project Agreement.

"Issuer" means Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038.

"LW" has the same meaning as the term "living wage" as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the "living wage rate" component of the LW shall be eleven dollars and sixty-five cents per hour ($11.65/hour) and the "health benefits supplement rate" component of the LW shall be one dollar and sixty-five cents per hour ($1.65/hour) The annual adjustments to the "living wage rate" and "health benefits supplement rate" will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

"LW Law" means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder

"LW Term" means the period commencing on the date of this Agreement and ending on the date that is the earlier to occur of: (a) the later to occur of (i) the date on which Institution is no longer receiving financial assistance under the Project Agreement or (ii) the date that is ten years after the Facility commences operations; or (b) the end of the term of Obligor's Specified Contract (including any renewal or option terms pursuant to any exercised options), whether by early termination or otherwise.

"LW Violation Final Determination" has the meaning specified in paragraph 9(a)(i), paragraph 9(a)(ii)(1) or paragraph 9(a)(ii)(2), as applicable.

"LW Violation Initial Determination" has the meaning specified in paragraph 9(a)(ii).

"LW Violation Notice" has the meaning specified in paragraph 9(a).

"LW Violation Threshold" means $100,000 multiplied by 1.03^n, where "n" is the number of full years that have elapsed since January 1, 2015.

"Obligor Facility" means the applicable portion of the Facility covered by the Specified Contract of Obligor.

"Operational Date" means the date that Obligor commences occupancy, operations or work at the Obligor Facility.

"Owed Interest" means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

"Owed Monies" means the total deficiency of LW required to be paid by Obligor in accordance with this Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the

"health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis.

"Person" means any natural person, sole proprietorship, partnership, association, joint venture, limited liability company, corporation, governmental authority, governmental agency, governmental instrumentality or any form of doing business.

"Project Agreement" means that certain Loan Agreement, dated as of December 1, 2018, between the Issuer and the Institution (as amended, restated, supplemented or otherwise modified from time to time), pursuant to which Institution has or will receive financial assistance from the Issuer.

"Qualified Workforce Program" means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor's Office of Workforce Development.

"Site Employee" means any natural person who works at the Obligor Facility and who is employed by, or contracted or subcontracted to work for, Obligor, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term "Site Employee" shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility unless the primary work location or home base of such person is at the Obligor Facility (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility shall thereafter constitute a Site Employee).

"Small Business Cap" means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the "living wage rate" component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

"Specified Contract" means (a) in the case of Obligor, the [_____], dated as of [_____], by and between Obligor and [_____], or (b) in the case of any other Person, the principal written contract that makes such Person a Covered Employer hereunder.

2. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall pay each of its direct Site Employees no less than an LW.

3. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall, on or prior to the day on which each direct Site Employee of Obligor begins work at the Obligor Facility, (a) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement in a conspicuous place at the Obligor Facility that is readily observable by such direct Site Employee and (b) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.

4. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall not take any adverse employment action against any Site Employee for reporting or asserting a violation of this Agreement.

5. Commencing on the Operational Date and thereafter during the remainder of the LW Term, in the event that an individual with managerial authority at Obligor receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Obligor shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.

6. Obligor hereby acknowledges and agrees that the Issuer, the City, the DCA and the Comptroller are each intended to be direct beneficiaries of the terms and provisions of this Agreement. Obligor hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Agreement in accordance with paragraph 9 below. Obligor hereby agrees that the DCA, the Comptroller and the Issuer may, as their sole and exclusive remedy for any violation of Obligor's obligations under this Agreement, bring an action for damages (but not in excess of the amounts set forth in paragraph 9 below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph 9 below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Obligor under this Agreement. The agreements and acknowledgements of Obligor set forth in this Agreement may not be amended, modified or rescinded by Obligor without the prior written consent of the Issuer or the DCA

7. From and after the Operational Date, no later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (a) a certification stating that all of the direct Site Employees of Obligor are paid no less than an LW and stating that Obligor is in compliance with this Agreement in all material respects, (b) certified payroll records in respect of the direct Site Employees of Obligor, and/or (c) any other documents or information reasonably related to the determination of whether Obligor is in compliance with its obligations under this Agreement.

8. From and after the Operational Date, Obligor shall, annually by August 1 of each year during the LW Term, submit to its counterparty to its Specified Contract such data in respect of employment, jobs and wages at the Obligor Facility as of June 30 of such year that is needed by Institution for it to comply with its reporting obligations under the Project Agreement.

9. Violations and Remedies.

   (a) If a violation of this Agreement shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Obligor for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under paragraph 9(b), (c) and/or (d) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Obligor's receipt of the LW Violation Notice, Obligor may either:

   (i) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "LW Violation Final Determination" shall be deemed to exist), or

(ii) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Obligor shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Obligor and deliver to Obligor a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Obligor's receipt of the LW Violation Initial Determination, Obligor may either:

(1) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (2) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or

(2) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Obligor's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Obligor's receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. Obligor shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.

(b) For the first LW Violation Final Determination imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.

(c) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees, and Obligor shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee, and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.

(d) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Obligor in respect of its direct Site Employees is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Obligor, then in lieu of the remedies specified in subparagraph (c) above and at the direction of the Issuer or the DCA (but not both), Obligor shall pay (i) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Obligor, and (ii) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

(e) It is acknowledged and agreed that the sole monetary damages that Obligor may be subject to for a violation of this Agreement are as set forth in this paragraph 9.

10. Obligor acknowledges that the terms and conditions of this Agreement are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.

11. All notices under this Agreement shall be in writing and shall be delivered by (a) return receipt requested or registered or certified United States mail, postage prepaid, (b) a nationally recognized overnight delivery service for overnight delivery, charges prepaid, or (c) hand delivery, addressed as follows:

(a) If to Obligor, to [Obligor's Name], [Street Address], [City], [State], [Zip Code], Attention: [Contact Person].

(b) If to the Issuer, to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: General Counsel, with a copy to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: Executive Director.

(c) If to the DCA, to Department of Consumer Affairs of The City of New York, 42 Broadway, New York, NY, 10004, Attention: Living Wage Division.

(d) If to the Comptroller, to Office of the Comptroller of The City of New York, One Centre Street, New York, NY 10007, Attention: Chief, Bureau of Labor Law.

12. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

13. Obligor hereby irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York in New York County or the United States District Court for the Southern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (d) waives and relinquishes any rights it might otherwise have (i) to move to dismiss on grounds of forum non conveniens, (ii) to remove to any federal court other than the United States District Court for the Southern District of New York, and (iii) to move for a change of venue to a New York State Court outside New York County.

14. Notwithstanding any other provision of this Agreement, in no event shall the partners, members, counsel, directors, shareholders or employees of Obligor have any personal obligation or liability for

any of the terms, covenants, agreements, undertakings, representations or warranties of Obligor contained in this Agreement.

IN WITNESS WHEREOF, Obligor has executed and delivered this Agreement as of the date first written above.

[_____]

By:_____
Name:
Title:

EXHIBIT K

FORM OF ARCHITECT OR ENGINEER CERTIFICATE

[_____], 20[_]

Build NYC Resource Corporation
110 William Street
New York, NY 10038

Re: Build NYC Resource Corporation Project located at 355 Bard Avenue, Staten Island, New York; 288 Kissel Avenue, Staten Island, New York; and 669 Castleton Avenue, Staten Island, New York (the "Premises") [Cogeneration Facility] [Emergency Department] [Parking Lot] Project Work

To Whom It May Concern:

The undersigned (the "Architect") understands that Build NYC Resource Corporation ("BNYC") is providing financial assistance to Richmond Medical Center d/b/a Richmond University Medical Center (the "Project Company"), which financial assistance will be used to assist the Project Company with the following improvements (the "Improvements"): [_____ _____] on the Premises (the "Project"). Architect has been engaged by the Project Company to provide architectural services in connection with the Project.

The undersigned Architect does hereby certify and represent to BNYC as follows:

1. The Architect has prepared [preliminary] plans and specifications with respect to the Project (the "Plans and Specifications").

2. The Premises is locating in a [insert Zoning classification] zoning district as defined in the Zoning Resolution of the City of New York, as in effect on the date hereof, and such zoning classification permits the construction of the Improvements as contemplated in the Plans and Specifications for the intended use of the Improvements by the Project Company.

3. The Premises is comprised of [____] zoning lot[s] (Block [____], Lot[s] [____] on the Official Tax Map for the County of New York).

4. To my knowledge, there is no petition, action or proceeding known to the undersigned pending before the court, agency or official, threatened with respect to the validity of any statutes, ordinances, regulations, restrictions, codes, rules, permits, certificates or any permits or approvals thereunder relating to the Improvements, or to revoke, rescind, alter or declare any of the same

5. Architect is an architect duly licensed to practice architecture in the State of New York.

The statements contained in this letter are an expression of the undersigned's professional opinion, are made to the best of the undersigned's knowledge, information and belief, and are based on the undersigned's performance of services under its agreement with the Project Company in accordance with generally accepted standards of professional practice.

Very truly yours,

EXHIBIT L

FORM OF CONSTRUCTION MANAGER OR CONTRACTOR CERTIFICATE

[_____], 20[_]

Build NYC Resource Corporation
110 William Street
New York, NY 10038

Re: Build NYC Resource Corporation Project located at 355 Bard Avenue, Staten Island, New York, 288 Kissel Avenue, Staten Island, New York; and 669 Castleton Avenue, Staten Island, New York (the "Premises") [Cogeneration Facility] [Elevator] [Emergency Department] [Parking Lot] [Operating Room] [Roof] Project Work

To Whom It May Concern:

The undersigned (the "Construction Manager") understands that Build NYC Resource Corporation ("BNYC") is providing financial assistance to Richmond Medical Center d/b/a Richmond University Medical Center. (the "Project Company"), which financial assistance will be used to assist the Project Company with the following improvements: [_____] (the "Improvements") on the Premises (the "Project"). Construction Manager has been engaged by the Project Company to act as the construction manager in connection with the construction of the Improvements. The undersigned Construction Manager does hereby certify and represent to BNYC as follows:

1. The undersigned is familiar with the process for obtaining the approvals, authorizations, permits and licenses necessary to construct and occupy the Improvements.

(a) The following are the approvals, authorizations, permits or licenses currently issued that are necessary to construct and operate the Improvements, pursuant to any law, rule, ordinance or regulation affecting the Premises, including environmental laws, rules, ordinances or regulations: [list approvals]

1.	Zoning	Department of Buildings
2.	New Building	Department of Buildings
3.	Sewer Permit	Department of Environmental Protection
4.	Sprinklers	Department of Buildings
5.	Standpipe	Department of Buildings
6.	Generator	Department of Buildings
7.	Paving Plan	Department of Buildings
8.	Street Opening	Department of Transportation
9.	Asbestos Control Program	Department of Environmental Protection

(b) As to those approvals, authorizations, permits and licenses not yet obtained, the undersigned knows of no reason why the same should not be issued when required by the Project Company. Such approvals can be obtained in the ordinary course of business so as to not delay the construction of the

Improvements, and the issuance of such approvals, authorizations, permits and licenses by the applicable government authority is ministerial

2. To my knowledge, there is no petition, action or proceeding known to the undersigned pending before the court, agency or official, threatened with respect to the validity of any statutes, ordinances, regulations, restrictions, codes, rules, permits, certificates or any permits or approvals thereunder relating to the Improvements, or to revoke, rescind, alter or declare any of the same.

3. The undersigned is duly licensed and in good standing in the State of New York.

The statements contained in this letter are an expression of the undersigned's opinion, are made to the best of the undersigned's knowledge, information and belief, and are in accordance with generally accepted standards of construction industry practice.

Very truly yours,

By _____
Name:
Title:

EXHIBIT M

FORM OF CONSTRUCTION DISBURSEMENT AND MONITORING AGREEMENT

The Construction Disbursement and Monitoring Agreement to be in the form agreed upon by the Institution, the Bondholder Representative and the other parties thereto.

EXHIBIT N

FORM OF
INDIVIDUAL PROJECT WORK COMPLETION CERTIFICATE OF INSTITUTION
AS REQUIRED BY SECTIONS 3.2(j) AND 8.14(i)
OF THE LOAN AGREEMENT

[Cogeneration Facility][Elevator][Emergency Department][Parking Lot]
[Operating Room] [Roof] Project Work

The undersigned, Authorized Representatives (as defined in the Loan Agreement referred to below) of Richmond Medical Center, a not-for-profit corporation organized and existing under the laws of the State of New York (the "Institution") HEREBY CERTIFY that this Certificate is being delivered in accordance with the provisions of Section 3.2(j) and 8.14(i) of that certain Loan Agreement, dated as of December 1, 2018 (the "Loan Agreement"), between Build NYC Resource Corporation (the "Issuer") and the Institution, and FURTHER CERTIFY THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Loan Agreement):

(i) [Cogeneration Facility] [Elevator] [Emergency Department] [Parking Lot] [Operating Room] [Roof] Project Work is finished and has been completed substantially in accordance with the plans and specifications therefor;

(ii) attached hereto is a copy of one of the following (check only one and attach a copy of the indicated document) (if applicable):

certificate of occupancy, or

temporary certificate of occupancy; or

not applicable;

(iii) there is no certificate, license, permit, written approval or consent or other document required to permit the occupancy, operation and use of such completed Project Work facility as part of the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature;

(iv) such completed Project Work facility is ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines;

(v) check as applicable:

all costs for such Project Work have been paid, or

all costs for such Project Work have been paid except for

amounts not yet due and payable (attach itemized list) and/or

amounts the payments for which are being contested in good faith (attach itemized list with explanations), and

(vi) waivers of mechanics' liens have been obtained from the general contractor and from all contractors and materialmen who supplied work, labor, services, machinery, equipment, materials or supplies in connection with the such Project Work, except for releases-of-liens pertinent to (y) amounts not yet due and payable, or (z) any amount the payment of which is being contested in good faith; copies of all such releases of mechanics' liens are attached hereto.

[ATTACH to this Certificate copies of all such releases of liens.]

Notwithstanding anything herein or elsewhere that may be inferred to the contrary, the undersigned hereby understands and agrees on behalf of the Institution as follows: (a) the Issuer does not waive its right to require delivery of releases-of-liens in connection with the costs of such Project Work; (b) the Issuer does not waive its right under the Loan Agreement to demand the discharge of mechanics' and materialmens' liens encumbering the Facility Realty, whether by bond or otherwise, and (c) the Certificate shall be deemed incomplete if, in the Issuer's sole discretion, the Institution has unreasonably failed to bond or otherwise discharge any liens in respect of the costs of such Project Work when payment for the same is due.

This Certificate is given without prejudice to any rights of the Institution against third parties existing on the date hereof or which may subsequently come into being and no Person other than the Issuer may benefit from this Certificate.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this ___ day of _____, ____.

RICHMOND MEDICAL CENTER D/B/A
RICHMOND UNIVERSITY MEDICAL CENTER

By:_____
Name:
Title:

EXHIBIT O

INSTITUTION'S EXISTING INDEBTEDNESS

Type	December 31, 2017 Balance
1. Capital Lease Obligations	$2,570,526
2. Equipment Leases	$1,874,310

EXHIBIT P

FORM OF ENVIRONMENTAL INDEMNITY AGREEMENT

ENVIRONMENTAL INDEMNITY AGREEMENT
(Relating to _____ Property)

THIS ENVIRONMENTAL INDEMNITY AGREEMENT (this "Agreement"), dated as of _____ 1, 2019, is executed by RICHMOND MEDICAL CENTER (DBA RICHMOND UNIVERSITY MEDICAL CENTER), a not-for-profit corporation organized and existing under the laws of the State of New York (the "Indemnitor"), for the benefit of U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee") under the Indenture of Trust dated as of December 1, 2018 (the "Indenture"), by and between Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (the "Issuer"), and the Trustee, and PRESTON HOLLOW CAPITAL, LLC, a Delaware limited liability company ("PHC"), as the Bondholder Representative under the Indenture (the "Bondholder Representative").

RECITALS:

WHEREAS, the Issuer is issuing its up to $102,065,000 aggregate principal amount of Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A Bonds (the "Series 2018A Bonds"), and its up to $30,000,000 aggregate principal amount of Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B Bonds (the "Series 2018B Bonds" and, together with the Series 2018A Bonds, the "Series 2018 Bonds") pursuant to the Indenture;

WHEREAS, pursuant to the Loan Agreement, dated as of December 1, 2018 (the "Loan Agreement"), by and between the Issuer and the Indemnitor, the Issuer is lending the proceeds of the Series 2018 Bonds to the Indemnitor for the purpose of financing and/or refinancing the project described in the Loan Agreement;

WHEREAS, as a material inducement for PHC to purchase the Bonds, the Indemnitor has agreed to execute and deliver this Agreement to and for the benefit of the Indemnified Parties; and

WHEREAS, the Indemnitor will directly or indirectly benefit from the issuance of the Series 2018 Bonds;

NOW, THEREFORE, as an inducement to the Trustee to enter into the Indenture, for PHC to purchase the Bonds, and the Issuer to enter into the Loan Agreement, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Indemnitor hereby represents, warrants and agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires (a) the terms defined in this Section shall for all purposes of this Agreement and of any certificate, opinion or other

document herein or therein mentioned have the meanings herein specified, and (b) capitalized undefined terms used herein shall have the meanings ascribed thereto in the Loan Agreement.

"Additional Payments" means the amounts, other than amounts to repay the Loan, payable by the Indemnitor pursuant to the Loan Agreement, including pursuant to Section 8.3 of the Loan Agreement.

"Approved Site Reviewer" has the meaning ascribed to such term in Section 3.06 hereof.

"Bondholder Representative" means PHC, and any successor thereto designated as the Bondholder Representative in accordance with the Indenture.

"Customary Complying Substances" means Hazardous Substances that are (a) customarily used in connection with the occupancy, use, operation or maintenance of the Property, including all medical substances used in accordance with applicable law, (b) in reasonably minimal amounts, taking into account the intended and proper use thereof, and properly containerized and labeled, and (c) stored, transported, disposed of and used in a manner that does not violate Environmental Laws.

"Environmental Laws" means any federal, state or local law, statute, ordinance, order, decree, code, directive, regulation, or the like, as well as under common law, any judicial or administrative orders, decrees or judgments thereunder, and any permits, approvals, licenses, registrations, filings and authorizations, in each case whether now or hereafter in effect, pertaining to pollution, protection or cleanup of the environment, health, industrial hygiene or the environmental conditions on, under or about the Property, including, but not limited to, the following, as now or hereafter amended: Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42 U.S.C. § 9601 *et seq* ; Resource, Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 6901 *et seq.* as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), Pub. L. 99-499, 100 Stat. 1613; the Toxic Substances Control Act ("TSCA"), 15 U.S.C. § 2601 *et seq.*; Emergency Planning and Community Right to Know Act of 1986 ("EPCRA"), 42 U.S.C. § 11001 *et seq* ; Clean Water Act ("CWA"), 33 U.S.C. § 1251 *et seq.*; Clean Air Act ("CAA"), 42 U.S.C. § 7401 *et seq.*; Federal Water Pollution Control Act ("FWPCA"), 33 U.S.C. § 1251 *et seq.*; any corresponding state laws or ordinances and regulations, rules, guidelines or standards promulgated pursuant to such laws, statutes and regulations, as such statutes, regulations, rules, guidelines and standards are amended from time to time. The term "Environmental Laws" also includes, but is not limited to, any present or future federal state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, conditioning transfer of property upon a negative declaration or other approval of a Governmental Authority of the environmental condition of a property; or requiring notification or disclosure of releases of Hazardous Substances or other environmental conditions of a property to any Governmental Authority or other Person, whether or not in connection with transfer of title to or interest in property.

"Environmental Liens" has the meaning ascribed to such term in Section 3.07 hereof.

"Environmental Reports" means those certain environmental reports with respect to the Property described on Exhibit B attached hereto and made a part hereof.

"Event of Default" has the meaning provided in Section 4.01 hereof.

"Governmental Authority" means any federal, state, county, municipal or other governmental or regulatory authority, agency, board, body, commission, instrumentality, court or quasi-governmental authority with jurisdiction over the property or the Person in question.

"Hazardous Substances" means any substance, product, waste or other material whether solid, liquid or gas (excluding Customary Complying Substances), which is or becomes listed, regulated or addressed as being a toxic, hazardous, polluting or similarly harmful substance under any Environmental Law, including (but not limited to) (a) any substance included within the definition of "hazardous waste" pursuant to Section 1004 of RCRA, (b) any substance included within the definition of "hazardous substance" pursuant to Section 101 of CERCLA, (c) any substance included within the definition of "regulated substance", "hazardous substance", "waste" or "pollutant" (or other similar terms, without limitation) pursuant to any applicable state law or ordinance wherein the Property is located, (d) asbestos or asbestos containing materials in any form that are or could become friable, (e) polychlorinated biphenyls, (f) petroleum products, (g) underground storage tanks, whether empty, filled or partially filled with any substance, (h) any radioactive materials, urea formaldehyde foam insulation or radon, (i) mold and mold causing substances, and (j) any other chemical, material or substance, the exposure to which is prohibited, limited or regulated by any Governmental Authority on the basis that such chemical, material or substance is toxic, hazardous or harmful to human health or the environment.

"Hazardous Substances Contamination" means the contamination (whether presently existing or hereafter occurring) in violation of any Environmental Laws of the improvements, facilities, soil, groundwater, surface water, air or other elements on or of the Property by Hazardous Substances, or the contamination of the improvements, facilities, soil, groundwater, surface water, air or other elements on or of any other property by Hazardous Substances migrating or emanating from the Property, including the migration of vapors from contaminated soil or ground water from the Property into improvements (whether before or after the date of the Mortgage); provided, however, the use, storage or existence of any of the Customary Complying Substances shall not constitute a Hazardous Substances Contamination.

"Indemnified Parties" has the meaning ascribed to such term in Section 6.01 hereof.

"Indemnitor" means Richmond Medical Center, a not-for-profit corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, organized and existing under the laws of the State of New York, and its successors and assigns.

"Indenture" means the Indenture of Trust, dated as of December 1, 2018, by and between the Issuer and U.S. Bank National Association, as Trustee, as originally executed and as it may be amended, supplemented or otherwise modified from time to time by any Supplemental Indenture.

"Issuer" means Build NYC Resource Corporation, a local development corporation created pursuant to the Not for Profit Corporation Law of the State of New York at the direction of the Mayor of the City of New York, and its successors and assigns.

"Loan Agreement" means the Loan Agreement, dated as of December 1, 2018, by and between the Issuer and the Indemnitor, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Loan Documents" means the Promissory Note, the Mortgage, the Loan Agreement, this Agreement and any and all other agreements, documents and instruments now or hereafter executed by the Indemnitor or any other Person in connection with the Loan or the performance and discharge of the obligations related hereto or thereto, together with any and all renewals, modifications, amendments, restatements, consolidations, substitutions, replacements, extensions and supplements hereof or thereof.

"O&M Plan" shall have the meaning ascribed to such term in Section 3.06 hereof.

"Person" means any corporation, limited liability company, limited liability partnership, general partnership, limited partnership, firm, association, joint venture, trust or any other association or legal entity, including any public or governmental body, quasi-governmental body, agency or instrumentality, as well as any natural person.

"PHC" means Preston Hollow Capital, LLC, a Delaware limited liability company, and its successors and assigns.

"Property" means _____ as described in Exhibit A attached hereto and made a part hereof, and all rights or interest therein or appertaining thereto, together with all structures, buildings, foundations, related facilities, fixtures (other than trade fixtures) and other improvements now or at any time made, erected or situated thereon (including the improvements made pursuant to Section 3.2 of the Loan Agreement), and all replacements, improvements, extensions, substitutions, restorations, repairs or additions thereto.

"Remedial Work" means such corrective work and procedures as may be reasonably necessary or desirable in light of any Hazardous Substances Contamination or a violation by the Indemnitor or the Property of any Environmental Laws, all of which work, and procedures shall be undertaken in a manner consistent with the requirements of all Environmental Laws.

"Site Assessments" has the meaning ascribed to such term in Section 5.01 hereof.

"Supplemental Reports" has the meaning ascribed to such term in Section 3.06 hereof.

"Trustee" means U.S. Bank National Association, as trustee under the Indenture, or any successor thereto as Trustee under the Indenture substituted in its place as provided in the Indenture.

Section 1.02. Rule of Constructions. (a) The terms defined herein expressed in the singular shall, unless the context otherwise indicates, include the plural and vice versa.

(b) The use herein of the masculine, feminine or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine or neuter gender, as appropriate.

(c) References herein to a document shall include all amendments, supplements or other modifications to such document, and any replacements, substitutions or novation of, that document.

(d) Any term defined herein by reference to another document shall continue to have the meaning ascribed thereto whether or not such other document remains in effect.

(e) The use herein of the words "including" and "includes," and words of similar import, shall be deemed to be followed by the phrase "without limitation."

(f) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(g) All references herein to designated "Articles," "Sections," "Exhibits," "subsections," "paragraphs," "clauses," and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses, and other subdivisions of this Agreement.

(h) The words "hereof" (except when preceded by a specific Section or Article reference) "herein," "hereby," "hereunder," "hereinabove," "hereinafter," and other equivalent words and phrases used herein refer to this Agreement and not solely to the particular portion hereof in which any such word is used.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties. The Indemnitor unconditionally represents and warrants to each Indemnified Party as follows:

(a) *No Hazardous Substances.* Except as may be disclosed in the Environmental Reports (i) the Property does not contain any Hazardous Substances other than Customary Complying Substances, and the Property is not affected by any Hazardous Substances Contamination, and (ii) neither the Indemnitor nor, to the Indemnitor's knowledge, any other Person, including any predecessor owner, tenant, licensee, occupant, user or operator of all or any portion of the Property, has ever undertaken, caused, permitted, authorized or suffered the presence, use, manufacture, handling, generation, transportation, storage, treatment, discharge, release, burial or disposal on, under, from or about the Property of any Hazardous Substances (other than Customary Complying Substances) or the transportation to or from the Property of any Hazardous Substances (other than Customary Complying Substances).

(b) *No Violation of Law.* Except as may be disclosed in the Environmental Reports, the Property and the operations conducted thereon do not violate any Environmental Laws.

(c) *Permits and Licenses* All notices, permits, licenses and similar authorizations, if any, required to be obtained or filed in connection with the ownership, operation or use of the Property, including the past or present generation, treatment, storage, disposal or release of any Hazardous Substances into the environment, have been duly obtained or filed.

(d) *Adjoining Property.* Except as may be disclosed in the Environmental Reports, to the Indemnitor's knowledge, no property adjoining the Property is or has ever been used for the disposal, storage, treatment, processing, manufacturing or other handling of Hazardous Substances in violation of any Environmental Laws, nor, to the Indemnitor's knowledge, is any other property adjoining the Property affected by Hazardous Substances Contamination.

(e) *No Right to Lien.* Neither the Indemnitor nor, to the Indemnitor's knowledge, any other Person, including any predecessor owner, tenant, licensee, occupant, user or operator, has ever undertaken, caused, permitted, authorized or suffered the presence, use, manufacture, handling, generation, transportation, storage, treatment, discharge, release, burial or disposal of any Hazardous Substances on, under, from or about any other real property, all or any portion of which is legally or beneficially owned (or any interest or estate therein which is owned) by the Indemnitor in any jurisdiction now or hereafter having in effect a so-called "superlien" law or ordinance or any part thereof, the effect of which law or ordinance would be to create a lien on the Property to secure any obligation in connection with the "superlien" law of such other jurisdiction.

(f) *No Investigations* No inquiry, investigation, administrative order, consent order and agreement, litigation or settlement is proposed or in existence, or to the Indemnitor's knowledge, threatened or anticipated with respect to any allegations that there has been, there is currently or there is a threat of a presence, release, threat of release or placement of any Hazardous Substances on, under, from or about the Property, or the manufacture, handling, generation, transportation, storage, treatment, discharge, burial or disposal of any Hazardous Substances on, under, from or about the Property, or the transportation of any Hazardous Substances to or from the Property. The Indemnitor has not received any written notice, and has no actual or constructive knowledge, that any Governmental Authority or private third party has determined, or threatens to determine, or is investigating any allegations that there has been, there is currently or there is a threat of a presence, release, threat of release or placement of any Hazardous Substances on, under, from or about the Property, or the manufacture, handling, generation, transportation, storage, treatment, discharge, burial or disposal of any Hazardous Substances on, under, from or about the Property, or the transportation of any Hazardous Substances to or from the Property.

(g) *No Release, Etc.* The Indemnitor has taken all steps reasonably necessary to determine that no Hazardous Substances have been generated, placed, held, located (other than Customary Complying Substances) treated, or otherwise released on, under, from or about the Property.

(h) *No New Activity* To the Indemnitor's knowledge, no activities or operations have occurred on or about the Property since the effective date of the applicable Environmental Report which, by virtue of the nature of such activity or operation, would impose a material possibility or concern that (i) a Hazardous Substances Contamination could have occurred on or about the Property since the date of the applicable Environmental Report, or (ii) a violation of Environmental Law could have occurred since the date of the applicable Environmental Report. To the Indemnitor's knowledge, the information and factual circumstances described in the Environmental Reports remain true, correct and complete in all material respects as of the date hereof.

ARTICLE III

COVENANTS

Section 3.01. No Hazardous Substances. The Indemnitor shall not use or store Hazardous Substances (other than Customary Complying Substances) in violation of any Environmental Laws or generate, manufacture, produce, release, discharge, treat or dispose of on, under, from or about the Property or transport to or from the Property any Hazardous Substances in violation of any Environmental Laws or knowingly allow any other Person to do so. Prior to any demolition, construction, renovation or any other activities at the Property which might, in any Indemnified Party's determination, disturb any suspect asbestos containing material or lead-based paint, the Indemnitor shall conduct an asbestos and/or lead-based paint survey, as applicable, in form and substance satisfactory to the Indemnified Parties or, if applicable, as specified in any Environmental Laws. If asbestos containing material or lead-based paint is discovered as a result of such survey(s), the Indemnitor shall comply with all Environmental Laws concerning the removal and disposal of such materials, including all worker protection practices and standards.

Section 3.02. Compliance with Environmental Laws. The Indemnitor shall keep and maintain the Property in compliance with and shall not cause or permit the Property to be in violation of, any Environmental Law. The Indemnitor shall use commercially reasonable efforts to ensure that uses and operations by all tenants or other users of the Property are in compliance in all material respects with all applicable Environmental Laws and permits issued pursuant thereto.

Section 3.03. Notice of Proceedings or Events. The Indemnitor shall give prompt written notice to each Indemnified Party of (a) any proceeding or inquiry by any Governmental Authority or nongovernmental entity or Person with respect to the presence of any Hazardous Substances on, under, from or about the Property, the migration thereof from or to other property or the disposal, storage or treatment of any Hazardous Substances generated or used on, under or about the Property, (b) all claims made or threatened by any third party against the Indemnitor or the Property or any other owner or operator, including a tenant or occupant, of the Property relating to any loss or injury resulting from any Hazardous Substances, (c) the Indemnitor's discovery of any Hazardous Substances Contamination on the Property or any current or historical circumstances relative to the Property of an environmental nature which could subject the Indemnitor or the Property to liability for damages or remediation pursuant to any Environmental Laws, and (d) the Indemnitor's discovery of any occurrence or condition on any real property

adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any investigation or remediation pursuant to any Environmental Laws.

Section 3.04. Indemnified Parties' Rights. The Indemnitor shall permit the Indemnified Parties to join and participate in, as parties if each Indemnified Party so elects, any legal proceedings or actions initiated with respect to the Property in connection with any Environmental Laws or Hazardous Substances, and the Indemnitor shall pay all court costs and reasonable attorneys' fees and expenses incurred by each Indemnified Party in connection therewith.

Section 3.05. Remedial Work. The Indemnitor shall commence all Remedial Work within 30 days after written demand by any Indemnified Party for performance thereof (or such shorter period of time as may be required under any Environmental Laws) and thereafter diligently prosecute all such Remedial Work to completion in accordance with Environmental Laws. The Indemnitor's written proposal for any Remedial Work shall be provided to each Indemnified Party in advance for such Indemnified Party's review and approval which proposal shall include (i) the identity and biographical information with respect to any proposed contractor or engineer to be used with respect to such Remedial Work, (ii) a description of the measures to be undertaken as a part of such Remedial Work to insure that value is maintained with respect to the Property and that minimal disruption occurs as a result thereof to any existing tenants and occupants at the Property and to the ongoing revenue from the Property, and (iii) such other information as any Indemnified Party may request. Each Indemnified Party shall be provided a copy of all environmental reports prepared after discovery of the required Remedial Work immediately upon receipt thereof by the Indemnitor and shall be copied on all correspondence with any Governmental Authority regarding the Hazardous Substances Contamination and/or the Remedial Work. The Indemnitor shall provide each Indemnified Party with periodic written status reports with respect to any Remedial Work in form, detail and at a frequency reasonably acceptable to the Indemnified Parties. All costs and expenses of such Remedial Work shall be paid by the Indemnitor, including each Indemnified Party's reasonable attorneys' fees and expenses incurred in connection with monitoring or review of such Remedial Work. If the Indemnitor shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, any Indemnified Party may, but shall not be required to, cause such Remedial Work to be performed, and all reasonable costs and expenses thereof, or incurred in connection therewith, shall become Additional Payments payable under the Loan Agreement.

Section 3.06. Monitoring System. If the Indemnitor acquires knowledge or receives notice (which notice may be from an Indemnified Party) that there are Hazardous Substances (other than Customary Complying Substances) or Hazardous Substances Contamination affecting any of the Property, or if recommended by the Environmental Reports or any Site Assessment or other audit of the Property (including, without limitation, any assessment or audit performed after the date hereof), then the Indemnitor shall establish and maintain (at the Indemnitor's sole cost and expense) an operations and maintenance program (an "O&M Plan") to assure and monitor continued compliance with Environmental Laws and the exclusion of Hazardous Substances (other than Customary Complying Substances) from the Property and to address any asbestos-containing material or lead based paint that may now or in the future be detected at or on the Property. The O&M Plan shall include (a) annual reviews of such compliance by employees or agents of the Indemnitor who are familiar with the requirements of the Environmental Laws, and (b) at the request of an Indemnified Party no more than once each year, a Site Assessment by an

environmental consulting firm approved by the Indemnified Parties (an "Approved Site Reviewer") which shall allow reliance thereon by the Indemnified Parties. Without limiting the generality of the preceding sentence, the Indemnified Parties may require (i) periodic notices or reports to each Indemnified Party in form, substance and at such intervals as the Indemnified Parties may specify, (ii) an amendment to such O&M Plan to address changing circumstances, laws or other matters, (iii) at the Indemnitor's sole cost and expense, further supplemental examinations of the Property by an Approved Site Reviewer ("Supplemental Reports"), (iv) access to the Property by the Indemnified Parties, their agents or servicers, to review and assess the environmental condition of the Property and the Indemnitor's compliance with the O&M Plan, provided, that, all such review and assessment shall be conducted in a manner that reasonably minimizes interference with patient care at the Property, and (v) variation of the O&M Plan in response to any Site Assessment or Supplemental Report. The Indemnitor's failure to comply with the foregoing provisions of this Section within 30 days of notice from the Indemnified Parties shall, at the Indemnified Parties' option, constitute an Event of Default.

Section 3.07. Environmental Liens. The Indemnitor shall keep the Property free and clear of all liens and other encumbrances imposed pursuant to any Environmental Law, whether or not due to any act or omission of the Indemnitor (the "Environmental Liens"); provided, however, that it shall not be a default under the Loan Documents if any such Environmental Liens are imposed and the Indemnitor either (a) commences to remove such Environmental Liens within 30 days after written notice thereof and thereafter diligently and expeditiously proceeds to remove the same, or (b) after notice to each Indemnified Party, contests by appropriate legal proceedings, promptly initiated and conducted in good faith and with due diligence, the imposition of such Environmental Liens, so long as (i) no Event of Default hereunder or as defined in the Loan Agreement has occurred and is continuing, (ii) such proceeding shall suspend the enforcement of such Environmental Liens, (iii) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, and (iv) the Indemnitor shall have furnished such security as may be required in the proceeding, or as may be reasonably requested by the Indemnified Parties, to ensure the payment of any costs or expenses related to removal of the Environmental Lien or the prosecution of the legal proceedings, together with all interest or penalties thereon.

Section 3.08. Cooperation. The Indemnitor shall fully, expeditiously and reasonably cooperate in all activities pursuant to this Agreement, including, but not limited to, providing all relevant information and making knowledgeable persons available for interviews.

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.01. Events of Default. The term "Event of Default", as used herein, shall mean the occurrence at any time and from time to time, of any one or more of the following:

(a) if the Indemnitor acquires knowledge or receives notice (which notice may be from an Indemnified Party) that Hazardous Substances (other than Customary Complying Substances) exist, or Hazardous Substances Contamination exists, in, on, about or under any of the Property in violation of any Environmental

Laws, and the Indemnitor fails, within ten days after acquisition of such knowledge or of such notice (or such shorter period of time as may be required under any Environmental Law) (i) to notify the Indemnified Parties thereof in accordance with Sections 3.03 and 8.03 of this Agreement, and (ii) to commence within 30 days and thereafter diligently prosecute to completion any Remedial Work;

(b) if the Indemnitor violates or fails to comply with any covenant or agreement contained herein or any representation or warranty contained herein shall be false or misleading, or erroneous in any material respect; and

(c) the occurrence of an event of default under the Loan Agreement.

Section 4.02. Remedies. If an Event of Default shall occur and be continuing, the Indemnified Parties may, at the Indemnified Parties' sole election, exercise any or all of the following:

(a) declare all unpaid amounts under the Loan Agreement, including any unpaid portion of the Additional Payments, immediately due and payable, without further notice, presentment, protest, demand or action of any nature whatsoever (each of which is hereby expressly waived by the Indemnitor), whereupon the same shall become immediately due and payable; and

(b) exercise any and all other rights, remedies and recourses granted under the Loan Documents or as may be now or hereafter existing in equity or at law, by virtue of statute or otherwise, including actions for damages and specific performance.

ARTICLE V

SITE ASSESSMENTS

Section 5.01. Site Assessments. If any Indemnified Party shall ever have a reasonable basis to believe that there are Hazardous Substances (other than Customary Complying Substances) or Hazardous Substances Contamination affecting any of the Property in violation of any Environmental Laws, any Indemnified Party (by its officers, employees and agents) at any time and from time to time, either prior to or after the occurrence of an Event of Default, may contract for the services of an Approved Site Reviewer to perform environmental site assessments ("Site Assessments") on the Property for the purpose of determining whether there exists on the Property any environmental condition which could result in any liability, cost or expense to the owner, occupier or operator of such Property arising under any Environmental Law. The Site Assessments may be performed at any time or times, upon reasonable notice and under reasonable conditions established by the Indemnitor which do not impede the performance of the Site Assessments. The Approved Site Reviewers are hereby authorized to enter upon the Property for such purposes; provided, that, all such Site Assessments shall be conducted in a manner that reasonably minimizes interference with patient care at the Property. The Approved Site Reviewers are further authorized to perform both above and below the ground testing for environmental damage or the presence of any Hazardous Substances Contamination on the Property, and such

other tests on the Property as may be reasonably necessary to conduct the Site Assessments in the reasonable opinion of the Approved Site Reviewers. The Indemnitor will supply to the Approved Site Reviewers such historical and operational information regarding the Property as may be reasonably requested by the Approved Site Reviewers to facilitate the Site Assessments and will make available for meetings with the Approved Site Reviewers appropriate personnel having knowledge of such matters. On request, the Indemnified Parties shall make the results of such Site Assessments fully available to the Indemnitor, which, prior to the occurrence of an Event of Default but not after, may at its election participate under reasonable procedures in the direction of such Site Assessments and the description of tasks of the Approved Site Reviewers. The reasonable cost of performing such Site Assessments shall be paid by the Indemnitor upon demand of the Indemnified Parties and any such obligations shall become Additional Payments payable under the Loan Agreement.

ARTICLE VI

INDEMNIFICATION

Section 6.01. Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, REGARDLESS OF WHETHER ANY SITE ASSESSMENTS ARE CONDUCTED HEREUNDER, THE INDEMNITOR SHALL PROTECT, INDEMNIFY AND HOLD HARMLESS EACH OF THE TRUSTEE AND THE BONDHOLDER REPRESENTATIVE AND ANY TRUSTEE ACTING ON THE TRUSTEE'S OR THE BONDHOLDER REPRESENTATIVE'S BEHALF AND THEIR RESPECTIVE PARENTS, SUBSIDIARIES, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL LOSS, DAMAGE, COSTS, EXPENSE, ACTION, CAUSES OF ACTION AND LIABILITY (INCLUDING COURT COSTS AND REASONABLE ATTORNEYS' FEES AND EXPENSES) DIRECTLY OR INDIRECTLY ARISING FROM OR ATTRIBUTABLE TO THE USE, GENERATION, MANUFACTURE, PRODUCTION, STORAGE, RELEASE, THREATENED RELEASE, DISCHARGE, DISPOSAL OR PRESENCE OF ANY HAZARDOUS SUBSTANCES IN, ON, UNDER, ABOUT OR FROM THE PROPERTY, WHETHER EXISTING OR NOT EXISTING AND WHETHER KNOWN OR UNKNOWN AT THE TIME OF THE EXECUTION HEREOF AND REGARDLESS OF WHETHER OR NOT CAUSED BY, OR WITHIN THE CONTROL OF THE INDEMNITOR, INCLUDING (A) DAMAGES FOR PERSONAL INJURY, OR INJURY TO THE PROPERTY, NEIGHBORING PROPERTIES OR NATURAL RESOURCES OCCURRING UPON OR OFF THE PROPERTY, FORESEEABLE OR UNFORESEEABLE, INCLUDING THE COST OF DEMOLITION AND REBUILDING OF ANY IMPROVEMENTS ON THE PROPERTY, INTEREST AND PENALTIES, (B) THE COSTS OF ANY REQUIRED OR NECESSARY ENVIRONMENTAL INVESTIGATION OR MONITORING, ANY REMEDIAL WORK, REPAIR, CLEANUP OR DETOXIFICATION OF THE PROPERTY AND ANY NEIGHBORING PROPERTIES, AND THE PREPARATION AND IMPLEMENTATION OF ANY CLOSURE, REMEDIAL OR OTHER REQUIRED PLANS INCLUDING COURT COSTS AND FEES AND EXPENSES INCURRED FOR ATTORNEYS, CONSULTANTS, CONTRACTORS, EXPERTS AND LABORATORIES, AND (C) LIABILITY TO ANY THIRD PERSON OR ANY GOVERNMENTAL AUTHORITY

TO INDEMNIFY SUCH PERSON OR GOVERNMENTAL AUTHORITY FOR COST EXPENDED IN CONNECTION WITH THE ITEMS REFERENCED IN CLAUSE (B) IMMEDIATELY ABOVE. THIS COVENANT AND THE INDEMNITY CONTAINED HEREIN SHALL (I) SURVIVE THE RELEASE OF THE LIEN OF THE MORTGAGE, OR THE EXTINGUISHMENT OF THE LIEN OF THE MORTGAGE BY FORECLOSURE OR ACTION IN LIEU THEREOF AND SHALL CONTINUE IN EFFECT SO LONG AS A VALID CLAIM MAY BE LAWFULLY ASSERTED AGAINST THE INDEMNIFIED PARTIES, AND (II) EXCLUDE ANY DAMAGES ATTRIBUTABLE TO HAZARDOUS SUBSTANCES FIRST INTRODUCED ONTO THE PROPERTY AFTER THE EXTINGUISHMENT OF THE LIEN OF THE MORTGAGE BY FORECLOSURE OR ACTION IN LIEU THEREOF (BUT ONLY TO THE EXTENT THAT SUCH HAZARDOUS SUBSTANCES WERE NOT INTRODUCED BY ANY ACT OR OMISSION OF THE INDEMNITOR OR ANY AFFILIATE OR AGENT OF THE INDEMNITOR) OR OTHERWISE DUE TO INDEMNIFIED PARTY'S OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

Section 6.02. Indemnification Procedures. If any action shall be brought against any Indemnified Party based upon any of the matters for which the Indemnified Parties are indemnified hereunder, such Indemnified Party shall notify the Indemnitor in writing, and the Indemnitor shall promptly assume the defense thereof, including, without limitation, the employment of counsel acceptable to such Indemnified Party and the negotiation of any settlement; provided, however, that any failure of such Indemnified Party to notify the Indemnitor of such matter shall not impair or reduce the obligations of the Indemnitor thereunder. The Indemnified Parties shall have the right, at the expense of the Indemnitor to employ separate counsel in any such action and to participate in the defense thereof. If the Indemnitor shall fail to discharge or undertake to defend the Indemnified Parties against any claim, loss or liability for which the Indemnified Parties are indemnified hereunder, the Indemnified Parties may, at their sole option and election, defend or settle such claim, loss or liability. The liability of the Indemnitor to the Indemnified Parties hereunder shall be conclusively established by such settlement, provided such settlement is made in good faith, the amount of such liability to include both the settlement consideration and the costs and expenses, including, without limitation court costs and attorneys' fees and expenses, incurred by any Indemnified Party in effecting such settlement. The Indemnitor shall not, without the prior written consent of the Indemnified Parties (a) settle or compromise any action, suit, proceeding or claim or consent to the entry of any judgment that does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnified Parties of a full and complete written release of each Indemnified Party (in form, scope and substance satisfactory to such Indemnified Party in its sole discretion) from all liability in respect of such action, suit, proceeding or claim and a dismissal with prejudice of such action, suit, proceeding or claim, or (b) settle or compromise any action, suit, proceeding or claim in any manner that may adversely affect any Indemnified Party or obligate any Indemnified Party to pay any sum or perform any obligation as determined by such Indemnified Party in its sole discretion. All costs indemnified hereunder shall be immediately reimbursable to the Indemnified Parties when and as incurred and, in the event of any litigation, claim or other proceeding, without any requirement of waiting for the ultimate outcome of such litigation, claim or other proceedings, and the Indemnitor shall pay to the Indemnified Parties any and all costs within ten days after written notice from the Indemnified Parties itemizing the amounts thereof incurred to the date of such notice. In addition to any other remedy available

for the failure of the Indemnitor to periodically pay such amounts owing hereunder, such amounts, if not paid within said ten day period, shall bear interest at the Default Rate.

ARTICLE VII

INDEMNIFIED PARTY'S RIGHT TO REMOVE HAZARDOUS MATERIALS

Section 7.01. Indemnified Party's Right to Remove Hazardous Materials. The Indemnified Parties shall have the right but not the obligation, without in any way limiting the Indemnified Parties' other rights and remedies under the Loan Documents, to enter onto the Property, perform Remedial Work or to take such other actions as they deem reasonably necessary or advisable to clean up, remove, resolve or minimize the impact of or otherwise deal with, any Hazardous Substances or Hazardous Substances Contamination in, on, under, about or from the Property following receipt of any notice from any Person asserting the existence of any Hazardous Substances or Hazardous Substances Contamination pertaining to the Property or any part thereof which, if true, could result in an order, notice, suit, imposition of a lien on the Property or other action and/or which, in the Indemnified Parties' reasonable opinion, could jeopardize any Indemnified Party's security under the Loan Documents; provided, that, all such Remedial Work or such other action shall be conducted in a manner that reasonably minimizes interference with patient care at the Property; and provided, further, that the Indemnified Parties shall have no right to proceed with any of the rights granted to it in this Article until the Indemnified Parties have provided the Indemnitor with written notice of the Indemnified Parties' intent to take any of the actions described in this Article, and the Indemnitor fails to commence, within ten days (or such shorter period of time as may be required under any Environmental Law) following the Indemnitor's receipt of such notice, all Remedial Work or other action necessary to clean-up, remove or resolve any of the foregoing and diligently proceeds thereafter to complete the same. All reasonable costs and expenses paid or incurred by any Indemnified Party in the exercise of any such rights shall be Additional Payments payable under the Loan Agreement and shall be payable by the Indemnitor upon demand.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. No Exculpation. This Agreement shall not be subject to any exculpation, non-recourse or other limitation of liability provisions in the Loan Documents, and the Indemnitor acknowledges that the Indemnitor's obligations under this Agreement are unconditional, and are not limited by any such exculpation, non-recourse or similar limitation of liability provisions, if any, in the Loan Documents.

Section 8.02. Reimbursable Costs. Those costs, damages, liabilities, losses, claims, expenses (including court costs and reasonable attorneys' fees and expenses) for which any Indemnified Party is indemnified hereunder shall be reimbursable to such Indemnified Party after being paid by such Indemnified Party, and the Indemnitor shall pay such costs, expenses, damages, liabilities, losses, claims, expenses (including court costs and reasonable attorneys' fees and expenses) to such Indemnified Party within ten days after notice from the Indemnified Parties itemizing the amounts paid to the date of such notice. In addition to any remedy available for

failure to periodically pay such amounts, such amounts shall thereafter bear interest at the Default Rate. Payment by any Indemnified Party shall not be a condition precedent to the obligations of the Indemnitor under this Agreement.

Section 8.03. Notices. Any notice, communication, request or other documents or demand permitted or required hereunder shall be in writing and given in accordance with the provisions of the Loan Agreement. For purposes of such notices, the addresses of the parties shall be as follows:

Trustee:	U.S. Bank National Association 100 Wall Street, 16th Floor New York, New York 10005 Attention: Corporate Trust Services with a copy to Paparone Law PLLC 30 Broad Street, 14th Floor, #1482 New York, New York 10004 Attention: Melissa E. Paparone, Esq.
Indemnitor:	Richmond Medical Center (d/b/a Richmond University Medical Center) 355 Bard Avenue Staten Island, New York 10310 Attention: Senior Vice President and Chief Financial Officer with a copy to Garfunkel Wild, P.C. 111 Great Neck Road, Suite 600 Great Neck, New York 11021 Attention: Andrew Schulson, Esq.
Bondholder Representative:	Preston Hollow Capital, LLC 1717 Main Street, Suite 3900 Dallas, Texas 75201 Attention: John Dinan, General Counsel

Section 8.04. Waiver of Acceptance. The Indemnitor waives any acceptance of this Agreement by the Indemnified Parties.

Section 8.05. No Waiver. The failure of any party to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy, shall not be deemed to be a waiver thereof nor give rise to any estoppel against such party, nor excuse any of the parties from their obligations hereunder. Any waiver of such right or remedy must be in writing and signed by the

party to be bound. This Agreement is subject to enforcement at law and/or equity, including actions for damages and/or specific performance.

Section 8.06. Time is of Essence. Time is of the essence in this Agreement with respect to all of the terms, conditions and covenants herein contained.

Section 8.07. Survival. This Agreement shall be deemed to be continuing in nature and shall remain in full force and effect and shall survive any exercise of any remedy by the Indemnified Parties under the Loan Documents, including foreclosure of the liens of the Loan Documents (or deed in lieu thereof), even if, as part of such foreclosure or deed in lieu of foreclosure, the Loan and Additional Payments due and payable under the Loan Agreement are paid and satisfied in full.

Section 8.08. Amendments; Assignments. (a) This Agreement may not be effectively amended, supplemented, modified, altered or terminated except by a written instrument signed by the parties hereto, and only as permitted in accordance with the terms of the Indenture.

(b) None of the Indemnitor or the Trustee Monitor may assign its rights or obligations under this Agreement without the prior written consent of the Bondholder Representative.

Section 8.09. Severability. If any provision of this Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 8.10. Governing Law; Consent to Jurisdiction and Waiver of Jury Trial. (a) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

(a) Each party hereto irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of or related to this Agreement may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York, (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding, (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts, and (iv) waives and relinquishes any rights it might otherwise have (A) to move to dismiss on grounds of *forum non conveniens*, (B) to remove to any federal court other than the United States District Court for the Southern District of New York, and (C) to move for a change of venue to a New York State Court outside New York County.

(b) Each party hereto hereby expressly waives all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement. The provisions of this Agreement relating to waiver of trial by jury shall survive the termination or expiration of this Agreement.

(c) The waivers made pursuant to this Section are irrevocable and unmodifiable, whether in writing or orally, and are applicable to any subsequent amendments, renewals,

supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 8.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

RICHMOND MEDICAL CENTER (DBA RICHMOND UNIVERSITY MEDICAL CENTER)

By: _____
Name:
Title:

ACCEPTED AND AGREED:

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

By: _____
Authorized Officer

PRESTON HOLLOW CAPITAL, LLC, AS BONDHOLDER REPRESENTATIVE

By: _____
Name:
Title:

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

EXHIBIT B

DESCRIPTION OF ENVIRONMENTAL REPORTS

APPENDIX D – INDENTURE OF TRUST

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BUILD NYC RESOURCE CORPORATION,
a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038,
as "Issuer",

TO

U.S. BANK NATIONAL ASSOCIATION,
a national banking association organized and existing under the laws of the United States of America, having a corporate trust office at 100 Wall Street, 16th Floor, New York, New York 10005, together with any successor trustee at the time serving as such under this Indenture of Trust, as "Trustee"

INDENTURE OF TRUST

Dated as of December 1, 2018

Up to $102,065,000
Build NYC Resource Corporation
Tax-Exempt Revenue Bonds
(Richmond Medical Center Project), Series 2018A

and

Up to $30,000,000
Build NYC Resource Corporation
Tax-Exempt Revenue Bonds
(Richmond Medical Center Project), Series 2018B

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EXHIBITS

INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of the date set forth on the cover page hereof (as the same may be amended and supplemented in accordance with its terms, this "**Indenture**"), by and between **BUILD NYC RESOURCE CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038, party of the first part, to **U.S. BANK NATIONAL ASSOCIATION**, together with any successor trustee at the time serving as such under this Indenture, having a corporate trust office at 100 Wall Street, 16th Floor, New York, New York 10005, party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Indenture),

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the "**City**") by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, the Institution has entered into negotiations with officials of the Issuer for the Issuer's assistance with a tax-exempt revenue bond transaction, the proceeds of which, together with other funds of the Institution, will be used by the Institution to finance the Project; and

WHEREAS, the Issuer has determined that the providing of financial assistance to the Institution for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Institution has requested the Issuer to issue its bonds to finance a portion of the costs of the Project; and

WHEREAS, the Issuer adopted the Bond Resolution authorizing the Project and the issuance of its revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance a portion of the costs of the Project, the Issuer and the Institution have entered into negotiations

pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the original aggregate principal amount of the Initial Bonds, to the Institution pursuant to the Loan Agreement, and (ii) the Institution will execute the Promissory Note in favor of the Issuer to evidence the Institution's obligation under the Loan Agreement to repay the Loan, and the Issuer will endorse the Promissory Note to the Trustee; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Bond Resolution and this Indenture; and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, the Institution will grant mortgage liens on and security interests in its fee interests in the Mortgaged Property to the Trustee pursuant to the Mortgage; and

WHEREAS, additional moneys may be necessary to finance the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, or providing extensions, additions or improvements to the Facility or refunding outstanding Bonds and provision should therefore be made for the issuance from time to time of additional bonds; and

WHEREAS, the Initial Bonds and the Trustee's Certificate to be endorsed thereon are all to be in substantially the form set forth in Exhibit C, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Bonds when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal special limited revenue obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid pledge and assignment of the loan payments, revenues and receipts herein made to the payment of the principal, or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE WITNESSETH:

That the Issuer in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Holders and Beneficial Owners thereof, and of the sum of One Dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal, or Redemption Price of, and Sinking Fund Installments for, the Bonds and the indebtedness represented thereby and the interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, convey, transfer, grant a security interest in, pledge and assign unto the Trustee, and unto its respective successors in trust, and to their respective assigns, for the benefit of the Bondholders and the Beneficial Owners, forever for the securing of the performance of the obligations of the Issuer hereinafter set forth, the following:

GRANTING CLAUSES

I

All right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable or pledged thereunder, including but not limited to, Gross Revenues, and the security interest granted pursuant to the Loan Agreement, excluding, however, the Issuer's Reserved Rights, which Issuer's Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally.

II

All right, title and interest of the Issuer in and to the Promissory Note.

III

All moneys and securities from time to time held by the Trustee under the terms of this Indenture including amounts set apart and transferred to the Earnings Fund, the Project Fund, the Renewal Fund, the Bond Fund, the Debt Service Reserve Fund, or any such special fund in accordance with the provisions of the Loan Agreement and this Indenture; provided, however, there is hereby expressly excluded from any Lien any amounts set apart and transferred to the Rebate Fund.

IV

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, including, without limitation, all conveyances, mortgages, pledges, assignments and transfers made under the Security Documents and all collateral described therein, by the Issuer or by any other Person, with or without the consent of the Issuer, to the Trustee which is hereby authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said Trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders and Beneficial Owners of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others of the Bonds, except as otherwise expressly provided in this Indenture, provided, however, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and any applicable redemption premium, of the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof and shall make the payments into the Bond Fund as required under this Indenture or shall provide, as permitted hereby, for the payment thereof by depositing or causing to be deposited with the Trustee sufficient amounts, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that, all the Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said loan payments, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective Holders and Beneficial Owners, from time to time of the Bonds or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms shall have the respective meanings specified in Appendix A hereto.

Section 1.02. Construction

(i) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.

(ii) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(iii) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(iv) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(v) Unless the context indicates otherwise, references to designated "Exhibits", "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Indenture.

(vi) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(vii) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(viii) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. Authorized Amount of Bonds; Pledge Effected by this Indenture. (a) No Bond may be authenticated and delivered under the provisions of this Indenture except in accordance with this Article and Section 3.07. The total aggregate principal amount of Initial Bonds that may be authenticated and delivered hereunder is limited to the Authorized Principal Amount.

(b) The proceeds of the Bonds deposited in the Project Fund and certain of the loan payments, receipts and revenues payable under the Loan Agreement, including moneys which are required to be set apart, transferred and pledged to the Earnings Fund, to the Bond Fund, to the Debt Service Reserve Fund, to the Renewal Fund, or to certain special funds, including the investments, if any, thereof (subject to disbursements from such Funds in accordance with the provisions of this Indenture) are pledged by this Indenture for the payment of the principal, or Redemption Price (if any) of, Sinking Fund Installments for, and interest on, the Bonds. All such Funds shall be held by the Trustee in trust for the benefit of the Bondholders and Beneficial Owners, and while held by the Trustee constitute part of the Trust Estate and be subject to the Lien hereof. The Rebate Fund (including amounts on deposit therein) shall not be subject to any assignment or Lien in favor of the Trustee or any Bondholder or any other Person. The Bonds shall be the special limited revenue obligations of the Issuer and shall be payable by the Issuer as to the principal, or Redemption Price (if any) of the Bonds, Sinking Fund Installments for the Bonds, and interest on the Bonds only from the Funds, special funds and loan payments, revenues and receipts pledged therefor, subject to the priority set forth herein. The Bonds are additionally secured by a pledge and assignment of the Promissory Note and substantially all of the Issuer's right, title and interest in and to the Loan Agreement (excluding the Issuer's Reserved Rights). In addition, the Institution has granted a mortgage lien on and security interest in its fee and leasehold interest in the Mortgaged Property to the Trustee pursuant to the Mortgage. In no event shall any obligations of the Issuer under this Indenture or the Bonds or under the Loan Agreement or under any other Security Document or related document for the payment of money create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, but any such obligation shall be a special limited revenue obligation of the Issuer secured and payable solely as provided in this Indenture.

Section 2.02. Issuance and Terms of the Initial Bonds.

(a) The Initial Bonds in the Authorized Principal Amount shall be issued under and secured by this Indenture. The Initial Bonds shall be issuable in fully registered form without coupons substantially in the form set forth in Exhibit C and shall be dated as provided in Section 3.01.

(b) The Initial Bonds shall mature on the dates and in the principal amounts, as set forth below:

	Maturity Dates	Principal Amount
Series 2018A Bonds	December 1, 2050	Up to $102,065,000
Series 2018B Bonds	December 1, 2050	Up to $30,000,000

(c) Interest shall be payable on each Interest Payment Date and shall be computed on the basis of a 360-day year of twelve 30-day months. Notwithstanding anything herein to the contrary, the

interest rate borne by the Initial Bonds shall not exceed the maximum permitted by, or enforceable under, applicable law

The Initial Bonds are being issued as draw-down bonds, in that the Beneficial Owner of the Initial Bonds will purchase the principal amount of the Initial Bonds in installments, at par, in accordance with the terms of and as required by Section 4.01 and the Agreement to Advance Accordingly, the principal amount of the Initial Bonds which have been purchased by the Beneficial Owner thereof and are Outstanding at any given time may be less than the maximum Authorized Principal Amount of the Initial Bonds as described in the paragraph (b) above. The Trustee shall maintain in its books a record which shall reflect from time to time the purchase of the Initial Bonds in accordance with the provisions of this Indenture, which records shall (i) include the principal amount of the Initial Bonds so purchased, the date of such purchase and the total principal amount of the Initial Bonds then outstanding, and (ii) be conclusive absent manifest error.

(d) If there shall occur, and for so long as there shall continue to exist, an Event of Default (other than by reason of a failure to redeem the Initial Bonds in whole if there shall occur a Determination of Taxability), the rate of interest on the Initial Bonds of each Series shall be the Default Rate for such Series commencing with the date of the occurrence of the Event of Default and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Event of Default. Any former Beneficial Owner who was a Beneficial Owner commencing on or after the date of the occurrence of the Event of Default, but who subsequent to such date sold or otherwise disposed of its Initial Bonds or whose Initial Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement the following, in an amount allocable to such period during which it held the Initial Bonds subsequent to the Event of Default and the date upon the Initial Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by such Series of the Initial Bonds prior to the Event of Default and the rate borne by such Series of the Initial Bonds on and subsequent to such date.

(e) If there shall occur a Determination of Taxability, the rate of interest on the Initial Bonds of each Series shall be the Taxable Rate for such Series commencing with the date of the Event of Taxability and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Determination of Taxability. Any former Beneficial Owner who was a Beneficial Owner commencing on or after the date of the occurrence of an Event of Taxability, but who subsequent to such date sold or otherwise disposed of its Initial Bonds or whose Initial Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement the following, in an amount allocable to such period during which it held the Initial Bonds subsequent to the Event of Taxability and the date upon which the Initial Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by such Series of the Initial Bonds prior to the Event of Taxability and the rate borne by such Series of the Initial Bonds on and subsequent to such date.

(f) (i) The Series 2018A Bonds shall be numbered from AR-1 upward in consecutive numerical order, and the Series 2018B Bonds shall be numbered from BR-1 upward in consecutive numerical order. Each Initial Bond issued upon any exchange or transfer hereunder shall be numbered in such manner as the Trustee in its discretion shall determine.

(g) Subject to Section 2.09 hereof, the principal or Redemption Price of, and Sinking Fund Installments for, all Initial Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Initial Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Initial Bond either at final

maturity or upon redemption in whole shall only be payable upon presentation and surrender of such Initial Bonds at the designated corporate trust office of the Trustee or of any Paying Agent.

The interest payable on each Initial Bond on any Interest Payment Date shall be paid by the Trustee to the Holder of such Initial Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered Holder at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such Holder, or (2) if such Initial Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any Holder of Initial Bonds in the aggregate principal amount of at least $1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Record Date for any interest payment.

Interest on any Initial Bond that is due and payable but not paid on the date due ("**Defaulted Interest**") shall cease to be payable to the Holder of such Initial Bond as of the relevant Record Date and shall be payable to the Holder in whose name such Initial Bond is registered at the close of business on a special record date (the "**Special Record Date**") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. It is provided in the Loan Agreement that the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the Holders of the Initial Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the Institution of such Special Record Date and, in the name and at the expense of the Institution, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder of an Initial Bond entitled to such notice at the address of such Holder as it appears on the bond registration books not less than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Initial Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Initial Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Initial Bond and each such Initial Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(h) The Initial Bonds are issuable in the form of fully registered bonds in the Authorized Denominations.

(i) Anything in the Initial Bonds or in this Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Initial Bonds shall be subject to the limitation that payments of interest or other amounts on the Initial Bonds shall not be required to the extent that receipt of any such payment by a Holder of an Initial Bond would be contrary to the provisions of law applicable to such Holder which would limit the maximum rate of interest which may be charged or collected by such Holder of an Initial Bond.

Section 2.03. Redemption of Initial Bonds.

(a) General Optional Redemption. The Series 2018A Bonds shall be subject to redemption, on or after December 1, 2028, in whole or in part at any time at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2018A Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption. The Series 2018B Bonds shall be subject to redemption, on or after June 1, 2028, in whole or in part at any time at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2018B Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

(b) (i) Optional Redemption of Series 2018B Bonds from Grant Proceeds. The Series 2018B Bonds shall be subject to redemption from Grant Proceeds in whole or in part at any time from June 1, 2019 to and including the earlier of December 1, 2021 and the 360th day following the Project Completion Date (as evidenced as set forth in Section 3.2(f) of the Loan Agreement) at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2018B Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

(ii) Contingent Mandatory Redemption of Series 2018B Bonds. The Series 2018B Bonds delivered on the Closing Date in connection with the deposit of proceeds of such Series 2018B Bonds as set forth in Section 4.01(b)(i) shall be subject to mandatory redemption on June 1, 2019, unless on or before such date additional draws have been made pursuant to Section 4.01(b)(ii).

(c) Extraordinary Redemption. The Initial Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Institution (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), as a whole on any date, upon notice or waiver of notice as provided in this Indenture, at a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction plus any other amounts made available for the restoration thereof by or on behalf of the Institution; or

(ii) Title to, or the temporary use of, all or substantially all of the Facility shall have been taken or condemned by a competent authority, which taking or condemnation results, or is likely to result, in the Institution being thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such taking or condemnation, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee; or

(iii) As a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Institution, the Loan Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Institution by reason of the operation of the Facility.

If the Initial Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

(d) Mandatory Sinking Fund Installment Redemption.

(i) The Series 2018A Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund Installment Payment Date	Sinking Fund Installment	Sinking Fund Installment Payment Date	Sinking Fund Installment
12/31/2022	$1,470,000	12/31/2037	$3,350,000
12/31/2023	1,570,000	12/31/2038	3,540,000
12/31/2024	1,640,000	12/31/2039	3,750,000
12/31/2025	1,745,000	12/31/2040	3,950,000
12/31/2026	1,835,000	12/31/2041	4,180,000
12/31/2027	1,940,000	12/31/2042	4,410,000
12/31/2028	2,050,000	12/31/2043	4,655,000
12/31/2029	2,180,000	12/31/2044	4,920,000
12/31/2030	2,285,000	12/31/2045	5,195,000
12/31/2031	2,430,000	12/31/2046	5,490,000
12/31/2032	2,555,000	12/31/2047	5,785,000
12/31/2033	2,695,000	12/31/2048	6,125,000
12/31/2034	2,850,000	12/31/2049	6,465,000
12/31/2035	2,995,000	12/31/2050*	6,830,000
12/31/2036	3,180,000		

*final maturity

If Series 2018A Bonds in an amount equal to the Authorized Principal Amount with respect thereto have not been issued on or before the Project Completion Date, then the Bondholder Representative shall revise the mandatory Sinking Fund Installment schedule set forth above, by reducing the Sinking Fund Installments, on a pro rata basis (rounded to the nearest Authorized Denomination), by the amount of the Series 2018A Bond proceeds not advanced hereunder. The revised Sinking Fund Installment schedule referred to above shall be calculated by the Bondholder Representative and such revised Sinking Fund Installment schedule must be accompanied by an opinion of Nationally Recognized Bond Counsel to the effect that the substitution of such schedule in lieu of the then existing schedule will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes The

Bondholder Representative shall provide a copy of such calculation and opinion of Nationally Recognized Bond Counsel to the Trustee. Until the Trustee receives such calculation and opinion from the Bondholder Representative, it may consider the schedule as set forth above unchanged.

(ii) The Series 2018B Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund Installment Payment Date	Sinking Fund Installment	Sinking Fund Installment Payment Date	Sinking Fund Installment
12/31/2019	$115,000	12/31/2035	$ 870,000
12/31/2020	--	12/31/2036	925,000
12/31/2021	--	12/31/2037	975,000
12/31/2022	415,000	12/31/2038	1,035,000
12/31/2023	440,000	12/31/2039	1,095,000
12/31/2024	465,000	12/31/2040	1,160,000
12/31/2025	495,000	12/31/2041	1,225,000
12/31/2026	520,000	12/31/2042	1,300,000
12/31/2027	550,000	12/31/2043	1,375,000
12/31/2028	580,000	12/31/2044	1,455,000
12/31/2029	620,000	12/31/2045	1,540,000
12/31/2030	655,000	12/31/2046	1,630,000
12/31/2031	690,000	12/31/2047	1,730,000
12/31/2032	730,000	12/31/2048	1,825,000
12/31/2033	780,000	12/31/2049	1,935,000
12/31/2034	820,000	12/31/2050*	2,050,000

*final maturity

If Series 2018B Bonds in an amount equal to the Authorized Principal Amount with respect thereto have not been issued on or before the Project Completion Date, then the Bondholder Representative shall be entitled to revise the mandatory Sinking Fund Installment schedule set forth above, by reducing the Sinking Fund Installments, on a pro rata basis (rounded to the nearest Authorized Denomination), by the amount of the Series 2018B Bond proceeds not advanced hereunder. The revised Sinking Fund Installment schedule referred to above shall be calculated by the Bondholder Representative and such revised Sinking Fund Installment schedule must be accompanied by an opinion of Nationally Recognized Bond Counsel to the effect that the substitution of such schedule in lieu of the then existing schedule will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes. The Bondholder Representative shall provide a copy of such calculation and opinion of Nationally Recognized Bond Counsel to the Trustee. Until the Trustee receives such calculation and opinion from the Bondholder Representative, it may consider the schedule as set forth above unchanged.

(e) Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Initial Bonds shall be redeemed at any time in whole or in part on a pro rata basis between the Series 2018A Bonds and the Series 2018B Bonds, based on the Outstanding principal amount thereof, prior to maturity in the event and to the extent:

(i) excess Bond proceeds shall remain after the completion of the Project,

(ii) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and this Indenture,

(iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty, or

(iv) certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Institution and shall not be required for completion of the Project or related Project Costs, except any Grant Proceeds, which shall be used by the Institution to redeem the Series 2018B Bonds,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Initial Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

(f) Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Initial Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations, (x) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (ii) the Institution shall fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Institution shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in this Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Initial Bonds, together with interest accrued thereon to the date of redemption.

(g) Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Initial Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred and five percent (105%) of the principal amount thereof, together with unpaid accrued interest at the Taxable Rate from the occurrence of the Event of Taxability to the date of redemption. The Initial Bonds shall be redeemed in whole unless redemption of a portion of the Initial Bonds Outstanding would have the result that interest payable on the Initial Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of an Initial Bond. In such event, the Initial Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result

(h) Redemption of Initial Bonds permitted or required by this Article II shall be made as follows, and the Trustee shall give the notice of redemption required by Section 6.03 in respect of each such redemption:

(1) Redemption shall be made pursuant to the general optional redemption provisions of Section 2.03(a), (b) or (c) at such times as are permitted under

such Section and, in the case of Sections 2.03(a) or (b), in such principal amounts, as the Institution shall request in a written notice to the Trustee in accordance with Section 4.3(c) of the Loan Agreement.

(2) Redemption shall be made pursuant to the mandatory Sinking Fund Installment redemption provisions of Section 2.03(d) as and when required by this Section without the necessity of any request by, or notification from the Issuer or from the Institution, but subject to the provisions of Section 5.05(d) and (f).

(3) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(e) at the earliest possible date following the deposit of the excess proceeds or other amounts in the Series 2018A Bonds Redemption Account of the Bond Fund and/or the Series 2018B Bonds Redemption Account of the Bond Fund, without the necessity of any instructions or further act of the Issuer or the Institution.

(4) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(f) on the date specified therein in the event redemption is required under such circumstances, without the necessity of any instructions or further act of the Institution.

(5) Redemption shall be made pursuant to the mandatory taxability redemption provisions of Section 2.03(g) at the earliest possible date, but no later than one hundred twenty (120) days following the Determination of Taxability, without the necessity of any instructions or further act of the Issuer or the Institution.

Section 2.04. **Delivery of Initial Bonds**. The Initial Bonds shall be executed in the form and manner set forth in this Indenture and shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of the Initial Bonds including the interest, if any, accrued on the Initial Bonds to the Closing Date, the Initial Bonds shall be delivered by the Trustee on behalf of the Issuer to or upon the order of the purchaser(s) thereof, but only upon receipt by the Trustee of:

(a) a copy, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, of the Bond Resolution;

(b) an original executed counterpart of each Security Document;

(c) a written opinion by Nationally Recognized Bond Counsel to the effect that the issuance of the Initial Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled; and

(d) the written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and deliver the Initial Bonds to the purchaser(s) therein identified upon payment to the Trustee for the account of the Issuer of the purchase price therein specified, plus accrued interest, if any.

Section 2.05. **Execution of Bonds**. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel of the Issuer, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the manual or facsimile signature of the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer. Any facsimile signatures shall have the same force and effect as if the appropriate officers had personally signed each of

said Bonds. In case one or any of the officers who shall have signed or attested the Bonds or whose reproduced facsimile signature appears thereon shall cease to be such officer or officers before the Bonds so signed and attested shall have been actually issued and delivered, the Bonds may be issued and delivered as though the person who signed or attested or whose reproduced facsimile signature appears on the Bonds had not ceased to be such officer. Neither the members, directors, officers or agents of the Issuer nor any person executing the Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 2.06. **Authentication**. Only such Bonds as shall have endorsed thereon a certificate of authentication, in substantially the form set forth in the Form of Initial Bond in Exhibit C, duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of authentication on such Bond shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Trustee shall note, with respect to each Bond to be authenticated under this Indenture in the space provided in the certificate of authentication for such Bond, the date of the authentication and delivery of such Bond. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds.

Section 2.07. **Additional Bonds**. (a) So long as (i) the Promissory Note, the Loan Agreement and the other Security Documents are each in effect, and (ii) the prior written consent of the Bondholder Representative (or, if no Bondholder Representative shall exist, the Majority Holders) shall have been obtained, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) completing the Project, (ii) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain (subject to and in compliance with the Project Documents), (iii) providing extensions, additions or improvements to the Facility, the purpose of which shall be for the Approved Project Operations, or (iv) refunding Outstanding Bonds. Such Additional Bonds shall be payable by the Issuer from the loan payments made by the Institution pursuant to the Loan Agreement. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Institution shall enter into an amendment to the Loan Agreement, and the Institution shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Institution under the Loan Agreement and the aggregate amount to be paid under all Promissory Notes shall be increased and computed so as to amortize in full the principal of and interest on such Bonds and to pay any other costs in connection therewith. In addition, the Institution and the Issuer shall enter into an amendment to each Security Document with the Trustee which shall provide that the amounts guaranteed or otherwise secured thereunder be increased accordingly.

(b) Each such Series of Additional Bonds shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of such Series of Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

(1) a copy of the resolution, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer, authorizing, issuing and awarding the Series of Additional Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;

(2) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Promissory Note, the Loan Agreement and the Mortgage, the Facility referred to therein and the premises related or subject thereto shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Series of Additional Bonds being issued as well as the Initial Bonds and any Series of Additional Bonds theretofore issued;

(3) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Series of Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and that the issuance of the Series of Additional Bonds will not cause the interest on any Series of Bonds Outstanding to become includable in gross income for federal income tax purposes;

(4) except in the case of a Series of Refunding Bonds (defined below) refunding all Outstanding Bonds, a certificate of an Authorized Representative of the Institution to the effect that each Security Document to which it is a party continues in full force and effect and that there is no Default or Event of Default;

(5) written evidence from each Rating Agency by which any Series of Outstanding Bonds are then rated, if any, to the effect that it has reviewed the documentation pertaining to the issuance of the Series of Additional Bonds, and that the issuance of such Series of Additional Bonds will not result in a withdrawal, a suspension or a reduction of the long and short-term ratings, if applicable, then assigned to any Series of Outstanding Bonds by such Rating Agency;

(6) an original, executed counterpart of the new Promissory Note and the amendment to each Security Document; and

(7) a written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and make available for pick-up the Series of Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any.

(c) (1) Upon the request of the Institution and in accordance with this Section, one or more Series of Additional Bonds may be authenticated and made available for pick-up upon original issuance to refund ("**Refunding Bonds**") all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Indenture and of the resolution authorizing said Series of Refunding Bonds In the case of the refunding under this Section 2.07(c) of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with Section 6.02.

(2) A Series of Refunding Bonds may be authenticated and made available for pick-up only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 2.07(b), as may be applicable) of:

(A) Irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption pursuant to Section 6.03 to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the redemption date specified in such instructions; and

(B) Either:

(i) moneys in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which moneys shall be held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, or

(ii) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of Article XI, and any moneys required pursuant to said Section (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in Article XI

(3) The Institution shall furnish to the Trustee and the Issuer at the time of delivery of the Series of Refunding Bonds a certificate of an independent certified public accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.

(4) No Refunding Bonds shall be issued unless the debt service on the Refunding Bonds in each year is no greater than the debt service on the Bonds being refunded by Refunding Bonds.

(d) Each Series of Additional Bonds issued pursuant to this Section shall be equally and ratably secured under this Indenture with the Series 2018A Bonds and the Series 2018B Bonds and all other Series of Additional Bonds, if any, issued pursuant to this Section without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by this Indenture, including as set forth in Section 1.03.

(e) No Series of Additional Bonds shall be issued unless the Promissory Note, the Loan Agreement, the Mortgage and the other Security Documents are in effect and, at the time of issuance, there is no Default or Event of Default.

Section 2.08. **CUSIP Numbers**. The Issuer in issuing the Bonds may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee of any change in the CUSIP numbers of which it has actual knowledge.

Section 2.09. **Book Entry Bonds**. (a) Except as provided in Section 2.09(c), the Holder of all of the Initial Bonds shall be DTC (the "**Securities Depository**") and the Initial Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Initial Bond registered in the name of Cede & Co. shall be made by wire transfer of New York Clearing House or equivalent same day funds to the account of Cede & Co. on the Interest Payment Date for the Initial Bonds at the address indicated for Cede & Co. in the registration books of the Issuer kept by the Trustee It is anticipated that during the term of the Initial Bonds, the Securities Depository will make book entry transfers among its Participants and receive and transmit payment of principal or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds to the Participants until and unless the Trustee authenticates and delivers replacement bonds to the Beneficial Owners as described in Section 2.09(c).

(b) The Initial Bonds shall be initially issued in the form of a separate single authenticated fully registered certificate for each maturity thereof. Upon initial issuance, the ownership of such Initial Bonds shall be registered in the registration books of the Issuer kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee, the Bond Registrar, the Paying Agent and the Issuer shall treat DTC (or its nominee) as the sole and exclusive Holder of the Initial Bonds registered in its name for the purposes of payment of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds, selecting the Initial Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Initial Bonds, obtaining any consent or other action to be taken by Holders of the Initial Bonds and for all other purposes whatsoever; and neither the Trustee, the Bond Registrar, the Paying Agent, the Institution nor the Issuer shall be affected by any notice to the contrary. All notices with respect to such Initial Bond shall be made and given, respectively, to DTC as provided in the Representations Letter. Neither the Trustee, the Bond Registrar, the Paying Agent nor the Issuer shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Initial Bonds under or through DTC or any Participant, or any other Person that is not shown on the registration books of the Trustee as being a Holder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment of DTC or any Participant of any amount in respect of the principal, Sinking Fund Installments, Redemption Price of or interest on the Book-Entry Initial Bonds; any notice that is permitted or required to be given to Bondholders under this Indenture or any other Security Documents; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Initial Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds to the extent of the sum or sums so paid. Except as otherwise provided in Section 2.09(c), no Person other than DTC shall receive an authenticated Initial Bond certificate evidencing the obligation of the Issuer to make payments of principal or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Indenture with respect to transfers of Bonds, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the Issuer determines that it is in the best interest of the Beneficial Owners that they be able to obtain Initial Bond certificates, the Issuer may notify DTC and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of Initial Bond certificates. In such event, the Trustee shall issue, transfer and exchange Initial Bond certificates as requested by DTC in appropriate amounts within the guidelines set forth in this Indenture. DTC may determine to discontinue providing its services with respect to the Initial Bonds at any time by giving written notice to

the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer and the Trustee shall be obligated to deliver Initial Bond certificates as described in this Indenture. In the event Initial Bond certificates are issued, the provisions of this Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal or Redemption Price of, Sinking Fund Installments for, and interest on such certificates. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer will direct the Trustee (at the sole cost and expense of the Institution) to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Initial Bonds to any DTC Participant having Initial Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Initial Bonds.

(d) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture or any other Security Document by the Issuer or the Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Such notice to DTC shall be given only when DTC is the sole Bondholder.

(e) NONE OF THE ISSUER, THE INSTITUTION, THE TRUSTEE OR THE BONDHOLDER REPRESENTATIVE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, SINKING FUND INSTALLMENTS, REDEMPTION PRICE OF OR INTEREST ON THE INITIAL BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BONDHOLDERS, OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE INITIAL BONDS.

(f) SO LONG AS CEDE & CO. IS THE HOLDER OF THE INITIAL BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OF THE INITIAL BONDS OR REGISTERED HOLDERS OF THE INITIAL BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE INITIAL BONDS.

(g) If the Holder of all of the Initial Bonds shall be DTC, and all Initial Bonds shall be registered in the name of Cede & Co. as nominee for DTC, (i) only DTC may tender Initial Bonds upon redemption or retirement in whole and (ii) unless all Initial Bonds are being redeemed or retired in whole, Initial Bonds shall not be required to be presented to the Trustee for payment of principal, Sinking Fund Installments or Redemption Price except upon final maturity or redemption in whole.

(h) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms The Trustee upon its receipt of a

Initial Bond or Bonds for cancellation shall cause the delivery of a Initial Bond or Bonds to the successor Securities Depository in appropriate Authorized Denominations and form as provided herein.

(i) Nothing contained in this Section 2.09 shall limit, modify, reduce, impair or affect any of the express rights of the Bondholder Representative or the Beneficial Owners under any other provision of this Indenture, including rights of notice, direction and consent.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01. **Date of Bonds**. The Initial Bonds shall be dated their date of original issuance (subject to the provisions set forth below with respect to transfers and exchanges) and will bear interest from their date at the applicable rate or rates until the entire principal amount of the Initial Bonds has been paid. Bonds authenticated prior to the first Interest Payment Date shall bear interest from their date of original issuance. Bonds issued in exchange for or upon the registration of transfer of Bonds on or after the first Interest Payment Date thereon shall bear interest from and including the Interest Payment Date next preceding the date of the authentication thereof, unless the date of such authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case they shall bear interest from and including such Interest Payment Date; provided that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds issued in exchange for or upon the registration of transfer of Bonds shall bear interest from the date to which interest has been paid in full on the Bonds, or if no interest has been paid on the Bonds, the date of the first delivery of fully executed and authenticated Bonds hereunder.

Section 3.02. **Form and Denominations**. Bonds shall be issued in fully registered form, without coupons, in any Authorized Denomination not exceeding the aggregate principal amount of Bonds of the same Series, maturity and interest rate as the Bond for which the denomination is to be specified. Subject to the provisions of Section 3.03, the Initial Bonds shall be in substantially the form set forth in Exhibit C, with such variations, omissions and insertions as are permitted or required by this Indenture.

Section 3.03. **Legends**. Each Initial Bond shall contain on the face thereof a statement to the effect that "THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR" and "THIS BOND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED) OR AN "ACCREDITED INVESTOR" (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED)"; provided, however, that after the Initial Bonds are rated investment grade or better by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, this requirement shall no longer apply to the Initial Bonds. The Bonds may in addition contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise as may be determined by the Issuer prior to the delivery thereof.

Section 3.04. **Medium of Payment**. The principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the

United States of America which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Such payment may be made as provided in Section 2.02.

Section 3.05. Bond Details. Subject to the provisions hereof, the Bonds shall be dated, shall mature in such years and such amounts, shall bear interest at such rate or rates per annum, shall be subject to redemption on such terms and conditions and shall be payable as to principal or Redemption Price, if any, Sinking Fund Installments, and interest at such place or places as shall be specified in this Indenture.

Section 3.06. Interchangeability, Transfer and Registry. (a) Each Bond shall be transferable only upon compliance with the restrictions on transfer set forth on such Bond and only upon the books of the Issuer, which shall be kept for the purpose at the designated corporate trust office of the Trustee, by the Holder thereof in person or by his duly authorized attorney-in-fact, upon surrender of such Bond together with a written instrument of transfer in the form appearing on such Bond duly executed by the registered Holder or his duly authorized attorney-in-fact. Upon the transfer of any Bond the Trustee shall prepare and issue in the name of the transferee one or more new Bonds of the same aggregate principal amount, related Series, maturity and interest rate as the surrendered Bond

(b) Any Bond, upon surrender thereof at the designated corporate trust office of the Trustee in the City with a written instrument of transfer in the form appearing on such Bond, duly executed by the registered Holder or his duly authorized attorney-in-fact, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other Authorized Denominations. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

(c) The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name any Bond shall be registered as the absolute Holder of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of, Sinking Fund Installments for, and interest on such Bond and for all other purposes, and all payments made to any such registered Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

(d) Upon receipt by the Trustee of the written consent of 100% of the Beneficial Owners of the Initial Bonds and an Opinion of Nationally Recognized Bond Counsel providing that the actions described in this paragraph (d) will not result in the interest on any of the Bonds to cease to be excluded from gross income for federal income tax purposes under the Code, the Trustee shall exchange (i) all Outstanding Series 2018A Bonds for two or more serial and/or term Series 2018A Bonds, as directed by the Majority Holders, in such principal amounts, bearing interest at such rates, maturing on such dates and being subject to mandatory sinking fund redemption on such dates as are specified in such written direction; provided, however, that (A) the aggregate principal amount of such serial and/or term Series 2018A Bonds shall be less than or equal to the aggregate principal amount of all Series 2018A Bonds Outstanding immediately prior to such exchange, and (B) the overall debt service on such serial and/or term Series 2018A Bonds shall be less than or equal to the overall debt service on the Series 2018A Bonds Outstanding immediately prior to such exchange, and (ii) all Outstanding Series 2018B Bonds for two or more serial and/or term Series 2018B Bonds, as directed by the Majority Holders, in such principal amounts, bearing interest at such rates, maturing on such dates and being subject to mandatory sinking fund redemption on such dates as are specified in such written direction; provided, however, that (A) the

aggregate principal amount of such serial and/or term Series 2018B Bonds shall be less than or equal to the aggregate principal amount of all Series 2018B Bonds Outstanding immediately prior to such exchange, and (B) the overall debt service on such serial and/or term Series 2018B Bonds shall be less than or equal to the overall debt service on the Series 2018B Bonds Outstanding immediately prior to such exchange. Any such exchanged Bonds shall be issued in book-entry only form with DTC, and the expenses associated with reissuance, obtaining new CUSIP numbers and DTC registration, obtaining the opinion of Nationally Recognized Bond Counsel and other opinions, and the reasonable fees and expenses of the Trustee shall be paid by the Beneficial Owners of the Initial Bonds.

(e) In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Section 3.07. **Bonds Mutilated, Destroyed, Stolen or Lost**. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity, unpaid principal amount and interest rate as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence reasonably satisfactory to it that such Bond has been destroyed, stolen or lost, and upon furnishing the Issuer and the Trustee with indemnity (an undertaking from an insurance company acceptable to the Trustee and the Issuer) satisfactory to the Trustee and to the Issuer and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Issuer and the Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Every new Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is destroyed, lost or stolen, shall, with respect to such Bond, constitute an additional contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bond shall be found (provided such lost or stolen Bond shall no longer constitute such a contractual obligation of the Issuer) and shall be enforceable at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder In the event any such destroyed, stolen or lost Bond shall have matured, or be about to mature, the Issuer may, instead of issuing a new Bond, cause the Trustee to pay the same without surrender thereof upon compliance with the condition in the first sentence of this Section out of moneys held by the Trustee and available for such purpose. All Bonds shall be held and owned upon the express condition (to the extent lawful) that the foregoing provisions are exclusive with respect to the replacement or payment of any mutilated, destroyed or lost or stolen Bond and shall preclude any and all other rights and remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.08. **Cancellation and Destruction of Bonds**. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled shall be destroyed by the Trustee.

Section 3.09. **Requirements With Respect to Transfers**. In all cases in which the privilege of transferring Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such transfer shall forthwith be cancelled by the Trustee. For every such transfer of Bonds, the Issuer or the Trustee may, as a condition precedent to the privilege of making such transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer

and may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such transfer, which sum or sums shall be paid by the Person requesting such transfer.

Section 3.10. Bond Registrar. The Trustee shall also be Bond Registrar for the Bonds, and shall maintain a register showing the names of all registered Holders of Bonds, Bond numbers and amounts, and other information appropriate to the discharge of its duties hereunder. The Trustee shall make available to the Institution for its inspection during normal business hours the registration books for the Bonds, as may be requested by the Institution in connection with any purchase or tender offer by it with respect to the Bonds.

Section 3.11. Payments Due on Saturdays, Sundays and Holidays. In any case where any payment date of principal or Redemption Price, Sinking Fund Installment, and/or interest on the Bonds, or the date fixed for redemption of any Bonds, shall be a day other than a Business Day, then payment of such principal, Sinking Fund Installment, and/or interest or the Redemption Price, if applicable, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the principal, Sinking Fund Installment and/or Interest Payment Date or the date fixed for redemption, as the case may be, except that interest shall continue to accrue on any unpaid principal.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 4.01. Application of Proceeds of Initial Bonds.

(a) Application of Proceeds of Series 2018A Bonds.

(i) The proceeds of the sale of the Series 2018A Bonds shall be applied by the Trustee on the applicable Draw-Down Date for deposit in the Project Fund for purpose of paying Project Costs as provided in Section 5.02. It is the intention of the parties that the Bonds shall constitute a draw-down loan, as defined in Treasury Regulation Section 1.150-1(c)(4)(i) and this Indenture shall be construed and the Trustee, the Holders and Beneficial Owners of the Bonds and the Institution shall operate consistent with such Regulation. The Trustee shall maintain the record reflecting the draw-down amounts from time to time, as described in Section 2.02. Amounts deposited in the Project Account of the Project Fund will be expended within thirty (30) Business Days of each Draw-Down Date.

(ii) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2018A Bonds on the Draw-Down Date that is also the Closing Date, the Trustee shall deposit such proceeds as follows.

(1) $3,574,562.52 shall be deposited into the Series 2018A Bonds Debt Service Reserve Account of the Debt Service Reserve Fund, an amount equal to the Debt Service Reserve Requirement for the Outstanding Series 2018A Bonds as of the Closing Date;

(2) $4,569,389.07 shall be deposited into the Series 2018A Bonds Capitalized Interest Account of the Project Fund;

(3) $31,188,691.24 shall be deposited into the Project Account of the Project Fund;

(4) $6,766,329.19 shall be deposited into the Redemption Account for the redemption of prior outstanding bonds; and

(5) $1,073,590.48 shall be deposited into the Cost of Issuance Account.

(iii) The Institution shall request an additional loan of the proceeds of the Series 2018A Bonds by delivering to the Trustee at least ten (10) Business Days prior to the requested Draw-Down Date an Advance Direction Letter, duly executed by the Initial Bondholder, a copy of which shall be delivered to the Issuer and the Underwriter; provided, however, that each such loan shall be in an amount of not less than $10,000,000. Such Advance Direction Letter shall be accompanied by a copy of the related requisition and supporting materials required for the disbursement of funds from the Project Account of the Project Fund in accordance with Section 5.02(b).

(iv) Upon the receipt by the Trustee of the proceeds of the sale and delivery of the Series 2018A Bonds on each Draw-Down Date for the Series 2018A Bonds, the Trustee shall (i) from such proceeds, deposit in the Project Account of the Project Fund the amount specified in the Advance Direction Letter delivered to the Trustee in connection with such Draw-Down Date to be so deposited, (ii) from such proceeds, deposit in the Capitalized Interest Account of the Project Fund the amount, if any, specified in such Advance Direction Letter to be so deposited, and (iii) from such proceeds, deposit in the Series 2018A Bonds Debt Service Reserve Account the amount specified in such Advance Direction Letter to be so deposited, which amount shall be the amount equal to the Debt Service Reserve Requirement for the Series 2018A Bonds determined as if the only Outstanding Series 2018A Bonds is the installment of the sale of the Series 2018A Bonds made on such Draw-Down Date.

(v) The aggregate installments of the sale of the Series 2018A Bonds made on and prior to each Draw-Down Date shall not exceed the maximum Authorized Principal Amount of the Series 2018A Bonds. Upon the payment of each purchase price installment of the Series 2018A Bonds to the Trustee, the installment so paid shall constitute a loan of the proceeds of the Series 2018A Bonds by the Issuer to the Institution. The amounts funded in such manner shall be duly noted by the Trustee on the principal logs maintained by the Trustee. The Trustee shall maintain on its copy of the principal logs a complete account of all such loans of the proceeds of the Series 2018A Bonds and the principal amount of the Outstanding Series 2018A Bonds.

(b) Application of Proceeds of Series 2018B Bonds.

(i) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2018B Bonds on the Draw-Down Date that is also the Closing Date the Trustee shall deposit such proceeds as follows:

(1) $91,790.48 shall be deposited in the Project Account of the Project Fund;

(2) $11,500.00 shall be deposited into the Series 2018B Bonds Debt Service Reserve Account of the Debt Service Reserve Fund, an amount equal to the Debt Service Reserve Requirement for the Outstanding Series 2018B Bonds as of the Closing Date; and

(3) $10,559.52 shall be deposited into the Cost of Issuance Account.

(ii) The Institution shall request an additional loan of the proceeds of the Series 2018B Bonds by delivering to the Trustee at least ten (10) Business Days prior to the requested Draw-Down Date an Advance Direction Letter, duly executed by the Initial Bondholder, a copy of which shall be delivered to the Issuer and the Underwriter, provided, however, that each such loan shall be in an amount of not less than $2,000,000 Such Advance Direction Letter shall be accompanied by a copy of the related requisition and supporting materials required for the disbursement of funds from the Project Account of the Project Fund in accordance with Section 5.02(b).

(iii) Upon the receipt by the Trustee of the proceeds of the sale and delivery of the Series 2018B Bonds on each Draw-Down Date for the Series 2018B Bonds, the Trustee shall (i) from such proceeds, deposit in the Project Account of the Project Fund the amount specified in the Advance Direction Letter delivered to the Trustee in connection with such Draw-Down Date to be so deposited, (ii) from such proceeds, deposit in the Capitalized Interest Account of the Project Fund the amount, if any, specified in such Advance Direction Letter to be so deposited, and (iii) from such proceeds, deposit in the Series 2018B Bonds Debt Service Reserve Account the amount specified in such Advance Direction Letter to be so deposited, which amount shall be the amount equal to the Debt Service Reserve Requirement for the Series 2018B Bonds determined as if the only Outstanding Series 2018B Bonds is the installment of the sale of the Series 2018B Bonds made on such Draw-Down Date.

(iv) The aggregate installments of the sale of the Series 2018B Bonds made on and prior to each Draw-Down Date shall not exceed the maximum Authorized Principal Amount of the Series 2018B Bonds. Upon the payment of each purchase price installment of the Series 2018B Bonds to the Trustee, the installment so paid shall constitute a loan of the proceeds of the Series 2018B Bonds by the Issuer to the Institution. The amounts funded in such manner shall be duly noted by the Trustee on the principal logs maintained by the Trustee. The Trustee shall maintain on its copy of the principal logs a complete account of all such loans of the proceeds of the Series 2018B Bonds and the principal amount of the Outstanding Series 2018B Bonds.

ARTICLE V

CUSTODY AND INVESTMENT OF FUNDS

Section 5.01. **Creation of Funds and Accounts**. (a) The Issuer hereby establishes and creates the following special trust Funds and Accounts comprising such Funds:

(1) Project Fund

- (A) Project Account
- (B) 2018A Bonds Capitalized Interest Account
- (C) 2018B Bonds Capitalized Interest Account

(2) Bond Fund

- (A) Principal Account
- (B) Interest Account
- (C) Sinking Fund Installment Account

(D) Redemption Account

(3) Renewal Fund Earnings Fund

(4) Rebate Fund

(5) Debt Service Reserve Fund

(A) Series 2018A Bonds Debt Service Reserve Account

(B) Series 2018B Bonds Debt Service Reserve Account

(b) All of the Funds and Accounts created hereunder shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of this Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of this Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of this Indenture), other than the Rebate Fund, and be subject to the lien hereof.

Section 5.02. **Project Fund**. (a) There shall be deposited in the Project Fund any and all amounts required to be deposited therein pursuant to Sections 4.01, 5.06 and 5 07 or otherwise required to be deposited therein pursuant to the Loan Agreement or this Indenture.

The Trustee shall apply the amounts on deposit in the Project Account of the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer, of Project Costs (excluding interest on the Bonds during the period of Project construction and renovation) to the extent requisitioned under subsection (b) hereto. The Trustee shall automatically transfer amounts on deposit in the applicable Capitalized Interest Account of the Project Fund to the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date.

(b) The Trustee is hereby authorized to disburse from the Project Account of the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Project Account of the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution; provided, however, that the Trustee shall retain in the Project Account of the Project Fund an amount equal to the greater of (a) $60,000 or (b) the lesser of (i) one percent (1%) of the original principal amount of the Initial Bonds or (ii) $500,000, until an Authorized Representative of the Institution shall have delivered the completion certificate and other documents required by Section 3.2(f) of the Loan Agreement.

The requisition from the Project Account of the Project Fund shall be accompanied by bills or invoices (stamped "paid" by the Person to whom payment was due or with other evidence of payment if reimbursement is to be made to the Institution), including evidence that the bill, invoice or other evidence was not incurred on a date prior to sixty (60) days prior to the date of adoption by the Issuer or the Institution of the Reimbursement Resolution for the Project. Such requisition shall be as set forth in Exhibit D — "Form of Requisition from the Project Fund" and shall be submitted to the Trustee The Trustee shall disburse amounts from the Project Account of the Project Fund not later than five (5) Business Days following the receipt of the executed requisition and accompanying bills or invoices, except that any such requisition and accompanying bills or invoices submitted on the Closing Date shall have disbursements made by the Trustee on such Closing Date. The Trustee shall be entitled to

conclusively rely on the correctness and accuracy of such requisition as well as the propriety of the signature thereon

In addition to the foregoing, any requisition submitted to the Trustee for costs of construction, improving and/or renovating the Facility Realty shall be accompanied by a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to Section 3.7 of the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Project Fund, there has been no change in the state of title and no exceptions not theretofore approved by the Issuer and the Trustee (which approvals shall not be unreasonably withheld) or permitted by the specific terms of the Agreement to Advance and the Construction Disbursement and Monitoring Agreement, which notice or endorsement shall contain no exception for inchoate mechanic's liens not permitted by the specific terms of the Agreement to Advance and the Construction Disbursement and Monitoring Agreement (and such affirmative insurance relating thereto as the Issuer and/or the Trustee shall reasonably require) and shall have the effect of redating such policies to the date of the disbursement then being made and increasing the coverage of the policies by an amount equal to the disbursement then being made if the policies do not by their terms provide for such an increase.

Notwithstanding the foregoing, the Trustee shall not disburse Project Costs subject to the Construction Disbursement and Monitoring Agreement unless it has also received a disbursement request substantially in the form attached as Exhibit A to the Construction Disbursement and Monitoring Agreement.

(c) The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom and shall furnish copies of same to the Issuer or the Institution upon reasonable written request.

(d) The Trustee shall on written request furnish to the Issuer, the Bondholder Representative and the Institution within a reasonable time period a written statement of disbursements from the Project Fund, enumerating, among other things, item, cost, amount disbursed, date of disbursement and the person to whom payment was made, together with copies of all bills, invoices or other evidences submitted to the Trustee for such disbursement.

(e) The completion of the Project shall be evidenced as set forth in Section 3.2(f) of the Loan Agreement including the filing of the certificate of an Authorized Representative of the Institution referred to therein. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the costs of the Project, together with any balance of such remaining amount in the Project Fund and any amount on deposit in the Earnings Fund derived from transfers made thereto from the Project Fund shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and Section 5.07, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein (subject to the requirements of the Tax Certificate), be deposited by the Trustee in the Redemption Account of the Bond Fund to be applied to the redemption of Bonds at the earliest practicable date. The Trustee shall promptly notify the Institution of any amounts so deposited in the Redemption Account of the Bond Fund pursuant to this Section 5.02(e).

(f) In the event the Institution shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Loan Agreement, the balance in the Project Fund and in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Certificate and Section 5.07) and in the Debt Service Reserve Fund shall be deposited in the Redemption Account of the Bond Fund. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default hereunder, the balance in the Project Fund and in the Earnings

Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Certificate and Section 5.07) and in the Debt Service Reserve Fund shall be deposited in the Bond Fund as provided in Section 8.03.

(g) Except as provided in Section 5.06, all earnings on amounts held in the Project Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Project Fund.

Section 5.03. Payments into Renewal Fund; Application of Renewal Fund. (a) The Net Proceeds resulting from any Loss Event with respect to the Facility, together with any other amounts required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited in the Renewal Fund.

(b) In the event the Institution has elected to take action to effect an optional redemption of the Initial Bonds pursuant to Section 4.03(c)(i) or (ii), the Trustee shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and Section 5.07, transfer the amounts deposited in the Renewal Fund to the Redemption Account of the Bond Fund.

If, on the other hand,

(1) the Institution has not elected to take action to effect an optional redemption of the Initial Bonds pursuant to Section 4.03(c)(i) or (ii), and

(2) the Institution shall have notified the Trustee of its intent to rebuild, replace, repair and restore the Facility,

the Trustee shall apply the amounts on deposit in the Renewal Fund, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and Section 5.07, to such rebuilding, replacement, repair and restoration.

(c) If an Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund, the Trustee shall promptly request the written direction of the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) and shall thereupon apply such Net Proceeds, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and Section 5.07, to the rebuilding, replacement, repair and restoration of the Facility, or for deposit in the Redemption Account of the Bond Fund, as directed by the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders).

(d) The Trustee is hereby authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer) of the costs required for the rebuilding, replacement, repair and restoration of the Facility upon written instructions from the Institution. The Trustee is further authorized and directed to issue its checks for each disbursement from the Renewal Fund upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution and consented to in writing by the Bondholder Representative, if any. Each such requisition shall be accompanied by bills, invoices or other evidences or documentation (including, without limitation, a title continuation or other evidence that no mechanics or other Liens have been filed) satisfactory to the Trustee. The Trustee shall be entitled to rely on such requisition. The Trustee shall keep and maintain adequate records pertaining to the Renewal Fund and all disbursements therefrom and shall furnish copies of same to the Issuer and the Institution upon reasonable written request therefor.

(e) The date of completion of the restoration of the Facility shall be evidenced to the Issuer, the Trustee and the Bondholder Representative by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility is subject to the terms of the Loan Agreement, and that all property constituting part of the Mortgaged Property is subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 6.4 of the Loan Agreement, and (z) that no Person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Loan Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other Lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no Liens other than those Liens consented to by the Issuer, the Trustee and the Bondholder Representative (or as permitted by the specific terms of the Agreement to Advance and the Construction Disbursement and Monitoring Agreement).

(f) All earnings on amounts on deposit in the Renewal Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Renewal Fund.

(g) Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair and restoration of the Facility shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and Section 5.07, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein, be transferred by the Trustee to the Redemption Account of the Bond Fund.

Section 5.04. **Payments into Bond Fund**. The Trustee shall promptly deposit the following receipts into the Bond Fund:

(a) The interest accruing on any Series of Bonds from the date of original issuance thereof to the date of delivery, if any, which shall be credited to the Interest Account of the Bond Fund and applied to the payment of interest on the applicable Series of Bonds.

(b) Amounts transferred from the applicable Capitalized Interest Account of the Project Fund for the payment of interest on the applicable Series of Bonds during the period of Project Work, which shall be credited to the Interest Account of the Bond Fund and applied to the payment of interest on such Bonds.

(c) Excess or remaining amounts in the Project Fund required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Certificate and Section 5.07, or to the Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the Redemption Account of the Bond Fund pursuant to Section 5.02(e), or (ii) in the Bond Fund pursuant to the second sentence of Section 5.02(f).

(d) Loan payments received by the Trustee pursuant to Section 4.3(a)(i), (ii), (iii) or (v), or Section 4.3(i), of the Loan Agreement, which shall be deposited in and credited, to the extent necessary to the Interest Account, second to the Principal Account, third to the Sinking Fund Installment Account of the Bond Fund.

(e) Advance loan payments received by the Trustee pursuant to Section 4.3(c) of the Loan Agreement, which shall be deposited in the Redemption Account of the Bond Fund.

(f) Any amounts transferred from the Earnings Fund pursuant to Section 5.06(c), which shall be deposited in and credited to the Interest Account of the Bond Fund.

(g) The excess amounts referred to in Section 5.05(d), which shall be deposited in and credited to the Interest Account of the Bond Fund.

(h) Any amounts transferred from the Redemption Account pursuant to Section 5.05(h), which shall be deposited to the Interest Account, the Principal Account and the Sinking Fund Installment Account of the Bond Fund, as the case may be and in such order of priority, and applied solely to such purposes.

(i) Amounts in the Renewal Fund required by Section 5.03 or by the Mortgage to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Certificate and Section 5.07 or to the Debt Service Reserve Fund to the extent of any deficiency therein), to the Redemption Account of the Bond Fund.

(j) All other receipts when and if required by the Loan Agreement or by this Indenture or by any other Security Document to be paid into the Bond Fund, which shall be credited (except as provided in Section 8.03), to the Redemption Account of the Bond Fund.

(k) Any amounts transferred from the Debt Service Reserve Fund pursuant to Section 5 13.

Section 5.05. **Application of Bond Fund Moneys**. (a) The Trustee shall on each Interest Payment Date pay or cause to be paid out of the Interest Account in the Bond Fund the interest due on the Bonds and any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of the Bonds.

(b) The Trustee shall on each principal payment date pay or cause to be paid to the Paying Agent therefor out of the Principal Account of the Bond Fund, the principal amount, if any, due on the Bonds (other than such as shall be due by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite Bonds

(c) There shall be paid from the Sinking Fund Installment Account of the Bond Fund to the Paying Agent on each Sinking Fund Installment payment date in immediately available funds the amounts required for the Sinking Fund Installment due and payable with respect to the applicable Series of Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such the Bonds being payable from the Interest Account of the Bond Fund). Such amounts shall be applied by the Paying Agent to the payment of such Sinking Fund Installment when due. The Trustee shall call for redemption, in the manner provided in Article VI, the Bonds for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such Series of Bonds. Such call for redemption shall be made even though at the time of mailing of the notice of such redemption sufficient moneys therefor shall not have been deposited in the Bond Fund.

(d) Subject to amounts deposited in accordance with Article XI in order to accomplish a defeasance, amounts in the Redemption Account of the Bond Fund shall be applied, at the written direction of the Institution, as promptly as practicable, to the purchase of the applicable Series of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the applicable Series of Bonds are next subject to optional redemption, plus accrued interest to the date of redemption. Any amount in the Redemption Account not so applied to the purchase of the Bonds by forty-five (45) days prior to the next date on which the applicable Series of Bonds are so redeemable shall be applied to the redemption of such Bonds on such redemption date. Any amounts deposited in the Redemption Account and not applied within twelve (12) months of their date of deposit to the purchase or redemption of the Bonds (except if held in accordance with Article XI) shall be transferred to the applicable Interest Account. Upon the purchase of any Bonds out of advance loan payments as provided in this subsection, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under this Indenture The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in Section 6.02. Amounts in the Redemption Account to be applied to the redemption of the Bonds shall be paid to the Paying Agent on or before the redemption date and applied by them on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

(e) In connection with purchases of Bonds out of the Redemption Account as provided in this Section, the Institution shall arrange and the Trustee shall execute such purchases (through brokers or otherwise, and with or without receiving tenders) at the written direction of the Institution. The payment of the purchase price shall be made out of the moneys deposited in the Redemption Account of the Bond Fund, and the payment of accrued interest shall be made out of moneys deposited in the Interest Account of the Bond Fund.

(f) The Issuer shall receive a credit in respect of Sinking Fund Installments for any Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Institution to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to Section 5.05(d) or otherwise). Each Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to the

Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of the Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

(g) The Institution shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Institution indicating whether or not and to what extent the provisions of this Section are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

(h) Moneys in the Redemption Account of the Bond Fund which are not set aside or deposited for the redemption or purchase of Bonds shall be transferred by the Trustee to the applicable Interest Account, Principal Account or the Sinking Fund Installment Account of the Bond Fund.

Section 5.06. **Payments into Earnings Fund; Application of Earnings Fund.** (a) All investment income or earnings on amounts held in the Project Fund, the Renewal Fund, the Debt Service Reserve Fund, or any other special fund (other than the Rebate Fund or the Bond Fund) shall be deposited upon receipt by the Trustee into the Earnings Fund. The Trustee shall keep separate accounts of all amounts deposited in the Earnings Fund and by journal entry indicate the source of the income or earnings.

(b) On the first Business Day following each Computation Period (as defined in the Tax Certificate), the Trustee shall withdraw from the Earnings Fund and deposit to the Rebate Fund an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the last day of the Computation Period. In the event of any deficiency, the balance required shall be provided by the Institution pursuant to the Tax Certificate. Computations of the amounts on deposit in each Fund and of the Rebate Amount shall be furnished to the Trustee by the Institution in accordance with the Tax Certificate.

(c) The foregoing notwithstanding, the Trustee shall not be required to transfer amounts from the Earnings Fund to the Rebate Fund (and shall instead apply such amounts in the Earnings Fund as provided in the immediately following sentence), if the Institution shall deliver to the Trustee a certificate of an Authorized Representative of the Institution to the effect that (x) the applicable requirements of a spending exception to rebate has been satisfied as of the relevant semiannual period as set forth in the Tax Certificate, (y) the proceeds of the Bonds have been invested in obligations the interest on which is not included in gross income for federal income tax purposes under Section 103 of the Code or (z) the proceeds of the Bonds have been invested in obligations the Yield on which (calculated as set forth in the Tax Certificate) does not exceed the Yield on such Bonds (calculated as set forth in the Tax Certificate) Any amounts on deposit in the Earnings Fund following the transfers to the Rebate Fund required by this Section shall be deposited in the Project Account of the Project Fund until the Project Completion Date, and thereafter in the Interest Account of the Bond Fund.

Section 5.07. **Payments into Rebate Fund; Application of Rebate Fund.** (a) The Rebate Fund and the amounts deposited therein shall not be subject to a Lien in favor of the Trustee, any Bondholder or any other Person.

(b) The Trustee, upon the receipt of a certification of the Rebate Amount (as defined in the Tax Certificate) from an Authorized Representative of the Institution, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Certificate), an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such Computation Date. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to Section 3.2(f) of the Loan Agreement or the restoration of the Facility pursuant to Section 5.03, at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund at that time an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated at the completion of the Project or the restoration of the Facility as aforesaid. The amount deposited in the Rebate Fund pursuant to the previous sentences shall be withdrawn from the Earnings Fund. If the amount on deposit in the Rebate Fund following such deposit is less than the Rebate Amount, the Trustee shall promptly deliver a notice stating the amount of such deficiency to the Institution. It is provided in the Loan Agreement that promptly upon receipt of such notice, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) If within sixty (60) days following any Computation Date, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall withdraw such excess amount and deposit it in the Project Account of the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement, or, after the completion of the Project, deposit it in the Interest Account of the Bond Fund.

(d) The Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the Closing Date, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to the Initial Bonds as of the date of such payment and (ii) notwithstanding the provisions of Article XI, not later than thirty (30) days after the date on which all Initial Bonds have been paid in full, 100% of the Rebate Amount not previously paid as of the date of payment.

Section 5.08. **Transfer to Rebate Fund**. The Trustee shall have no obligation under this Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Institution to make such transfer.

Section 5.09. **Investment of Funds and Accounts**. (a) Amounts in any Fund or Account established under this Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the Holder thereof. Any investment herein authorized is subject to the condition that no portion of the proceeds derived from the sale of the Bonds shall be used, directly or indirectly, in such manner as to cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. In particular, unexpended Bond proceeds transferred from the Project Fund (or from the Earnings Fund with respect to amounts deposited therein from the Project Fund) to the Redemption Account of the Bond Fund pursuant to Section 5.02(e) may not be invested at a Yield (as defined in the Tax Certificate) which is greater than the Yield on the applicable Series of Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Institution; and if such investment is to be in one or more certificates of deposit, investment agreements or guaranteed investment contracts, then such written request shall include written assurance to the effect that such investment complies with the Tax Certificate. Any investment hereunder shall be made in accordance with the Tax Certificate, and the Institution shall so certify to the Trustee with each

such investment direction as referred to below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund. Net income or gain received and collected from such investments shall be credited and losses charged to (i) the Rebate Fund with respect to the investment of amounts held in the Rebate Fund, (ii) the Accounts of the Bond Fund with respect to the investment of amounts held in such Accounts of the Bond Fund, and (iii) the Earnings Fund with respect to the investment of amounts held in any other Fund.

(b) At the written request of an Authorized Representative of the Institution no sooner than ten (10) days prior to each Loan Payment Date under the Loan Agreement, the Trustee shall notify the Institution of the amount of such net investment income or gain received and collected subsequent to the last such loan payment and the amount then available in the various Accounts of the Bond Fund.

(c) Upon the written direction of an Authorized Representative of the Institution, the Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, 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 or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of this Article. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with this Section 5.09(c). As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Issuer and the Institution.

(d) Neither the Trustee nor the Issuer shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested in accordance with this Indenture. The investments authorized by this Section 5.09 shall at all times be subject to the provisions of applicable law, as amended from time to time.

(e) In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at fair market value as determined by the Trustee one month prior to each Interest Payment Date.

The fair market value of Qualified Investments shall be determined as follows:

(i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*), the average bid and asked prices for such investments so published on or most recently prior to such time of determination;

(ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

(iii) as to certificates of deposit and bankers acceptances and other investments, the face amount thereof, plus accrued interest.

If more than one provision of this definition of "fair market value" shall apply at any time to any particular investment, the fair market value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

(f) With regard to the applicable Debt Service Reserve Account in the Debt Service Reserve Fund, a "surplus" means the amount by which the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement for such account On each Debt Service Reserve Fund Valuation Date, and upon any withdrawal from the applicable account in the Debt Service Reserve Fund, the Trustee shall determine the amount on deposit in each such account. If on any such date a deficiency exists, the Trustee shall notify the Issuer, the Bondholder Representative and the Institution of such deficiency and that such deficiency must be replenished by the Institution in accordance with Section 5.13 and as required by Section 4.3(a)(vi) of the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Institution thereof and, subject to the requirements of the Tax Certificate, shall upon written instructions of the Institution transfer an amount equal to such surplus to the Project Fund until the Project Completion Date and thereafter shall transfer such amount to the Interest Account of the Bond Fund.

(g) No brokerage confirmations will be provided by the Trustee for so long as the Trustee provides periodic statements to the Issuer and the Institution that include investment activity.

Section 5.10. Application of Moneys in Certain Funds for Retirement of Bonds. Notwithstanding any other provisions of this Indenture, if on any Interest Payment Date or redemption date the amounts held in the Funds established under this Indenture (other than the Earnings Fund and the Rebate Fund) are sufficient to pay one hundred percent (100%) of the principal or Redemption Price, as the case may be, of all Outstanding Bonds and the interest accruing on such Bonds to the next date on which such Bonds are redeemable or payable, as the case may be, whichever is earlier, the Trustee shall so notify the Issuer and the Institution. Upon receipt of written instructions from an Authorized Representative of the Institution directing such redemption, the Trustee shall proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture.

Section 5.11. Repayment to the Institution from the Funds. After payment in full of the Bonds (in accordance with Article XI) and the payment of all fees, charges and expenses of the Issuer, the Trustee, the Bondholder Representative, the Bond Registrar and the Paying Agent and all other amounts required to be paid hereunder and under each of the Project Documents, and the payment of any amounts which the Trustee is directed to rebate to the federal government pursuant to this Indenture and the Tax Certificate, all amounts remaining in any Fund shall be paid to the Institution upon the expiration or sooner termination of the term of the Loan Agreement as provided in Section 4.3(g) of the Loan Agreement.

Section 5.12. Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, together with interest to the date on which principal is due, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to pay such funds to the Person entitled thereto or if the Person is not known to the Trustee, to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Certificate or this Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the Institution. After the payment of such unclaimed moneys to the Institution, the Holder of such

Bond shall thereafter look only to the Institution for the payment thereof, and all obligations of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

Section 5.13. **Debt Service Reserve Fund**. (a) If on any date required for the payment of interest on Bonds of a Series, the amount in the Interest Account of the Bond Fund (after taking into account amounts available to be transferred to the Interest Account from the Capitalized Interest Account of the Project Fund designated for such Series of Bonds) available to be applied to the payment of such interest shall be less than the amount of interest then due and payable on such Bonds, the Trustee forthwith shall transfer moneys from the account in the Debt Service Reserve Fund designated for such Series of Bonds to the Interest Account, to the extent of amounts available in such account in the Debt Service Reserve Fund, an amount equal to the amount of such deficiency; provided, however, that the amount so transferred shall be applied only to the payment of such interest on the Bonds of such Series and not to the payment of interest or any other amounts payable with respect to Bonds of any other Series.

If on any date required for the payment of principal of Bonds of a Series on the maturity date thereof, the amount in the Principal Account of the Bond Fund available to be applied to the payment of such principal shall be less than the amount of principal of such Bonds then due and payable, the Trustee forthwith shall transfer moneys from the account in the Debt Service Reserve Fund designated for such Series of Bonds to the Principal Account, to the extent of amounts available in such account in the Debt Service Reserve Fund, an amount equal to the amount of such deficiency; provided, however, that the amount so transferred shall be applied only to the payment of such principal of the Bonds of such Series and not to the payment of principal or any other amounts payable with respect to Bonds of any other Series.

If on any date required for the payment of a Sinking Fund Installment for a Series of Bonds, the amount in the Sinking Fund Installment Account of the Bond Fund available to be applied to the payment of such Sinking Fund Installment shall be less than the amount of such Sinking Fund Installment then due and payable, the Trustee forthwith shall transfer moneys from the account in the Debt Service Reserve Fund designated for such Series of Bonds to the Sinking Fund Installment Account, to the extent of amounts available in such account in the Debt Service Reserve Fund, an amount equal to the amount of such deficiency; provided, however, that the amount so transferred shall be applied only to the payment of such Sinking Fund Installment for such Series of Bonds and not to the payment of Sinking Fund Installments or any other amounts payable with respect to Bonds of any other Series.

(b) The Trustee shall give to the Institution on or prior to each Loan Payment Date on which the Institution is obligated pursuant to Section 4.3(a)(vi) of the Loan Agreement to pay to the Trustee amounts in respect of any deficiency in an account in the Debt Service Reserve Fund, telephonic notice (to be promptly confirmed in writing) specifying the amount of such deficiency and requesting the Institution to deliver such amount to the Trustee in accordance with said Section of the Loan Agreement. The Trustee shall deposit in such account of the Debt Service Reserve Fund the amount so delivered by the Institution. The failure of the Trustee to deliver such notice or any defect in such notice shall not relieve the Issuer from any of its obligations hereunder or any other obligor from any of its obligations under any of the Security Documents.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.01. **Privilege of Redemption and Redemption Price**. Bonds or portions thereof subject to redemption prior to maturity shall be redeemable, upon mailed notice as

provided in this Article, at the times, at the Redemption Prices and upon such terms in addition to and consistent with the terms contained in this Article as shall be specified in this Indenture and in said Bonds.

Section 6.02. **Selection of Bonds to be Redeemed**. In the event of redemption of less than all the Outstanding Bonds of the same Series and maturity, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) Bonds of a Series to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Bonds of a Series for redemption such that no Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series of Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Bonds to be redeemed shall be applied, as directed by the Institution, in inverse order of maturity of the Outstanding Series of Bonds to be redeemed and by lot within a maturity. The portion of Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Bonds of a particular Series for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such registered Bond by the minimum Authorized Denomination thereof (referred to below as a "unit") then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Bond or Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Bond of a denomination greater than a unit shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Section 6.03. **Notice of Redemption**. When redemption of any Bonds is requested or required pursuant to this Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, the redemption date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Bonds or portions thereof to be payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, to the registered Holders of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to the national information service that disseminates redemption notices. Any notice mailed as

provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered Holder receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the redemption date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Bonds for payments on or after any redemption date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this Section 6.03 shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

If notice of redemption shall have been given as aforesaid, the Bonds of such Series called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds of a Series, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds of such Series to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Bonds of such Series. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of the Bonds of such Series so called for redemption at the place or places of payment, such Series of Bonds shall be redeemed.

Under no circumstances shall the Trustee be required to expend any of its own funds for any purpose for which funds are to be disbursed under this Indenture.

So long as the Securities Depository is effecting book entry transfers of the Bonds, the Trustee shall provide the notices specified above only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Section 6.04. **Payment of Redeemed Bonds**. (a) Notice having been given in the manner provided in Section 6.03, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date on which the Holder of the Bonds called for redemption shall have received payment in full together with all accrued interest, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any Lien, benefit or security under this Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof.

(b) Subject to Section 2.09 hereof, payment of the Redemption Price plus interest accrued to the redemption date shall be made to or upon the order of the registered Holder only upon presentation of

such Bonds for cancellation and exchange as provided in Section 6.05; provided, however, that any Holder of at least $1,000,000 in original aggregate principal amount of the Initial Bonds may, by written request to the Trustee no later than five (5) days prior to the date of redemption, direct that payments of Redemption Price and accrued interest to the date of redemption be made by wire transfer as soon as practicable after tender of the Bonds in federal funds at such wire transfer address as the Holder shall specify to the Trustee in such written request.

Section 6.05. **Cancellation of Redeemed Bonds**. (a) All Bonds redeemed in full under the provisions of this Article, shall forthwith be cancelled and returned to the Issuer and no Bonds shall be executed, authenticated or issued hereunder in exchange or substitution therefor, or for or in respect of any paid portion of a Bond.

(b) If there shall be drawn for redemption less than all of a Bond, as described in Section 6.02, the Issuer shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the Holder thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds of like Series and maturity in any of the authorized denominations.

ARTICLE VII

PARTICULAR COVENANTS

Section 7.01. **Payment of Principal and Interest** The Issuer covenants that it will from the sources herein contemplated promptly pay or cause to be paid the principal or Redemption Price of, and Sinking Fund Installments for, the Bonds, together with interest accrued thereon, at the place, on the dates and in the manner provided in this Indenture and in the Bonds according to the true intent and meaning thereof.

Section 7.02. **Performance of Covenants; Authority**. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly its Organizational Documents, to issue the Bonds authorized hereby and to execute this Indenture, to make the Loan to the Institution pursuant to the Loan Agreement and the Promissory Note, to assign the Loan Agreement and the Promissory Note and to pledge the loan payments, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders and Beneficial Owners thereof are and will be the valid and enforceable special limited revenue obligations of the Issuer according to the import thereof.

Section 7.03. **Books and Records; Certificate as to Defaults**. The Issuer and the Trustee each covenant and agree that, so long as any of the Bonds shall remain Outstanding, proper books of record and account will be kept showing complete and correct entries of all transactions relating to the Project and the Facility, and that the Bondholders and Bondholder Representative shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. In this regard, so long as the Loan Agreement is in full force and effect, records furnished by the Issuer and the Institution to, or kept by, the Trustee in connection with its duties as such shall be deemed to be in compliance with the Issuer's obligations under this Section 7.03. Within thirty (30) days after receiving the certificate from the Institution as provided in Section 8.26(b) of the Loan Agreement, the Trustee shall render to the Issuer a statement that moneys received by the Trustee pursuant to the Loan Agreement and the Promissory Note

were applied by it to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds, at the place, on the dates and in the manner provided in this Indenture and that the Trustee has no knowledge of any defaults under this Indenture, the Promissory Note or the Loan Agreement or any other Security Document or specifying the particulars of such defaults which may exist.

Upon reasonable written request, the Trustee shall make available to the Institution and the Bondholder Representative for its inspection during normal business hours, its records with respect to the Project and the Facility.

The Trustee agrees that, upon the written request of the Institution or the Issuer, it will, not more than twice in each calendar year, provide a statement to the requesting party setting forth the principal amount of Bonds Outstanding as of the date of such statement.

Section 7.04. **Loan Agreement**. An executed copy of the Loan Agreement will be on file in the office of the Issuer and in the designated corporate trust office of the Trustee. Reference is hereby made to the Loan Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. All covenants and obligations of the Institution under the Loan Agreement shall be enforceable either by the Issuer or by the Trustee, to whom, in its own name or in the name of the Issuer, is hereby granted the right, to the extent provided therefor in this Section 7.04 and subject to the provisions of Section 9.02, to enforce all rights of the Issuer and all obligations of the Institution under the Loan Agreement, whether or not the Issuer is enforcing such rights and obligations. The Trustee shall take such action in respect of any matter as is provided to be taken by it in the Loan Agreement (including, without limitation, Sections 3.5, 6.3 and 8.10 thereof) upon compliance or noncompliance by the Institution and the Issuer with the provisions of the Loan Agreement relating to the same.

Section 7.05. **Creation of Liens; Indebtedness**. It is the intention of the Issuer and the Trustee that the Mortgage is and will continue to be a mortgage lien upon the Mortgaged Property. The Issuer shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any Lien upon or pledge of the Trust Estate, except the Lien created by this Indenture and the other Security Documents.

Section 7.06. **Ownership; Instruments of Further Assurance**. The Trustee on behalf of the Institution, subject to Section 7.04 and only upon the written direction of any Bondholder, the Majority Holders or the Bondholder Representative, shall defend the interest of the Institution in the Facility and every part thereof for the benefit of the Holders of the Bonds, to the extent permitted by law, against the claims and demands of all Persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property described herein and in the remainder of the Trust Estate, subject to the Liens of this Indenture and of the other Security Documents and the loan payments, revenues and receipts pledged hereby to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the Lien hereof and of the other Security Documents shall ipso facto, and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the Lien of this Indenture and the Mortgage as fully and completely as though specifically described herein and therein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer heretofore made by this Section 7.06.

Section 7.07. **Security Agreement; Filing.** (a) This Indenture constitutes a "security agreement" within the meaning of Article 9 (Secured Transactions) of the New York State Uniform Commercial Code. The security interest of the Trustee, as created by this Indenture, in the rights and other intangible interests described herein, shall be perfected by the filing of a financing statement by the Institution, at the direction of the Issuer, in the office of the Secretary of State of the State in the City of Albany, New York, which financing statement shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions. Subsequent to the foregoing filings, this Indenture shall be re-indexed, and financing and continuation statements shall be filed and re-filed, by the Trustee whenever in the Opinion of Counsel to the Institution (which opinion shall be reasonably acceptable to and addressed to the Trustee) such action is necessary to preserve the Lien hereof. Any such filings or re-filings shall be prepared and filed by the Institution and delivered to the Trustee (if electronic filing is not elected by the Issuer) on a timely basis accompanied by any fees or requisite charges and the Opinion of Counsel referred to above. The Trustee will thereupon effect any such filings and re-filings of financing and continuation statements in said office of the Secretary of State, and promptly notify the Institution of any such filings.

(b) The Issuer and the Trustee acknowledge that, as of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a "public-finance transaction" as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the Liens that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the Lien of this Indenture (individually or collectively, the "**Continuation Action(s)**"), then the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)";

and (B) if requested by the Trustee (acting at the direction of the Bondholder Representative or, if no Bondholder Representative exists, the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)", the Trustee shall reasonably promptly perform such Continuation Actions at the Institution's sole expense. The Institution shall perform the obligations described hereinabove in clauses "(A)" (in every case) and "(B)" (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the Lien of this Indenture.

If an Opinion of Counsel to the Institution is requested pursuant to clause "(B)", then the Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. If so requested, the Institution shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of this Indenture are to be subjected to the lien and security interest of this Indenture.

(i) Any filings with respect to Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of Uniform Commercial Code financing statements.

(ii) The Trustee acknowledges and agrees (on behalf of itself and the Bondholders) that neither the Issuer, nor any of its directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(iii) All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Institution.

Section 7.08. **Issuer Tax Covenant** The Issuer covenants that it shall not take any action within its control, nor refrain from taking any action reasonably requested by the Institution or the Trustee, that would cause the interest on the Bonds to become includable in gross income for federal income tax purposes; provided, however, the breach of this covenant shall not result in any pecuniary

liability of the Issuer and the only remedy to which the Issuer shall be subject shall be specific performance.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES OF BONDHOLDERS

Section 8.01. **Events of Default; Acceleration of Due Date**. (a) Each of the following events is hereby defined as and shall constitute an "Event of Default":

(1) Failure in the payment of the interest on any Bond when the same shall become due and payable;

(2) Failure in the payment of the principal or redemption premium, if any, of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption therefor or otherwise;

(3) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or hereunder on its part to be performed (except as set forth in Section 8.01(a)(1) or (2)) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Institution specifying the nature of same from the Trustee or the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders), or (B) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Issuer or the Institution fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice, or

(4) The occurrence of an "Event of Default" under the Loan Agreement or any other Project Document

(b) Upon the happening and continuance of any Event of Default, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Issuer and the Institution) or the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) (by notice in writing to the Issuer, the Institution and the Trustee) may declare the principal or Redemption Price, if any, of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in this Indenture or in any of the Bonds contained to the contrary notwithstanding.

(c) If there shall occur an Event of Default under Section 9.1(e) or (f) of the Loan Agreement, the unpaid principal of all the Bonds (and all principal installments of loan payments under the Loan Agreement) and the interest accrued thereon shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

(d) The right of the Trustee or of the Bondholder Representative (or, if no Bondholder Representative exists, of the Majority Holders) to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such declaration, all overdue installments of principal of

and interest on all of the Bonds which shall have matured by their terms and the unpaid Redemption Price of the Bonds or principal portions thereof to be redeemed has been paid by or for the account of the Issuer, and all other Events of Default have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee and the Bondholder Representative, shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment and the Facility shall not have been sold or otherwise encumbered, and all defaults have been otherwise remedied as provided in this Article VIII, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

(e) Pursuant to the Loan Agreement, the Issuer has granted to the Institution full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in any notice received by the Institution to constitute a default hereunder, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Institution as performance by the Issuer.

Section 8.02. **Enforcement of Remedies**. (a) Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, this Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in this Indenture or in any other Security Document or in aid of the execution of any power granted in this Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under this Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee hereunder or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

(b) In the enforcement of any right or remedy under this Indenture or under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund Installments, Redemption Price, or otherwise, under any of the provisions of this Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under this Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in this Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in this Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Institution or the Issuer or their creditors or property.

(c) Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders), and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings

as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture or under any other Security Document by any acts which may be unlawful or in violation of this Indenture or of such other Security Document or Project Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of this Indenture and, unless otherwise expressly provided for herein.

Section 8.03. Application of Revenues and Other Moneys After Default. (a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or under any other Security Document shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied, subject to Section 9.04, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Outstanding Bonds, in the order of the maturity of the installments of such interest, together with interest on such installment at the applicable Default Rate and, if the amount available shall not be sufficient to pay in full any particular installment and the interest thereon, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price, if any, of any of the Outstanding Bonds or principal installments which shall have become due, in the order of their due dates, with interest on such unpaid amounts, at the applicable Default Rate, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular 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 privilege.

(ii) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the applicable Default Rate) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, 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.

(iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article VIII, then, subject to the provisions of Section 8.03(a)(ii) which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of Section 8.03(a)(i).

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee 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. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it 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 dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to Section 8.01. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.04. **Actions by Trustee** All rights of actions under this Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 8.03, be for the equal benefit of the Outstanding Bonds.

Section 8.05. **Majority Holders or Bondholder Representative Control Proceedings**. Anything in this Indenture to the contrary notwithstanding, the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.06. **Individual Bondholder Action Restricted**. (a) No Beneficial Owner or Holder of any Bond, other than the Bondholder Representative which may direct the Trustee to undertake any enforcement action including to institute any suit, action or proceeding at law or in equity in accordance with Section 8 05, shall have any right to institute any suit, action or proceeding at law or in equity (i) with respect to the Bonds, this Indenture or any other Security Document, (ii) for the enforcement of any provisions of the Bonds, this Indenture or of any other Security Document, (iii) for the execution of any trust under this Indenture or (iv) for any remedy under the Bonds, this Indenture or under any other Security Document, unless (x) such Beneficial Owner or Holder shall have previously given to the Trustee and the Bondholders' Representative written notice of the occurrence of an Event of Default as provided in this Article, and (y) the Majority Holders shall have filed a written request with the Trustee and the Bondholders' Representative, and shall have offered each of them reasonable opportunity either to exercise the powers granted in the Bonds, this Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Majority Holders shall have offered to the Trustee and the Bondholder Representative adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee or Bondholder Representative shall have refused to comply with such request for a period of sixty (60) days after receipt by them of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Bonds or this Indenture shall be instituted, had and maintained in the manner provided in

this Indenture. In the event that the Bondholder Representative directs the Trustee to take action under Section 8.05, the Bondholder Representative shall indemnify the Trustee to its reasonable satisfaction against any and all reasonable costs and expenses incurred by the Trustee for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence. The wages, salaries or other compensation of persons employed by the Trustee shall not constitute costs or expenses for which indemnification must be given. Any amounts paid by the Bondholder Representative on account of its obligation to indemnify the Trustee shall be paid to the Bondholder Representative, plus interest at the interest rate payable on the Bonds after default, prior to any payment on account of the Bonds.

(b) Nothing contained in this Indenture, in any other Security Document or in the Bonds shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner herein and in said Bonds expressed.

Section 8.07. **Effect of Discontinuance of Proceedings**. In case any proceedings taken by the Trustee or the Bondholder Representative on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or the Bondholder Representative, then and in every such case, the Institution, the Issuer, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Trustee and the Bondholder Representative shall continue as in effect prior to the commencement of such proceedings.

Section 8.08. **Remedies Not Exclusive**. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Bondholder Representative or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

Section 8.09. **Delay or Omission**. No delay or omission of the Trustee or the Bondholder Representative or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee, the Bondholder Representative or the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee, by the Bondholder Representative or by the Bondholders.

Section 8.10. **Notice of Default**. The Trustee shall promptly mail to the Issuer, to the Bondholder Representative, to registered Holders of Bonds and to the Institution by first class mail, postage prepaid, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this Section.

Section 8.11. **Waivers of Default**. The Trustee shall waive any default hereunder and its consequences and rescind any declaration of acceleration only upon the written request of the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders); provided, however, that, if there be no Bondholder Representative, there shall not be waived without the consent of the Holders of at least seventy percent (70%) in aggregate principal amount of the Bonds then Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such

waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee or the Bondholder Representative on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee or the Bondholder Representative, then and in every such case the Institution, the Issuer, the Trustee, the Bondholder Representative and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.12 Issuer Approval of Certain Non-Foreclosure Remedies.

Notwithstanding any other remedy or other action available under this Indenture or otherwise under any other Security Document or at law, no remedy or other action (whether exercised by the Trustee, the Bondholder Representative or the Holders of the Bonds) shall have the effect of (y) modifying or terminating this Indenture or the Loan Agreement (other than a termination of this Indenture in connection with the retirement of all of the Outstanding Bonds in accordance with the discharge provisions of this Indenture) (a "**Security Document Action**") or (z) substituting for the Borrower, a new Entity to either be a counterparty to the Issuer under the Loan Agreement or to use all or a portion of the Facility (a "**Substitute Entity**"), unless, in either case, all material facts relating to either the Mortgage Restructuring, the Security Document Action and/or the Substitute Entity shall have been set forth in a writing delivered to the Issuer and (i) the Mortgage Restructuring, the Security document Action and/or the Substitute Entity shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer's Board of Directors), and (ii) there shall be delivered to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall not cause the interest on any Outstanding tax-exempt Bonds to become subject to federal income taxation by reason of any such Mortgage Restructuring, Security Document Action and/or Substitute Entity. For the avoidance of doubt, no Issuer consent is required hereby for the commencement of a foreclosure action under the Mortgage. In connection with the retirement or surrender for cancellation of all of the Outstanding Bonds (other than as a result of the payment in full of all Outstanding Bonds), the Trustee hereby agrees to provide written notice to the Issuer of such retirement or cancellation promptly upon the earlier of (i) the Trustee's receipt of direction to effectuate such retirement or cancellation, and (ii) the Trustee's receipt of surrendered Bonds for cancellation, but in no event later than fourteen (14) Business Days after the occurrence of the event set forth in clause (i) or (ii).

ARTICLE IX

TRUSTEE, BOND REGISTRAR AND PAYING AGENT

Section 9.01. Appointment and Acceptance of Duties of Trustee. The entity identified as the Trustee on the cover page hereof is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations of the Trustee hereunder and under each Security Document by executing this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would under a corporate mortgage subject to the express terms and conditions herein. All provisions of this Article IX shall be construed as extending to and including all the rights, duties and obligations imposed upon the Trustee under the Loan Agreement and under any other Security Document to which it shall be a party as fully for all intents and purposes as if this Article IX were contained in the Loan Agreement and each such other Security Document.

Section 9.02. **Indemnity of Trustee**. Other than as provided in Section 8.05, the Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under this Indenture or under or pursuant to any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps hereunder in the enforcement of any rights and powers or fulfillment of any extraordinary duties under this Indenture, or under any other Security Document, until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence. Nothing contained herein shall require the indemnification of the Trustee in connection with any action taken directly by the Bondholder Representative or the Majority Holders.

Section 9.03. **Responsibilities of Trustee**. (a) The Trustee shall have no responsibility in respect of the validity or sufficiency of this Indenture or of any other Security Document or the security provided hereunder or thereunder or the due execution of this Indenture by the Issuer, or the due execution of any other Security Document by any party (other than the Trustee) thereto, or in respect of the title or the value of the Facility, or in respect of the validity of the Bonds authenticated and delivered by the Trustee in accordance with this Indenture or to see to the recording or filing of any document or instrument whatsoever except as otherwise provided in Section 7.07. The recitals, statements and representations contained in this Indenture and in the Bonds shall be taken and be construed as made by and on the part of the Issuer and not by the Trustee, and the Trustee does not assume any responsibility for the correctness of the same; provided, however, that the Trustee shall be responsible for its representation contained in its certificate on the Bonds and for its responsibility as to filing or re-filing as contained in Section 7.07.

(b) The Trustee shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Indenture or by any other Security Document or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depositary other than itself in which such moneys shall have been deposited under this Indenture or the Tax Certificate The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with this Indenture or the Tax Certificate or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Loan Agreement, under this Indenture or under any other Security Document except for its own willful misconduct or gross negligence. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

(c) The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, if any, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise under the circumstances in the conduct of his/her own affairs. The Trustee shall not be charged with knowledge of the occurrence of an Event of Default unless, (i) the Trustee has not received any certificate, financial statement, insurance notice or other document regularly required to be delivered to the Trustee under the Loan Agreement or any other Security Document, (ii) the Trustee has not received payment of any amount required to be remitted to the Trustee under the Loan Agreement or any other Security Document, (iii) a Responsible Officer of the Trustee has actual knowledge thereof, or (iv) the Trustee has received written notice thereof from the Institution, the Issuer, the Bondholder Representative or any Bondholder The Trustee shall not be charged with the knowledge of a Determination of Taxability unless the Trustee has received written notice thereof from the Internal Revenue Service, the Institution, the Issuer, the Bondholder Representative or any Bondholder or former Bondholder.

(d) The Trustee shall not be liable or responsible for the failure of the Institution to effect or maintain insurance on the Facility as provided in the Loan Agreement or the Mortgage nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, the Institution, the Trustee or any other Person.

(e) The Trustee shall execute and cause to be filed those continuation statements, any additional financing statements and all other instruments required by it by Section 7.07 at the expense of the Institution.

(f) The Trustee shall on the same date as it shall render the statement required of it by Section 7.03, make annual reports to the Issuer and the Institution of all moneys received and expended during the preceding year by it under this Indenture and of any Event of Default known to it under the Loan Agreement or this Indenture or under any other Security Document.

(g) With respect to the Tax Certificate, the Trustee shall not be required to make any payment of a Rebate Amount or any transfer of funds or take any other action required to be taken thereunder except upon the receipt of a written certificate of direction of an Authorized Representative of the Institution delivered to the Trustee in accordance with the terms of the Tax Certificate. Notwithstanding any provision of the Tax Certificate or any other Security Document, nothing in the Tax Certificate, either expressed or implied, shall be deemed to impose upon the Trustee any responsibility for the legal sufficiency of the Tax Certificate to effect compliance with the Code nor any duty to independently review or verify any information or calculation furnished to the Trustee by the Institution.

(h) The permissive right of the Trustee to do things enumerated in this Indenture or the other Security Documents shall not be construed as a duty, and in doing or not doing so the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

Section 9.04. Compensation of Trustee, Bond Registrar and Paying Agent. The Trustee, the Bond Registrar and the Paying Agent shall be entitled to receive and collect from the Institution as provided in the Loan Agreement payment or reimbursement for reasonable fees for services rendered hereunder and under each other Security Document and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee, the Bond Registrar or the Paying Agent in connection therewith.

Section 9.05. Evidence on Which Trustee May Act. (a) In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of this Indenture, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact.

(b) The Trustee may conclusively rely and shall be fully protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or, at the sole cost and expense of the Institution, and when determined necessary in the reasonable discretion of the Trustee, upon the written opinion of any attorney (who may be an attorney for the Issuer or an employee of the Institution),

engineer, appraiser, architect or accountant believed by the Trustee to be qualified in relation to the subject matter.

Section 9.06. **Trustee and Paying Agent May Deal in Bonds**. Any national banking association, bank or trust company acting as a Trustee or Paying Agent, and its respective directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if such association, bank or trust company were not such Trustee or Paying Agent.

Section 9.07. **Resignation or Removal of Trustee**. The Trustee may resign and thereby become discharged from the trusts created under this Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Institution and to the Holders of all Bonds not less than sixty (60) days before such resignation is to take effect, but such resignation shall not take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing filed with the Trustee and signed by the Issuer or the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) or their attorneys-in-fact duly authorized. Such removal shall become effective either upon the appointment and acceptance of such appointment by a successor Trustee or at the date specified in the instrument of removal. The Trustee shall promptly give notice of such filing to the Issuer and the Institution. No removal shall take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of this acceptance by the successor Trustee of its appointment as such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under this Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to this Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating to all Funds and Accounts in the possession of the Trustee being removed or resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the "**Trust Corpus**").

Section 9.08. **Successor Trustee**. (a) If at any time the Trustee shall be dissolved or otherwise become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason or if the Trustee shall resign or be removed, the Institution shall cooperate with the Issuer and the Issuer shall appoint a successor Trustee and shall use its best efforts to obtain acceptance of such trust by the successor Trustee within sixty (60) days from such vacancy or notice of resignation. Within twenty (20) days after such appointment and acceptance, the Issuer shall notify in writing the Institution and the Holders of all Bonds.

(b) In the event of any such vacancy or resignation and if a successor Trustee shall not have been appointed within sixty (60) days of such vacancy or notice of resignation, the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders), by an instrument or concurrent instruments in writing, signed by such Bondholders or their attorneys-in-fact thereunto duly authorized and filed with the Issuer, may appoint a successor Trustee which shall, immediately upon its acceptance of such trusts, and without further act, supersede the predecessor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 9.08, within ninety (90) days of such vacancy or notice of resignation, the Bondholder Representative (or, if no Bondholder Representative exists, any Holder of any Bond then Outstanding), the Issuer or any retiring Trustee or the Institution may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any Trustee appointed under this Section shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (x) have a capital stock and surplus aggregating not less than $100,000,000 and (y) have an investment grade rating of at least "Baa3" or "P-3".

(d) Any predecessor Trustee shall transfer to any successor Trustee appointed under this Section as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions of Section 9.07.

(e) Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to Section 9.04, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under this Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.

(f) Any company into which the 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 shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by this Indenture, including but not limited to subsection (c) of this Section 9.08, and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

Section 9.09. **Paying Agents**. (a) The Trustee is hereby appointed as Paying Agent for the Bonds. The Issuer may also from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 9.09(b) for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer, and in the case of all Paying Agents other than the Trustee, to the Trustee a written acceptance thereof. The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Each Paying Agent shall not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or gross negligence.

(b) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days prior written notice to the Issuer and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the Issuer, with the approval of the Trustee, and shall be a commercial bank or trust company duly organized under the laws of any state of the United States or a national banking association, having a capital stock and surplus aggregating at least $40,000,000, having an investment grade rating of at least "Baa3" or "P-3", and willing and able to accept the office on reasonable and customary terms and authorized by law and its charter to perform all the duties imposed upon it by this Indenture.

(c) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 9.10. **Appointment of Co-Trustee**. (a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or under any other Security Document, and in particular in case of the enforcement of any powers, rights or remedies on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. The following provisions of this Section are adapted to these ends.

(b) In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and Lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

(c) Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed or removed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates,

properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(d) No trustee shall be liable for the acts or omissions of any other trustee hereunder.

Section 9.11. Patriot Act. The Trustee hereby acknowledges that in accordance with Section 326 of the U.S.A. Patriot Act (being the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, as amended, and signed into law October 26, 2001), each depositary bank, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with a depositary bank. The Trustee hereby acknowledges that it shall obtain such information from the other Notice Parties as may be required in order for it to satisfy the requirements of the U.S.A. Patriot Act.

ARTICLE X

BONDHOLDER REPRESENTATIVE

Section 10.01. Appointment of Bondholder Representative.

(a) Holders of a majority in aggregate principal amount of the Bonds then Outstanding may, but shall not be required to, from time to time appoint a representative or agent, by giving signed, written notice of such appointment to the Trustee, to act on behalf of the Holders of the Bonds Outstanding hereunder to give any consents, authorizations, or approvals; exercise any rights; or take any other action as may be taken by the Holders of the Bonds or a majority in aggregate principal amount thereof under this Indenture or the Loan Agreement and to be entitled to and to exercise any other rights granted to the Bondholder Representative hereunder or under the Loan Agreement. Upon such appointment, the Trustee shall accept the consent, authorization, or direction of such Bondholder Representative to the extent specified in such notice, as it would accept such action from such Holders of a majority in aggregate principal amount of the Bonds then Outstanding. A Bondholder Representative may be a Holder. The initial Bondholder Representative is Preston Hollow Capital, LLC.

(b) Unless otherwise specified in the notice delivered to the Trustee appointing a Bondholder Representative pursuant to Section 10.01(a), such Bondholder Representative shall be the sole representative of holders of the Bonds hereunder with respect to all matters specifically listed in such notice, until a signed, written notice of the removal of a Bondholder Representative shall be delivered to the Trustee by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding. A Bondholder Representative may resign at any time by delivering written notice thereof to the Trustee. Any notice of removal or resignation meeting the foregoing requirements shall be effective immediately upon receipt thereof by the Trustee In no event shall more than one Bondholder Representative be appointed.

(c) Any successor Bondholder Representative hereunder shall automatically become a party to each Project Agreement to which the Bondholder Representative is a party without the execution or filing of any paper or the performance of any further act.

Section 10.02. Notices and Reporting Obligations. The appointment of a Bondholder Representative shall in no way affect any reporting or notice requirements to the Holders

hereunder or under the Project Documents, except that such Bondholder Representative shall also receive copies of all such reports and notices.

Section 10.03. **Limitation of Liability; Indemnification**. The Holders of the Bonds acknowledge and agree that the Bondholder Representative is appointed by the majority of the Holders. The Bondholder Representative (and its officers, directors, employees agents and representatives) shall: (i) not be liable to any Beneficial Owner of Bonds, for any act or omission in its capacity as Bondholder Representative unless it is determined by a court of competent jurisdiction by a final and non-appealable order that the Bondholder Representative engaged in fraud or that its actions constituted willful misconduct; and (ii) be entitled to treat as genuine any letter or other document furnished to it in its capacity as Bondholder Representative that it believed to be genuine and to have been signed and presented by the proper party or parties. In addition, the Bondholders shall severally, and not jointly, in proportion to each Bondholders' pro rata interest in the Bonds, indemnify and hold harmless the Bondholder Representative (and its officers, directors, employees agents and representatives) against any claims, damages, judgments, loss, liability, cost or expense (including attorney's fees and costs) incurred on the part of the Bondholder Representative and arising out of or in connection with the acceptance, performance or administration of the Bondholder Representative's duties hereunder, including, without limitation, the Bondholder Representative having to indemnify the Trustee for any actions it takes hereunder or under any Project Document. The Bondholders covenant and agree not to commence any action or proceeding in any court against the Bondholder Representative (and its officers, directors, employees agents and representatives), all of which claims shall be subject to mandatory arbitration pursuant to Section 10.05 hereof.

Section 10.04. **Permissive Right**. The permissive right of the Bondholder Representative to act pursuant to this Indenture shall not be construed as a duty, and the Bondholder Representative shall not be answerable with respect to any such permissive right other than for its gross negligence or willful misconduct that the Bondholder Representative is finally adjudicated (sustained on appeal, if any) by a court of competent jurisdiction to have committed. The Bondholder Representative shall have no duties, including no fiduciary or contractual duties, to any Person which are not expressly set forth in this Indenture, and no such duties shall be implied or imposed under any principle of equity Whenever this Indenture or any other Project Document makes reference to obtaining or granting Bondholder Representative consent or approval, such consent or approval may be granted or withheld by the Bondholder Representative in its sole, absolute and unreviewable discretion.

Section 10.05. **Arbitration**. Any action, claim or proceeding brought against the Bondholder Representative by the Bondholders, or any other party to the Project Documents other than the Trustee or the Issuer shall be determined by arbitration administered by the American Arbitration Association and governed by its arbitration rules in effect as of the date of this Indenture, subject to any modifications contained herein. The number of arbitrators shall be three. The place of arbitration shall be New York, New York, and any and all awards and other decisions shall be deemed to have been made there, without prejudice to the right of the arbitral tribunal to hold hearings, meetings, or sessions any place it deems appropriate The language of the arbitration shall be English. All and any awards or other decisions of the arbitral tribunal shall be final and binding on the parties. The parties consent to the jurisdiction of the courts of the state of New York to confirm an arbitration award.

Section 10.06. **Control by Bondholder Representative.** Notwithstanding any other provision to the contrary, any discretionary action on the part of the Trustee contained herein or in any Project Document, including, without limitation, any consent or waiver hereunder or thereunder, shall require the prior written consent of the Bondholder Representative, and the Trustee hereby agrees to take such action, or refrain from taking such action, upon the written direction of the Bondholder Representative. If the Trustee fails to take any such action within fifteen (15) days after the written

direction of the Bondholder Representative to take such action, the Bondholder Representative may, but need not, take such action. Notwithstanding the foregoing, the Trustee shall not be required to take any such action at the direction of the Bondholder Representative unless the Bondholder Representative provides indemnification to the Trustee as provided in Section 9.02.

ARTICLE XI

DISCHARGE OF INDENTURE; DEFEASANCE

Section 11.01. **Defeasance**. (a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in this Indenture, and all fees and expenses and other amounts due and payable under this Indenture and the Loan Agreement, and any other amounts required to be rebated to the federal government pursuant to the Tax Certificate or this Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facility under this Indenture and the estate and rights hereby granted, and all covenants, agreements and other obligations of the Issuer to the Bondholders hereunder shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any Lien, benefit or security hereunder, except as to moneys or securities held by the Trustee or the Paying Agent as provided below in this subsection. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the Lien of this Indenture and of the Mortgage and execute and deliver to the Institution all such instruments as may be appropriate to satisfy such Liens and to evidence such discharge and satisfaction, and (2) the Trustee and the Paying Agent shall pay over or deliver to the Institution or on its order all moneys or securities held by them pursuant to this Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Project Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the federal government under the Tax Certificate or this Indenture.

(b) Any Bonds or interest installments for the payment or redemption of which moneys (or Defeasance Obligations which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agent, 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 subsection (a) of this Section, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of this Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or redemption date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Sinking Fund Installments, and interest and all other amounts then due under the Project Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment on such maturity or redemption date.

Section 11.02. **Defeasance Opinion and Verification.** Prior to any defeasance becoming effective as provided in Section 11.01(b), there shall have been delivered to the Issuer and to

the Trustee (A) an opinion of Nationally Recognized Bond Counsel to the effect that interest on any Bonds being discharged by such defeasance will not become subject to federal income taxation by reason of such defeasance, (B) a verification from an independent certified public accountant or firm of independent certified public accountants (in each case reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, of the Bonds to be defeased and (C) a defeasance opinion of Nationally Recognized Bond Counsel

Section 11.03. **No Limitation of Rights of Holders.** No provision of this Article XI, including any defeasance of Bonds, shall limit the rights of the Holder of any Bonds under Section 3.06, 3.07 or 3.09 until such Bonds shall have been paid in full.

ARTICLE XII

AMENDMENTS OF INDENTURE

Section 12.01. **Limitation on Modifications.** This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article. Notwithstanding any provision to the contrary set forth herein, so long as there is a Bondholder Representative, no modification or amendment of this Indenture shall be effective unless the prior written consent of the Bondholder Representative has been received.

Section 12.02. **Supplemental Indentures Without Bondholders' Consent.** (a) The Issuer and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without the consent of the Bondholders, but subject to the consent of the Bondholder Representative, if any, for any of the following purposes:

(1) To cure any formal defect, omission or ambiguity in this Indenture or in any description of property subject to the lien hereof, if such action in the Opinion of Counsel is not materially adverse to the interests of the Bondholders.

(2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect (provided that, anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to this clause (2) which materially and adversely affects any rights, powers and authority of the Institution under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Institution shall have given its written consent, which consent shall not be unreasonably withheld, conditioned or delayed, to such Supplemental Indenture signed by an Authorized Representative of the Institution).

(3) To add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect

(4) To add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect (provided that, anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to this clause (4) which materially and adversely affects any rights, powers and authority of the

Institution under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Institution shall have given its written consent, which consent shall not be unreasonably withheld, conditioned or delayed, to such Supplemental Indenture signed by an Authorized Representative of the Institution).

(5) To confirm, as further assurance, any pledge under, and the subjection to any Lien or pledge created or to be created by, this Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the Lien or pledge of this Indenture additional revenues, properties or collateral.

(6) To modify or amend such provisions of this Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure that the interest on the Bonds not be includable in gross income for federal income tax purposes (provided that, anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to this clause (6) which materially and adversely affects any rights, powers and authority of the Institution under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Institution shall have given its written consent, which consent shall not be unreasonably withheld, conditioned or delayed, to such Supplemental Indenture signed by an Authorized Representative of the Institution).

(7) To effect any other change herein which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.

(8) To modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute (provided that, anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to this clause (8) which materially and adversely affects any rights, powers and authority of the Institution under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Institution shall have given its written consent, which consent shall not be unreasonably withheld, conditioned or delayed, to such Supplemental Indenture signed by an Authorized Representative of the Institution).

(9) To accommodate the issuance of Additional Bonds in accordance with Section 2.07 hereof.

(b) Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

Section 12.03. Supplemental Indentures With Bondholders' Consent. (a) Subject to the terms and provisions contained in this Article, the Bondholder Representative (or, if no

Bondholder Representative exists, the Majority Holders) shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein. Nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Sinking Fund Installments for, redemption premium, if any, or interest on any Outstanding Bonds, a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of the Trust Estate other than the liens or pledge created by this Indenture and the other Security Documents, except as provided in this Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this Section 12.03(a), without, in the case of items (ii) through and including (v) of this Section 12.03(a), the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds.

(b) If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes of this Section, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

(c) Within one year after the date of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture (A) is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms and (B) will not cause the interest on any Series of Bonds to become includable in gross income for federal income tax purposes. Each valid consent given by a Holder other than the Bondholder Representative shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with this Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds 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 Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

(d) If the Bondholder Representative or the Holders of not less than the percentage of Bonds required by this Section, as applicable, shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof

(e) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Indenture, subject in all respects to such modifications and amendments.

Section 12.04. Supplemental Indenture Part of this Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. The Trustee shall execute any Supplemental Indenture entered into in accordance with the provisions of Section 12.02 or 12.03.

ARTICLE XIII

AMENDMENTS OF RELATED SECURITY DOCUMENTS

Section 13.01. Rights of Institution. Anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to Article XII which materially and adversely affects any rights, powers and authority of the Institution under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Institution shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Institution.

Section 13.02. Amendments of Related Security Documents Not Requiring Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to the Bondholders, but subject to the consent of the Bondholder Representative, if any, enter into or consent (if required) to any amendment, change or modification of any of the Related Security Documents for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (v) to make any change required in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture, (vi) to accommodate the issuance of Additional Bonds in accordance with Section 2.07 hereof; and (vii) to make any other change that, in the judgment of the Trustee (which, in exercising such judgment, may conclusively rely, and shall be protected in relying, in good faith, upon an Opinion of Counsel or an opinion or report of engineers, accountants or other experts) does not materially adversely affect the Bondholders. The Trustee shall have no liability to any Bondholder or any other Person for any action taken by it in good faith pursuant to this Section. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Section 13.03. Amendments of Related Security Documents Requiring Consent of Bondholders. Except as provided in Section 13.02, the Issuer and the Trustee shall not enter into or consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) given and procured as in Section 12.03 set forth;

provided, however, there shall be no amendment, change or modification to (i) the obligation of the Institution to make loan payments with respect to the Bonds under the Loan Agreement or the Promissory Note or (ii) the Tax Certificate, without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on any Series of Bonds to become includable in gross income for federal income tax purposes. If at any time the Institution shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in Article XII with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee may, but shall not be obligated to, enter into any such amendment, change or modification to a Related Security Document which affects the Trustee's own rights, duties or immunities under such Related Security Document or otherwise. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Evidence of Signature of Bondholders and Ownership of Bonds. (a) Any request, consent, revocation of consent, approval, objection or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by any Bondholder in person or by his duly authorized attorney appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: the fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. For the purposes of the transfer or exchange of any Bond, the fact and date of the execution of the Bondholder or his attorney of the instrument of transfer shall be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(b) The ownership of Bonds and the amount, numbers and other identification shall be proved by the registry books.

(c) Except as otherwise provided in Section 12.03 with respect to revocation of a consent, any request or consent by the Holder of any Bond shall bind all future Holders of such Bond in respect of

anything done or suffered to be done by the Issuer or the Trustee or any Paying Agent in accordance therewith

(d) This Indenture shall be binding on all Bondholders with respect to any matter pertaining to ownership, payment or enforcement of the Bonds.

(e) The Bondholder Representative shall be an intended beneficiary of this Indenture entitled to enforce all of its terms and provisions as if the Bondholder Representative were a party hereto.

Section 14.02. **Notices**. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Indenture to be given to or filed with the Issuer, the Institution, the Bondholder Representative or the Trustee shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

(1) if to the Issuer, to

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: General Counsel

with a copy to

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: Executive Director

(2) if to the Institution, to

Richmond Medical Center d/b/a
Richmond University Medical Center
355 Bard Avenue
Staten Island, New York 10310
Attention: Chief Financial Officer

with a copy to

Garfunkel Wild, P.C
111 Great Neck Road, Suite 600
Great Neck, New York 11021
Attention: Andrew Schulson, Esq.

(3) if to the Trustee, to

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Corporate Trust Services

with a copy to

Paparone Law PLLC
30 Broad Street, 14th Floor, #1482
New York, New York 10004
Attention: Melissa E. Paparone, Esq., and

(4) if to the Bondholder Representative, to

Preston Hollow Capital, LLC
1717 Main Street, Suite 3900
Dallas, Texas 75201
Attention: John Dinan, General Counsel

The Issuer, the Institution, the Bondholder Representative and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder. The Trustee shall promptly provide copies of all notices received by the Trustee hereunder or under any other Project Document to the Bondholder Representative.

Section 14.03. **Parties Interested Herein**. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Institution, the Bondholder Representative, the Trustee, the Bond Registrar, the Paying Agent and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Institution, the Bondholder Representative, the Trustee, the Bond Registrar, the Paying Agent and the Holders of the Bonds.

Section 14.04. **Partial Invalidity**. If any one or more of the provisions of this Indenture or of the Bonds shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof or of the Bonds, but this Indenture and the Bonds shall be construed and enforced as of such illegal or invalid provision had not been contained herein.

Section 14.05. **Effective Date; Counterparts**. The date of this Indenture shall be for reference purposes only and shall not be construed to imply that this Indenture was executed on the date first above written. This Indenture was delivered on the Closing Date. This Indenture shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.06. Laws Governing Indenture. This Indenture shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 14.07. No Pecuniary Liability of Issuer or Members; No Debt of the State or the City. Every agreement, covenant and obligation of the Issuer under this Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor but shall be a limited revenue obligation of the Issuer payable by the Issuer solely from the loan payments, revenues and receipts pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds, in the Loan Agreement, in this Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under this Indenture or the Loan Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the loan payments, revenues and receipts and other moneys pledged to the payment of the Bonds, (iii) any income or gains therefrom, and (iv) the Net Proceeds with respect to the Facility. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, employee or agent of the Issuer in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. Neither the Bonds, the interest thereon, the Sinking Fund Installments therefor, nor the Redemption Price thereof shall ever constitute a debt of the State or of the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor.

Section 14.08. Priority of Indenture Over Liens. This Indenture and the Mortgage are given in order to secure funds to pay for the Project and by reason thereof, it is intended that this Indenture and the Mortgage shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Facility subsequent to the recordation of the Mortgage. In compliance with Section 13 of the Lien Law, the Issuer will receive the advances secured by this Indenture and the Mortgage and will hold such advances as a trust fund to be applied first for the purpose of paying the cost of improvements before using any part of the total of the same for any other purpose.

Section 14.09. Consent to Jurisdiction. Each party hereto irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of or related to this Indenture may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (x) to move to dismiss on grounds of forum non conveniens, (y) to remove to any federal court other than the United States District Court for the Southern District of New York, and (z) to move for a change of venue to a New York State Court outside New York County.

Section 14.10. Waiver of Trial by Jury. Each party hereto hereby expressly waives all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Indenture or any matters whatsoever arising out of or in any way connected with this Indenture. The provisions of this Indenture relating to waiver of trial by jury shall survive the termination or expiration of this Indenture.

Section 14.11. Legal Counsel; Mutual Drafting. Each party acknowledges that this Indenture is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Indenture. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Indenture and agrees that this Indenture and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra preferentum* doctrine, that would require interpretation of any ambiguities in this Indenture against the party that has drafted it.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation, New York, New York, has caused these presents to be executed in its name and behalf by its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and, to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be signed in its name and behalf by an authorized representative and its corporate seal to be hereunto affixed, all as of the day and year first above written.

BUILD NYC RESOURCE CORPORATION

By:_____
Krishna Omolade
Deputy Executive Director

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ___ day of December 2018, before me, the undersigned, personally appeared **Krishna Omolade** known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

_____
Notary Public

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Michelle Mena-Rosado
Vice President

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ____ day of December, 2018, before me, the undersigned, personally appeared Michelle Mena-Rosado, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

_____
Notary Public

DEFINITIONS OF CERTAIN TERMS IN THE INDENTURE AND THE LOAN AGREEMENT

Additional Bonds shall mean one or more Series of parity additional bonds issued, executed, authenticated and delivered under the Indenture.

Additional Improvements shall have the meaning specified in Section 3.4(a) of the Loan Agreement.

Additional Indebtedness Debt Service Coverage Ratio shall be determined based on the audited financial statements, determined in accordance with GAAP, for the last Fiscal Year preceding the incurrence of the proposed Indebtedness and shall mean the ratio determined by dividing (a) a numerator equal to Cash Available for Debt Service for such Fiscal Year, by (b) a denominator equal to the sum of (i) the Maximum Annual Debt Service for all Indebtedness of the Institution outstanding during such Fiscal Year and the additional Indebtedness proposed to be incurred in accordance with Section 8.31 of the Loan Agreement, provided, however, with respect to any Indebtedness that is not amortized by the terms thereof, the amount of principal which would be payable in such period, if such then outstanding principal were amortized from the date of incurrence thereof, over a period of the lesser of thirty (30) years or the maturity of such Indebtedness (if applicable) on a level debt service basis at an interest rate borne by such Indebtedness on the date calculated, except that if the date of calculation is within twelve (12) months of the scheduled maturity of such Indebtedness the full amount of principal payable at scheduled maturity shall be included in the calculation. In addition, with respect to variable rate indebtedness, the interest on such indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect for the most recent twelve (12) month period immediately preceding the date of calculation. For purposes of section 8.31(c)(i)(2) of the Loan Agreement, the Additional Indebtedness Debt Service Coverage Ratio shall be determined for two consecutive Fiscal Years, the second of which is the last Fiscal Year preceding the incurrence of the proposed Indebtedness.

Advance Direction Letter shall have the meaning set forth in the Agreement to Advance.

Affiliate shall mean, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person. For the avoidance of doubt, the Bondholder Representative shall not be deemed to be an Affiliate of the Institution as a result of entering into the Loan Agreement and performing their respective obligations thereunder.

Agreement to Advance shall mean the Agreement to Advance, dated as of the Closing Date, among the Institution, Preston Hollow Capital, LLC, as the initial purchaser of the Initial Bonds, the Trustee and the Underwriter, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Annual Administrative Fee shall mean that annual administrative fee established from time to time by the Issuer's Board of Directors as generally applicable to Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors).

Annual Evaluation Date shall mean one hundred fifty (150) days after the Institution's Fiscal Year End Date, commencing on December 31, 2019

Approved Facility shall mean the Facility as occupied, used and operated by the Institution substantially for the Approved Project Operations, including such other activities as may be substantially related to or substantially in support of such operations, all to be effected in accordance with the Loan Agreement

Approved Project Operations shall mean the facilities located at 355 Bard Avenue, Staten Island, New York and 288 Kissel Avenue, Staten Island, New York, for use by the Institution as a hospital, medical center and ancillary facilities.

Asserted Cure has the meaning specified in Section 8.30(k)(i) of the Loan Agreement.

Asserted LW Violation has the meaning specified in Section 8.30(k)(i) of the Loan Agreement.

Authorized Denomination shall mean $100,000 or any integral multiple of $5,000 in excess thereof; provided, however, that after the Initial Bonds are rated investment grade or better by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, the Authorized Denomination with respect to the Bonds shall be $5,000 or any integral multiple thereof.

Authorized Principal Amount shall mean, (i) in the case of the Series 2018A Bonds, up to $117,000,000, and (ii) in the case of the Series 2018B Bonds, up to $42,600,000.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Institution, a person named in Exhibit C — "Authorized Representative of Institution" to the Loan Agreement, or any other officer or employee of the Institution who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Institution has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of the Loan Agreement, the Indenture or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Available Reserves shall mean the fair market value of all unrestricted and liquid cash and investments of the Institution, determined as set forth in a Certificate of Authorized Representative of the Institution, which determination shall be based on the most recent audited financials of the Institution, but excluding the amounts on deposit in any bond payment, debt service or similar fund pledged for the payment of principal or interest due on any Indebtedness, and in any event excluding amounts in a Debt Service Reserve Fund. For each of Fiscal Year 2018-2019 and Fiscal Year 2019-2020, amounts drawn by the Institution on revolving loan agreements or lines of credit, or any other credit facilities available to the Institution shall be taken into account in computing Days Cash-on-Hand.

Beneficial Owner shall mean, whenever used with respect to an Initial Bond, the Person in whose name such Initial Bond is recorded as the Beneficial Owner of such Initial Bond by the respective systems of DTC and each of the Participants of DTC. If at any time any or all of the Initial Bonds are not held in the Book-Entry System, Beneficial Owner with respect to such Initial Bond shall mean "Holder" for purposes of the Security Documents.

Benefits shall have the meaning set forth in Section 5.1(a) of the Loan Agreement.

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Bond Purchase Agreement shall mean the Bond Purchase Agreement, dated December 19, 2018, among the Institution, the Issuer and the Underwriter.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10 of the Indenture.

Bond Resolution shall mean the resolution of the Issuer adopted on November 7, 2018, authorizing the Project and the issuance of the Initial Bonds.

Bondholder, Holder of Bonds, Holder or **holder** shall mean any Person who shall be the registered owner of any Bond or Bonds.

Bondholder Representative shall mean Preston Hollow Capital, LLC, and any successor thereto designated as the Bondholder Representative in accordance with Section 10.01 of the Indenture.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of December 1, 2018, by and among the Issuer, the Institution and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Loan Agreement and the Indenture.

Business Day shall mean any day that shall not be:

(i) a Saturday, Sunday, or legal holiday;

(ii) a day on which banking institutions in the City are authorized by law or executive order to close; or

(iii) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is closed.

Business Incentive Rate shall mean the discount energy transportation and delivery rate provided through the Business Incentive Rate program co-administered by NYCEDC and Consolidated Edison Company of New York, Inc.

Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Capital Lease shall mean a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

Cash Available for Debt Service shall mean for any Fiscal Year the amount determined as the sum of net income, depreciation, amortization, interest expense and any other noncash expense for such Fiscal Year, all as determined for financial reporting purposes for such Fiscal Year in accordance with GAAP.

Certificate shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Certificate of Authorized Representative of the Institution shall mean a certificate signed by an Authorized Representative of the Institution which shall state that it is being delivered pursuant to (and shall identify the Section or subsection of) the Loan Agreement, and shall incorporate by reference and use in all appropriate instances all terms defined in the Loan Agreement. Each Certificate of Authorized Representative of the Institution shall state that (i) the terms thereof are in compliance with the requirements of the Section or subsection pursuant to which such certificate is delivered, or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance, (ii) no Default or Event of Default has occurred and is continuing, and (iii) it is being delivered together with any opinions, schedules, statements, pro forma financial statements or other documents required in connection therewith. Any Certificate of Authorized Representative of the Institution made with respect to compliance with Sections 8.32 and 8.33 of the Loan Agreement shall be accompanied with the appropriate documentation evidencing such compliance as reasonably requested by Bondholder Representative and shall be prepared in good faith by the Institution.

CGL shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

City shall mean The City of New York, New York.

Claims shall have the meaning set forth in Section 8.2(a) of the Loan Agreement.

Closing Date shall mean December 20, 2018, the date of the initial issuance and delivery of the Initial Bonds.

CM shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Code shall mean the Internal Revenue Code of 1986, as amended, including the regulations thereunder. All references to Sections of the Code or regulations thereunder shall be deemed to include any such Sections or regulations as they may hereafter be renumbered in any subsequent amendments to the Code or such regulations.

Cogeneration Facility Project Work shall mean (i) the acquisition and installation of a cogeneration facility and associated equipment located within the Institution's boiler plant situated on the southeast portion of the land located at 355 Bard Avenue, Staten Island, New York, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Completion Deadline shall mean:

(i) October 1, 2019 for the Parking Lot Project Work;

(ii) June 1, 2020 for the Operating Room Project Work;

(iii) August 1, 2020 for the Cogeneration Facility Project Work;

(iv) June 1, 2021 for the Elevator Project Work,

(v) July 1, 2021 for the Emergency Department Project Work; and

(vi) November 1, 2021 for the Roof Project Work.

Completion Guaranty shall mean the Completion Guaranty dated as of December 1, 2018, by the Institution for the benefit of the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Comptroller has the meaning specified in Section 8.30(b) of the Loan Agreement.

Computation Date shall have the meaning assigned to that term in the Tax Certificate.

Computation Period shall have the meaning assigned to that term in the Tax Certificate.

Concessionaire has the meaning specified in Section 8.30(b) of the Loan Agreement.

Conduct Representation shall mean any representation by the Institution under Section 2.2(r) of the Loan Agreement, or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Construction shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Consultant shall mean a Person or firm selected by the Institution subject to the reasonable consent of Bondholder Representative that is not (and no member, stockholder, director, officer or employee of which is) an officer or employee of the Institution, Bondholder Representative, or any Affiliate thereof, that is an independent professional consultant with substantial experience and recognized expertise in the operation and management of hospitals and/or medical facilities Any and all fees, costs and expenses of Consultant shall be borne by the Institution.

Construction Disbursement and Monitoring Agreement shall mean the Construction Disbursement and Monitoring Agreement, by and among the Institution, the Trustee and Preston Hollow Capital, LLC, substantially in the form attached to the Loan Agreement as Exhibit M – "Form of Construction Disbursement and Monitoring Agreement" which is to be entered into by the parties at the time of execution and delivery of the guaranteed maximum price contract for the Cogeneration Facility Project Work and the Emergency Department Project Work, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Continuation Action(s) shall have the meaning set forth in Section 7.07(c) of the Indenture.

Contractor(s) shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Control or **Controls**, including the related terms "controlled by" and "under common control with", shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

Costs of Issuance shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: the Underwriter's spread (whether realized directly or derived through the purchase of the Initial Bonds at a discount below the price at which they are expected to be sold to the public); counsel fees (including bond counsel, counsel to the Underwriter, Trustee's counsel, Issuer's counsel, Institution's counsel, counsel to the Initial Bondholder, the Bondholder Representative, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Issuer or

the Institution incurred in connection with the issuance of the Initial Bonds, engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Certificate); Rating Agency fees; Trustee and Paying Agent fees; accountant fees and other expenses related to issuance of the Initial Bonds; printing costs for the Initial Bonds and for the preliminary and final offering documents relating to the Initial Bonds; public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds; Blue Sky fees and expenses; and similar costs.

Covered Counterparty has the meaning specified in Section 8.30(b) of the Loan Agreement.

Covered Employer has the meaning specified in Section 8.30(b) of the Loan Agreement.

Days Cash-on-Hand shall mean as of any Liquidity Testing Date, as derived from the audited financial statements for the Fiscal Year ending on the Liquidity Testing Date, (a) the product of (i) three hundred sixty-five (365), and (ii) the Available Reserves, divided by (b) the sum of the following for the Fiscal Year ending on the Liquidity Testing Date: (i) Total Cash Operating Expenses of the Institution, (ii) payments of interest on, and principal of, the Bonds, and (iii) payments of interest on, and principal of, all other Indebtedness of the Institution.

Days Cash on Hand Requirement shall mean: for each of the Fiscal Years ending December 31, 2018 - 2020, at least thirty (30) Days Cash on Hand as of each Liquidity Testing Date; for Fiscal Year ending December 31, 2021, at least thirty-five (35) Days Cash on Hand as of the Liquidity Testing Date for such Fiscal Year, for Fiscal Year ending December 31, 2022, at least forty (40) Days Cash on Hand as of the Liquidity Testing Date for such Fiscal Year; and for each Fiscal Year from Fiscal Year ending December 31, 2023 through the date of maturity of the Initial Bonds (or earlier date of redemption of the last outstanding Bond), at least forty-five (45) Days Cash on Hand as of each Liquidity Testing Date.

DCA has the meaning specified in Section 8.30(b) of the Loan Agreement.

Debt Service Coverage Ratio shall mean for a Fiscal Year, the ratio determined by dividing (i) a numerator equal to Cash Available for Debt Service during such fiscal year, by (ii) a denominator equal to the required payments during such Fiscal Year of principal of and interest on all Indebtedness of the Institution other than Short-Term Indebtedness incurred in accordance with Section 8.31(d) of the Loan Agreement (but including Capital Leases).

Debt Service Coverage Ratio Requirement means for a Fiscal Year a Debt Service Coverage Ratio for such Fiscal Year of at least 1.15:1.

Debt Service Requirement shall mean for any date of determination, when used with respect to any particular Indebtedness, the aggregate of the payments to be made in respect of principal and interest on such Indebtedness, for a particular Fiscal Year.

Debt Service Reserve Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Debt Service Reserve Requirement shall mean:

(i) with respect to the Series 2018A Bonds, as of any date of determination an amount equal to the lesser of: (A) ten percent (10%) of the aggregate issue price of the Outstanding Series 2018A Bonds; (B) the greatest amount required in the then current or any future Fiscal Year to pay the Debt Service Requirement on the Outstanding Series 2018A Bonds; or (C) one hundred twenty-five (125%) of

the average annual amount required in the then current or any future Fiscal Year to pay the Debt Service Requirement on Outstanding Series 2018A Bonds;

(ii) with respect to the Series 2018B Bonds, as of any date of determination, an amount equal to the lesser of: (A) ten percent (10%) of the aggregate issue price of the Outstanding Series 2018B Bonds; (B) the greatest amount required in the then current or any future Fiscal Year to pay the Debt Service Requirement on the Outstanding Series 2018B Bonds; or (C) one hundred twenty-five (125%) of the average annual amount required in the then current or any future Fiscal Year to pay the Debt Service Requirement on Outstanding Series 2018B Bonds; and

(iii) with respect to Additional Bonds, such amount is set forth in a Supplemental Indenture with respect to such Additional Bonds.

Debt Service Reserve Fund Valuation Date shall mean the end of each Fiscal Year beginning on December 31, 2020.

Default shall mean an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

Default Rate shall mean (a) with respect to the Series 2018A Bonds, the lesser of (i) the rate of 10.625% per annum (computed on the basis of a 360-day year of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to the Series 2018B Bonds, the lesser of (i) the rate of 10.875% per annum (computed on the basis of a 360-day year of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law.

Defaulted Interest shall have the meaning specified in Section 2.02(g) of the Indenture.

Defeasance Obligations shall mean Government Obligations that are not subject to redemption prior to maturity.

Deposit Account Control Agreement shall mean the Deposit Account Control Agreement, by and among the Institution, the Trustee and the Depository Bank, relating to the Gross Revenues and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Depository Bank shall mean the depository banking institution selected by the Institution, and reasonably satisfactory to the Trustee and the Bondholder Representative, to act as the depository bank under the Deposit Account Control Agreement.

Determination of Taxability shall mean:

(i) (A) the adoption, promulgation or enactment of any federal statute or regulation, or any determination, decision, decree or ruling made by the Commissioner or any District Director of the Internal Revenue Service;

(B) the issuance of a public or private ruling or a technical advice memorandum by the Internal Revenue Service in which the Institution has participated or has been given the opportunity to participate, and which ruling or memorandum the Institution, in its discretion, does not contest or from which no further right of judicial review or appeal exists;

(C) a determination from which no further right of appeal exists of any court of competent jurisdiction in the United States in a proceeding in which the Institution has participated or has been a party, or has been given the opportunity to participate or be a party; or

(D) the admission in writing by the Institution;

in any case, to the effect that the interest payable on the Bond of a Holder or a former Holder thereof is includable in gross income for federal income tax purposes; or

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on the Bonds is includable in gross income for federal income tax purposes or the refusal of any such counsel to render a written opinion that the interest on the Bonds is not so includable when required pursuant to a request by a Bondholder in accordance with the procedures set forth in the Indenture;

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) hereof shall be considered to exist unless (1) the Holder or Beneficial Owner or former Holder or Beneficial Owner of the Bond involved in such proceeding (a) gives the Institution and the Trustee prompt notice of the commencement thereof and (b) (if the Institution agrees to pay all expenses in connection therewith) offers the Institution the opportunity to control the defense thereof and (2) either (a) the Institution does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (b) the Institution shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Institution determines to be appropriate. The Bondholder Representative, a Bondholder or a Beneficial Owner shall have the right to request the Trustee to obtain a written opinion of Nationally Recognized Bond Counsel pursuant to clause (ii) above, at the expense of the Institution, upon delivery by the Bondholder or the Beneficial Owner to the Institution of a letter from the Bondholder's or the Beneficial Owner's accountant stating that, in his or her reasonable opinion, interest on the Bonds is includable in the gross income of such Bondholder or Beneficial Owner for federal income tax purposes and stating the reasons for such determination. No Determination of Taxability described above will result from the inclusion of interest on any Bond in the computation of alternative minimum taxes or indirect taxes.

Disbursement Date shall mean first (1st) day of each quarter, or the immediately succeeding Business Day if such day is not a Business Day, or at such other time or times during each month as may be agreed to by the Issuer and the Trustee.

Distribution Date shall mean October 15 of each year.

DOL shall have the meaning set forth in Section 8 7(a) of the Loan Agreement

Draw-Down Date shall mean the Closing Date and such subsequent dates on which a draw-down for the Bonds shall occur, provided, however, that (i) subsequent Draw-Down Dates shall not occur more frequently than once per quarter, (ii) subsequent Draw-Down Dates shall not occur any earlier than fifteen (15) days after the immediately preceding Draw-Down Date, (iii) no subsequent Draw-Down Date shall occur after December 1, 2020 and (iv) on each subsequent Draw-Down Date after the Closing Date, the total draw-down amount shall not be less than (a) $10,000,000 with respect to the Series 2018A Bonds and (b) $2,000,000 with respect to the Series 2018B Bonds.

DTC shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

Due Date shall have the meaning set forth in Section 9.9(a) of the Loan Agreement.

Earnings Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Elevator Project Work shall mean (i) the elevator replacement and/or upgrades at various buildings located at 355 Bard Avenue, Staten Island, New York, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Emergency Department Project Work shall mean (i) the design, construction, furnishing and equipping of a state-of-the-art emergency department increasing the existing emergency department from 15,609 square feet to approximately 56,000 square feet and expanding the number of treatment rooms, which new building addition will be located at 355 Bard Avenue, Staten Island, New York, along Castleton Avenue and an internal campus roadway, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Employment Information shall have the meaning set forth in Section 8.7(c) of the Loan Agreement.

Entity shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

Environmental Audit shall mean that certain Phase I Environmental Site Assessment Report dated October 17, 2017, prepared by the Environmental Auditor.

Environmental Auditor shall mean RSB Environmental.

Environmental Indemnity Agreement shall mean the Environmental Indemnity Agreement, dated as of the December 1, 2018, by and among the Institution, the Trustee and the Bondholder Representative, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Estimated Project Cost shall mean $87,249,037.11.

Event of Default shall have the meaning specified in Section 8.01(a) of the Indenture and Section 9.1 of the Loan Agreement.

Event of Taxability shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any Bond becomes includable for federal income tax purposes in the gross income of any Holder or Beneficial Owner thereof as a consequence of any act, omission or event whatsoever, including any change of law, and regardless of whether the same was within or beyond the control of the Institution.

Existing Facility Property shall have the meaning set forth in Section 3.5(a) of the Loan Agreement.

Facility shall mean, collectively, the Facility Personalty and the Facility Realty.

Facility Personalty shall mean those items of machinery, equipment and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 of the Loan Agreement and described in Exhibit B - "Description of the Facility Personalty" attached to the Indenture and to the Loan Agreement, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4 of the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5 of the Loan Agreement.

Facility Realty shall mean the parcels located at 355 Bard Avenue, Staten Island, New York and 288 Kissel Avenue, Staten Island, New York as described in Exhibit A – "Description of the Facility Realty" in the appendices to the Indenture and to the Loan Agreement, and all rights or interest therein or appertaining thereto, together with all structures, buildings, foundations, related facilities, fixtures (other than trade fixtures) and other improvements now or at any time made, erected or situated thereon (including the improvements made pursuant to Section 3.2 of the Loan Agreement), and all replacements, improvements, extensions, substitutions, restorations, repairs or additions thereto.

Final Project Cost Budget shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Institution pursuant to Section 3.2(f) of the Loan Agreement upon completion of the Project.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on January 1 and ending on December 31 of the next calendar year, or such other fiscal year of similar length used by the Institution for accounting purposes as to which the Institution shall have given prior written notice thereof to the Issuer, the Bondholder Representative and the Trustee at least ninety (90) days prior to the commencement thereof.

Fiscal Year End Date shall mean the last day of the Institution's Fiscal Year.

Fitch shall mean Fitch, Inc., a Delaware corporation, 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 Trustee, by notice to the other Notice Parties.

Fixed Date Deliverables shall have the meaning set forth in Section 9.9(a)(ii) of the Loan Agreement.

GAAP shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, so as to properly reflect the financial position of the Institution, except that any accounting principle or practice required to be changed by the Financial Accounting Standards Board (or other appropriate board or committee of the said Board) in order to continue as a generally accepted accounting principle or practice may be so changed.

GC shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Governing Body shall mean, when used with respect to any Entity, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Entity are exercised.

Government Obligations shall mean the following:

(i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;

(ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or

(iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above.

Grant Proceeds shall mean the proceeds of any grant provided to the Institution by the City or the State or any instrumentality of either.

Gross Revenues shall mean all receipts, revenues, income and other moneys received by or on behalf of the Institution, including, but without limiting the generality of the foregoing, revenues derived from the ownership or operation of all real or personal property owned by the Institution including but not limited to the Facility, casualty insurance and condemnation proceeds with respect to all real or personal property owned by the Institution including but not limited to the Facility or any portion thereof, and all rights to receive the same (including amounts retained by Institution under Section 3.5(a) of the Loan Agreement), whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence; provided, however, that gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on Indebtedness) and the income derived therefrom to the extent required by such designation or specification shall be excluded from Gross Revenues.

Hazardous Materials shall mean any substance or material that is now or in the future included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," "pollutant," "contaminant," "hazardous waste," or "universal waste," or in any Hazardous Materials Law, including (a) petroleum or petroleum derivatives, including crude oil or any fraction thereof, all forms of natural gas, petroleum products or by-products or waste, and waste water, (b) asbestos and asbestos-containing materials (whether friable or non-friable), (c) polychlorinated biphenyls, (d) urea formaldehyde, (e) lead and lead based paint or other lead containing materials (whether friable or non-friable), (f) microbiological pollutants, (g) batteries or liquid solvents or similar chemicals, (h) radon gas, and (i) pesticides and pesticide contaminated materials. The term "Hazardous Materials" shall not include (i) chemicals, lubricants, refrigerants, batteries and other substances kept in amounts typical for, and used as, standard janitorial supplies, office and household supplies, and the like in connection with the routine maintenance and operation of facilities similar to the Facility, to the extent kept, used and maintained in strict compliance with all such applicable Hazardous Materials Laws, (ii) gasoline, oil and other automotive products kept and used in an ordinary manner in or for the use of motor vehicles at the Project, or (iii) any substance or material that would otherwise be a Hazardous Material in environmental media (air, soil or

water) in concentrations that does not require release reporting, monitoring or investigation under Hazardous Materials Laws or removal or remediation of under Hazardous Materials.

Hazardous Materials Laws shall mean any and all applicable statutes, terms, conditions, limitations, restrictions, regulations, standards, prohibitions, obligations, schedules, plans, and timetables that are contained in or promulgated pursuant to any federal, state or local laws, whether existing now or hereinafter enacted, relating to pollution or the protection of the environment, including laws relating to emissions, discharges, releases, or threatened releases of Hazardous Materials into ambient or indoor air, surface water, ground water, drinking water, lands (including the surface and subsurface thereof), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, refinement, production, disposal, transport, or handling of Hazardous Materials, including the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA), 42 U.S.C. 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (RCRA), 42 U.S.C. 6901 et seq., the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. 2601 et seq., the Clean Air Act, 42 U.S.C. 7401 et seq., and the Safe Drinking Water Act, 42 U.S.C. § 300f et seq. "Hazardous Materials Laws" shall not include laws relating to industrial hygiene or worker safety, except to the extent that such laws address asbestos and asbestos-containing materials (whether friable or non-friable) or lead and lead-based paint or other lead containing materials.

Impositions shall have the meaning set forth in Section 8.17(a) of the Loan Agreement.

Indebtedness shall mean (a) all obligations of the Institution for borrowed money, (b) all obligations of the Institution evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, or other financial products, or obligations to bonding companies, (c) all obligations of the Institution as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of the Institution, irrespective of whether such obligation or liability is assumed, (e) all obligations of the Institution to pay the deferred purchase price of assets (other than trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices and, for the avoidance of doubt, other than royalty payments payable in the ordinary course of business in respect of non-exclusive licenses), and (f) any obligation of the Institution guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (e) above. For purposes of this definition, (i) the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such guaranty, and (ii) the amount of any Indebtedness which is limited or is non-recourse to a Person or for which recourse is limited to an identified asset shall be valued at the lesser of (A) if applicable, the limited amount of such obligations, and (B) if applicable, the fair market value of such assets securing such obligation

Indemnification Commencement Date shall mean November 7, 2018, the date on which the Issuer first adopted a resolution with respect to the Project.

Indemnified Parties shall have the meaning set forth in Section 8.2(a) of the Loan Agreement.

Indenture shall mean the Indenture of Trust, dated as of December 1, 2018, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XII of the Indenture.

Independent Accountant shall mean Baker Tilly Virchow Krause, LLP, its successors and assigns, or another independent certified public account or firm of independent certified public accountants selected by the Institution and approved by the Issuer and the Trustee (such approvals not to be unreasonably withheld or delayed).

Independent Engineer shall mean a Person (not an employee of either the Issuer or the Institution or any Affiliate of either thereof) registered and qualified to practice engineering or architecture under the laws of the State, selected by the Institution, and approved in writing by the Trustee (which approval shall not be unreasonably withheld and shall be given at the direction of the Bondholder Representative, if any).

Information Recipients shall have the meaning set forth in Section 8.7(c) of the Loan Agreement.

Initial Annual Administrative Fee shall mean $1,250.

Initial Bondholder shall mean Preston Hollow Capital, LLC.

Initial Bonds shall mean collectively, the Series 2018A Bonds and the Series 2018B Bonds.

Institution shall mean Richmond Medical Center, (d/b/a Richmond University Medical Center) a not-for-profit corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Code, organized and existing under the laws of the State of New York, and its successors and assigns.

Institution Documents shall mean, collectively, the Loan Agreement, the Building Loan Agreement, the Mortgage, the Environmental Indemnity Agreement, the Completion Guaranty, the Agreement to Advance, the Promissory Note, the Deposit Account Control Agreement, the Tax Certificate, the Construction Disbursement and Monitoring Agreement and any other Project Documents to which the Institution is a party, each as may be amended from time to time.

Institution's Property shall have the meaning specified in Section 3.4(c) of the Loan Agreement.

Insured shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Insurer shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Interest Payment Date shall mean, with respect to (i) with respect to the Initial Bonds, semi-annually on June 1 and December 1 of each year, commencing June 1, 2019, and (ii) with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

IRS Determination Letter shall mean that certain ruling letter dated July 19, 2007 issued by the Internal Revenue Service to the Institution confirming that the Institution is a Tax-Exempt Organization.

ISO shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

ISO Form CG-0001 shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Issuer shall mean Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and its successors and assigns

Issuer's Reserved Rights shall mean, collectively,

(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 or the Indenture;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement or the Indenture;

(iii) the right of the Issuer to enforce in its own behalf the obligation of the Institution under the Loan Agreement to complete the Project;

(iv) the right of the Issuer to enforce or otherwise exercise in its own behalf all agreements of the Institution under the Loan Agreement with respect to ensuring that the Facility shall always constitute the Approved Facility;

(v) the right of the Issuer to amend with the Institution the provisions of Section 5.1 of the Loan Agreement without the consent of the Trustee or any Bondholder;

(vi) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under the following Articles and Sections of the Loan Agreement: Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article V, Article VI, Article VIII (except for Section 8.26), Article IX, Article X and Sections 11.1, 11.3 and 11.5, and Article XII (except Section 12.2); and

(vii) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 9.2(b) of the Loan Agreement.

Kroll shall mean Kroll Bond Rating Agency, 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, "Kroll" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Institution, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Letter of Representation and Indemnity Agreement shall mean the Letter of Representation and Indemnity Agreement, dated the Closing Date, from the Institution to the Issuer, the Trustee and the Underwriter of the Initial Bonds.

Liability shall have the meaning set forth in Section 8.2(a) of the Loan Agreement.

Lien or **Liens** shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security arrangement, any judgment, decree, order, levy or process of any court or governmental body entered, made or issued and any other preference, priority, or preferential arrangement of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

Liquidity Testing Date shall mean the Fiscal Year End Date.

Liquidity to Debt Ratio shall mean, as any date of determination, the ratio determined by dividing (a) a numerator equal to Available Reserves by (b) a denominator equal to the principal amount of all Indebtedness of the Institution outstanding on the date of determination and the principal amount of the additional Indebtedness proposed to be incurred.

Loan shall mean the loan made by the Issuer to the Institution pursuant to the Loan Agreement as described in Section 4.1 of the Loan Agreement.

Loan Agreement or **Agreement** shall mean the Loan Agreement, dated as of December 1, 2018, between the Issuer and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Loan Payment Date shall mean the twentieth (20th) day of each month (or, if the twentieth (20th) day shall not be a Business Day, the immediately preceding Business Day).

Loss Event shall have the meaning specified in Section 6.1 of the Loan Agreement.

LW has the meaning specified in Section 8.30(b) of the Loan Agreement.

LW Agreement has the meaning specified in Section 8.30(b) of the Loan Agreement

LW Agreement Delivery Date has the meaning specified in Section 8.30(b) of the Loan Agreement.

LW Event of Default has the meaning specified in Section 8.30(b) of the Loan Agreement.

LW Law has the meaning specified in Section 8.30(b) of the Loan Agreement.

LW Term has the meaning specified in Section 8.30(b) of the Loan Agreement.

LW Violation Final Determination has the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B) of the Loan Agreement, as applicable.

LW Violation Initial Determination has the meaning specified in Section 8.30(k)(i)(2) of the Loan Agreement.

LW Violation Notice has the meaning specified in Section 8.30(k)(i) of the Loan Agreement.

LW Violation Threshold has the meaning specified in Section 8.30(b) of the Loan Agreement.

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding

Maturity Date shall mean with respect to the Initial Bonds, December 1, 2050.

Maximum Annual Debt Service shall mean at the time of calculation, with respect to any particular Indebtedness, the largest Debt Service Requirement for the current or any future Fiscal Year, which calculation shall not include, for a particular series of Bonds, the final payment on such series of Bonds to the extent moneys are available therefor at such time of calculation in the applicable Debt Service Reserve Fund for such series of Bonds.

Merge or **Merger** shall have the meaning specified in Section 8.20(a)(v) of the Loan Agreement.

Moody's shall mean Moody's Investors Service Inc., a Delaware corporation, 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, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Mortgage shall mean, collectively, the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan), each dated as of even date herewith, and each from the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Mortgaged Property shall have the meaning specified in the Mortgage.

Nationally Recognized Bond Counsel shall mean Katten Muchin Rosenman LLP or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

Notice Parties shall mean the Issuer, the Institution, the Bondholder Representative, the Bond Registrar, the Paying Agents and the Trustee.

Notification of Failure to Deliver shall have the meaning specified in Section 9.9(b) of the Loan Agreement.

NYCDOF shall mean the New York City Department of Finance.

NYCEDC shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

NYCIDA shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

Operating Room Project Work shall mean (i) the design, construction and/or renovation of the operating room handler at various buildings located at 355 Bard Avenue, Staten Island, New York, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Operations Commencement Date shall have the meaning set forth in Section 5.1(a) of the Loan Agreement.

Opinion of Counsel shall mean a written opinion of counsel for the Institution or any other Person (which counsel shall be reasonably acceptable to the Bondholder Representative, the Issuer and the Trustee) with respect to such matters as required under any Project Document or as the Bondholder Representative, the Issuer or the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Bondholder Representative, the Issuer and the Trustee.

Organizational Documents shall mean, (i) in the case of an Entity constituting a limited liability company, the articles of organization or certificate of formation, and the operating agreement of such Entity, (ii) in the case of an Entity constituting a corporation, the charter, articles of incorporation or certificate of incorporation, and the bylaws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) deemed to have been paid in accordance with Section 11.01(b) of the Indenture.

(iii) Bonds in lieu of which other Bonds shall have been authenticated and delivered under Article III of the Indenture.

provided, however, that in determining whether the Holders or Beneficial Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the Institution or any Affiliate of the Institution shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Institution or any Affiliate of the Institution.

Owed Interest has the meaning specified in Section 8.30(b) of the Loan Agreement.

Owed Monies has the meaning specified in Section 8.30(b) of the Loan Agreement.

Parking Lot Project Work shall mean (i) the design and construction of the new approximately 250 space parking lot located on an approximately 115,000 square foot vacant parcel of land located directly behind at 669 and 657 Castleton Avenue, Staten Island, New York, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other Entity which may at any time be substituted in its place pursuant to the Indenture.

Per Diem Fees shall mean, collectively, the Per Diem Late Fee and the Per Diem Supplemental Late Fee.

Per Diem Late Fee shall mean that per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors) and that have not (x) paid to the Issuer the Annual Administrative Fee on the date required under Section 8.3 of the Loan Agreement, (y) delivered to the Issuer all or any of the Fixed Date Deliverables on the respective dates required under Section 8.14 or 8.16 of the Loan Agreement, and/or (z) delivered to the Issuer all or any of the Requested Document Deliverables under Section 8.15 of the Loan Agreement within five (5) Business Days of the Issuer having made the request therefor.

Per Diem Supplemental Late Fee shall mean that supplemental per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from general applicability as may be established by the Issuer's Board of Directors).

Permitted Encumbrances shall mean:

(i) Liens in favor of the Trustee created by the Mortgage, the Building Loan Agreement and any other Project Document;

(ii) Liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b) of the Loan Agreement;

(iv) utility, access and other easements and rights of way, restrictions and exceptions that are apparent from a search of the real estate records applicable to the Mortgaged

Property, or from an accurate survey, and which do not materially interfere with or impair the Institution's use and enjoyment of the Facility as provided in the Loan Agreement;

(v) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to Section 3.7 of the Loan Agreement insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

(vi) Liens arising by reason of good faith deposits with the Institution in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Institution 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, but only with respect to the property tendered or deposited;

(vii) 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 for any purpose at any time as required 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 the Institution to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements, but only with respect to the property deposited;

(viii) any judgment Lien against the Institution, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed by the posting of a bond the payment of which would not give rise to a Lien;

(ix) any purchase money security interest in movable personal property, including equipment leases and financing not to exceed the limitations on incurrence of such indebtedness set forth in the Project Documents;

(x) any lien, security interest, encumbrances or charge to which the Trustee shall consent in writing (and given at the direction of the Bond Representative or, if there is no Bondholder Representative, the Majority Holders); and

(xi) a lien, restrictive declaration or performance mortgage with respect to the operation of the Facility arising by reason of a grant or other funding received by the Institution from the City, State or any governmental agency or instrumentality (including, without limitation, New York City Economic Development Corporation.)

Permitted Indebtedness shall have the meaning specified in Section 8.31 of the Loan Agreement.

Person shall mean an individual or any Entity.

Policy(ies) shall have the meaning specified in Section 8.1(a) of the Loan Agreement.

Predecessor Institution shall have the meaning set forth in 8.20 of the Loan Agreement.

Principals shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity or any Person as shall have the power to Control such Entity, and "principal" shall mean any of such Persons.

Project shall mean the financing and/or refinancing of (a) the design, construction, furnishing, and equipping of a state-of-the-art Emergency Department ("ED") increasing the existing ED from 15,609 square feet to approximately 56,000 square feet and expanding the number of treatment rooms, which new building addition will be located at 355 Bard Avenue, Staten Island, New York, along Castleton Avenue and an internal campus roadway; (b) the design and construction of a new approximately 250 space parking lot located on an approximately 115,000 square foot vacant parcel of land located directly behind at 669 and 657 Castleton Avenue, Staten Island, New York; (c) the acquisition and installation of a cogeneration facility and associated equipment located within the Institution's boiler plant situated on the southeast portion of the land located at 355 Bard Avenue, Staten Island, New York which will be used to provide electrical energy to the Institution; (d) the infrastructure improvements, including, but not limited to, elevator upgrades and roof repair and replacement, with respect to various buildings located at 355 Bard Avenue, Staten Island, New York; (e) the existing taxable loans that were used to finance certain psychiatric facilities and robotic surgery equipment at 355 Bard Avenue and the renovation, furnishing and equipping of an existing approximately 68,000 square foot residential building located on an approximately 82,000 square foot parcel of land located at 288 Kissel Avenue, Staten Island, New York, which is primarily used to provide, among other things, employee housing to interns and residents in Institution's physician graduate education program; (f) a debt service reserve fund; and (g) certain costs related to the issuance of the Bonds.

Project Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Project Application Information shall mean the eligibility application and questionnaire submitted to the Issuer by or on behalf of the Institution, for approval by the Issuer of the Project and the providing of financial assistance by the Issuer therefor, together with all other letters, documentation, reports and financial information submitted in connection therewith

Project Completion Date shall mean the date by which all of the following conditions have been satisfied: (i) the Issuer shall have received a signed and complete certificate of an Authorized Representative of the Institution in substantially the form set forth in Exhibit G – "Form of Project Completion Certificate" attached to the Loan Agreement, together with all attachments required thereunder, (ii) the Project Work shall have been finished and shall have been completed substantially in accordance with the plans and specifications therefor, (iii) if required, the Issuer shall have received a copy of a certificate of occupancy, a temporary certificate of occupancy, an amended certificate of occupancy or a letter of no objection issued by the New York City Department of Buildings, from the Institution, (iv) there shall be no certificate, license, permit, authorization, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature, and (v) the Facility shall be ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines.

Project Cost Budget shall mean that certain budget for costs of the Project Work as set forth by the Institution in Exhibit E — "Project Cost Budget" attached to the Loan Agreement.

Project Costs shall mean:

(i) all costs of engineering and architectural services with respect to the Project, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project;

(ii) all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, suppliers, builders and materialmen in connection with the completion of the Project;

(iii) the interest on the Bonds during the construction and renovation of the Project;

(iv) all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction and renovation;

(v) the cost of acquisition of the Facility Realty;

(vi) all costs of title insurance as provided in Section 3.7 of the Loan Agreement;

(vii) the payment of the Costs of Issuance with respect to the Initial Bonds;

(viii) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project;

(ix) all costs which the Institution shall be required to pay, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Institution for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and

(x) all other costs and expenses relating to the completion of the Project or the issuance of a Series of Additional Bonds.

"Project Costs" shall not include (i) fees or commissions of real estate brokers, (ii) moving expenses, or (iii) operational costs.

Project Documents shall mean, collectively, the Institution Documents, the Security Documents, and any other agreement, contract, document or instrument executed by the Institution in connection with any Institution Document or Security Document.

Project Fee shall mean $520,900, representing the $535,900 Issuer's financing fee, less the application fee of $15,000.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Project Work shall mean, collectively or individually, as applicable, the Cogeneration Facility Project Work, the Elevator Project Work, the Emergency Department Project Work, the Operating Room Project Work, the Parking Lot Project Work or the Roof Project Work.

Promissory Note shall mean, (i) with respect to the Initial Bonds, that certain Promissory Note in substantially the form of Exhibit H to the Loan Agreement, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to the Loan Agreement, and (iii) with respect to the Bonds, collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and the Indenture.

Qualified Investments shall mean any of the following which at the time of investment are legal investments under the laws of the State of New York for funds held by the Trustee:

(i) Government Obligations

(ii) commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from S&P and Moody's, of A1 and P1, respectively,

(iii) repurchase and reverse repurchase agreements collateralized with Government Obligations, including those of the Trustee or any of its affiliates;

(iv) investments in money market mutual funds having a rating at time of investment in the highest investment category granted thereby from S&P or Moody's, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(v) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FDIC-insured;

(vi) direct and general long-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in either of the two highest rating categories by Moody's or S&P;

(vii) direct and general short-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in the highest rating category by Moody's and S&P;

(viii) other obligations, interest on which is excludable from gross income for purposes of federal income taxation, which are rated in the two highest rating categories by S&P and Moody's; and

(ix) investment agreements, including guaranteed investment contracts, repurchase agreements and forward delivery agreements, that are obligations of an entity rated, or whose obligations are rated, or guaranteed by an entity which is rated or whose obligations are

rated, (at the time the investment is entered into) not lower than A3 by Moody's or its equivalent from another Rating Agency.

Qualified Workforce Program has the meaning specified in Section 8.30(b) of the Loan Agreement.

Rating Agency shall mean any of S&P, Moody's, Fitch or Kroll and such other nationally recognized securities rating agency as shall have awarded a rating to the Initial Bonds.

Rating Category shall mean one of the generic rating categories of a Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rebate Amount shall have the meaning assigned to that term in the Tax Certificate.

Rebate Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Recapture Event shall have the meaning set forth in Section 5.1(a) of the Loan Agreement.

Recapture Period shall have the meaning set forth in Section 5.1(a) of the Loan Agreement.

Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the fifteenth (15^{th}) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Refunding Bonds shall have the meaning assigned to that term in Section 2.07(c) of the Indenture.

Related Security Documents shall mean all Security Documents other than the Indenture.

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Representations Letter shall mean the Blanket Issuer Letter of Representations from the Issuer to DTC.

Requested Document Deliverables shall have the meaning set forth in Section 9.9(a) of the Loan Agreement.

Required Disclosure Statement shall mean that certain Required Disclosure Statement in the form of Exhibit F — "Form of Required Disclosure Statement" attached to the Loan Agreement.

Responsible Officer shall mean, with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice-president, any assistant vice-president, any secretary, any assistant secretary, the treasurer, any assistant treasurer or other officer of the corporate trust office of the Trustee customarily performing functions similar to those performed by any of the above designated officers, who has direct responsibility for the administration of the trust granted in the Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

Restricted Funds shall mean funds derived from any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to one or more particular purposes.

Roof Project Work shall mean (i) the roof repair and/or replacement at various buildings located at 355 Bard Avenue, Staten Island, New York, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

S&P shall mean S&P Global Ratings Inc., a corporation organized and existing under the laws of the State, its successors and assigns, and if such limited liability company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Securities Act shall mean the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Securities Exchange Act shall mean the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

Security Document Action shall have the meaning set forth in Section 8.12 of the Indenture.

Security Documents shall mean, collectively, the Loan Agreement, the Promissory Note, the Indenture, the Tax Certificate, the Building Loan Agreement, the Mortgage, the Environmental Indemnity Agreement, the Completion Guaranty, and the Deposit Account Control Agreement.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

Series 2018A Bonds shall mean the Issuer's up to $102,065,000 Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A Bonds, as authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2018A Bonds Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Series 2018A Bonds Debt Service Reserve Account shall mean the special trust account of the Debt Service Reserve Fund so designated, established pursuant to Section 5 01 of the Indenture.

Series 2018B Bonds shall mean the Issuer's up to $30,000,000 Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B Bonds, as authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2018B Bonds Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Series 2018B Bonds Debt Service Reserve Account shall mean the special trust account of the Debt Service Reserve Fund so designated, established pursuant to Section 5.01 of the Indenture

Short-Term Indebtedness shall mean any obligation for the repayment of moneys borrowed by the Institution from a Person which matures not later than one (1) year after it is incurred.

Sign shall have the meaning specified in Section 8.5 of the Loan Agreement.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

SIR shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Site Affiliates has the meaning specified in Section 8.30(b) of the Loan Agreement.

Site Employee has the meaning specified in Section 8.30(b) of the Loan Agreement

Small Business Cap has the meaning specified in Section 8.30(b) of the Loan Agreement.

Special Record Date shall have the meaning specified in Section 2.02(g) of the Indenture.

Specified Contract has the meaning specified in Section 8.30(b) of the Loan Agreement.

State shall mean the State of New York.

Substitute Entity shall have the meaning set forth in Section 8 12 of the Indenture.

Successor Institution shall have the meaning specified in Section 8.20(b)(ii) of the Loan Agreement.

Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XII of the Indenture.

Tax Certificate shall mean the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated the Closing Date, of the Issuer and the Institution, together with all exhibits and schedules attached thereto, including, but not limited to, the

Certificate of the Institution as to 501(c)(3) Status and as to Representations and Information Regarding Tax-Exempt Financing Matters.

Tax-Exempt Organization shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from Federal income taxes under 501(a) of Code, or corresponding provisions of Federal income tax laws from time to time in effect.

Taxable Rate shall mean (a) with respect to the Series 2018A Bonds, the lesser of (i) the rate of 10.625% per annum (computed on the basis of a 360-day year of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law, and (b) with respect to the Series 2018B Bonds, the lesser of (i) the rate of 10.875% per annum (computed on the basis of a 360-day year of twelve 30-day months), or (ii) the maximum interest rate permitted by applicable law.

Termination Date shall mean such date on which the Loan Agreement may terminate pursuant to Article X of the Loan Agreement.

Total Cash Operating Expenses shall mean with respect to the Institution, as of any date of determination, and for the applicable period of determination, total cash operating expenses and capital repair costs for such period, as determined in accordance with GAAP consistently applied, including legal and accounting fees and expenses and the reasonable fees and expenses of Trustee, the fees, expenses and indemnity payment owing to Issuer, including Issuer's fees and expenses, pursuant to the Indenture and Administrative Expenses.

Transfer shall have the meaning specified in Section 8.20(a)(iv) of the Loan Agreement.

Trustee shall mean U.S. Bank National Association, New York, New York, in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

Trust Corpus shall have the meaning set forth in Section 9.07 of the Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

U/E shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Underwriter shall mean Cain Brothers, a division of KeyBanc Capital Markets Inc.

Workers' Compensation shall have the meaning set forth in Section 8.1(a) of the Loan Agreement.

Yield shall have the meaning assigned to such term in the Tax Certificate.

EXHIBIT A

DESCRIPTION OF THE FACILITY REALTY

Title No. 3019-890775
AMENDED 11/16/2018 (rjw)

SCHEDULE "A"

LOT 1:

ALL THAT PARCEL OF LAND SITUATE, LYING AND BEING IN THE BOROUGH OF STATEN ISLAND, COUNTY OF RICHMOND, CITY AND STATE OF NEW YORK, COMPRISING PART OF LOTS NUMBERS 8 AND 32 AND THE WHOLE OF LOTS NUMBERS 9, 10, 11, 12, 33, 34, 35 AND 36, AS SHOWN ON A CERTAIN MAP ENTITLED "MAP OF PROPERTY ADJOINING NEW BRIGHTON, STATEN ISLAND, DRAWN BY JAMES LYONS, NEW BRIGHTON, JUNE 24, 1837", AND FILED IN THE OFFICE OF THE CLERK OF RICHMOND COUNTY, MARCH 10, 1842 ROLLED MAP NO. 19-C, THE WHOLE OF SAID PLOT OR PARCEL BEING BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE CORNER FORMED BY THE INTERSECTION OF THE NORTHERLY SIDE OF CASTLETON AVENUE WITH THE EASTERLY SIDE OF BARD AVENUE;

RUNNING THENCE NORTHERLY ALONG THE EASTERLY SIDE OF BARD AVENUE, NORTH 9° 07' 09" WEST 872.78 FEET (U.S. STD.) TO A POINT THEREIN DISTANT 75 FEET SOUTHERLY FROM THE SOUTHERLY SIDE OF MOODY AVENUE;

THENCE NORTH 81° 13' 07" EAST 382.33 FEET TO A POINT;

THENCE SOUTH 8° 17' 04" EAST 300.00 FEET TO A POINT;

THENCE NORTH 81° 13' 07" EAST 277.80 FEET TO THE WESTERLY SIDE OF KISSEL AVENUE;

THENCE SOUTHERLY ALONG THE WESTERLY SIDE OF KISSEL AVENUE, SOUTH 9° 08' 48" EAST 667.02 FEET TO THE NORTHERLY SIDE OF CASTLETON AVENUE;

THENCE WESTERLY ALONG THE NORTHERLY SIDE OF CASTLETON AVENUE THE FOLLOWING COURSES AND DISTANCES TO THE POINT OR PLACE OF BEGINNING:

SOUTH 88° 20' 23" WEST 46.47 FEET;
SOUTH 86° 25' 49" WEST 131.44 FEET;
NORTH 89° 42' 57" WEST 485.69 FEET;

EXCEPTING THEREFROM THE PORTION OF PREMISES WHICH MAY HAVE BEEN TAKEN FOR THE WIDENING OF KISSEL AVENUE AND CASTLETON AVENUE.

LOT 262:

ALL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE BOROUGH AND COUNTY OF RICHMOND, CITY AND STATE OF NEW YORK, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WESTERLY LINE OF KISSEL AVENUE DISTANT 75.00 FEET SOUTHERLY FROM THE CORNER FORMED BY THE INTERSECTION OF THE WESTERLY LINE OF KISSEL AVENUE AND THE SOUTHERLY LINE OF MOODY PLACE AND AT THE SOUTHERLY LINE OF LAND OF THE ROKEBY-KISSEL ESTATE AS MAP NO. 1381, RICHMOND COUNTY, COORDINATES OF SAID POINT OF BEGINNING ARE SOUTH 7491.611 AND WEST 17166.331, SAID POINT OF BEGINNING BEING FURTHER DESCRIBED AS BEING NORTH 15° 05' 41" WEST 1003.38 FEET FROM BOROUGH OF RICHMOND MONUMENT NO. 1577, COORDINATES OF SAID MONUMENT ARE SOUTH 8476.235 AND WEST 16973.250;

CONTINUED...

Title No. 3019-890775
SCHEDULE "A" CONTINUED

RUNNING THENCE SOUTH 81° 13' 07" WEST AND ALONG THE SOUTHERLY BOUNDARY LINE OF MAP OF THE ROKEBY-KISSEL ESTATE FILED AS MAP NO. 1381, RICHMOND COUNTY, 263.00 FEET TO A POINT;

RUNNING THENCE, SOUTH 08° 17' 04" EAST AND THROUGH LAND OF ST. VINCENT'S HOSPITAL, 300.00 FEET TO A POINT;

RUNNING THENCE, NORTH 81° 13' 07" EAST AND STILL THROUGH THE LANDS OF ST. VINCENT'S HOSPITAL, 273.28 FEET TO THE LAND NOW OR FORMERLY OF THE TRUSTEES OF THE SAILORS SNUG HARBOR;

RUNNING THENCE NORTHERLY AND ALONG SAID LAND NOW OR FORMERLY OF THE TRUSTEES OF THE SAILORS SNUG HARBOR, NORTH 09° 08' 48" WEST 299.99 FEET TO A POINT;

RUNNING THENCE, SOUTH 81° 13' 07" WEST 10.28 FEET TO THE POINT OR PLACE OF BEGINNING.

THE policy to be issued under this report will insure the title to such buildings and improvements erected on the premises, which by law constitute real property.

FOR CONVEYANCING ONLY: TOGETHER with all the right, title and interest of the party of the first part, of in and to the land lying in the street in front of and adjoining said premises.

EXHIBIT B

DESCRIPTION OF THE FACILITY PERSONALTY

The acquisition of fixtures and other equipment for incorporation and/or use at Facility financed with the proceeds of the Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A and Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B.

EXHIBIT C

FORM OF FULLY REGISTERED INITIAL BOND

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR

THIS BOND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED) OR AN "ACCREDITED INVESTOR" (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED); PROVIDED, HOWEVER, THAT AFTER THE BONDS ARE RATED INVESTMENT GRADE BY A RATING AGENCY, THEN, UPON THE TRUSTEE RECEIVING WRITTEN NOTICE OF THE OCCURRENCE OF SUCH EVENT, THIS REQUIREMENT SHALL NO LONGER APPLY TO THE BONDS.

BUILD NYC RESOURCE CORPORATION
TAX-EXEMPT REVENUE BONDS
(Richmond Medical Center Project), Series [2018A][2018B]

Bond Date:	December 20, 2018
Maturity Date:	[December 1, 2050] [December 1, 2050]
Registered Holder:	[Cede & Co.] [Cede & Co.]
Principal Amount:	[Up to $102,065,000] [Up to $30,000,000]
Interest Rate:	[5.625]% [5.875]%
Bond Number:	[AR-1][BR-1]
CUSIP:	[12008E PK6] [12008E PL4]

Promise to Pay. Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the "**Issuer**"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Holder identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer's obligation with respect to the

payment of such Principal Amount shall be discharged. Payment of interest shall be made semi-annually on June 1 and December 1 in each year, commencing June 1, 2019 (or, if such day is not a Business Day, the immediately succeeding Business Day). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in Appendix A to the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

If there shall occur, and for so long as there shall continue to exist, an Event of Default (other than by reason of a failure to redeem the Bonds in whole if there shall have occurred a Determination of Taxability), the annual rate of interest on the Bonds shall be the applicable Default Rate commencing with the date of the occurrence of the Event of Default and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Event of Default. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of the Event of Default, but who subsequent to such date sold or otherwise disposed of its Bonds or whose Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement (as such terms are hereinafter defined) the following, in an amount allocable to such period during which it held the Bonds subsequent to the Event of Default and the date upon which the Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Bonds prior to the Event of Default and the rate borne by the Bonds on and subsequent to such date.

If there shall occur a Determination of Taxability, the annual rate of interest on the Bonds shall be the applicable Taxable Rate commencing with the date of the Event of Taxability and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Determination of Taxability. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of an Event of Taxability, but who subsequent to such date sold or otherwise disposed of its Bonds or whose Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement the following, in an amount allocable to such period during which it held the Bonds subsequent to the Event of Taxability and the date upon which the Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Bonds prior to the Event of Taxability and the rate borne by the Bonds on and subsequent to such date.

Method of Currency. The principal or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date

thereof, provided, however, that the payment in full of any Bond either at final maturity or upon redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of U.S. Bank National Association in New York, New York, as trustee and paying agent (the "**Paying Agent**"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered holder of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such holder, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered holder of Bonds in the aggregate principal amount of at least $1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Record Date for any interest payment.

Interest on any Bond that is due and payable but not paid on the date due ("**Defaulted Interest**") shall cease to be payable to the holder of such Bond on the relevant Record Date and shall be payable to the holder in whose name such Bond is registered at the close of business on a special record date (the "**Special Record Date**") for the payment of such Defaulted Interest, which Special Record Date shall be fixed as provided in the Indenture.

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as ["Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A" (the "**Series 2018A Bonds**")]["Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B" (the "**Series 2018B Bonds**")] issued in the aggregate principal amount of [up to $102,065,000][$30,000,000]. The Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on November 7, 2018 authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of December 1, 2018 (as the same may be amended or supplemented, the "**Indenture**"), made and entered into by and between the Issuer and U S. Bank National Association, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "**Trustee**"), for the purpose of the financing and/or refinancing of (a) the design, construction, furnishing, and equipping of a state-of-the-art Emergency Department ("ED") increasing the existing ED from 15,609 square feet to approximately 56,000 square feet and expanding the number of treatment rooms, which new building addition will be located at 355 Bard Avenue, Staten Island, New York, along Castleton Avenue and an internal campus roadway; (b) the design and construction of a new approximately 250 space parking lot located on an approximately 115,000 square foot vacant parcel of land located directly behind at 669 and 657 Castleton Avenue, Staten Island, New York; (c) the acquisition and installation of a cogeneration facility and associated equipment located within the Institution's boiler plant situated on the southeast portion of the land located at 355 Bard Avenue, Staten Island, New York which will be used to provide electrical energy to the Institution; (d) the infrastructure improvements, including, but not limited to, elevator upgrades and roof repair and replacement, with respect to various buildings located at 355 Bard Avenue, Staten Island, New York; (e) the existing taxable loans that were used to finance certain psychiatric facilities and robotic surgery equipment at 355 Bard Avenue and the renovation, furnishing and equipping of an existing approximately 68,000 square foot residential building located on an approximately 82,000 square foot parcel of land located at 288 Kissel Avenue, Staten Island, New York, which is primarily used to provide, among other things, employee housing to interns and residents in Institution's physician graduate education program, (f) a debt service reserve fund; and (g) certain costs related to the issuance of the Bonds on behalf of Richmond Medical

Center, d/b/a Richmond University Medical Center, a not-for-profit corporation, organized and existing under the laws of the State of New York (the "**Institution**"). In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of December 1, 2018 (as the same may be amended or supplemented, the "**Loan Agreement**"), between the Issuer and the Institution, and the Institution has executed certain Promissory Notes each dated the date of original issuance of the Bonds in favor of the Issuer (as the same may be amended or supplemented, collectively, the "**Promissory Notes**") to evidence the Institution's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Notes require the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Notes and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Notes and substantially all of its right, title and interest in and to the Loan Agreement, including all rights to receive loan payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Bonds as the same become due, to be made by the Institution pursuant to the Loan Agreement and the Promissory Notes. The Bonds are also secured by mortgage liens on and security interests in the Institution's fee and leasehold title interest in the Facility pursuant to a Mortgage and Security Agreement (Building Loan) and a Mortgage and Security Agreement (Indirect Loan), each dated as of December 1, 2018 (as each of the same may hereafter be amended or supplemented, collectively the "**Mortgage**"), and each from the Institution to the Trustee.

The Bonds are special limited revenue obligations of the Issuer and shall never constitute a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Bonds be payable out of any funds of the Issuer other than those pledged therefor.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions including obtaining certain prescribed Bondholder Representative (or, if no Bondholder Representative exists, Bondholder) consents, a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Bonds.

(A) General Optional Redemption. The Series 2018A Bonds shall be subject to redemption, on or after December 1, 2028, in whole or in part at any time at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2018A Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption. The Series 2018B Bonds shall be subject to redemption, on or after June 1, 2028, in whole or in part at any time at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to the terms of the Loan Agreement), at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2018B Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

(B) (i) Optional Redemption of Series 2018B Bonds from Grant Proceeds. The Series 2018B Bonds shall be subject to redemption from Grant Proceeds in whole or in part at any time from June 1, 2019 to and including the earlier of December 1, 2021 and the 360th day following the Project Completion Date (as evidenced as set forth in the Loan Agreement) at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2018B Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

(ii) Contingent Mandatory Redemption of Series 2018B Bonds. The Series 2018B Bonds delivered on the Closing Date in connection with the deposit of proceeds of such Series 2018B Bonds as set forth in the Loan Agreement shall be subject to mandatory redemption on June 1, 2019, unless on or before such date additional draws have been made pursuant to the terms of the Loan Agreement.

(C) Extraordinary Redemption.

The Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Institution (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all

insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

(ii) Title to, or the temporary use of, all or substantially all of the Facility shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the Institution being thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such taking or condemnation, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee; or

(iii) As a result of changes in the Constitution of the United States of America or of the State of New York or of legislative or executive action of said State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Institution, the Loan Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Institution by reason of the operation of the Facility.

If the Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

(D) Mandatory Sinking Fund Installment Redemption.

(i) The Series 2018A Bonds are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date	Sinking Fund Installment	Sinking Fund Installment Payment Date	Sinking Fund Installment
12/31/2022	$1,470,000	12/31/2037	$3,350,000
12/31/2023	1,570,000	12/31/2038	3,540,000
12/31/2024	1,640,000	12/31/2039	3,750,000
12/31/2025	1,745,000	12/31/2040	3,950,000
12/31/2026	1,835,000	12/31/2041	4,180,000
12/31/2027	1,940,000	12/31/2042	4,410,000
12/31/2028	2,050,000	12/31/2043	4,655,000
12/31/2029	2,180,000	12/31/2044	4,920,000
12/31/2030	2,285,000	12/31/2045	5,195,000
12/31/2031	2,430,000	12/31/2046	5,490,000
12/31/2032	2,555,000	12/31/2047	5,785,000
12/31/2033	2,695,000	12/31/2048	6,125,000
12/31/2034	2,850,000	12/31/2049	6,465,000
12/31/2035	2,995,000	12/31/2050*	6,830,000
12/31/2036	3,180,000		

*final maturity

If Series 2018A Bonds in an amount equal to the Authorized Principal Amount with respect thereto have not been issued on or before the Project Completion Date, then the Bondholder Representative shall revise the mandatory Sinking Fund Installment schedule set forth above, by reducing the Sinking Fund Installments, on a pro rata basis (rounded to the nearest Authorized Denomination), by the amount of the Series 2018A Bond proceeds not advanced hereunder. The revised Sinking Fund Installment schedule referred to above shall be calculated by the Bondholder Representative and such revised Sinking Fund Installment schedule must be accompanied by an opinion of Nationally Recognized Bond Counsel to the effect that the substitution of such schedule in lieu of the then existing schedule will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes. The Bondholder Representative shall provide a copy of such calculation and opinion of Nationally Recognized Bond Counsel to the Trustee. Until the Trustee receives such calculation and opinion from the Bondholder Representative, it may consider the schedule as set forth above unchanged.

(ii) The 2018B Bonds are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date	Sinking Fund Installment	Sinking Fund Installment Payment Date	Sinking Fund Installment
12/31/2019	$115,000	12/31/2035	$ 870,000
12/31/2020	--	12/31/2036	925,000
12/31/2021	--	12/31/2037	975,000
12/31/2022	415,000	12/31/2038	1,035,000
12/31/2023	440,000	12/31/2039	1,095,000
12/31/2024	465,000	12/31/2040	1,160,000
12/31/2025	495,000	12/31/2041	1,225,000
12/31/2026	520,000	12/31/2042	1,300,000
12/31/2027	550,000	12/31/2043	1,375,000
12/31/2028	580,000	12/31/2044	1,455,000
12/31/2029	620,000	12/31/2045	1,540,000
12/31/2030	655,000	12/31/2046	1,630,000
12/31/2031	690,000	12/31/2047	1,730,000
12/31/2032	730,000	12/31/2048	1,825,000
12/31/2033	780,000	12/31/2049	1,935,000
12/31/2034	820,000	12/31/2050*	2,050,000

*final maturity

If Series 2018B Bonds in an amount equal to the Authorized Principal Amount with respect thereto have not been issued on or before the Project Completion Date, then the Bondholder Representative shall be entitled to revise the mandatory Sinking Fund Installment schedule set forth above, by reducing the Sinking Fund Installments, on a pro rata basis (rounded to the nearest Authorized Denomination), by the amount of the Series 2018B Bond proceeds not advanced hereunder. The revised Sinking Fund Installment schedule referred to above shall be calculated by the Bondholder Representative and such revised Sinking Fund Installment schedule must be accompanied by an opinion of Nationally Recognized Bond Counsel to the effect that the substitution of such schedule in lieu of the then existing

schedule will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes The Bondholder Representative shall provide a copy of such calculation and opinion of Nationally Recognized Bond Counsel to the Trustee. Until the Trustee receives such calculation and opinion from the Bondholder Representative, it may consider the schedule as set forth above unchanged.

(E) Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Bonds shall be redeemed at any time in whole or in part on a pro rata basis between the Series 2018A Bonds and the Series 2018B Bonds, based on the Outstanding principal amount thereof, prior to maturity in the event and to the extent:

(i) excess Bond proceeds shall remain after the completion of the Project,

(ii) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture,

(iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty, or

(iv) certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Institution and shall not be required for completion of the Project or related Project Costs, except any Grant Proceeds, which shall be used by the Institution to redeem the Series 2018B Bonds,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

(E) Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations, (x) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (ii) the Institution shall fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Institution shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

(F) Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred five percent (105%) of the principal amount thereof, together with unpaid accrued interest at the Taxable Rate from the occurrence of the Event of Taxability to the date of redemption. The Bonds shall be redeemed in

whole unless redemption of a portion of the Bonds Outstanding would have the result that interest payable on the Bonds remaining Outstanding after such redemption would not be includable in the gross income of any holder of a Bond. In such event, the Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such redemption date to the registered holder of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders). Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Bonds are issuable in the form of fully registered bonds in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof, provided, however, that if the Bonds are rated investment grade or better by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, the Authorized Denomination shall be $5,000 or any integral multiple thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

Transfer of Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered holder hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered holder or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a

member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute holder hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the holder requesting such transfer or exchange.

Special Agreement by Holder. Each holder of this bond, by the purchase and acceptance of this bond, is deemed to have represented and agreed as follows: (i) it is either a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) or an "accredited investor" (as defined in Regulation D under the Securities Act), and it has acquired this bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that this bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer this bond, this bond may be offered, resold, pledged or transferred only in accordance with the transfer restrictions set forth in this bond and in the legend appearing hereon and only to a Person meeting the requirements set forth in the preceding clause; provided, however, that if the Bonds are rated investment grade or better by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, this requirement shall no longer apply to the Bonds.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered holder of this bond, as the holder of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities

Depository nominee is the holder of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

Authentication by Trustee. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

By: _____
Authorized Signatory

(SEAL)

ATTEST:

_____
Authorized Signatory

Dated: December 20, 2018

CERTIFICATE OF AUTHENTICATION

This bond is one of the [Series 2018A][Series 2018B] Bonds of the issue described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By: _____
Authorized Signatory

Date of Authentication: December 20, 2018

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint _____ Attorney to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

_____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED
MEDALLION GUARANTEED

_____
Authorized Signature
(Signature Guarantee Program Name)

[Signature Guarantee by (must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15)]

[END OF FORM OF BOND]

EXHIBIT D

Form of Requisition from the Project Account of the Project Fund

REQUISITION NO.

TO: U.S. Bank National Association, as Trustee

FROM: Richmond Medical Center d/b/a Richmond University Medical Center

Ladies and Gentlemen:

You are requested to draw from the Project Account of the Project Fund, established by Section 5.01 of the Indenture of Trust, dated as of December 1, 2018 (the "**Indenture**"), between Build NYC Resource Corporation (the "**Issuer**") and yourself, a check or checks or wire transfer, as applicable, in the amounts, payable to the order of those persons and for the purpose of paying those costs set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by the Indenture or by the Loan Agreement referred to in the Indenture.

I hereby certify that

(i) I am an Authorized Representative of Richmond Medical Center (the "**Institution**");

(ii) the number of this Requisition is ____;

(iii) the items of cost set forth on Schedule A attached hereto are correct and proper under Section 5 02 of the Indenture and under Section 3.2 of the Loan Agreement and each such item has been properly paid or incurred as an item of Project Cost;

(iv) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Account of the Project Fund;

(v) the payees and amounts stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;

(vi) each such item stated in Schedule A attached hereto is a proper charge against the Project Account of the Project Fund;

(vii) each such item in Schedule A attached hereto represents the value of work actually furnished, or labor or services actually rendered and no item relates to materials, that are not incorporated into the improvement or deposits toward same;

(viii) each item of cost set forth in Schedule A attached hereto is consistent in all material respects with the Tax Certificate;

(ix) if the payment herein requested is a reimbursement to the Institution for costs or expenses of the Institution incurred by reason of work performed or supervised by officers or employees of the Institution or any Affiliate, such officers or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Institution and such costs or expenses will be treated by the Institution on its books

as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;

(x) no portion of the proceeds of the Bond will be applied to reimburse the Institution for Project Costs paid more than sixty (60) days prior to _____ _, 20____, the date the Institution adopted its reimbursement resolution for the Project, except for amounts which do not exceed twenty percent (20%) of the Project Costs financed with the proceeds of the Bonds which were applied to finance certain preliminary expenses with respect to the Project. Preliminary expenses, for purposes of this exception, include architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation of the Project. No portion of the proceeds of the Bonds will be applied to reimburse the Institution for a cost (other than preliminary expenditures) paid more than eighteen (18) months prior to the date of this requisition or the date the Facility to which the cost relates was placed in service, whichever is later. In no event shall the proceeds of the Bonds be applied to reimburse the Institution for a Project Cost paid more than three (3) years prior to the date of issuance of the Bonds, unless such cost is attributable to a preliminary expenditure, as described above;

(xi) no Determination of Taxability has occurred, and no Event of Default exists and is continuing under the Indenture or the Loan Agreement or any other Project Document nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default;

(xii) I have no knowledge of any vendor's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment or, to the extent that any such costs shall be the subject of a bona fide dispute, for which such costs have not been appropriately bonded or for which a surety or security has not been posted which is at least equal to the amount of such costs;

(xiii) each item which payment under this requisition is to be made when added to all other payments previously made from the Project Fund, will not result in less than 95% of the proceeds of the Bonds (exclusive of costs of issuance of the Bonds or any reasonably required reserve) (including any earnings thereon) being used for the acquisition, construction, reconstruction or improvement of land or property that is subject to the allowance for depreciation provided in section 167 of the Code;

(xiv) such item of cost for which payment is herein requested is chargeable to the capital account of the Facility for federal income tax purposes, or would be so chargeable either with an election by the Institution or but for the election of the Institution to deduct the amount of such item, and

(xv) the representations and warranties made by the Institution in the Project Documents are correct on and as of the date of such disbursement as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date.

Attached to this Requisition is a schedule of or a copy of bills, invoices or other documents evidencing and supporting this Requisition.

Dated: _____

RICHMOND MEDICAL CENTER D/B/A
RICHMOND UNIVERSITY MEDICAL CENTER

By. _____
Authorized Representative

APPROVED BY:

PRESTON HOLLOW CAPITAL, LLC,
as Bondholder Representative

By:_____
Name:
Title:

SCHEDULE A TO REQUISITION NO. ___

Amount	Payee (with address or wire information)	Purpose

Receipt is hereby acknowledged of a payment in the amount of $_____ in connection with the submission of the attached Requisition.

RICHMOND MEDICAL CENTER D/B/A
RICHMOND UNIVERSITY MEDICAL CENTER

By: _____
Authorized Representative

Date: _____

APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this "**Disclosure Agreement**") is executed and delivered on December 1, 2018, by **RICHMOND MEDICAL CENTER**, doing business as Richmond University Medical Center, a New York not-for-profit corporation (the "**Borrower**") and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States (the "**Dissemination Agent**"), in connection with the issuance of $102,065,000 Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A (the "**Series 2018A Bonds**") and $30,000,000 Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B (the "**Series 2018B Bonds**"; and together with the Series 2018A Bonds, the "**Bonds**"). The Bonds are being issued pursuant to a Indenture of Trust, dated as of December 1, 2018, (the "**Indenture**"), between the Build NYC Resource Corporation (the "**Issuer**") and the Dissemination Agent, as bond trustee under the Indenture (the "**Trustee**"), and the proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to a Loan Agreement, dated as of December 1, 2018 (the "**Loan Agreement**"), by and between the Issuer and the Borrower. The Bonds are being issued as draw-down bonds and may initially only be sold by the Underwriter in Authorized Denominations to the Bondholder. The Borrower and Dissemination Agent covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered for the benefit of the holder and beneficial owner of the Bonds (collectively, the "**Bondholder**") and in compliance with Securities and Exchange Commission Rule 15c2-12(b)(5), as it may be amended from time to time (the "**Rule**"), including administrative or judicial interpretations thereof, as it applies to the Bonds. The initial Bondholder and Bondholder Representative is Preston Hollow Capital, LLC.

The Borrower acknowledges and agrees that the Issuer is not an "obligated person" for purposes of the Rule and shall have no reporting or disclosure obligations hereunder. In addition to any other indemnification obligations of the Borrower to the Issuer and the Dissemination Agent now or hereafter existing, the Borrower hereby covenants and agrees to indemnify and hold harmless the Issuer and the Dissemination Agent, any person who "controls" the Issuer or the Dissemination Agent (within the meaning of Section 15 of the Securities Act of 1933, as amended), and any member, officer, director, official, agent, employee, and attorney of the Issuer, the State, the City, or the Dissemination Agent (collectively called the "**Indemnified Parties**") against any and all losses, claims, damages or liabilities (including all costs, expenses and reasonable counsel fees incurred in investigating or defending such claim) suffered by any of the Indemnified Parties and caused by, relating to, arising out of, resulting from, or in any way connected with compliance with the Rule as it applies to the Bonds.

SECTION 2. Definitions.

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"**Annual Report**" shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"**Commission**" shall mean the Securities and Exchange Commission.

"**Continuing Disclosure Information**" shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed with the MSRB pursuant to Section 3(c) of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed with the MSRB pursuant to Section 5(c) of this Disclosure Agreement.

"**Disclosure Representative**" shall mean the Senior Vice President and Chief Financial Officer of the Borrower or his or her designee, or such other officer or employee as the Borrower shall designate in writing to the Dissemination Agent from time to time.

"**Dissemination Agent**" shall mean any Dissemination Agent or successor Dissemination Agent designated in writing by the Disclosure Representative and which has filed with the Disclosure Representative and the Trustee a written acceptance of such designation. The same entity may serve as both Trustee and Dissemination Agent. In the absence of a third-party Dissemination Agent, the Disclosure Representative shall serve as the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

"**Listed Events**" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. (Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access ("**EMMA**") website of the MSRB, currently located at http://emma.msrb.org.)

"**Offering Document**" shall mean the Limited Offering Memorandum dated December 19, 2018 relating to the Bonds.

"**Operating Data**" shall mean an update of the financial and operating data contained in the Offering Document in "APPENDIX A – INFORMATION CONCERNING THE INSTITUTION" in the tables under the following headings: "Historical and Projected Utilization Rates," "Summary of Inpatient Utilization," "Net Patient Revenue," "Payor Mix," "Listing of Grants," "Consolidated Balance Sheet," "Consolidated Statements of Operations and Changes in Net Assets," "Annual Cash Flow," "Days Cash on Hand," "Outstanding Indebtedness," and "Debt Service Coverage Ratio."

"**Rule**" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"**Underwriter**" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds. The original underwriter is Cain Brothers, a division of KeyBanc Capital Markets Inc.

SECTION 3. Provision of Annual Reports and Quarterly Information.

(a) Commencing with the fiscal year ending December 31, 2018, of the Borrower, the Borrower shall, no later than 150 days following the end of its fiscal year during which any of the Bonds remain outstanding, provide to the Dissemination Agent, the Borrower's Annual Report prepared in each case for the fiscal year of the Borrower ending the immediately preceding December 31. Each Annual Report provided to the Dissemination Agent by the Borrower shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to MSRB. If the document incorporated by reference is a final limited offering memorandum, it must be available from the MSRB. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly on receiving the Annual Report, and in any event not later than 150 days following the end of such other fiscal year), shall submit each such Annual Report received by it to the MSRB in accordance with the Rule and to the Issuer.

(c) If the Borrower fails to submit the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section, the Dissemination Agent in a timely manner shall send a notice to the Borrower advising of such failure. If the Borrower thereafter fails to submit the Annual Report to the Dissemination Agent by the last Business Day of the month in which such Annual Report was due, the Dissemination Agent shall send a notice in a timely manner to the MSRB in substantially the form attached as Exhibit A hereto.

(d) In addition to the Annual Report required to be filed pursuant to subsection (a), the Borrower shall, or shall cause the Dissemination Agent to, not later than forty-five (45) days after the end of the first three quarters of each Fiscal Year of the Borrower (presently March 31, June 30, and September 30), commencing with the quarter ending March 31, 2019, provide to the MSRB quarterly unaudited financial information prepared by the Borrower. The unaudited financial information shall include a balance sheet and a statement of operations and changes in net assets of the Borrower.

SECTION 4. Content of Annual Reports. The Borrower's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Borrower for the immediately preceding Fiscal Year, prepared in accordance with generally accepted accounting principles.

(b) The Operating Data of the Borrower updated for the Fiscal Year to which the Annual Report pertains.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Borrower or related public entities, which have been submitted to the MSRB or the Commission. If the document included by reference is a final offering memorandum, it must be available from the MSRB. The Borrower shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Borrower shall (as soon as practicable and in any event in sufficient time to accommodate the filing contemplated by Section 5(b)) give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (the "**Disclosure Event Notices**"):

(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, if any, or their failure to perform;

(6) (i) 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 or determinations with respect to the tax status of the Bonds or (ii) other material events affecting the tax status of the Bonds;

(7) modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Borrower;[†]

(13) the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, 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

[†] As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any 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 Borrower, 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 (ii) 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 Borrower.

agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Borrower shall, within seven (7) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in clauses (2), (6)(ii), (7), (8), (10), (13), or (14) of subsection (a) of this Section 5, the Borrower may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Borrower's obligation to provide, notification of the occurrence of any of the Listed Events which are material.

(c) If the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB within three (3) Business Days of the receipt of such instruction, but in no event later than ten (10) business days after the occurrence of a Listed Event, with a copy of such notice provided by the Dissemination Agent to the Borrower, the Issuer, and the Trustee. In addition, notice of Listed Event described in subsection (a)(8) of this Section 5 shall be given by the Dissemination Agent under this subsection simultaneously with the giving of the notice of the underlying event to the Bondholder pursuant to the Indenture.

SECTION 6. Submission of Information to MSRB.

Unless otherwise required by the MSRB, all notices, documents, and information provided to the MSRB shall be provided to the MSRB's EMMA system, the current internet web address of which is www.emma.msrb.org. Unless otherwise provided by law, any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by MSRB Rule G-32 or such other format as the Rule may require or permit and shall be accompanied by such identifying information as shall be prescribed by MSRB Rule G-32 or as may otherwise be required by the Rule.

SECTION 7. Termination of Reporting Obligation.

The Borrower's obligations under this Disclosure Agreement shall terminate upon legal defeasance under the Indenture, prior redemption or payment in full of all of the Bonds. If such termination occurs before the final maturity of the Bonds, the Borrower shall give notice of such termination in the same manner as for a Listed Event.

SECTION 8. Dissemination Agent.

The Disclosure Representative may from time to time appoint or engage a Dissemination Agent to assist it in carrying out the Borrower's obligations under this Disclosure Agreement. The Disclosure Representative may discharge any Dissemination Agent (other than the Disclosure Representative), with or without appointing a successor Dissemination Agent. Any Dissemination Agent (other than the Disclosure Representative) may resign upon 30 days' notice to the Disclosure Representative. If at any time there is not any other designated Dissemination Agent,

whether due to the discharge or resignation of any successor Dissemination Agent, the Disclosure Representative shall serve as the Dissemination Agent.

SECTION 9. Amendment; Waiver.

Notwithstanding any other provisions of this Disclosure Agreement, the Borrower 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 addressed to the Issuer and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No such amendment shall be effective until the written consent of the Issuer has been received. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto.

SECTION 10. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in the Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in the Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default.

(a) The following shall each constitute a "**Default**" or an "**Event of Default**" hereunder:

(1) The occurrence and continuation of a failure by the Borrower to observe, perform, or comply with any covenant, condition, or agreement on its part to be observed or performed in this Disclosure Agreement, if such failure shall remain uncured for a period of thirty (30) days after written notice thereof has been given to the Borrower by the Dissemination Agent, the Bondholder, or the Issuer (a "**Disclosure Default**"); or

(2) The occurrence and continuation of a failure by the Dissemination Agent to observe, perform, or comply with any covenant, condition or agreement on its part to be observed or performed in this Disclosure Agreement, if such failure shall remain uncured for a period of thirty (30) days after written notice thereof has been given to the Dissemination Agent by the Issuer, the Trustee, or the Bondholder (a "**Dissemination Default**").

(b) **Remedies on Default.**

(1) (i) In the case of the enforcement of any of the obligations hereunder to provide the Annual Report and the Disclosure Event Notices, the Trustee, on behalf of the Bondholder, may and (ii) in the case of challenges to the adequacy of information set forth in the Annual Report and the Disclosure Event Notices so provided, the Trustee may (and at the request of the Issuer or the Bondholder shall), take whatever action at law or in equity against the

Borrower or the Dissemination Agent that is necessary or desirable to enforce the specific performance and observance of any obligation, agreement, or covenant of the Borrower or the Dissemination Agent under this Disclosure Agreement and may compel the Borrower or the Dissemination Agent to perform and carry out their duties under this Disclosure Agreement; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(2) The Issuer or the Bondholder may take whatever action at law or in equity against the Borrower or the Dissemination Agent and any of the officers, agents and employees of the Borrower or the Dissemination Agent that is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Borrower or the Dissemination Agent, as the case may be, under this Disclosure Agreement and may compel the Borrower or the Dissemination Agent, as the case may be, or any such officers, agents, or employees to perform and carry out their duties under this Disclosure Agreement; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(3) In case the Trustee, the Dissemination Agent, the Trustee, the Issuer, or the Bondholder shall have proceeded to enforce its rights under this Disclosure Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to such party, then and in every such case the Issuer, the Trustee, the Dissemination Agent, or the Bondholder, as the case may be, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies, and powers of the Issuer, the Trustee, the Dissemination Agent, or the Bondholder shall continue as though no such proceeding had been taken.

(4) An Event of Default under this Disclosure Agreement shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure by the Borrower to comply with this Disclosure Agreement shall be as set forth in Section 11(b) of this Disclosure Agreement. The sole remedies under this Disclosure Agreement in the event of any failure by the Dissemination Agent to comply with this Disclosure Agreement shall be as set forth in Section 11(b) of this Disclosure Agreement.

(c) **Agreements to Pay Reasonable Attorneys' Fees and Expenses.**

(1) If a Disclosure Default occurs and the Trustee, the Issuer, or the Bondholder, as the case may be, employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will on demand therefor pay to the Trustee, the Issuer, or the Bondholder the reasonable fees of such attorneys and such other expenses so incurred by the Trustee, the Issuer, or the Bondholder, as the case may be.

(2) If a Dissemination Default occurs and the Trustee, the Issuer, or the Bondholder employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Dissemination Agent herein contained, the Dissemination Agent agrees that it will on demand therefor pay to the Trustee, the Issuer, or the Bondholder, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred by the Trustee, the Issuer, or the Bondholder; provided that notwithstanding anything in the Indenture to the contrary the Dissemination Agent shall not be reimbursed or otherwise indemnified by the Issuer for the payment of any such fees or expenses paid to the Issuer, or any the Bondholder in connection with remedying any Dissemination Default.

(d) **No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Trustee, the Issuer, the Dissemination Agent, or the Bondholder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Disclosure Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Trustee, the Dissemination Agent, or the Bondholder, as the case may be, to exercise any remedy reserved to it in this Section it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

(e) **No Additional Waiver Implied by One Waiver.** In the event any agreement contained in this Disclosure Agreement shall be breached by any party and thereafter waived by any affected party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(f) **Delay Not to Constitute Waiver.** No failure by any party to insist upon strict performance of this Disclosure Agreement or to exercise any remedy upon the occurrence of a Disclosure Default or a Dissemination Default shall constitute a waiver of such default, or a waiver or modification of any provision of this Disclosure Agreement, and, likewise, no prior course of dealing between the parties hereto shall constitute a waiver of such default or a waiver or modification of any provision of this Disclosure Agreement.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Dissemination Agent, the Borrower, the Issuer, the Bondholder, and the Underwriter, and the Issuer and the Bondholder is hereby declared to be a third-party beneficiary of this Disclosure Agreement. The Issuer and the Bondholder shall have the right to bring an action in order to enforce

the obligations of the parties hereunder. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

SECTION 13. Notices.

All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Borrower:

Richmond Medical Center d/b/a
Richmond University Medical Center
355 Bard Avenue
Staten Island, New York 10310
Attention: Senior Vice President and Chief Financial Officer

with a copy to:

Garfunkel Wild, P.C.
111 Great Neck Road, Suite 600
Great Neck, New York 11021
Attention: Andrew Schulson, Esq.

(ii) If to the Issuer:

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: General Counsel

with a copy to:

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: Executive Director

(iii) if to the Trustee, to

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Corporate Trust Services

with a copy to:

Paparone Law PLLC
30 Broad Street, 14th Floor, #1482
New York, New York 10004
Attention: Melissa E. Paparone, Esq., and

(iv) if to the Bondholder, to

Preston Hollow Capital, LLC
1717 Main Street, Suite 3900
Dallas, Texas 75201
Attention: John Dinan, General Counsel.

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section 13 for the giving of notice.

SECTION 14. Successors and Assigns. All of the covenants, promises, and agreements contained in this Disclosure Agreement by or on behalf of the Borrower or the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

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.

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of New York (other than with respect to conflicts of laws).

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties have executed this Disclosure Agreement by their proper and duly authorized officers the day and year first above written.

RICHMOND MEDICAL CENTER,
doing business as Richmond University Medical Center,
a New York not-for-profit corporation

By: _____
Joseph Saporito
Senior Vice President and Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION,
a national banking association
as Dissemination Agent

By: _____
Michelle Mena-Rosado
Vice President

EXHIBIT A

FORM OF NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issue:	**Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A**
	and
	Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B
Date of Issuance:	**December 20, 2018**

NOTICE IS HEREBY GIVEN that Richmond Medical Center (the "**Borrower**") has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Agreement dated as of December 1, 2018. The Borrower anticipates that the Annual Report will be filed by _____.

U.S. BANK NATIONAL ASSOCIATION,
a national banking association
as Dissemination Agent

By: _____
Name: _____
Title: _____
Date: _____

cc: Build NYC Resource Corporation

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APPENDIX F – PROPOSED FORM OF OPINION OF BOND COUNSEL

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[PROPOSED FORM OF OPINION OF BOND COUNSEL]

December 20, 2018

Build NYC Resource Corporation
New York, New York

Ladies and Gentlemen.

We have examined a record of proceedings relating to the issuance by Build NYC Resource Corporation, a local development corporation created pursuant to the Not-For-Profit Corporation Law of the State of New York (the "NFP Corporation Law") at the direction of the Mayor of The City of New York (the "Issuer"), of its (i) Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018A in the aggregate principal amount of up to $102,065,000 and (ii) Tax-Exempt Revenue Bonds (Richmond Medical Center Project), Series 2018B in the aggregate principal amount of up to $30,000,000 (collectively, the "Series 2018 Bonds").

The Series 2018 Bonds are issued under and pursuant to that certain Indenture of Trust, dated as of December 1, 2018 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"), and a resolution of the Issuer adopted on November 7, 2018 authorizing the Series 2018 Bonds (the "Resolution").

The Series 2018 Bonds are dated the date hereof, are issuable as fully registered bonds in the minimum denomination of $100,000 or any integral multiple of $5,000 in excess thereof (or as otherwise provided in the Indenture), and mature on the dates and bear interest at the rates as set forth in the Indenture and the Series 2018 Bonds.

The Series 2018 Bonds are subject to redemption prior to maturity, in the manner and upon the terms and conditions set forth in the Indenture and the Series 2018 Bonds.

The Series 2018 Bonds are issued for the purpose of financing a project, on behalf of Richmond Medical Center d/b/a Richmond University Medical Center (together with any assignee of the Loan Agreement hereafter referred to, the "Institution"), consisting of the financing and/or refinancing of (a) the design, construction, furnishing, and equipping of a state-of-the-art Emergency Department ("ED") increasing the existing ED from 15,609 square feet to approximately 56,000 square feet and expanding the number of treatment rooms, which new building addition will be located at 355 Bard Avenue, Staten Island, New York, along Castleton Avenue and an internal campus roadway; (b) the design and construction of a new approximately 250 space parking lot located on an approximately 115,000 square foot vacant parcel of land located directly behind at 669 and 657 Castleton Avenue, Staten Island, New York; (c) the acquisition and installation of a cogeneration facility and associated equipment located within the Institution's boiler plant situated on the southeast portion of the land located at 355 Bard Avenue, Staten Island, New York which will be used to provide electrical energy to the Institution; (d) the infrastructure improvements, including, but not limited to, elevator upgrades and roof repair and replacement, with respect to various buildings located at 355 Bard Avenue, Staten Island, New York (collectively, the "Facility"); (e) the existing taxable loans that were used to finance certain psychiatric facilities and robotic surgery equipment at 355 Bard Avenue and the renovation, furnishing and equipping of an existing approximately 68,000 square foot residential building located on an

approximately 82,000 square foot parcel of land located at 288 Kissel Avenue, Staten Island, New York, which is primarily used to provide, among other things, employee housing to interns and residents in Institution's physician graduate education program; (f) a debt service reserve fund; and (g) certain costs related to the issuance of the Series 2018 Bonds (collectively, the "Project").

The Issuer and the Institution, a duly organized and validly existing New York not-for-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which is exempt from federal income taxation pursuant to Section 501(a) of the Code, have entered into that certain Loan Agreement, dated as of December 1, 2018 (the "Loan Agreement"), providing, among other things, for the financing of the Project and the loan of the proceeds of the Series 2018 Bonds to the Institution. The obligation of the Institution to repay the loan will be evidenced by those certain Promissory Notes, dated the date hereof, from the Institution to the Issuer and endorsed by the Issuer to the Trustee (collectively, the "Promissory Note"). The Series 2018 Bonds are also secured by mortgage liens on and a security interest in the Institution's interest in the Mortgaged Property (as defined in the Mortgage defined below) pursuant to that certain Mortgage and Security Agreement (Building Loan) and that certain Mortgage and Security Agreement (Indirect Loan), each dated as of December 1, 2018 (collectively, the "Mortgage"), from the Institution, as mortgagor, to the Trustee, as mortgagee.

The Code establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Series 2018 Bonds for interest on the Series 2018 Bonds to be and remain not includable in gross income of the owners thereof under Section 103 of the Code. Included among the continuing requirements of the Code are the maintenance of the status of the Institution as an organization described in Section 501(c)(3) of the Code, certain restrictions and prohibitions on the use of bond proceeds and the use of the bond-refinanced portion of the Facility, restrictions on the investment of such proceeds and other amounts, and the rebate to the United States of certain earnings in respect of investments. Failure to comply with these continuing requirements may cause the interest on the Series 2018 Bonds to be includable in gross income for federal income tax purposes (and to be includable in taxable income for purposes of New York State, The City of New York, and City of Yonkers personal income taxes) retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. In connection with the issuance of the Series 2018 Bonds, the Issuer and the Institution have executed that certain Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (together with all exhibits and other attachments thereto), dated as of the date hereof (the "Tax Certificate"). In the Indenture, the Loan Agreement, the Tax Certificate, and accompanying documents, exhibits, and certificates, the Issuer and the Institution have covenanted to comply with certain procedures, and they have made certain representations and certifications, designed to assure compliance with the requirements of the Code. The opinion set forth herein regarding federal and state income tax matters assumes continuing compliance with such covenants, and the accuracy, in all material aspects, of such representations and certifications.

Certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificate and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally-recognized bond counsel. Katten Muchin Rosenman LLP expresses no opinion as to the effect on the exclusion from gross income for federal tax purposes, and as to the effect on the non-inclusion in taxable income for purposes of personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York and the City of Yonkers), of interest on the Series 2018 Bonds of any such change occurring, or such action or other action taken or not taken, after the date of issue of the Series 2018 Bonds, upon the advice or approval of bond counsel other than Katten Muchin Rosenman LLP.

We are of the opinion that.

1. The Issuer is duly organized and validly existing under the NFP Corporation Law, and has the right and power thereunder to enter into the Indenture, and the Indenture has been duly authorized, executed and delivered by the Issuer, is in full force and effect, and is valid and binding upon the Issuer and enforceable against the Issuer in accordance with its terms.

2. The Issuer has the right and power under the NFP Corporation Law to enter into the Loan Agreement, and the Loan Agreement has been duly authorized, executed and delivered by the Issuer, is in full force and effect, and constitutes a valid and binding agreement of the Issuer enforceable against the Issuer in accordance with its terms.

3. The Series 2018 Bonds have been duly authorized and issued by the Issuer in accordance with law and in accordance with the Indenture and are the valid and binding special limited revenue obligations of the Issuer, payable solely from the loan payments, revenues and receipts derived from the Loan Agreement and the Promissory Note and pledged under the Indenture. The Series 2018 Bonds are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefit of the Indenture. All conditions precedent to the delivery of the Series 2018 Bonds have been fulfilled.

4. Under existing statutes, regulations, rulings and court decisions, interest on the Series 2018 Bonds (including accrued original issue discount) is not includable in gross income for federal income tax purposes, assuming continuing compliance by the Issuer and the Institution (and their successors) with the covenants and the accuracy of the representations referenced above. Interest on the Series 2018 Bonds (including accrued original issue discount) is not an "item of tax preference" for purposes of the federal alternative minimum tax, however, such interest (and accrued original issue discount) is includable in the calculation of adjusted current earnings for purposes of calculating the corporate alternative minimum tax imposed on corporations for taxable years that began prior to January 1, 2018.

In rendering this opinion, we have relied on the opinion of Garfunkel Wild, P.C., special counsel to the Institution, regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3) of the Code. We note that the opinion of special counsel to the Institution is subject to a number of qualifications and limitations. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of the status of the Institution as an organization described in Section 501(c)(3) of the Code, or the failure of the Institution to use the proceeds of the Series 2018 Bonds in furtherance of exempt purposes may result in interest on the Series 2018 Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2018 Bonds.

5. Under existing statutes, regulations, rulings and court decisions, interest on the Series 2018 Bonds (including accrued original issue discount) is not included in taxable income for purposes of personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York and the City of Yonkers), assuming continuing compliance by the Issuer, the Institution (and its successors) with the covenants and the accuracy of the representations referenced in paragraph 4 above.

Except as stated in paragraphs 4 and 5 above, we express no opinion regarding any other federal tax consequences of the ownership or disposition of the Series 2018 Bonds.

In rendering the opinions in paragraphs 4 and 5 above, we have (i) relied upon and assumed the material accuracy of the representations, statements of intention and reasonable expectations,

and certifications of fact contained in the Tax Certificate delivered on the date hereof by the Issuer and the Institution with respect to the use of proceeds of the Series 2018 Bonds, the use of the Facility and the investment of certain funds, and other matters affecting the exclusion of interest on the Series 2018 Bonds from gross income for federal income tax purposes under Section 103 of the Code, (ii) relied upon the opinion of Garfunkel Wild, P.C., special counsel to the Institution, dated the date hereof, and (iii) relied upon and assumed compliance by the Issuer and the Institution with procedures and ongoing covenants set forth in the Tax Certificate and with the ongoing tax covenants set forth in the Indenture and the Loan Agreement Under the Code, failure to comply with such procedures and covenants may cause the interest on the Series 2018 Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2018 Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. Compliance with certain of such requirements may necessitate that persons not within the control of the Issuer or the Institution take or refrain from taking certain actions.

We have examined one of the Series 2018 Bonds in fully registered form and, in our opinion, the form of said Series 2018 Bond is regular and proper.

The foregoing opinions are qualified only to the extent that the enforceability of the Series 2018 Bonds, the Indenture, Loan Agreement, the Promissory Note, the Mortgage and the Tax Certificate may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and by application of general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

In rendering this opinion, we express no opinion with respect to the due recording of the Mortgage or the Indenture and the due filing and sufficiency of the related financing statements under the New York State Uniform Commercial Code We understand that you have received the opinion of Garfunkel Wild, P.C., special counsel to the Institution, dated the date hereof.

In rendering this opinion, we are not passing upon any matters relating to title to the Facility. We understand that you have received a title insurance policy insuring the Trustee's interest under the Mortgage.

In rendering this opinion, with respect to (i) the due authorization, execution and delivery of the Loan Agreement, the Promissory Note, the Mortgage and the Tax Certificate by the Institution and, (ii) the current qualification of the Institution as organizations described in Section 501(c)(3) of the Code, we have relied upon the opinion of Garfunkel Wild, P.C., special counsel to the Institution, dated the date hereof.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Indenture by the Trustee, we have relied upon the opinion of Paparone Law PLLC, counsel to the Trustee, dated the date hereof

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Institution other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the Series 2018 Bonds.

In rendering this opinion, we express no opinion as to the necessity for obtaining any licenses, permits or other approvals relating to the Facility or the application or effect of any environmental laws, ordinances, rules, regulations or other requirements of any governmental authority with respect to the Facility or the transactions contemplated under the Indenture.

The foregoing opinions are further subject, however, to the qualification that we express no opinion as to matters relating to the rights in, title to or sufficiency of the description of any property or collateral described in the Security Documents (as defined in the Indenture) or the creation, perfection or relative priority of any lien or security interest created with respect to such property or collateral thereunder.

We undertake no responsibility for the accuracy, completeness or fairness of any offering materials relating to the Series 2018 Bonds and express herein no opinion relating thereto.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

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BUILD NYC RESOURCE CORPORATION • TAX-EXEMPT REVENUE BONDS (RICHMOND MEDICAL CENTER PROJECT), SERIES 2018A AND SERIES 2018B

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