

## Catholic Health System of LI-Preliminary Resolution

RESOLUTION OF THE NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION TAKING OFFICIAL ACTION TOWARD THE ISSUANCE OF ITS REVENUE REFUNDING BONDS IN AN AMOUNT SUFFICIENT TO FINANCE OR REFINANCE CERTAIN COSTS OF THE CATHOLIC HEALTH SYSTEM OF LONG ISLAND, INC. D/B/A CATHOLIC HEALTH SERVICES OF LONG ISLAND PROJECT, FOR THE PURPOSE OF FINANCING AND REFINANCING THE SERIES 2011 PROJECT, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT, MAKING CERTAIN FINDINGS AND DETERMINATIONS WITH RESPECT TO THE SERIES 2011 PROJECT AND REQUESTING NASSAU COUNTY TO APPROVE THE ISSUANCE OF THE BONDS.

WHEREAS, Catholic Health System of Long Island, Inc. d/b/a Catholic Health Services of Long Island, a 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**") and exempt from federal income taxation pursuant to Section 501(a) of the Code, having an office at 992 North Village Avenue, Rockville Centre, New York 11570 ("**CHS**"), has applied to the Nassau County Local Economic Assistance Corporation (the "**Issuer**"), to issue its Revenue Refunding Bonds, Series 2011 (Catholic Health Services, Inc. Series 2011 Project) (the "**Series 2011 Bonds**"), under Section 145 of the Code, in the aggregate principal amount presently expected to be \$160,000,000 but not to exceed \$200,000,000 (the "**Series 2011 Bonds**"), for the benefit of CHS and CHS's members and affiliates: Mercy Medical Center, a New York not-for-profit corporation and an organization described in Section 501 (c)(3) of the Code and exempt from federal income taxation pursuant to Section 501(a) of the Code, having an office at 1000 North Village Avenue, Rockville Centre, New York 11570 ("**Mercy Medical Center**") and St. Francis Hospital, Roslyn New York, a New York not-for-profit corporation and an organization described in Section 501 (c)(3) of the Code and exempt from federal income taxation pursuant to Section 501(a) of the Code, having an office at 100 Port Washington Boulevard, Roslyn, New York ("**St. Francis Hospital**"; and, together with Mercy Medical Center, "**Members of Obligated Group**"; and, together with CHS and certain other members of the Obligated Group, collectively, the "**System**"), consisting of the following: (A) (i) refinancing the Mercy Medical Center Revenue Bonds, Series 1999A issued by the Dormitory Authority of the State of New York (the "**Authority**") in the original aggregate principal amount of \$24,610,000 (the "**Mercy Medical Center 1999A Bonds**"), approximately \$5,215,000 of which are currently outstanding, and the proceeds of which were used to finance a portion of the cost of the acquisition, construction and equipping of certain facilities and related structures for Mercy Medical Center; (ii) refinancing the Mercy Medical Center Revenue Bonds, Series 1999B issued by the Dormitory Authority of the State of New York (the "**Authority**") in the original aggregate principal amount of \$51,950,000 (the "**Mercy Medical Center 1999B Bonds**"); and, together with the Mercy Medical 1999A Bonds, the "**Mercy Medical Center 1999 Bonds**"), approximately \$39,650,000 of which are currently outstanding, and the proceeds of which were used to finance a portion of the cost of the acquisition, construction and equipping of certain facilities and related structures for Mercy

Medical Center; and (iii) the acquisition, construction, renovation, installation, equipping, improvements, upgrades of the Mercy Medical Center campus including, but not limited to, a new domestic water boost pump, brain lab upgrade, beds, ventilator, purchase of Xcelera Digital Image System, IT upgrades and workstations, interventional room, and upgrade of the MRI suite (collectively, the **“Mercy Medical Center Improvements”**); (B) (i) refinancing the St. Francis Hospital Revenue Bonds, Series 1999A issued by the Authority in the original aggregate principal amount of \$49,775,000 (the **“St. Francis Hospital 1999A Bonds”**), approximately \$34,835,000 of which are currently outstanding, and the proceeds of which were used to finance a portion of the cost of the acquisition, construction and equipping of certain facilities and related structures for St. Francis Hospital; and (ii) the acquisition, construction, renovation, installation, equipping, improvements, upgrades of the St. Francis Hospital campus including, but not limited to, Cisco Catalyst E Switch, ultra sound video and processor, electronic scope, chiller #2, Fabius Machines, north roadway paving, physical therapy relocation, drill system 3/6, Carto 3 Cool Flow, workstation upgrades, slush unit, anesthesia machines, safety/security systems, operating rooms – video laparoscopes, operating rooms – endoscopic video towers, FP2 renovation, Maria Assunta-2, FP2 monitoring, H.C. cardiac operating rooms, and emergency room renovations (collectively, the **“St. Francis Hospital Improvements”**); (C) paying redemption premiums in connection with the Mercy Medical Series 1999 Bonds and the St. Francis Hospital 1999A Bonds; and (D) the paying of all or a portion of the costs incidental to the issuance of the Series 2011 Bonds, including issuance costs of the Series 2011 Bonds, capitalized interest and any reserve funds as may be necessary to secure the Series 2011 Bonds (collectively, the **“Series 2011 Project”**); and

WHEREAS, the proceeds of the Series 2011 Bonds will be loaned by the Issuer to Mercy Medical Center and St. Francis Hospital pursuant to loan agreements for the financing and refinancing of the Series 2011 Project, pursuant to Section 1411 of the New York Not-For-Profit Corporation Law (collectively, the **“Act”**); and

WHEREAS, the Act authorizes and empowers the Issuer to issue its revenue bonds to promote, develop, encourage and assist projects such as the Series 2011 Project and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, pursuant to Section 147(f) of the Code, interest on the Series 2011 Bonds will not be excluded from gross income for federal income tax purposes unless the issuance of the Series 2011 Bonds is approved by the “applicable elected representative” of Nassau County (the **“County”**) after a public hearing has been held on the Series 2011 Project and the issuance of the Series 2011 Bonds; and

WHEREAS, prior to the issuance of the Series 2011 Bonds, public notice of the hearing will be given as required by Section 147(f) of the Code, the notice of which (together with proof of publication) will comply with all requirements of the Code; and

WHEREAS, a public hearing will be held to hear all persons with views in favor of or opposed to the issuance of the Series 2011 Bonds and the Series 2011 Project; and

WHEREAS, Mercy Medical Center, St. Francis Hospital and the System reasonably expect that they will pay or incur certain capital expenditures in connection with the Series 2011 Project prior to the issuance of the Series 2011 Bonds for the Series 2011 Project; and

WHEREAS, Mercy Medical Center, St. Francis Hospital and the System will use funds from sources other than the proceeds of the Series 2011 Bond which are or will be available on a short-term basis to pay for preliminary expenditures and the acquisition, construction, renovation, equipping and furnishing of the Series 2011 Project; and

WHEREAS, Mercy Medical Center, St. Francis Hospital and the System reasonably expect that they will reimburse themselves for the use of such funds with proceeds of indebtedness to be issued by the Issuer to finance or refinance the costs of the Series 2011 Project; and

WHEREAS, the Series 2011 Bonds are expected to be issued in an aggregate principal amount presently estimated to be approximately \$160,000,000 but not to exceed \$200,000,000; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the "SEQR Act" or "SEQR"), the Issuer constitutes a "State Agency"; and

WHEREAS, to aid the Issuer in determining whether the Series 2011 Project and the issuance of the Series 2011 Bonds may have a significant effect upon the environment, the System prepared and submitted to the Issuer an Environmental Assessment Form ("EAF") and related documents (the "Questionnaire") with respect to the Series 2011 Project, a copy of which is on file at the office of the Issuer; and

WHEREAS, the Questionnaire has been reviewed by the Issuer; and

WHEREAS, Mercy Medical Center and St. Francis Hospital have agreed to indemnify the Issuer against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the issuance of the Series 2011 Bonds and the financing of the Series 2011 Project.

NOW, THEREFORE, BE IT RESOLVED by the Nassau County Local Economic Assistance Corporation (a majority of the members thereof affirmatively concurring) that:

Section 1. Based upon the Questionnaire prepared by the System and reviewed by the Issuer, and other representations and information furnished regarding the Action, the Issuer determines that the Action for purposes of review under the State Environmental Review Act is an "Unlisted" action as that term is defined under SEQR. The Issuer also determines that the issuance of the Series 2011 Bonds and the financing of the Series 2011 Project will not have a "significant effect" on the environment and, therefore, an environmental impact statement will not be prepared. This determination constitutes a

negative declaration for purposes of SEQR. Notice of this determination shall be filed to the extent required by the applicable regulations under that Act or as may be deemed advisable by the Executive Director or the Deputy Executive Director or the counsel to the Issuer.

Section 2.

(a) The financing and refinancing of the Series 2011 Project and the financing or refinancing thereof by the Issuer, through the issuance of the Series 2011 Bonds pursuant to the Act, and the provision of other financial assistance in connection therewith pursuant to the Act, will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of Nassau County and the people of the State of New York and improve their standard of living, and thereby serve the public purposes of the Act and the same is, therefore, approved;

(b) It is desirable and in the public interest for the Issuer to issue the Series 2011 Bonds for the purposes of financing or refinancing the costs of the acquisition, construction, renovation, equipping and furnishing of the Series 2011 Project, together with necessary incidental expenses in connection therewith as reflected in the System's application to the Issuer, as amended from time to time prior to the issuance of the Series 2011 Bonds. The currently estimated aggregate principal amount of the Series 2011 Bonds to be issued is presently estimated to be \$160,000,000 but not to exceed \$200,000,000.

Section 3.

The form and substance of a proposed inducement agreement (in substantially the form presented to this meeting) by and between the Issuer, Mercy Medical Center, St. Francis Hospital and the System setting forth the undertakings of the Issuer and Mercy Medical Center, St. Francis Hospital and the System with respect to the issuance of the Series 2011 Bonds and the development of the Series 2011 Project (the "**Agreement**") are hereby approved. The Chairman, the Executive Director and the Deputy Executive Director of the Issuer and all members of the Issuer are hereby authorized, on behalf of the Issuer, to execute and deliver the Agreement, with such changes in terms and form as the Chairman, the Executive Director and the Deputy Executive Director shall approve. The execution thereof by the Chairman, the Executive Director and the Deputy Executive Director or any member of the Issuer shall constitute conclusive evidence of such approval.

Section 4.

Subject to the conditions set forth in Section 4.02 of the Agreement and approval of the issuance of the Series 2011 Bonds by the County Executive of Nassau County, the adoption of a final authorizing resolution by the Issuer and the compliance with any other applicable provisions of the Code, the Issuer shall (i) issue the Series 2011 Bonds in an amount and with maturities, an interest rate, redemption terms and other terms and provisions to be determined by a further resolution of the Issuer, (ii) loan the proceeds of the Series 2011 Bonds to Mercy Medical Center and St. Francis Hospital pursuant

to the terms of separate Loan Agreements whereby Mercy Medical and St. Francis Hospital will be obligated, among other things, to make loan payments to or for the account of the Issuer in amounts and at times so that such loan payments will be adequate to pay the principal of, premium, if any, and interest on the Series 2011 Bonds, and (iii) secure the Series 2011 Bonds in such manner as the Issuer, the System and the Purchaser(s) of the Series 2011 Bonds mutually deem appropriate. If the proceeds of the sale of the Series 2011 Bonds are insufficient to finance or refinance completion of the acquisition, construction, renovation, equipping and furnishing of the Series 2011 Project, the Issuer will, subject to the terms and conditions to be agreed upon between the Issuer and the System, and upon the request of the System, take such actions and execute such documents as may be necessary to effect the issuance from time to time of additional bonds, whether on a parity with the Series 2011 Bonds or otherwise, for the purpose of paying the costs of completing the Series 2011 Project.

Section 5. The Issuer is hereby authorized to undertake the financing or refinancing of the Series 2011 Project with the Series 2011 Bonds.

Section 6. To the extent Mercy Medical Center, St. Francis Hospital or the System has paid or incurred or will pay or incur preliminary expenditures or hard costs in connection with the Series 2011 Project with current funds, they reasonably expect to reimburse themselves with proceeds from the Series 2011 Bonds.

Section 7. The law firm of Nixon Peabody LLP is hereby appointed Bond Counsel to the Issuer in connection with the issuance of the Series 2011 Bonds.

Section 8. Counsel to the Issuer and Bond Counsel are hereby authorized to work with counsel to the System and others to prepare, for submission to the Issuer, all documents necessary to effect the authorization, issuance and sale of the Series 2011 Bonds.

Section 9. The Chairman, the Executive Director and the Deputy Executive Director of the Issuer are hereby authorized and directed (i) to distribute copies of this resolution to Mercy Medical, St. Francis Hospital and the System, (ii) to request the County Executive of Nassau County to approve the issuance of the Series 2011 Bonds following the Public Hearing, and (iii) to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this resolution.

Section 11. This resolution shall take effect immediately and shall be continuously available for inspection by the general public during normal business hours at the Issuer's office.

STATE OF NEW YORK     )  
  : SS.:  
COUNTY OF NASSAU     )

I, the undersigned Secretary of the Nassau County Local Economic Assistance Corporation, DO HEREBY CERTIFY THAT:

I have compared the foregoing copy of a resolution of the Nassau County Local Economic Assistance Corporation (the "Issuer") with the original thereof on file in the office of the Issuer, and that the same is a true and correct copy of such resolution and of the proceedings of the Issuer in connection with such matter.

Such resolution was passed at a meeting of the Issuer duly convened in public session on July 28, 2011, at 10:30 a.m. local time, at Theodore Roosevelt County Executive & Legislative Building, 1550 Franklin Avenue, Suite 325, Mineola, New York 11501 at which the following members were:

Present: JEFFREY L. SELTZER     CHRISTOPHER FUSCO  
          BRUCE UNGAR  
          GARY WEISS

Absent:

Also Present: JOSEPH KEARNEY  
              WILLIAM F. WEIR  
              EDWARD AMBROSINO

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye  
SELTZER  
UNGAR  
WEISS  
FUSCO


Voting Nay  
NONE.

and, therefore, the resolution was declared duly adopted.

The Agreement and the Application are in substantially the form presented to and approved at such meeting.

I FURTHER CERTIFY that (i) all members of the Issuer had due notice of said meeting, (ii) pursuant to Sections 103a and 104 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public and public notice of the time and place of said meeting was duly given in accordance with such Sections 103a and 104, (iii) the meeting in all respects was duly held, and (iv) there was a quorum present throughout.

IN WITNESS WHEREOF, I have hereunto set my hand as of July 28, 2011.

  
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Secretary