

In the opinion of Harris Beach PLLC, Bond Counsel to the Issuer, based on existing statutes, regulations, court decisions and administrative rulings, and assuming compliance with the tax covenants described herein, interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is not an “item of tax preference” for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, interest on the Series 2020B Bonds is NOT excluded from gross income for federal income tax purposes. Bond Counsel is further of the opinion that, based on existing law, (i) for so long as interest on the Series 2020A Bonds is and remains excluded from gross income for federal income tax purposes, such interest is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof, and (ii) interest on the Series 2020B Bonds is NOT exempt from personal income taxes imposed by the State of New York and any political subdivision thereof. See “TAX MATTERS” herein regarding certain other tax considerations.

\$267,540,000

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

issue consisting of:

**ROCHESTER
REGIONAL HEALTH**

\$253,040,000

**Tax-Exempt Revenue Bonds
(Rochester Regional Health Project)
Series 2020A**

\$14,500,000

**Taxable Revenue Bonds
(Rochester Regional Health Project)
Series 2020B**

Dated: Date of Delivery

Due: December 1, as shown on inside cover

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

The Bonds are issued pursuant to a Trust Indenture dated as of November 1, 2020 (the “Indenture”), by and between the Issuer and Manufacturers and Traders Trust Company, as bond trustee (the “Bond Trustee”). The proceeds of the Bonds will be loaned by the Issuer to the Members of the Obligated Group (as defined below), pursuant to a Loan Agreement, dated as of November 1, 2020 (the “Loan Agreement”) by and among the Issuer, Rochester General Hospital (“RGH”), United Memorial Medical Center (“UMMC”), The Unity Hospital of Rochester (“Unity”), Newark-Wayne Community Hospital (“NWCH”) and Clifton Springs Sanitarium Company d/b/a Clifton Springs Hospital & Clinic (“CSHC”), as acknowledged by Rochester Regional Health (the “Corporation”), as Obligated Group Representative (as defined herein) and applied as described herein and therein.

The Bonds will be secured by (i) certain funds and accounts established under the Indenture; (ii) all right, title and interest of the Issuer, in and to the Loan Agreement and all Revenues payable to the Issuer; and (iii) Rochester Regional Health Obligation No. 4 delivered with respect to the Bonds (the “Series 2020 Obligation”) issued under the Amended and Restated Master Trust Indenture, dated as of November 1, 2020 (the “Master Indenture”), acknowledged by the Corporation, as Obligated Group Representative thereunder, and by and among the RGH, UMMC, Unity, NWCH, CSHC and any future Members of the Obligated Group and Manufacturers and Traders Trust Company, as master trustee (the “Master Trustee”), and under the Supplemental Master Indenture for Obligation No. 4, dated as of November 1, 2020 (the “Supplemental Master Indenture”) by and between the Corporation, as Obligated Group Representative, and the Master Trustee. The Series 2020 Obligation is secured by a pledge of Gross Receivables (as described herein). Upon issuance of the Bonds, RGH, UMMC, Unity, NWCH and CSHC will be the only Members of the Obligated Group established under the Master Indenture. The Corporation is not a Member of the Obligated Group but is designated as the Obligated Group Representative with powers to take certain actions on behalf of the Members of the Obligated Group under the Master Indenture. **By virtue of the purchase of the Bonds, the beneficial owners of the Bonds are granting their consent to the amendment and restatement of the existing master trust indenture, as described herein.**

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

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

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

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

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

The Bonds are offered subject to prior sale, when, as and if issued by the Issuer and accepted by the Underwriters, subject to certain conditions, including the approval of legality by Harris Beach PLLC, Bond Counsel to the Issuer. Certain legal matters will be passed upon by Hodgson Russ LLP, counsel to the Corporation and Obligated Group, and by Hawkins Delafield & Wood LLP, counsel to the Underwriters. It is expected that the Bonds in definitive form will be available for delivery to The Depository Trust Company, on or about November 17, 2020.

BofA Securities

**Cain Brothers, a division of KeyBanc Capital Markets
Piper Sandler & Co.**

**J.P. Morgan
UBS**

The date of this Official Statement is October 21, 2020.

¹ For an explanation of the rating, see “RATING” herein.

MATURITY SCHEDULE

\$253,040,000

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION
TAX-EXEMPT REVENUE BONDS (ROCHESTER REGIONAL HEALTH PROJECT), SERIES 2020A**

<u>Due (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP[†] Number</u>
2021	\$5,760,000	5.00%	104.368	0.77%	61075TVU9
2022	5,735,000	5.00	108.412	0.83	61075TVV7
2023	5,850,000	5.00	112.198	0.92	61075TVW5
2024	6,015,000	5.00	115.794	1.00	61075TVX3
2025	6,320,000	5.00	118.795	1.15	61075TVY1
2026	6,625,000	5.00	121.033	1.36	61075TVZ8
2027	6,965,000	5.00	122.846	1.56	61075TWA2
2028	7,315,000	5.00	124.187	1.76	61075TWB0
2029	7,675,000	5.00	125.256	1.94	61075TWC8
2030	8,055,000	5.00	126.228	2.09	61075TWD6
2031	8,460,000	5.00	125.097	2.20*	61075TWE4
2032	8,885,000	5.00	124.180	2.29*	61075TWF1
2033	8,765,000	5.00	123.372	2.37*	61075TWG9
2034	9,210,000	5.00	122.971	2.41*	61075TWH7
2035	9,665,000	4.00	111.736	2.66*	61075TWH7
2036	9,895,000	4.00	111.270	2.71*	61075TWK0
2037	10,185,000	3.00	98.683	3.10	61075TWL8
2038	10,490,000	4.00	110.529	2.79*	61075TWM6
2039	10,910,000	4.00	110.345	2.81*	61075TWN4
2040	12,100,000	3.00	98.221	3.12	61075TWP9

\$88,160,000 4.00% Term Bond due December 1, 2046, Price 108.341, Yield 3.03%*, CUSIP[†] 61075TWQ7

\$14,500,000

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION
TAXABLE REVENUE BONDS (ROCHESTER REGIONAL HEALTH PROJECT), SERIES 2020B**

\$14,500,000 4.60% Term Bond due December 1, 2046, Price 100.000, Yield 4.60%, CUSIP[†] 61075TWR5

* Yield to December 1, 2030 call date.

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

The information contained in this Official Statement under “THE ISSUER” and “LITIGATION – The Issuer” has been furnished by the Monroe County Industrial Development Corporation (the “Issuer”). The information concerning The Depository Trust Company (“DTC”) and the book-entry system set forth herein under the “THE BONDS – Book-Entry-Only System” has been furnished by DTC. All other information herein has been obtained from the Obligated Group and other sources that are believed to be reliable. Such other information is not guaranteed as to accuracy or completeness by, and is not to be relied upon as or construed as a promise or representation by the Issuer. None of the information contained in this Official Statement has been supplied or verified by the Master Trustee or the Bond Trustee, and the Master Trustee and the Bond Trustee make no representation, warranty or guarantee as to the accuracy or completeness of any information in this Official Statement.

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

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

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

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

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

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

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

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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

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

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OFFICIAL STATEMENT

\$267,540,000

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

issue consisting of:

\$253,040,000

Tax-Exempt Revenue Bonds

(Rochester Regional Health Project), Series 2020A

\$14,500,000

Taxable Revenue Bonds

(Rochester Regional Health Project), Series 2020B

INTRODUCTORY STATEMENT

This Introductory Statement is subject in all respects to more complete information contained in this Official Statement. This entire Official Statement, including its appendices, should be read by any prospective purchaser of the Bonds. No person is authorized to detach this Introductory Statement from this Official Statement or otherwise to use it without this entire Official Statement, including the appendices. This Introductory Statement contains only a brief summary of certain terms of the Bonds (as hereafter defined) being offered and a brief description of the Official Statement. All statements contained in this Introductory Statement are qualified in their entirety by reference to the entire Official Statement. Certain capitalized terms used herein are defined in APPENDICES A, C, and D to this Official Statement.

Purpose of this Official Statement. The purpose of this Official Statement, including the cover page, the inside cover page and the appendices hereto, is to set forth information relating to the issuance and sale of \$253,040,000 aggregate principal amount of Tax-Exempt Revenue Bonds (Rochester Regional Health Project), Series 2020A (the “Series 2020A Bonds”) and \$14,500,000 aggregate principal amount of Taxable Revenue Bonds (Rochester Regional Health Project), Series 2020B (the “Series 2020B Bonds” and together with the Series 2020A Bonds, the “Bonds”) of the Monroe County Industrial Development Corporation (the “Issuer”). The Bonds are to be issued pursuant to a Trust Indenture dated as of November 1, 2020 (the “Indenture”), by and between the Issuer and Manufacturers and Traders Trust Company, as bond trustee (the “Bond Trustee”).

The Issuer. The Issuer is a not-for-profit corporation constituting a local development corporation duly organized and existing under the laws of the State of New York (the “State”). See “THE ISSUER” herein.

Rochester Regional Health and the Obligated Group. Rochester Regional Health (the “Corporation”) a New York not-for-profit corporation headquartered in Rochester, operates, directly and through its affiliates, subsidiaries and joint ventures, a five-hospital vertically integrated health care delivery system that provides patient care, senior housing, laboratory services, and community outreach to residents and other clients in Monroe, Genesee, Ontario and Wayne counties, and several surrounding counties in upstate New York. The Corporation and its affiliates’, subsidiaries’ and joint ventures’ (collectively, the “System”) continuum of care includes five acute care hospitals with nearly 1,300 beds, six long term care facilities, nine urgent care sites and three ambulatory surgery centers, in addition to multiple ancillary and specialty services and a global lab practice. The five acute care hospitals that anchor the System are Rochester General Hospital (the “RGH”), United Memorial Medical Center (“UMMC”), Newark-Wayne Community Hospital (“NWCH”), The Unity Hospital of Rochester (“Unity”) and Clifton Springs Sanitarium Company d/b/a Clifton Springs Hospital & Clinic (“CSHC”). The Corporation, RGH, UMMC, Unity, NWCH and CSHC are each New York not-for-profit corporations and exempt from federal income tax pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”) as organizations described in Section 501(c)(3) of the Code.

As described herein, RGH is currently the obligated group representative and sole member of an obligated group established pursuant to a Master Trust Indenture, dated February 1, 2013, as supplemented to date, between RGH and Manufacturers and Traders Trust Company, as master trustee (the “Master Trustee”) (the “Original Master Indenture”), which Original Master Indenture is being amended and restated pursuant to the hereinafter defined Master Indenture. See “– Amendment and Restatement of the Master Indenture; Deemed Consent.” As of the date of the issuance of the Bonds, RGH, UMMC, Unity, NWCH and CSHC will be the Members (collectively, the “Members” and each a “Member”) of the Obligated Group (the “Obligated Group”) established pursuant to the Master Indenture. The Corporation will not be a Member of the Obligated Group, but will be designated as the Obligated Group Representative with powers to take certain actions on behalf of the Members of the Obligated Group

pursuant to the Master Indenture. The Master Indenture creates the “Credit Group”, which is comprised of the Members of the Obligated Group and the Designated Affiliates (collectively, the “Credit Group Members”). As of the date of issuance of the Bonds, there will be no Designated Affiliates designated under the Master Indenture.

The financial information presented in this Official Statement, including the Appendices, includes the results of operations and financial position of the Credit Group Members and other entities within the System that are Immaterial Affiliates (as defined in the Master Indenture). Immaterial Affiliates are not Credit Group Members. The Master Indenture provides that the results of operations and financial position of Immaterial Affiliates need not be excluded from the Credit Group financial information and may be considered as if such Immaterial Affiliates were Credit Group Members for all purposes of the Master Indenture, including, but not limited to, the furnishing of the Credit Group’s financial statements as required by the Master Indenture, and the calculation of covenants in the Master Indenture, including, but not limited to, the calculation of the Debt Service Coverage Ratio of the Credit Group. See “PAYMENT AND SECURITY PROVISIONS RELATING TO THE BONDS” herein. See also the definitions of “Credit Group Members,” “Immaterial Affiliates” and “Credit Group Financial Statements” in APPENDIX D and APPENDIX D - “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Payments with Respect to Master Indenture Obligations; Designated Affiliates; Credit Group Covenants - Debt Service Coverage.”

A more complete description of the Corporation, the Members of the Obligated Group, and the System is contained in APPENDIX A hereto.

Plan of Finance. The Issuer will lend the proceeds of the Bonds to the Obligated Group pursuant to a Loan Agreement dated as of November 1, 2020 (the “Loan Agreement”), by and among the Issuer, RGH, Unity, UMMC, NWCH and CSHC, as acknowledged by the Corporation, as Obligated Group Representative. The proceeds of the Bonds will be applied, together with other available funds, to (i) finance, refinance and/or reimburse the Obligated Group for the costs of the Project (as defined herein); (ii) refund or refinance certain prior indebtedness described in “PLAN OF FINANCE – Refunded Prior Indebtedness” and (iii) pay certain costs of issuance of the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

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

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

The Series 2020 Obligation will be secured by a pledge of the Gross Receivables (as defined herein) of the Members of the Obligated Group.

Amendment and Restatement of the Original Master Indenture; Deemed Consent. Concurrently with the issuance of the Bonds, the Corporation, as Obligated Group Representative, will acknowledge and RGH, UMMC, Unity, NWCH, CSHC and the Master Trustee will execute and deliver the Amended and Restated Master Trust Indenture (the “Amended and Restated Master Indenture”) supplementing, amending and restating the Original Master Indenture and the Corporation, as Obligated Group Representative, and the Master Trustee will execute and deliver Supplemental Indenture Number Four (the “Supplemental Master Indenture”), providing for, among other things, the issuance thereunder of Obligation No. 4 (the “Series 2020 Obligation”) to secure the Bonds. The Amended

and Restated Master Indenture, as supplemented and amended by the Supplemental Master Indenture and as hereafter amended or supplemented, is referred to herein as the “Master Indenture.” Pursuant to the Master Indenture, the Corporation will be designated the Obligated Group Representative with powers to take certain actions on behalf of the Members of the Obligated Group.

The provisions of the Original Master Indenture may be amended and restated by the Amended and Restated Master Indenture with the consent of the holders of not less than 51% of the holders of the Obligations outstanding thereunder (as hereinafter defined) and the consent from the holder of Obligation No. 3 issued thereunder (the “Required Consent”), which Required Consent was delivered on October 8, 2020. By purchasing the Bonds, the purchasers shall be deemed to have consented to the amendment and restatement of the Original Master Indenture by the Master Indenture, and the Bond Trustee, by acceptance of the Bonds, will be deemed to have consented to the amendment and restatement of the Original Master Indenture. Such consent, together with the Required Consent, will constitute more than 51% in aggregate principal amount of the Obligations outstanding under the Original Master Indenture. As a result, the Master Indenture will become effective upon the issuance of the Bonds. See “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE” in APPENDIX D hereto for a description of the provisions of the Master Indenture.

Additional Indebtedness. The Obligated Group, upon compliance with the terms and conditions, and for the purposes described in the Master Indenture, may incur additional indebtedness. Such additional indebtedness may be secured or unsecured, and may or may not be issued in the form of Obligations under the Master Indenture. See “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Payments with Respect to Master Indenture Obligations; Designated Affiliates; Obligated Group Covenants- Limitation on Indebtedness” in APPENDIX D hereto.

Bondholders’ Risks. There are risks associated with the purchase of the Bonds. See “BONDHOLDERS’ RISKS” and “REGULATION OF HEALTH CARE INDUSTRY” for a discussion of certain of these risks.

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

THE ISSUER

The Issuer is a not-for-profit corporation constituting a local development corporation duly organized and existing under Section 1411 of the Not-for-Profit Corporation Law of the State, as amended (the “Act”), having an office for the transaction of business at 50 W. Main Street, Suite 1150, Rochester, New York 14614. The Issuer has the authority and power to own, lease and sell personal and real property for the purposes of, among other things, acquiring, constructing and equipping certain projects exclusively in furtherance of the charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest. The Act further authorizes the Issuer to issue its bonds and to loan the proceeds thereof for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of and interest on any such bonds so issued and any agreements made in connection therewith, to pledge certain revenues and receipts to secure the payment of such bonds and interest thereon.

The Issuer has no power of taxation.

The Bonds are special and limited obligations of the Issuer, payable solely as provided in the Indenture.

NONE OF THE ISSUER, THE STATE OF NEW YORK, MONROE COUNTY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND

CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK, MONROE COUNTY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE BONDS OR ANY COSTS INCIDENTAL THERETO.

THE BONDS

General

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

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

The Bonds may be converted to bear interest in another Interest Rate Mode, as described in the Indenture, and as may be directed by the Obligated Group Representative or any other Person designated as such pursuant to the Master Indenture. See “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Authorization and Issuance of Master Indenture Obligations - Appointment of Obligated Group Representative” in APPENDIX D hereto.

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

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

Interest on the Bonds

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

Mandatory Purchase; Conversion

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

The Obligated Group Representative may effect a Conversion with respect to all (but not less than all) of the Bonds of a series by delivering written notice to the Notice Parties of its intention to effect a change in the Fixed Rate Period to a new Fixed Rate Period or a change in the Interest Rate Mode from the Fixed Rate Mode to another Interest Rate Mode specified in such written notice (the “New Mode”). Notice of the proposed Conversion shall be given by the Tender Agent to the Owners of the Bonds not later than the 20th day next preceding the Conversion Date for Bonds other than Bonds in the Fixed Rate Mode, and not earlier than the 60th day or later than the 30th day next

preceding the Conversion Date for Bonds in the Fixed Rate Mode, provided that no notice need be given for a Conversion Date occurring on the first Business Day following the last day of a Flexible Rate Period or Term Rate Mode or on a Substitution Date. Such notice shall state: (1) the Interest Rate Mode to which the Conversion will be made and the Conversion Date; (2) (a) in the case of a change from any Interest Rate Mode other than from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode, that the Bonds will be subject to mandatory purchase on the Conversion Date (regardless of whether all of the conditions to the change in the Interest Rate Mode are satisfied except in the case of a Conversion from the Three Month LIBOR Indexed Mode or the Fixed Rate Mode) and the Purchase Price of the Bonds; and (b) in the case of a change from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode, that the Bonds will not be subject to mandatory purchase on the Conversion Date; and (3) if the Book-Entry System is no longer in effect, information with respect to required delivery of Series 2020 Bond certificates and payment of Purchase Price. If the Conversion is from Bonds in the Fixed Rate Mode, including during the Initial Fixed Rate Period, such notice shall also state that the Bonds are subject to mandatory purchase on the Conversion Date and that if notice of mandatory tender has been given and funds prove insufficient, the Bonds shall not be purchased and shall continue in the Fixed Rate Mode, without change in interest rate, Maturity Dates or other terms.

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

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

Redemption or Tender

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

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

Optional Redemption of the Series 2020B Bonds. The Series 2020B Bonds are subject to redemption prior to their stated maturity, by the Issuer upon the written direction of the Obligated Group Representative, as a whole or from time to time in part on any Business Day, at a Redemption Price equal to the Make-Whole Redemption Price, together with the interest, if any, accrued thereon from the most recent Interest Payment Date to which interest has been paid or duly provided for upon the date fixed for redemption. For purposes of this paragraph, the following definitions shall apply:

“Comparable Treasury Issue” shall mean the United States Treasury security or securities selected by a Designated Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Series 2020B Bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Series 2020B Bonds.

“Comparable Treasury Price” shall mean, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations for such redemption date or, if the Designated Investment Banker obtains only one Reference Treasury Dealer Quotation, such Reference Treasury Dealer Quotation.

“Designated Investment Banker” shall mean one of the Reference Treasury Dealers appointed by the Obligated Group Representative.

“Make-Whole Redemption Price” shall mean the greater of:

- (1) 100% of the principal amount of any Series 2020B Bonds being redeemed; or
- (2) The sum of the present values of the remaining unpaid scheduled payments of principal and interest on any Series 2020B Bonds being redeemed (exclusive of interest accrued to the date of redemption) to the maturity date of such Series 2020B Bond, discounted to the redemption date on a semi-annual basis (assuming a 360- day year consisting of twelve 30-day months) at the Treasury Rate plus 45 basis points.

“Reference Treasury Dealer” shall mean one or more entities, as designed by the Obligated Group Representative, or their respective affiliates which are primary U.S. government securities dealers, and their respective successors; *provided* that if any of them shall cease to be a primary U.S. government securities dealer (a “Primary Treasury Dealer”), the Obligated Group Representative shall substitute therefore another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” shall mean, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

“Treasury Rate” shall mean, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Make-Whole Redemption Price shall be determined by an independent accounting firm or financial advisor retained by the Obligated Group Representative.

Mandatory Sinking Fund Redemption. The Series 2020A Bonds maturing on December 1, 2046 are also subject to redemption prior to their stated maturity (or paid at maturity, as the case may be), in part, by lot, by application of Sinking Fund Installments in the following amounts and on the following dates, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium:

Sinking Fund Installment Date (December 1)	Sinking Fund Installments
2041	\$13,010,000
2042	14,230,000
2043	17,515,000
2044	18,170,000
2045	19,480,000
2046 [†]	5,755,000

[†] Maturity.

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

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

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

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

Book-Entry-Only System

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

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

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

Purchases of the 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 Series 2020 Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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-only 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. effect no 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 the 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, tenders, and defaults. For example, Beneficial Owners of the 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 registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

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

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

DTC may determine to discontinue providing its service with respect to any series of Bonds at any time by giving notice to the Issuer and the Bond Trustee, as applicable, and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the book-entry-only system for such Bonds will be

discontinued unless a successor securities depository is appointed by the Issuer, as applicable. In addition, the Issuer may discontinue the book-entry-only system for the Bonds at any time by giving reasonable notice to DTC.

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

Delivery of Certificates; Registered Owners

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

Transfers and Exchanges

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

PAYMENT AND SECURITY PROVISIONS RELATING TO THE BONDS

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

Indenture, Loan Agreement and the Series 2020 Obligation

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

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

The Issuer will assign its right, title and interest in the Series 2020 Obligation and Loan Agreement (except for the Unassigned Rights) to the Bond Trustee.

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

Master Indenture

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

Issuance of Obligations; Joint and Several Obligations. The Master Indenture creates the “Credit Group”, which is comprised of the Members of the Obligated Group and the Designated Affiliates. **As of the date of the issuance of the Bonds, RGH, UMMC, Unity, NWCH and CSHC will be the only Members of the Obligated Group.** As of the date of the issuance of the Bonds, there will be no Designated Affiliates under the Master Indenture. *No other entities or affiliates within the System, other than the Obligated Group Members, are obligated to make payments with respect to the Bonds or Obligations.*

Under the Master Indenture, each Member of the Obligated Group authorizes to be issued from time to time Obligations, without limitation as to amount, except as provided in the Master Indenture or as may be limited by law, and subject to the terms, conditions and limitations established in the Master Indenture and any Related Supplement. Obligations may be in any form set forth in the Master Indenture. All Obligated Group Members are jointly and severally obligated for the amounts due on Obligations. Designated Affiliates are not obligated to make payments on Master Indenture Obligations. However, they may be required to transfer funds to the Obligated Group Members acting as their Controlling Members under the Master Indenture, in amounts necessary to enable such Obligated Group Members to comply with the provisions of the Master Indenture, including to make payments due on Obligations. Although Designated Affiliates are not obligated to make payments on Obligations, such entities, if any are so designated under the Master Indenture, are Credit Group Members and are subject to certain covenants under the Master Indenture and certain financial covenants and ratios under the Master Indenture, including the Debt Service Coverage Ratio, are based on the consolidated financial results of the Credit Group, which may include the results of operations of Immaterial Affiliates (as defined in the Master Indenture). See “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Payments with Respect to Master Indenture Obligations; Designated Affiliates; Credit Group Covenants” in APPENDIX D hereto. See also “Designated Affiliates” below.

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

Gross Receivables Pledge. Pursuant to the Master Indenture, RGH has pledged, assigned and granted and the other Members of the Obligated Group will pledge, assign and grant to the Master Trustee a security interest in the Gross Receivables as security for the payment of amounts due on any Obligations issued under the Master Indenture, including the Series 2020 Obligation. Gross Receivables consists of all rights of each Obligated Group Member in any accounts, chattel paper, instruments and general intangibles (all as defined in the New York Uniform Commercial Code (the “UCC”)), as are now in existence or as may be hereafter acquired and the proceeds thereof; excluding, however, all Restricted Moneys. The security interest in the Gross Receivables will be perfected to the extent, and only to the extent, that such security interest may be perfected by filing financing statements under the UCC. The security interest in the Gross Receivables are subject to Permitted Liens that exist prior to or that may be created subsequent to the time the security interest in the Gross Receivables attaches. See “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Payments with Respect to Master Indenture Obligations; Designated Affiliates; Credit Group Covenants - Gross Receivables Pledge” in APPENDIX D hereto. The security

interest in the Gross Receivables is also subject to the right of each Member of the Obligated Group to sell Property or to incur Indebtedness secured by Property under certain circumstances. In either event, the security interest held by the Master Trustee with respect to that Property would be released.

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

Changes to the Members of the Credit Group. Entities may be added to and withdrawn from the Credit Group from time to time. The Master Indenture imposes minimum conditions on the right of any Member of the Obligated Group or Credit Group Member to enter or withdraw from the Obligated Group or the Credit Group, respectively, at any time, or to change the status of a Member of the Obligated Group to that of a Designated Affiliate, provided that RGH may not withdraw from the Obligated Group under the terms of the Master Indenture. For a more detailed discussion of entry into or withdrawal from the Credit Group, see "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE - Payments with Respect to Master Indenture Obligations; Designated Affiliates; Credit Group Covenants – Designation of Designated Affiliates," "-Membership in Obligated Group," and "- Withdrawal from Obligated Group" in APPENDIX D hereto.

Designated Affiliates. Under the Master Indenture, the Obligated Group Representative may designate "Designated Affiliates" from time to time, and may rescind any such designation at any time on the conditions set forth in the Master Indenture. In connection with such designation, the Obligated Group Representative shall designate for each Designated Affiliate, an Obligated Group Member to serve as the Controlling Member for such Designated Affiliate. So long as such Person is designated as a Designated Affiliate, the Controlling Member of such Designated Affiliate shall either (i) maintain, directly or indirectly, control of such Designated Affiliate to the extent necessary to cause such Designated Affiliate to comply with the terms of the Master Indenture, whether through the ownership of voting securities, by contract, corporate membership, reserved powers or the power to appoint corporate members, trustees or directors, or otherwise or (ii) execute and have in effect such contracts or other agreements which the Obligated Group Representative and the Controlling Member, in the judgment of their respective Governing Bodies, deem sufficient for the Controlling Member to cause such Designated Affiliate to comply with the terms of the Master Indenture. See APPENDIX D – "FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Payments with Respect to Master Indenture Obligations; Designated Affiliates; Credit Group Covenants - Designation of Designated Affiliates." As of the date of issuance of the Bonds, there will be no Designated Affiliates designated under the Master Indenture.

Designated Affiliates are not obligated to make payments on any Obligation. Each Controlling Member agrees, however, that it shall cause each of its Designated Affiliates to transfer to such Controlling Member such amounts as are necessary to enable the Obligated Group Members to comply with the provisions of the Master Indenture; provided, however, that nothing in the Master Indenture shall be construed to require any Controlling Member to cause its Designated Affiliates to transfer to such Controlling Member any amounts that constitute Restricted Moneys.

Debt Service Coverage. The Master Indenture requires the Credit Group to maintain a Debt Service Coverage Ratio of at least 1.1 to 1.0 for each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021 (the "Debt Service Coverage Test").

If the Debt Service Coverage Ratio, at the end of any Fiscal Year, is less than 1.10:1.00, the Obligated Group Representative covenants to retain an Independent Consultant to make recommendations to increase Income Available for Debt Service for subsequent Fiscal Years to the levels required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. In no event may the Debt Service Coverage Ratio for any two consecutive Fiscal Years be less than 1.00:1.00. In calculating any financial test, restriction, or covenant under the Master Indenture, including the Debt Service Coverage Ratio, the Credit Group

shall be permitted to include in such calculations, the results of operations and financial performance of Immaterial Affiliates, to the same extent as though such Immaterial Affiliates were Credit Group Members. “Immaterial Affiliates” means Persons (as defined in the Master Indenture) that are not Credit Group Members and whose Total Revenues, as shown on their financial statements for their most recently completed fiscal for which financial statements are available, were less than 30% of the Total Revenues of the Credit Group as shown on the Credit Group Financial Statements, plus the Total Revenues of such Persons as if they were Credit Group Members for such period, for the most recently completed Fiscal Year of the Credit Group. See “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Payments with Respect to Master Indenture Obligations; Designated Affiliates; Credit Group Covenants - Debt Service Coverage” in APPENDIX D hereto.

Additional Covenants in the Master Indenture. Pursuant to the Master Indenture, the Members of the Obligated Group are subject to other additional covenants under the Master Indenture restricting, among other things, incurrence of Indebtedness, existence of Liens on Property, consolidation and merger and disposition of assets. See “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Payments with Respect to Master Indenture Obligations; Designated Affiliates; Credit Group Covenants” in APPENDIX D hereto.

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

Release and Substitution of Series 2020 Obligation. Under certain circumstances, the Series 2020 Obligation may be exchanged, without the consent of any of the Holders of the Bonds, for an obligation of a different obligated group. Under certain circumstances, this could lead to the substitution of different security in the form of an obligation backed by an obligated group that is financially and operationally different from the then existing Obligated Group. That new obligated group could have substantial debt outstanding that would rank on a parity basis with the obligation substituted for the Series 2020 Obligation. See “EXCERPTS FROM THE INDENTURE AND LOAN AGREEMENT” in APPENDIX C hereto and “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Payments with Respect to Master Indenture Obligations; Designated Affiliates; Credit Group Covenants – Substitution of Master Trust Indenture” in APPENDIX D hereto.

Outstanding and Additional Obligations. As of the date of issuance of the Bonds, the outstanding aggregate principal amount of the Obligations (including the Series 2020 Obligation) issued under the Master Indenture to secure revenue bonds issued for the benefit of the Obligated Group will be \$704,970,000. Upon issuance of the Bonds and the application of the proceeds thereof, the Series 2020 Obligation, Obligation No. 1, Obligation No. 2 and Obligation No. 3 will be the only obligations outstanding under the Master Indenture. See “OUTSTANDING INDEBTEDNESS” in APPENDIX A hereto.

Obligation No. 3 was issued to a commercial lender to evidence and secure RGH’s obligations under a credit agreement relating to revolving line of credit. The credit agreement contains covenants and restrictions (the “Financing Covenants”) for the exclusive benefit of the commercial lender that are more restrictive than the Master Indenture covenants described herein. Violation of any of such Financing Covenants may result in an event of default under the credit agreement and may also result in an Event of Default under the Master Indenture. The Financing Covenants may be waived, modified or amended by the commercial lender in its sole discretion and without notice to or consent by the bond trustee of any outstanding bonds, the Bond Trustee, the Master Trustee, the holders of outstanding bonds, including the Bonds, the holders of any Obligations or any other Person.

Pursuant to the Master Indenture, Obligations may be issued from time to time in the future pursuant to the Master Indenture, and such other Obligations will be secured on parity under the Master Indenture with the Series 2020 Obligation and other Obligations then outstanding. See “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Authorization and Issuance of Master Indenture Obligations - Issuance of Obligations” in APPENDIX D hereto.

Amendments to the Master Indenture. The Master Indenture may also be amended from time to time, in certain circumstances without the consent of the holders of Outstanding Obligations or without the consent of the

Bondowners. Such amendments could be substantial and result in the modification, waiver or removal of any existing covenant or restriction contained in the Master Indenture. See “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Supplements and Amendments” in APPENDIX D hereto.

Security and Enforceability

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

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

PLAN OF FINANCE

The Bonds

The Issuer will lend the proceeds of the Bonds to the Obligated Group pursuant to the Loan Agreement. The proceeds of the Bonds will be applied, together with other available funds, to (i) finance, refinance and/or reimburse the Obligated Group for the costs of the project described under the caption “THE PROJECT” in APPENDIX A hereto (the “Project”); (ii) refund or refinance certain prior indebtedness described under the subcaption “– Refunded Prior Indebtedness” herein and (iii) pay certain costs of issuance of the Bonds.

Refunded Prior Indebtedness

In accordance with the plan of finance, portions of the proceeds of the Bonds are expected to be used to provide funds for the refunding and redemption or repayment of the following bonds and term loans:

Prior Bonds and Indebtedness	Outstanding Principal Amount(s)	Redemption or Payment Date
Commercial bank term loans	\$12,648,615	At Closing or 11/30/20
FHA Insured Mortgage Revenue Bonds (The Unity Hospital of Rochester Project), Series 2010	179,140,000	At Closing (\$7,650,000) 2/15/2021 (\$171,490,000)
The Genesee County Funding Corporation Tax-Exempt Revenue Bonds (United Memorial Medical Center Project), Series 2015	4,054,975	At Closing
Genesee County Industrial Development Agency Civic Facility Revenue Bonds (United Memorial Medical Center Project), Series 2007	7,030,000	At Closing
Wayne County Civic Facility Development Corporation Revenue Bonds (Newark-Wayne Community Hospital Project), Series 2011A	9,015,000	At Closing
Wayne County Civic Facility Development Corporation Revenue Bonds (Newark-Wayne Community Hospital Project), Series 2011C	610,000	At Closing

The prior bonds and loan indebtedness identified in the table above are referred to, collectively, as the “Refunded Prior Indebtedness.”

For those bonds not redeemed on the date of issuance of the Bonds, funds deposited with the prior bond trustee for the purpose of paying such refunded bonds and will be held as cash or invested in permitted investments, and will be pledged to secure the payment of the principal of and interest and premium, if any, on the Refunded Prior Indebtedness on their redemption or maturity dates. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the Bonds (with all amounts rounded to the nearest whole dollar).

Estimated Sources of Funds	Series 2020A	Series 2020B	Total
	<u>Bonds</u>	<u>Bonds</u>	
Principal Amount	\$253,040,000	\$14,500,000	\$267,540,000
Original Issue Net Premium	32,212,860	-	32,312,860
Funds on Hand/DSRF Release	22,756,102	-	22,756,102
Total⁽²⁾	<u><u>\$308,108,962</u></u>	<u><u>\$14,500,000</u></u>	<u><u>\$322,608,962</u></u>
Estimated Uses of Funds			
Refunded Prior Indebtedness	\$204,978,187	\$12,872,191	\$217,850,378
Project Fund	101,196,000	-	101,196,000
Costs of Issuance ⁽¹⁾	1,934,776	1,627,809	3,562,584
Total⁽²⁾	<u><u>\$308,108,962</u></u>	<u><u>\$14,500,000</u></u>	<u><u>\$322,608,962</u></u>

(1) Costs of issuance includes underwriter's discount, fees and reimbursable expenses of bond counsel, counsel to the Obligated Group and the Corporation, counsel to the Underwriters, counsel to the Issuer, the auditor, the Master Trustee and the Bond Trustee, printing costs, rating agencies' fees and other fees and expenses.

(2) Totals may not add due to rounding.

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each of the Obligated Group's fiscal years ending December 31, the estimated amounts required to be made available for the payment of principal due on the Bonds (including by mandatory sinking account redemption), for the payment of interest on the Bonds and for the total debt service on the Bonds. All amounts have been rounded to the nearest whole dollar.

Year Ending December 31	Series 2020A Bonds		Series 2020B Bonds		Total Debt Service on other Outstanding Indebtedness	Total Debt Service
	Principal	Interest	Principal	Interest		
2021	\$5,760,000	\$11,339,576	\$-	\$692,939	\$ 19,368,853	\$37,161,368
2022	5,735,000	10,627,100	-	667,000	16,325,528	33,354,628
2023	5,850,000	10,340,350	-	667,000	16,325,877	33,183,227
2024	6,015,000	10,047,850	-	667,000	16,323,927	33,053,777
2025	6,320,000	9,747,100	-	667,000	16,326,727	33,060,827
2026	6,625,000	9,431,100	-	667,000	16,322,869	33,045,969
2027	6,965,000	9,099,850	-	667,000	16,327,805	33,059,655
2028	7,315,000	8,751,600	-	667,000	16,323,655	33,057,255
2029	7,675,000	8,385,850	-	667,000	16,325,805	33,053,655
2030	8,055,000	8,002,100	-	667,000	16,326,395	33,050,495
2031	8,460,000	7,599,350	-	667,000	16,322,860	33,049,210
2032	8,885,000	7,176,350	-	667,000	16,324,480	33,052,830
2033	8,765,000	6,732,100	-	667,000	16,323,900	32,488,000
2034	9,210,000	6,293,850	-	667,000	16,325,588	32,496,438
2035	9,665,000	5,833,350	-	667,000	16,327,588	32,492,938
2036	9,895,000	5,446,750	-	667,000	16,324,650	32,333,400
2037	10,185,000	5,050,950	-	667,000	16,324,900	32,227,850
2038	10,490,000	4,745,400	-	667,000	16,326,900	32,229,300
2039	10,910,000	4,325,800	-	667,000	16,323,150	32,225,950
2040	12,100,000	3,889,400	-	667,000	16,322,950	32,979,350
2041	13,010,000	3,526,400	-	667,000	16,325,200	33,528,600
2042	14,230,000	3,006,000	-	667,000	16,323,750	34,226,750
2043	17,515,000	2,436,800	-	667,000	16,324,250	36,943,050
2044	18,170,000	1,736,200	-	667,000	16,322,750	36,895,950
2045	19,480,000	1,009,400	-	667,000	16,322,750	37,479,150
2046	5,755,000	230,200	14,500,000	667,000	16,327,500	37,479,700
TOTAL	\$253,040,000	\$164,810,776	\$14,500,000	\$17,367,939	\$427,490,606	\$877,209,321

BONDHOLDERS' RISKS

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

General

As set forth under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," the Bonds will constitute general obligations of the Obligated Group secured under the Bond Indenture by (i) the Obligation related to the Bonds; and (ii) the money and securities held by the Bond Trustee in certain of the funds under the Bond Indenture. The revenues and expenses of the Obligated Group are subject to, among other things, the capabilities of its management, the confidence of physicians in management, the availability of physicians and trained support staff, changes in the population or the economic condition of the Obligated Group's service area, the level of and restrictions on federal funding of Medicare and federal and state funding of Medicaid, the imposition of government wage and price controls, the demand for the Obligated Group's services, increased competition, reduced third-party reimbursement rates or delays in payment, government regulations and licensing requirements, continued federal and state funding, future economic conditions and other conditions which are unpredictable and may not be quantifiable or determinable at this time. No representation or assurance is given or can be made that revenues will be realized by the Obligated Group in amounts sufficient to pay debt service on the Bonds and the related Obligation when due and to make payments necessary to meet the other obligations of the Obligated Group.

The discussion herein describes risks related to certain existing federal and state laws, regulations, rules and governmental administrative policies and determinations to which the Obligated Group and the health care industry are subject. Several of the federal statutes and regulations described herein may be substantially modified or repealed in whole or in part. Key elements of the legislative agenda of President Trump's administration include the repeal or replacement of the Patient Protection and Affordable Care Act, as subsequently amended by the Health care and Education Reconciliation Act of 2010 (collectively referred to herein as the "ACA" and described under the heading "REGULATION OF THE HEALTH CARE INDUSTRY"), tax reform and financial services reform. As defined and described under the subheading "Tax Reform" below, tax reform legislation known as the Tax Cuts and Jobs Act (the "Tax Cuts and Jobs Act") was signed into law in late 2017. While attempts to repeal the entirety of the ACA have not been successful to date, congressional efforts continue to repeal provisions of the ACA. The scope and effect of future legislation or judicial action cannot be predicted and such future legislation or judicial action could have a material adverse impact on the financial condition or operations of the Members of the Obligated Group. In addition to statutory changes or judicial action, regulatory changes and executive actions implemented by the Trump administration could have a material adverse impact on the financial condition or operations of the Members of the Obligated Group. Accordingly, it is possible that the significant risk areas summarized under this caption "BONDHOLDERS' RISKS" will undergo significant change in the near term.

ADVERSE CONSEQUENCES ARISING FROM ONE OR MORE OF THE FOLLOWING RISKS, OR THE OCCURRENCE OF OTHER UNANTICIPATED EVENTS, COULD ADVERSELY AFFECT THE OPERATIONS OR FINANCIAL PERFORMANCE OF THE MEMBERS OF THE OBLIGATED GROUP. THIS DISCUSSION IS NOT, AND IS NOT INTENDED TO BE, EXHAUSTIVE. THE RISKS DISCUSSED BELOW SHOULD BE READ IN CONJUNCTION WITH THE DISCUSSION SET FORTH IN APPENDIX A AND THE DISCUSSION APPEARING UNDER THE CAPTION "REGULATION OF THE HEALTH CARE INDUSTRY" BELOW AND THE INFORMATION APPEARING ELSEWHERE IN THIS OFFICIAL STATEMENT.

Nonprofit Health Care Environment

Each of the Members of the Obligated Group is a nonprofit (not-for-profit) corporation and each is exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). As nonprofit tax-exempt organizations, the Members of the Obligated Group are subject to federal, state and local laws, regulations, rulings and court decisions relating to their organization and operation, including their operations for charitable purposes. At the same time, the Obligated Group conducts large-scale complex business transactions and is a major employer in its market. 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, large health care organization. Hospitals or other health care providers, such as the Members of the Obligated Group, may be forced to forego otherwise favorable opportunities for certain joint ventures, recruitment and other arrangements in order to maintain their tax-exempt status.

The operations and practices of nonprofit, tax-exempt health care providers are routinely challenged or criticized for inconsistency or inadequate compliance with regulatory requirements for, and societal expectations of, 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 are examinations of core business practices of the health care organizations. A common theme of these challenges is that nonprofit hospitals may not confer community benefits that exceed or equal the benefit received from their tax-exempt status. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, methods of providing and reporting community benefit, executive compensation, exemption of property from real property taxation, private use of facilities financed with tax-exempt bonds and others. These challenges and questions have come from a variety of sources, including state attorneys general, the Internal Revenue Service (the “IRS”), labor unions, Congress, state legislatures, and patients, and in a variety of forums, including hearings, audits and litigation.

The following are some examples of the challenges and examinations facing nonprofit health care organizations. They are indicative of a greater scrutiny of the billing, collection and other business practices of these organizations, and may indicate an increasingly more difficult operating environment for health care organizations, including the Obligated Group. The challenges and examinations, and any resulting legislation, regulations, judgments, or penalties, could have a material adverse effect on the Obligated Group.

Congressional Hearings and Investigations

A number of House and Senate Committees, including the House Committee on Energy and Commerce, the House Committee on Ways and Means and the Senate Finance Committee, have conducted hearings and/or investigations into issues related to nonprofit tax-exempt health care organizations. These hearings and investigations have included a nationwide investigation of hospital billing and collection practices, charity care and community benefit and prices charged to uninsured patients and possible reforms to the nonprofit sector. Additionally, Senate Finance Committee Chairman Chuck Grassley has recently renewed his scrutiny of tax-exempt hospitals, requesting in a February 2019 letter to the IRS that the agency provide data with respect to its examinations of non-profit hospital compliance with the Code’s community benefit regulations. The effect of these hearings and investigations cannot be predicted, but may result in new legislation or regulatory action.

Bond Examinations

The IRS has active programs auditing both the qualification of hospital organizations as organizations described under Section 501(c)(3) of the Code and the qualification of bonds issued for the benefit of such organizations as tax-exempt. The IRS may use detailed information required to be reported on IRS Form 990 - Return of Organizations Exempt From Income Tax (“IRS Form 990”) for this purpose.

IRS Examination of Compensation Practices and Community Benefit

For more than a decade, the IRS has been concerned about executive compensation practices of tax-exempt hospitals. In 2004, the IRS began a program to measure compliance by tax-exempt organizations with requirements that they not pay excessive compensation. 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 (1) will continue to heavily scrutinize executive compensation arrangements, practices and procedures and (2) 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, IRS 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. IRS 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. It is possible that the IRS will use detailed information from IRS Form 990 to assist in its enhanced enforcement efforts. See “Risks Related to Tax-Exempt Status - Maintenance of Tax-Exempt Status” below.

Schedule H of IRS Form 990, which hospitals and health systems must use to report their community benefit activities, has been revised to require details on how a hospital determines eligibility for free or discounted care (if the federal poverty guidelines are not used). Consistent with Section 501(r) of the Code, Schedule H now requires hospitals to describe billing and collection practices permitted under the hospital facility’s policies, as well as information about the hospital’s emergency medical care policy.

Litigation Relating to Billing and Collection Practices

Over the past several years, lawsuits have been filed in both federal and state courts alleging, among other things, that hospitals have failed to fulfill their obligations to provide charity care to uninsured patients have overcharged uninsured patients and have engaged in aggressive billing and collection practices. Other cases have alleged that charging patients more for services furnished in a hospital-based setting is a wrongful or deceptive practice. Some of these cases have since been dismissed by the courts and some hospitals and health systems have entered into substantial settlements. A number of cases are still pending in various courts around the country with inconsistent results and others could be filed.

Challenges to Real Property Tax Exemptions

The real property tax exemptions afforded to certain nonprofit health care providers by state and local taxing authorities have been challenged on the grounds that the health care providers were not engaged in sufficient charitable activities. These challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices, excessive financial margins and operations that closely resemble for-profit businesses. Several of these disputes have been determined in favor of the taxing authorities or have resulted in settlements. In addition, some states have proposed overhauling their property tax exemption laws. While management is not aware of any current challenge to the tax exemption afforded to any material real property of the Obligated Group, there can be no assurance that these types of challenges will not occur in the future.

Attorneys General and Other State Oversight or Audits

State not-for-profit corporations, including the Members of the Obligated Group, are subject to oversight and examination by the New York Attorney General to ensure their charitable purposes are being carried out, that their fundraising and investment activities comply with state law and that the terms of charitable gifts are followed. In addition, state legislatures may direct state executive bodies to monitor or audit levels of charity care being provided in nonprofit hospitals.

Charity Care

The legislatures of some states have attempted to pass legislation mandating charity care levels or imposing other requirements relating to charity care. From time to time, Congress proposes new laws and the IRS proposes

new regulations concerning the manner in which charity care is calculated or issues guidance concerning the level of charity care expected of an organization exempt from tax under Section 501(c)(3) of the Code. Management cannot predict whether legislation, regulations, or guidance will be implemented in the future and cannot predict the effect it may have on the Obligated Group's financial condition, though such effect may be material.

Risks Related to Tax-Exempt Status

Maintenance of Tax-Exempt Status

Loss of tax-exempt status by the Members of the Obligated Group could result in loss of tax exemption of interest on certain bonds issued to make loans to the Obligated Group and defaults in covenants regarding such bonds would likely result. Such an event would also have other material adverse consequences on the financial condition of the Obligated Group. Management is not aware of any transactions or activities currently ongoing that are likely to result in the revocation of the tax-exempt status of the Members of the Obligated Group.

The maintenance by an entity of its status as an organization described in Section 501(c)(3) of the Code is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and educational purposes and their avoidance of transactions that may cause their assets to inure to the benefit of private individuals.

The IRS has announced that it intends to closely scrutinize transactions between not-for-profit corporations and for-profit entities, and in particular has issued audit guidelines for tax-exempt hospitals. As these general principles were developed primarily for public charities that do not conduct large-scale technical operations and business activities, they often do not adequately address the myriad of operations and transactions entered into by a modern health care organization. Although traditional activities of hospitals, such as medical office building leases and compensation arrangements and other contracts with physicians, have been the subject of interpretations by the IRS in the form of Private Letter Rulings, many activities have not been addressed in any official opinion, interpretation or policy of the IRS. Because the Obligated Group conducts large-scale and diverse operations involving private parties, there can be no assurances that certain of their transactions would not be challenged by the IRS. The Members of the Obligated Group participate in a variety of transactions and joint ventures with physicians either directly or indirectly. Management believes that the transactions and joint ventures to which the Members of the Obligated Group are a party are consistent with the requirements of the Code as to tax-exempt status, but, as noted above, there is uncertainty as to the state of the law.

The ACA also contains requirements for tax-exempt hospitals through Section 501(r) of the Code. Final regulations under Section 501(r) of the Code provide detailed guidance relating to requirements for community health needs assessments, financial assistance policies, emergency medical care policies, limitations on charges and billing and collection practices, and also provide guidance on consequences of failure to satisfy Section 501(r) requirements. An organization's failure to meet one or more Section 501(r) requirements could endanger the organization's Section 501(c)(3) status as of the first day of the tax year in which a failure occurs. In addition, an organization may be subject to certain excise taxes if a hospital facility fails to maintain the requirements concerning community health needs assessments.

In certain cases, the IRS has imposed substantial monetary penalties and future charity care or public benefit obligations on tax-exempt hospitals in lieu of revoking their tax-exempt status, as well as requiring that certain transactions be altered, terminated or avoided in the future and/or requiring governance or management changes. These penalties and obligations are typically imposed on the tax-exempt hospital pursuant to a "closing agreement" with respect to the hospital's alleged violation of Section 501(c)(3) exemption requirements. Given the uncertainty regarding how tax-exemption requirements may be applied by the IRS, the Obligated Group is, and will be, at risk for incurring monetary and other liabilities imposed by the IRS through this "closing agreement" or similar process.

The IRS has periodically conducted audit and other enforcement activity regarding tax-exempt health care organizations. Certain audits are conducted by teams of revenue agents, often take years to complete and require the expenditure of significant staff time by both the IRS and the audited organization. These audits examine a wide range of possible issues, including tax-exempt bond financings, partnerships and joint ventures, unrelated business income tax, retirement plans and employee benefits, employment taxes, political contributions and other matters. If the IRS

were to find that any Member of the Obligated Group has participated in activities in violation of certain regulations or rulings, the tax-exempt status of such entity could be in jeopardy. Loss of tax-exempt status by any Member of the Obligated Group potentially could result in loss of tax exemption of the tax-exempt debt of the Obligated Group, and defaults in covenants regarding the tax-exempt debt and other obligations likely would be triggered. Loss of tax-exempt status also could result in substantial tax liabilities on income of the Members of the Obligated Group.

State and Local Tax Exemption

State, county and local taxing authorities undertake audits and reviews of the operations of tax-exempt health care providers with respect to their real property tax exemptions. In some cases, particularly where authorities are dissatisfied with the amount of services provided to low-income patients, the real property tax-exempt status of the health care providers has been questioned. The majority of the real property of the Obligated Group is currently treated as exempt from real property taxation. Although the real property tax exemptions of the Members of the Obligated Group with respect to core hospital facilities have not, to the knowledge of management, been under challenge or investigation, an audit could lead to a challenge that could adversely affect the real property tax exemptions of the Members of the Obligated Group.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of not-for-profit corporations. There can be no assurance that future changes in the laws and regulations of state or local governments will not materially adversely affect the financial condition of the Obligated Group by requiring payment of income, local property or other taxes.

Unrelated Business Income

In recent years, the IRS and state, county and local tax authorities have audited the operations of tax-exempt hospitals and health care systems with respect to their exempt activities and the generation of unrelated business taxable income (“UBTI”). Most hospitals and health care systems participate in activities that may generate UBTI. An investigation or audit could result in assessment of taxes, interest and penalties with respect to unreported UBTI and in some cases ultimately could affect the tax-exempt status of such entity, as well as the exclusion from gross income for federal income tax purposes of the interest payable on tax-exempt debt of the Obligated Group.

Limitations on Contractual and Other Arrangements Imposed by the Code

As tax-exempt organizations, the Members of the Obligated Group are limited with respect to the use of practice income guarantees, reduced rent on medical office space, low interest loans, joint venture programs and other means of recruiting and retaining physicians. The IRS scrutinizes a broad variety of contractual relationships commonly entered into by hospitals and has issued a detailed audit guide suggesting that field agents scrutinize numerous activities of the 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. Any suspension, limitation, or revocation of the tax-exempt status of any Members of the Obligated Group or assessment of significant tax liability would have a materially adverse impact on the financial condition or operations of the Members of the Obligated Group.

Event of Taxability of the Series 2020A Bonds

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

Maintenance of 501(c)(3) Status

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

Compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Members of the Obligated Group to charge and collect revenues, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2020A Bonds. Although the Members of the Obligated Group have covenanted to maintain its status as a tax-exempt organization, loss of tax-exempt status would likely have a significant adverse effect on the Members of the Obligated Group and their respective operations and could result in the includability of interest on the Series 2020A Bonds in gross income for federal income tax purposes retroactive to their date of issue. See “TAX MATTERS” herein.

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

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

Security and Enforceability

Enforceability of the Master Indenture and Obligations

Each Member of the Obligated Group has covenanted in the Master Indenture to make payments when due under the Master Indenture and on the Obligations issued under the Master Indenture. Obligations are joint and several obligations of each Obligated Group Member and any additional Obligated Group Member admitted under the Master Indenture. The enforceability of the joint and several obligations of each Obligated Group Member is uncertain. As a consequence, the property of the Members of the Obligated Group that are not the beneficiaries of the proceeds of the Bonds may not be available to make such payments.

Such joint and several obligation may not be enforceable against the Obligated Group Members for a variety of reasons, including: (i) to the extent payments are requested to be made from assets of such Obligated Group Member which are donor-restricted or which are subject to a direct, express or charitable trust which does not permit the use of such assets for such payments; (ii) if the purpose of the debt is not consistent with the charitable purposes of such Obligated Group Member, or if the debt was incurred by or issued for the benefit of an entity other than a not-for-profit corporation which is exempt from federal income taxes under Sections 501(a) and 501(c)(3) of the Code and is not a “private foundation” as defined in Section 509(a) of the Code; (iii) to the extent payments would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by such Obligated Group Member; and (iv) if and to the extent payments are requested to be made pursuant to any loan violating applicable usury laws.

If the obligation of a particular Obligated Group Member to make payment on an Obligation is not enforceable, and payment is not made on such Obligation when due in full, then an Event of Default will arise under the Master Indenture.

The Members of the Obligated Group may not be required to make payments on or provide amounts for the payment of an Obligation, including the Series 2020 Obligation, issued by or for the benefit of another entity if and to the extent that any such payment or transfer would render such Obligated Group Member insolvent or would conflict with or not be permitted by or would be subject to recovery for the benefit of other creditors of such Obligated

Group Member under applicable fraudulent conveyance, bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights. There is no clear precedent in the law as to whether payments on Obligations (including the Series 2020 Obligation) by a Member of the Obligated Group may be voided by a trustee in bankruptcy in the event of a bankruptcy of such Obligated Group Member, or by third party creditors in an action brought pursuant to state fraudulent conveyances statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under state fraudulent conveyance statutes, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty, and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or state fraudulent conveyances statutes, or the guarantor is undercapitalized. Under such principles, the obligation of the Members of the Obligated Group to make payments on Obligations (including the Series 2020 Obligation) that secures related bonds (including the Bonds) not issued for the direct benefit of such Obligated Group Member may be considered a guaranty.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. If judicial action were brought to compel the Members of the Obligated Group to make a payment on an Obligation (including the Series 2020 Obligation), a court might not enforce such payment in the event it is determined that sufficient consideration for the Member's obligation was not received, or that the incurrence of such obligation has rendered or will render the Member insolvent, or the Member is or will thereby become undercapitalized.

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

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

Amendments to Master Indenture

Certain amendments to the Master Indenture may be made without the consent of the owners of the Obligations. Certain other amendments to the Master Indenture may be made with the consent of the owners of not less than a majority of the aggregate principal amount of the outstanding Obligations. Amendments to the Master Indenture may be obtained with the consent of the owners of Obligations other than the Series 2020 Obligation. The Bond Trustee is considered the holder of the Obligation relating to the Bonds. Certain amendments to the Bond Indenture may be made with the consent of the owners of not less than a majority of the outstanding principal amount of the Bonds. Such amendments may adversely affect the security of owners of the Bonds.

Enforceability of Remedies

The remedies available to the Bond Trustee, the Master Trustee, and the beneficial owners of the Bonds upon an event of default under the Bond Indenture and the Master Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including, specifically, the United States Bankruptcy Code, the remedies provided in the Bond Indenture and the Master Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors' generally and laws relating to fraudulent conveyances.

Enforceability of Lien on Gross Receivables

The Master Indenture and the Obligations provide that the Members of the Obligated Group will make the payments required to be made under the Bond Indenture as the same become due. The obligation of the Members of the Obligated Group to make such payments is payable from and secured solely by a lien granted to the Master Trustee by each Member of the Obligated Group on its Gross Receivables. Gross Receivables paid by the Members of the Obligated Group to other parties in the ordinary course of business might no longer be subject to the lien of the Master Indenture and might therefore be unavailable to the Master Trustee. Further, enforcement by the Master Trustee or the Bond Trustee of any right to receive directly payments under the Medicare and Medicaid programs may be subject to restrictions under federal and state statutes and regulations concerning the assignability of such payments. In the event of bankruptcy of the Members of the Obligated Group, pursuant to the Bankruptcy Code, any receivable coming into existence and any Gross Receivables received on or after the date that is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court might not be subject to the lien of the Master Indenture, and under certain circumstances a bankruptcy court or a court of equity may have power to direct the use of Gross Receivables to meet other expenses of the Members of the Obligated Group before paying debt service. The value of the security interest in Gross Receivables could also be diluted by the issuance of additional Obligations.

Pursuant to the New York Uniform Commercial Code, a security interest in the proceeds of Gross Receivables may not continue to be perfected if such proceeds are not paid over to the Master Trustee by the Obligated Group under certain circumstances. If any required payment is not made when due, the Obligated Group must transfer or pay over immediately to the Master Trustee any Gross Receivables with respect to which the security interest remains perfected pursuant to law. Any Gross Receivables thereafter received shall upon receipt by the Obligated Group be transferred to the Master Trustee without such Gross Receivables 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 Receivables could be diluted by the incurrence of Additional Indebtedness secured equally and ratably with the Bonds as to the security interest in the Gross Receivables.

Bankruptcy

In the event the a Member of the Obligated Group files for protection from creditors under the United States Bankruptcy Code, the rights and remedies of the Owners of the Bonds would be subject to various provisions of the United States Bankruptcy Code. If a Member of the Obligated Group were to commence a proceeding in bankruptcy, payments made by that Obligated Group Member during the 90-day period immediately preceding such commencement (or, under certain circumstances, during the preceding one-year period) may be voided as preferential transfers to the extent such payments allow the recipients thereof to receive more than they would have received in the event of the liquidation of such Obligated Group Member. Security interests and other liens, if any, granted by such Obligated Group Member to the Bond Trustee or the Master Trustee and perfected during such preference period may also be voided as preferential transfers to the extent such security interest or other lien secures obligations that arose prior to the date of such grant or perfection.

A bankruptcy filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such Obligated Group Member and its property and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over its property as well as various other actions to enforce, maintain or enhance the rights of the Bond Trustee and the Master Trustee. If the bankruptcy court so ordered, the property of such Obligated Group Member could be used for the financial rehabilitation of such Obligated Group Member despite any security interest of the Bond Trustee or the Master Trustee therein. The rights of the Bond Trustee and the Master Trustee to enforce their respective interests and other liens could be delayed during the pendency of the rehabilitation proceeding.

The Obligated Group Member could also file a plan for the adjustment of its debts in any such proceeding which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by a court, binds all creditors who had notice or knowledge of the plan and, with certain exceptions, discharges all claims against the debtor to the extent provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are conditions that the plan be feasible and that it shall have 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 class cast votes in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly. Any such plan could adversely affect the beneficial owners of the Bonds.

Under the United States Bankruptcy Code, a bankruptcy court could appoint a patient advocate, the cost of which would be an administrative expense of the estate and certain reimbursements from federal agencies could be discontinued.

In addition, the bankruptcy of a health plan or physician group that is a party to a significant managed care arrangement with an Obligated Group Member, or that of any significant contract payor obligated to the any Obligated Group Member, could have material adverse effects on the Members of the Obligated Group.

Market Risks

The Members of the Obligated Group have significant holdings in a broad range of investments. Market fluctuations have affected and will continue to affect the value of those investments and those fluctuations may be, and historically have been, material. Market disruptions have exacerbated the market fluctuations and have negatively affected the investment performance over certain time periods and in some cases materially diminished the liquidity of those investments. Investment income (including both realized and unrealized gains on investments) has contributed significantly to the Obligated Group's financial results over recent years. Any diminution of liquidity of the Obligated Group's investments could also have a material adverse impact on the financial condition or operations of the Members of the Obligated Group.

Market for the Bonds

Subject to prevailing market conditions, the Underwriters intend, but are not obligated, to make a market in the Bonds. There is presently no secondary market for the Bonds, and no assurance can be given that a secondary market will develop. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so.

Rating

There can be no assurance that the rating assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Bonds. See the information under the heading "RATING."

Patient Service Revenues

Net patient service revenues realized by the System is derived from a variety of sources and will vary among the individual facilities owned and operated by the Members of the Obligated Group and also among the various market areas and regions in which such facilities are located. Certain facilities and regions may realize substantially more revenues from private payment programs, such as managed care organizations, than do others.

A substantial portion of the net patient service revenues of the Members of the Obligated Group is derived from third-party payors which pay for the services provided to patients covered by third parties. These third-party payors include the federal Medicare program, state Medicaid programs and commercial health plans and insurers, including managed care organizations such as health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs"). Many third-party payors make payments to the System in amounts that may not reflect the direct and indirect costs of the Members of the Obligated Group providing services to patients.

The financial performance of the System has been and could be in the future adversely affected by the financial position or the insolvency or bankruptcy of or other delay in receipt of payments from third-party payors that provide coverage for services to their patients.

Health care providers have been and continue to be affected significantly by changes made in the last several years in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. The purpose of much of this statutory and regulatory activity has been to reduce the rate of increase in health care costs, particularly costs paid under the Medicare and Medicaid programs.

Dependence upon Commercial Third-Party Payors

The System's ability to develop and expand its services and, therefore, operating margins, is dependent upon its ability to enter into contracts with commercial third-party payors, such as managed care organizations, at competitive rates. There can be no assurance that it will be able to attract third-party payors, and where it does, no assurance that it will be able to contract with such payors on advantageous terms. The inability of the System to contract with a sufficient number of such payors on advantageous terms would have a material adverse impact on the financial condition or operations of the Members of the Obligated Group. Further, while the System expects to control health care service utilization and increase quality, the System cannot predict changes in utilization patterns or on health care providers. Additionally, commercial third-party payors are increasingly attempting to control health care costs through increased utilization reviews, greater enrollment in managed care programs, such as HMOs and PPOs, and directly contracting with health care facilities to provide services on a discounted basis. The trend toward consolidation among private managed care payors tends to increase their bargaining power over prices and fee structures. Other health care providers, including some with greater financial resources, greater geographic coverage or a wider range of services, may compete with the System for opportunities with commercial insurers. For example, competitors may negotiate exclusivity provisions with certain managed care plans or otherwise restrict the ability of managed care companies to contract with Obligated Group providers.

The ACA imposes, over time, increased regulation of the industry, the use and availability of exchanges in which health insurance can be purchased by certain groups and segments of the population, the extension of subsidies and tax credits for premium payments by some consumers and employers, and the imposition upon commercial insurers of certain terms and conditions that must be included in contracts with providers. In addition, the ACA imposes many new obligations on states related to health care insurance. Health care providers have been and continue to be affected significantly by changes made in the last several years in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. The purpose of much of this statutory and regulatory activity has been to reduce the rate of increase in health care costs, particularly costs paid under the Medicare and Medicaid programs.

It is unclear how the increased federal oversight of state health care may affect future state oversight or affect the System. The effects of these changes upon the financial condition of any third-party payor that offers health care insurance, rates paid by third-party payors to providers and, thus, the revenues of the System, and upon the operations, results of operations and financial condition of the System cannot be predicted.

Government Regulation of the Health Care Industry

A significant portion of the revenues of the System is derived from government reimbursement programs including, in particular, the Medicare and Medicaid programs. See APPENDIX A hereto, under the heading "UTILIZATION" for a breakdown of payment sources including Medicare and Medicaid. As a result, the Obligated Group is subject to all of the federal, state and local laws and regulations related to the Medicare and Medicaid programs. In addition to the Medicare and Medicaid programs, the Obligated Group and the health care industry in general are subject to regulation by a number of governmental agencies which affect the provision, administration and payment of health care services on both a national and local basis. Health care providers, including the Members of the Obligated Group, have been and will be affected significantly by changes that have occurred in the last several years in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. See "REGULATION OF THE HEALTH CARE INDUSTRY." Federal deficit reduction efforts have slowed the growth of federal Medicare and Medicaid spending, as discussed below.

Value-Based Care

The health care industry is under pressure from the federal and state governments and managed care plans to transition from fee for service methods of payment to "value-based care." See "REGULATION OF THE HEALTH

CARE INDUSTRY.” There can be no assurance that management will be able to reduce the System’s cost structure sufficiently quickly enough to align with potentially decreased revenues from a value-based care model, or that the System will otherwise adapt to value-based care incentives sufficiently quickly to maintain positive financial results.

Managed Care Organizations

HMOs, PPOs and other managed health care systems (collectively, “Managed Care Organizations”) are providers of health care coverage significantly different from traditional commercial insurers. Managed Care Organizations represent a broad continuum of systems generally designed to favorably affect the cost, the site and/or the utilization of health care services from a patient standpoint. As such, they include HMOs, which generally accept uniform per-employee payments from employers and/or employees with fees based on the number of enrollees and in return agree to provide all, or substantially all, of an enrollee’s health care needs, and PPOs, which generally negotiate favorable prices with providers and thus create preferred provider arrangements. Managed Care Organizations often rely upon case management analysis to reduce utilization of health care services, including discouraging an enrollee’s admission to a hospital unless determined to be absolutely necessary. As Managed Care Organizations’ enrollment increases, such entities also become significant purchasers of health care services from hospitals and other providers enabling negotiation of separate pricing terms and selection of health providers offering the most cost-effective services. Such case and cost management efforts on behalf of Managed Care Organizations may adversely affect utilization of the facilities and/or patient revenues of the System.

In recent years, a number of Managed Care Organizations have become insolvent or experienced financial pressure or cash flow issues. Such plans range in size from smaller local provider-based plans to some of the largest plans in the United States. These plans include traditional commercial insurers, as well as HMOs and PPOs. Managed Care Organizations that experience financial pressure may slow payment to providers, withhold pay entirely, or utilize claims payment methodology that systematically reduces compensation on a per claim basis. Managed Care Organizations that become insolvent may seek either federal bankruptcy or state insurance insolvency protection. Such bankruptcy or insurance insolvency protection may require that providers repay certain claims to the Managed Care Organization, or result in certain claims becoming uncollectible. It is not possible at this time to predict the future of the managed care industry in general or of specific Managed Care Organizations, or to predict what impact the state of the financial health of such organizations might have on the Obligated Group.

Failure to maintain contracts could have the effect of reducing a health care organization’s market share and net patient services revenues. Conversely, participation may result in lower net income if participating health care organizations are unable to adequately contain their costs. In part to reduce costs, health plans are increasingly implementing, and offering to purchasing employers, tiered provider networks, which involve classification of a plan’s network providers into different tiers based on care quality and cost. With tiered benefit designs, plan enrollees are generally encouraged, through incentives or reductions in copayments or deductibles, to seek care from providers in the top tier. Classification of a health care provider in a non-preferred or lower tier by a significant payor may result in a material loss of volume.

In addition to tiered provider networks, Managed Care Organizations are also implementing narrow provider networks in which only a select group of providers participate as in-network providers. Managed Care Organizations often look at quality performance and cost in selecting providers to participate in their narrow networks. A provider’s exclusion from a narrow network may result in a material loss of volume. Managed Care Organizations may offer lower reimbursement for providers in their narrow networks in exchange for additional volume expected from being one of a select group of network providers. This reimbursement may be insufficient to cover a network provider’s cost in providing the services. The new demands of dominant health plans and other shifts in the managed care industry may also reduce patient volume and revenue.

In addition, the current trend of consolidation in the health insurance industry is likely to increase the leverage of commercial insurers when negotiating rates with health care providers. Large health insurers that assume dominant positions in local markets threaten to increase health insurer concentration, reduce competition and decrease choice. If the System were to terminate its agreement with any of the major managed care payors or not agree to terms proposed by such payors, or if the payors were to exit the regional marketplace in some or all of their product lines, it could have a significant material adverse impact on the financial condition of the Obligated Group.

Federal Budget

Federal deficit reduction efforts have slowed the growth of federal Medicare and Medicaid spending.

The Budget Control Act of 2011 (the “Budget Control Act”) mandated significant reductions in federal spending for fiscal years 2012-2021, including a reduction of 2% on all Medicare payments during this period. Subsequent legislation enacted by Congress extended these reductions through 2027, though the CARES Act (as defined herein) has suspended the Medicare sequestration from May 1, 2020 to December 31, 2020. Subsequent legislation enacted by Congress extended these reductions through 2027. There is a substantial risk that Congress could act to extend or increase these across-the-board reductions. The proposed 2021 federal budget calls for a \$920 billion reduction in Medicaid spending and a \$756 billion reduction in Medicare spending over the next decade. This includes a reduction in Medicare coverage for beneficiary bad debts and a reduction in the payment rates for hospital-owned physician practices and hospital outpatient departments. It is impossible to predict what portion, if any, of these proposed federal health care spending reductions will be included in a Congressionally approved budget.

It is possible that Congress will take action to eliminate some or all of the reductions in the future, and any Congressional action could be made retroactive in order to eliminate some or all of the cuts that were imposed. However, there is no certainty that Congress will take any action. Absent further Congressional action, these automatic spending cuts become permanent. Because Congress may make changes to the budget in the future, it is impossible to predict the impact any spending cuts may have on the Obligated Group. Similarly, it is impossible to predict whether any automatic reductions to Medicare may be triggered in lieu of other spending cuts that may be proposed by Congress. Any further reduction in Medicare and/or Medicaid spending under either scenario, may have a material adverse effect upon the operations, financial condition and financial performance of the Obligated Group. Ultimately, these reductions or alternatives could have a disproportionate impact on hospital providers and could have an adverse effect on the operations, financial condition and financial performance of the Obligated Group, which could be material.

General Economic Factors and Credit Market Disruptions

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

Impact of COVID-19

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

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, President Trump declared a national emergency. Social distancing measures to slow the spread of COVID-19 were implemented across the region. Nonessential workers are required to stay home, and travel restrictions were implemented in New York and other states to slow the spread of the disease. The System implemented emergency preparedness and response protocols related to the outbreak of COVID-19 resulting in various operational challenges. See “MANAGEMENT’S DISCUSSION OF RECENT UTILIZATION AND FINANCIAL PERFORMANCE – Response to COVID-19” in APPENDIX A hereto. On March 18, 2020, the Centers for Medicare & Medicaid

Services (“CMS”) issued guidance that all elective surgeries and procedures should be postponed nationwide to mitigate the burden on health systems due to increasing COVID-19 incidence and make necessary equipment, supplies (including personal protective equipment), and personnel available to treat patients presenting COVID-19 symptoms. Similarly, on March 23, 2020, Governor Cuomo issued Executive Order 202.10, directing hospitals to cancel all elective surgeries and procedures to increase the beds available to COVID-19 patients. Currently, a substantial portion of the population is subject to voluntary or involuntary quarantine, leading to general and substantial reductions in economic activity. Public health quarantine orders vary by state and locality. In many jurisdictions, “shelter-in-place” or quarantine orders may prohibit providers from performing non-essential services or procedures. The reimbursement rates for these non-essential services or procedures and other services that are delayed as a result of the COVID-19 outbreak are, typically, more profitable for providers. Continued, or future, disruptions to these service lines may materially and adversely impact the economic conditions of providers, including the Members of the Obligated Group. Although restrictions on elective procedures have been lifted in many areas, further restrictions on elective procedures may be reintroduced. The aforementioned measures have assisted in responding to the COVID-19 outbreak, although it has caused economic slowdown which have had, and are likely to continue to have, a material adverse impact on economic conditions throughout much of the world, including the United States and the State of New York. Management cannot predict the likelihood or the severity of the ultimate impact on the System’s operations or financial condition, though such impact could be material and adverse. Management is monitoring developments with respect to the COVID-19 pandemic and intends to follow recommendations of the CDC and other applicable federal, state and local regulatory agencies. See “MANAGEMENT’S DISCUSSION OF RECENT UTILIZATION AND FINANCIAL PERFORMANCE – Response to COVID-19” in APPENDIX A hereto.

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

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

National, state, and local governments have taken, and are expected to continue to take, various actions, including the passage of laws and regulations, on a wide array of topics, in an attempt to slow the spread of COVID-19 and to address the health and economic consequences of the outbreak. Many of these government actions are expected to cause substantial changes to the way healthcare is provided, and how society in general functions. It is not clear how long such measures will remain in place.

The Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 (the “CPRSAA”) was enacted on March 6, 2020. The CPRSAA provides \$8.3 billion in emergency funding for federal agencies to respond to the COVID-19 outbreak. \$6.2 billion was designated for the U.S. Department of Health & Human Services (“HHS”), including for research and development of vaccines, therapeutics and diagnostics. The CPRSAA allocated \$20 million and authorized the Small Business Administration to issue Economic Injury Disaster Loans. The CPRSAA also included a waiver removing restrictions on Medicare providers allowing them to offer telehealth services to beneficiaries regardless of whether the beneficiary is in a rural community, but only for the duration of the coronavirus public health emergency and permissible under state law.

On March 18, 2020, the Families First Coronavirus Response Act (the “FFCRA”) was enacted to provide additional support for the domestic COVID-19 response. The FFCRA includes provisions for establishing a federal emergency paid leave program for individuals impacted by COVID-19, expanding state unemployment benefits,

requiring employers to provide paid sick leave, providing diagnostic testing for COVID-19 without cost sharing, and providing liability protection for protective equipment used as part of the COVID-19 response.

The Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) was enacted on March 27, 2020. The CARES Act provides, among other things, temporary and limited relief to hospitals during the COVID-19 outbreak, including the appropriation of \$100 billion under the Public Health and Social Services Emergency Fund (the “Provider Relief Fund”) to reimburse providers for expenses and lost revenue associated with COVID-19 patients. Under the Provider Relief Fund, providers are required to attest to certain terms and conditions to receive payment. In the event that a provider does not comply with these terms and conditions HHS may seek to recoup any funds paid to the provider and penalties. The CARES Act expanded the Medicare Advanced and Accelerated Payment Program, provided employee retention tax credits to employers affected by COVID-10, eliminated the 2% reduction in Medicare payments from sequestration during the period of May 1, 2020 through December 31, 2020, created an add-on payment for inpatient hospitals treating COVID-19 patients, and delayed the \$4 billion reduction in Medicaid funding for Medicare disproportionate share hospitals until November 30, 2020. The CARES Act also waived certain requirements related to the provision of telehealth services, authorized reimbursement for COVID-19 related testing and treatment for uninsured patients, and established the Paycheck Protection Program. It is not clear whether these provisions and the increased funding to hospitals provided in the CARES Act will be adequate to cover the significant costs borne by hospitals treating patients with COVID-19 or the shortfall in revenues that are anticipated from reductions in elective and other procedures during the COVID-19 outbreak.

In addition to CARES Act funding, the Centers for Medicare & Medicaid Services (“CMS”) has expanded and streamlined the process for its Accelerated and Advance Payment Program, pursuant to which providers can receive advance Medicare disbursements. The advance and accelerated payments are a loan that providers must pay back. CMS has announced that it will begin to offset the accelerated/advance payments 120 days after disbursement. Offsets will be processed for up to one year after the disbursement date, at which time the providers will have to repay the outstanding balance without interest, or to the extent any amounts remain outstanding after one year, interest on the outstanding balances will accrue at a rate of 10.25% per annum. On April 26, 2020, CMS announced it was reevaluating and temporarily suspending the Accelerated and Advance Payment Program in light of the availability of funds under Provider Relief Fund and other significant funds available through other programs.

On April 24, 2020, the Paycheck Protection Program and Health Care Enhancement Act was enacted, which amends the CARES Act to increase the amounts authorized for the Paycheck Protection Program and authorized an additional \$75 billion in funding for the Provider Relief Fund, reimbursing eligible health care providers for health care-related expenses or lost revenues that are attributable to COVID-19. It also appropriated \$25 billion to the Provider Relief Fund for necessary expenses to research, develop, validate, manufacture, purchase, administer and expand capacity for COVID-19 tests. The CARES Act authorizes forgiveness of amounts advanced to companies under the Paycheck Protection Program under certain conditions. In the event a company fails to comply with the requirements for forgiveness or the requirements for qualifying for the Paycheck Protection Program, the company could be liable for the full repayment of any received Paycheck Protection Program loan and/or other penalties.

Recipients of funds distributed by the Health Resources and Services Administration (“HRSA”) through the Provider Relief Fund established under the CARES Act agree to certain terms and conditions that require compliance with reporting requirements specified by the Secretary of HHS. Among other things, health care providers that receive Provider Relief Fund payments in excess of their health care related expenses and lost revenues attributable to COVID-19 must repay the excess payments, as described above.

On September 19, 2020, HHS issued a notice (“Notice”) which stated that health care providers that received more than \$10,000 in Provider Relief Fund payments must provide expenditure reports for their Provider Relief Fund payments to HRSA. Reports for Provider Relief Fund payments expended prior to January 1, 2021 must be submitted between January 15, 2021 and February 15, 2021. Health care providers that do not expend all of their Provider Relief Fund payments prior to January 1, 2021 must submit a second report (for the period January 1, 2021 through June 30, 2021) by July 31, 2021.

The Notice also specified the formula for calculating a health care provider’s lost revenues attributable to COVID-19. Health care providers may apply their Provider Relief Fund payments toward lost revenue only up to the amount of their 2019 net gain from healthcare related sources. Health care providers that reported negative net

operating income from patient care in 2019 may apply Provider Relief Fund amounts to lost revenues up to a net zero gain/loss in 2020. The approach described in the Notice is much narrower than guidance issued by HHS in June 2020 which defined lost revenues attributable to coronavirus as “any revenue that you as a healthcare provider lost due to coronavirus.” The formula for calculating lost revenues set forth in the Notice could have a potentially significant impact on whether a health care provider must repay a portion of its Provider Relief Fund payments. The Corporation does not currently expect that it will be required to repay stimulus program funding that it has recognized as other operating revenue (see APPENDIX A).

Additional guidance or clarifications concerning COVID-19 stimulus programs, including reporting, recordkeeping and repayment requirements, may be announced from time to time.

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

Tax Reform

On December 22, 2017, President Trump signed into law an act entitled, “H.R. 1: An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018,” known as the Tax Cuts and Jobs Act. The Tax Cuts and Jobs Act lowered corporate and individual tax rates and eliminated certain tax preferences and other tax expenditures. The Tax Cuts and Jobs Act also eliminated (effective January 1, 2019) the tax penalty associated with a key provision of the ACA known as the “individual mandate” or the “individual shared responsibility payment,” which imposed a tax on individuals who do not obtain health care insurance. Such elimination of the tax penalty associated with the individual mandate may result in a higher uninsured rate, which could have a materially adverse effect on the Obligated Group. In addition, the Tax Cuts and Jobs Act precludes the issuance of tax-exempt bonds to advance refund outstanding tax-exempt bonds. The Tax Cuts and Jobs Act could materially adversely affect the market price or marketability of the Bonds (and outstanding bonds of the Obligated Group) and/or availability of borrowed funds for the Members of the Obligated Group, particularly for capital expenditures, as well as the operations, financial position and cash flows of the Members of the Obligated Group.

Licensing, Certification and Accreditation Requirements

The health care facilities of the System are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These may be affected by regulatory action and policy changes by governmental and private agencies that administer Medicare, Medicaid and other third-party payment programs, as well as action by, among others, accrediting bodies such as The Joint Commission, and federal, state and local government agencies. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections or other reviews generally conducted in the normal course of business of health facilities. Actions in any of these areas could result in a reduction in utilization, revenues or both, or the inability of any Obligated Group Members to operate all or a portion of such facilities or to bill various third-party payors, and, consequently, could materially adversely affect the Obligated Group as a whole.

Possible Staffing Shortages

In recent years, the health care industry has suffered from a scarcity of physicians in certain specialties, nurses and other qualified health care technicians and personnel. Factors underlying this trend include increased demand for trained personnel combined with an insufficient number of qualified graduates to meet the growing need, and the aging of the workforce generally. Any of these factors may be expected to intensify in the future, aggravating the shortage of physicians, nursing personnel or other qualified health care technicians and personnel. This trend could force the Members of the Obligated Group to pay higher than anticipated salaries to personnel as competition for such employees intensifies and, in an extreme situation, could lead to difficulty maintaining licenses to provide health

care services for the facilities of the Members of the Obligated Group and, as a result, maintaining eligibility for reimbursement under Medicare and the various state Medicaid programs. In the event of a shortage or difficulty in the direct hire of health care personnel, the Members of the Obligated Group could be required to seek indirect hire of such professionals through an increased use of third-party staffing, at higher cost.

Some states impose mandatory nurse-to-patient staffing ratios for certain health care facilities. Such regulation may exacerbate the effects of any existing nursing shortages.

Malpractice and General Liability Insurance

In recent years, the number of malpractice and general liability suits and the dollar amount of damage recoveries have increased nationwide, resulting in substantial increases in insurance premiums. Actions alleging wrongful conduct and seeking punitive damages are often filed against hospitals. Litigation may also arise from the corporate and business activities of the Obligated Group, including employee-related matters, medical staff and provider network matters and denials of medical staff and provider network membership and privileges. As with professional liability, many of these risks are covered by insurance, but some are not. For example, some antitrust claims, business disputes and workers' compensation claims are not covered by insurance or other sources and, in whole or in part, may be a liability of the Obligated Group if determined or settled adversely. Claims for punitive damages may not be covered by insurance under certain state laws. Although the System currently maintains actuarially determined self-insurance reserves and carries excess malpractice and general liability insurance which management considers adequate, management is unable to predict the availability, cost or adequacy of such insurance in the future.

CMS and certain private insurers and HMOs will not reimburse hospitals for medical costs arising from certain "never events," which include specific preventable medical errors. The occurrence of "never events" or "serious reportable events" is more likely to be publicized and may negatively affect a hospital's reputation, reducing future utilization and potentially increasing the possibility of liability claims.

Any judgments or settlements that exceed insurance coverages or self-insurance reserves could have a material adverse effect on the financial condition of the Obligated Group. Moreover, the Obligated Group is not able to predict the cost or availability of any such insurance in the future. See APPENDIX A hereto, under the heading "PROFESSIONAL AND GENERAL LIABILITY INSURANCE PROGRAM."

Facility Damage

Hospitals are highly dependent on the condition and functionality of their physical facilities. Damage from natural causes, fire, deliberate acts of destruction, terrorism or various facility system failures may have a material adverse impact on hospital operations, financial conditions and results of operations, especially if insurance is inadequate to cover resulting property and business losses.

The occurrences of natural disasters, including floods, volcanoes and tsunamis, may damage Obligated Group facilities, interrupt utility service to facilities or otherwise impair the operation of some Obligated Group facilities or the generation of revenues beyond existing insurance coverage.

Construction Risks

Construction projects are subject to a variety of risks, including but not limited to delays in issuance of required building permits or other necessary approvals or permits, including environmental approvals, strikes, shortages of qualified contractors or materials and labor, and adverse weather conditions. Such events could delay occupancy of major construction projects. Cost overruns may occur due to change orders, delays in construction schedules, scarcity of building materials and labor, tariffs on construction materials, and other factors. Cost overruns could cause project costs to exceed estimates and require more funds than originally allocated or require additional borrowing of funds to complete projects. See "THE PROJECT" in APPENDIX A hereto.

Increased Competition

The health care business is highly competitive. The Obligated Group will likely face increased competition from other providers of health care that offer health care services to the population which the Obligated Group services. This could include the construction of new, or the renovation of existing, hospitals, specialty hospitals, ambulatory surgical centers and other ambulatory care facilities and private laboratory and radiological services. There are also some services that could be provided by others which could be substituted for some of the revenue generating services offered by the Members of the Obligated Group.

Quality measures and future trends toward clinical transparency may have an unanticipated impact on the Obligated Group's competitive position and patient volumes. Health care consumers are now able to access hospital performance data on quality measures and patient satisfaction, as well as standard charges for services, to compare competing providers. If any of the Obligated Group's health care facilities achieve poor results (or results that are lower than their competitors') on quality measures or patient satisfaction surveys, or if patients perceive its standard charges as being higher than their competitors', the Obligated Group may attract fewer patients.

Future competition may arise from new sources not currently anticipated or prevalent. Additionally, scientific and technological advances, new procedures, drugs and devices, preventive medicine and outpatient health care delivery may reduce utilization and revenues of hospitals in the future or otherwise lead the way to new avenues of competition. In some cases, hospital investment in facilities and equipment for capital-intensive services may be lost as a result of rapid changes in diagnosis, treatment or clinical practice brought about by new technology or new pharmacology.

Physician Relationships

The success of the businesses conducted by the System depends in significant part on the number, quality, specialties, and admitting and scheduling practices of admitting physicians. Accordingly, it is essential to the ongoing business of the Obligated Group that they attract an appropriate number of quality physicians in the specialties required to support their services and that they maintain good relationships with those physicians. A shortage of physicians, especially in primary care, could become a significant issue for health providers in the coming years.

The primary relationship between a hospital and physicians who practice in it is through the hospital's organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures by which a physician may have his or her privileges or membership curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges, or who have membership or privileges curtailed, denied or revoked, often file legal actions against hospitals. Such action may include a wide variety of claims, some of which could result in substantial uninsured damages to a hospital. In addition, failure of the hospital governing body to adequately oversee the conduct of the medical staff may result in hospital liability to third parties. All hospitals, including those owned and operated by the Members of the Obligated Group, are subject to such risk.

Labor Relations and Collective Bargaining

Hospitals are large employers with a wide diversity of employees. Increasingly, employees of hospitals are becoming unionized, and many hospitals 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 hospitals. Employee strikes or other adverse labor actions may have an adverse impact on operations, revenue and hospital reputation. See "EMPLOYEE MATTERS" in APPENDIX A hereto.

Class Actions

Hospitals, health systems and other health care providers have long been subject to a wide variety of litigation risks, including liability for care outcomes, employer liability, property and premises liability, and peer review litigation with physicians, among others. In recent years, consumer class action litigation has emerged as a potentially significant source of litigation liability for hospitals, health systems and other health care providers. These class action suits have most recently focused on hospital billing and collections practices and breaches of privacy, and they

may be used for a variety of currently unanticipated causes of action. Since the subject matter of class action suits may involve uninsured risks, and since such actions often involve alleged large classes of plaintiffs, they may have material adverse consequences on hospitals and health systems in the future. See “- Wage and Hour Class Actions and Litigation” below.

Pension and Benefit Fund Liabilities

The Members of the Obligated Group may incur significant expenses to fund pension and benefit plans for employees and former employees and to fund required workers’ compensation benefits. Funding obligations in some cases may be erratic or unanticipated and may require significant commitments of available cash needed for other purposes. In addition, to the extent investment returns are lower than anticipated or losses on investments occur, the Members of the Obligated Group may also be required to make additional deposits in connection with pension fund liabilities.

Wage and Hour Class Actions and Litigation

Federal law and many states, impose standards related to worker classification, eligibility and payment for overtime, liability for providing rest periods and similar requirements. Large employers with complex workforces, such as hospitals, are susceptible to actual and alleged violations of these standards. In recent years there has been a proliferation of lawsuits over these “wage and hour” issues, often in the form of large class actions. For large employers, such as the Members of the Obligated Group, such class actions can involve multi-million dollar claims, judgments and/or settlements. A major class action decided or settled adversely to the Obligated Group could have a material adverse effect.

Audits, Exclusions, Fines, Withholds and Enforcement Actions

Health care providers participating in Medicare and Medicaid are subject to audits and retroactive audit adjustments by fiscal intermediaries under the Medicare and Medicaid programs. From an audit, a fiscal intermediary may conclude that services may not have been provided under the direct supervision of a physician (to the extent so required), that a patient should not have been characterized as an inpatient, that certain services provided prior to admission as an inpatient should not have been billed as outpatient services, or that certain required procedures or processes were not satisfied, or that certain costs were unreasonable, not allowable, not incurred or incorrectly classified. As a consequence, payments may be retroactively disallowed or recouped. Regulations also provide for withholding of payments in certain circumstances, and such withholdings could have a substantial adverse effect on the financial condition of the health care provider, such as the Members of the Obligated Group. Under certain circumstances, payments made may be determined to have been made as a consequence of improper claims subject to the federal and state statutes, subjecting the health care provider to civil or criminal sanctions. The Members of the Obligated Group, as health care providers, are subject to all such risks. See “REGULATION OF THE HEALTH CARE INDUSTRY” below.

Information Systems and Technology

The ability to adequately price and bill health care services and to accurately report financial results depends on the integrity of the data stored within information systems, as well as the operability of such systems. Information systems require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards. There can be no assurance that efforts to upgrade and expand information systems capabilities, protect and enhance these systems, and develop new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future.

Electronic media is standard for clinical operations, medical records and order entry functions. The reliance on information technology for these purposes imposes new expectations on physicians and other workforce members to be adept in using and managing electronic systems. It also introduces risks related to patient safety, and to the privacy, accessibility and preservation of health information. Technology malfunctions or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information, as well as in disputes with patients, physicians and other health care professionals. Health information systems may also be

subject to different or higher standards or greater regulation than other information technology or the paper-based systems previously used by health care providers, which may increase the cost, complexity and risks of operations. All of these risks may have adverse consequences on hospitals and health care providers.

Future government regulation and adherence to technological advances could result in an increased need of the Members of the Obligated Group to implement new technology. Such implementation could be costly and is subject to cost overruns and delays in application, which could negatively affect the financial condition of the Obligated Group.

Technological advances in recent years have forced hospitals to acquire sophisticated and costly equipment to remain technologically current. Moreover, the growth of e-commerce may also result in a shift in the way that health care is delivered (i.e., from remote locations). For example, physicians will be able to provide certain services over the internet and pharmaceuticals and other health services may be purchased online. If, due to financial constraints, the Members of the Obligated Group were less able to acquire new equipment required to remain technologically current, the operations and financial condition of the Members of the Obligated Group could be materially adversely affected.

Cybersecurity

Despite the implementation of network security measures by the Members of the Obligated Group, their information technology systems may be vulnerable to breaches, hacker attacks (including ransomware), computer viruses, physical or electronic break-ins and other similar events or issues. The Federal Bureau of Investigation has expressed concern that health care systems are prime targets for such cyber-attacks due to the mandatory transition from paper records to electronic health records and a higher financial payout for medical records in the black market, and health care systems have recently been subject to such attacks. Such events or issues could lead to the inadvertent disclosure of protected health information or other confidential information or could have an adverse effect on the ability of the Members of the Obligated Group to provide health care services. Any breach or cyber-attack that comprises patient data could result in negative press and substantial fines or penalties for violation of HIPAA (defined below) or similar state privacy laws. See “REGULATION OF THE HEALTH CARE INDUSTRY” below.

Antitrust

Antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, contracting with commercial insurers, Managed Care Organizations and other third party payors, physician relations, joint ventures, merger, affiliation and acquisition activities and certain pricing or salary setting activities, as well as other areas of activity. The application of the federal and state antitrust laws to health care is still evolving, and enforcement activity by federal and state agencies appears to be increasing. Violators of the antitrust laws may be subject to criminal and/or civil enforcement by federal and state agencies, as well as by private litigants in certain instances. At various times, the Members of the Obligated Group may be subject to an investigation or inquiry by a governmental agency charged with the enforcement of the antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. Common areas of potential liability are joint action among providers with respect to third party payor contracting and medical staff credentialing. With respect to third party payor contracting, the Members of the Obligated Group may, from time to time, be involved in joint contracting activity with hospitals, physicians or other providers. The precise degree, if any, to which this or similar joint contracting activities may expose the participants to antitrust risk is dependent on a myriad of factual matters. Physicians who are subject to adverse peer review proceedings may file federal antitrust actions against hospitals and seek treble damages. Health care providers, including the Members of the Obligated Group, regularly have disputes regarding credentialing and peer review, and therefore may be subject to liability in this area. In addition, health care providers occasionally indemnify medical staff members who are involved in such credentialing or peer review activities, and may, therefore, also be liable with respect to such indemnity.

Environmental Laws and Regulations

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, hospital operations, facilities and properties owned or operated by hospitals. Among the type of regulatory requirements faced by hospitals are (i) air and water

quality control requirements, (ii) waste management requirements, (iii) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (iv) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at hospitals and (v) requirements for training employees in the proper handling and management of hazardous materials and wastes.

As the owner and operators of properties and facilities, the Members of the Obligated Group may be subject to liability for hazardous substances that may have migrated off their properties, including remediation thereof. Typical hospital operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other materials, wastes, pollutants or contaminants. As such, hospital operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Ongoing construction may exacerbate these risks. See “Construction Risks” above. Such risks may (i) result in damage to individuals, property or the environment, (ii) interrupt operations and increase their cost, (iii) result in legal liability, damages, injunctions or fines and (iv) result in investigations, administrative proceedings, penalties or other governmental agency actions. There is no assurance that the Members of the Obligated Group will not encounter such risks in the future, and such risks will not have a material adverse effect on the results of operations or financial condition of the Obligated Group.

At the present time, management is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues that, if determined adversely to the Obligated Group, would have a material adverse effect on the results of operations or financial condition of the Obligated Group.

Affiliations, Merger, Acquisition and Divestiture

The System evaluates and pursues potential acquisition, merger and affiliation candidates as part of the overall strategic planning and development process. As part of its ongoing planning and property management functions, the System reviews the use, compatibility and business viability of many of its operations, and from time to time may pursue changes in the use of, or disposition of, facilities. Likewise, the System occasionally receives offers from, or conducts discussions with, third parties about the potential acquisition of operations and properties which may become subsidiaries or affiliates of the Members of the Obligated Group in the future, or about the potential sale of some of the operations or property which are currently conducted or owned. As a result, it is possible that the current organization and assets of the Members of the Obligated Group may change from time to time. Subject to the limitations contained in the Master Indenture, the operating assets of the Obligated Group could change from time to time, and it is possible that new entities could be added to the Obligated Group in the future. The Corporation has submitted an application to New York State Department of Health to affiliate with St. Lawrence Health System which is currently under review. See “STRATEGIC INITIATIVES” in APPENDIX A for additional information on the affiliation.

Additions to and Withdrawals from the Obligated Group

Upon satisfaction of certain conditions in the Master Indenture, other entities may become Obligated Group Members and, other than RGH, the present Obligated Group Members may withdraw from the Obligated Group. If and when new Obligated Group Members are added or the current Obligated Group Member withdraws, such changes to the Obligated Group membership could result in changes to the Obligated Group’s financial situation and operations.

Replacement Master Indenture

Obligations issued under the Master Indenture may be replaced by payment obligations issued under a Replacement Master Indenture upon delivery of such Replacement Master Indenture to the Master Trustee upon the terms and conditions provided in the Master Indenture. The new obligated group may be different from the Obligated Group under the Master Indenture, and the financial condition or results of operations of the new obligated group may be materially different. Further, the Replacement Master Indenture may contain covenants and security that are different from the Master Indenture. See APPENDIX D - “FORM OF THE AMENDED AND RESTATED MASTER INDENTURE – Payments with Respect to Master Indenture Obligations; Designated Affiliates; Credit Group Covenants – Substitution of Master Trust Indenture.”

Other Bondholders' Risks

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

1. A national or localized outbreak of a highly contagious or epidemic disease, including but not limited to the ongoing (COVID-19) pandemic.
2. Corporations are major employers, combining a complex mix of professional, quasi-professional, technical, clerical, housekeeping, maintenance, dietary and other types of workers in a single operation. As with all large employers, the Obligated Group bears a wide variety of risks in connection with its employees. These risks include strikes and other related work actions, contract disputes, discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees, between physicians or management and employees, or between employees and patients), and other risks that may flow from the relationships between employer and employee or between physicians, patients and employees. Many of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance. The Members of the Obligated Group are subject to all of the risks listed above, and such risks, alone or in combination, could have a material adverse consequences to the financial condition or operations of the Members of the Obligated Group.
3. Scientific and technological advances, new procedures, drugs and appliances, preventive medicine, occupational health and safety and outpatient health care delivery may reduce utilization and revenues of the facilities. Technological advances in recent years have accelerated the trend toward the use by hospitals of sophisticated and costly equipment and services for diagnosis and treatment. The acquisition and operation of certain equipment or services may continue to be a significant factor in hospital utilization, but the ability of the Members of the Obligated Group to offer the equipment or services may be subject to the availability of equipment or specialists, governmental approval or the ability to finance these acquisitions or operations.
4. Reduced demand for the services of the Members of the Obligated Group that might result from decreases in population in their respective service areas.
5. Increased unemployment or other adverse economic conditions in the respective service areas of the Members of the Obligated Group which would increase the proportion of patients who are unable to pay fully for the cost of their care.
6. Any increase in the quantity of charity care provided which is mandated by law or required due to increased needs of the community in order to maintain the charitable status of the Members of the Obligated Group.
7. Regulatory actions which might limit the ability of the Obligated Group to undertake capital improvements to their respective facilities or to develop new institutional health services.
8. The occurrence of a large-scale terrorist attack that increases the proportion of patients who are unable to pay fully for the cost of their care and that disrupts the operation of certain health care facilities by resulting in an abnormally high demand for health care services.
9. Instability in the stock market which may adversely affect both the principal value of, and income from, the Obligated Group's investment portfolio.

REGULATION OF THE HEALTH CARE INDUSTRY

General Health Care Industry Factors

The Obligated Group, and the health care industry in general, are subject to regulation by a number of governmental agencies, including those which administer the Medicare and Medicaid programs, federal, state and local agencies responsible for administration of health planning programs and other federal, state and local

governmental agencies. The health care industry is also affected by federal, state and local policies developed to regulate the manner in which health care is provided, administered and paid for nationally and locally. As a result, the health care industry is sensitive to legislative and regulatory changes in such programs and is affected by reductions and limitations in government spending for such programs as well as changing health care policies. The pressure to curb the rate of increase in governmental spending in health care programs overall and on a per beneficiary basis is expected to increase as the U.S. population ages. Among other effects, this pressure may result in further reductions in payment rates for hospital services and increased utilization of managed care in the Medicare and Medicaid programs. In addition, Congress and other governmental agencies have focused on the provision of care to low-income and uninsured or underinsured patients, the prevention of “dumping” such patients on other hospitals in order to avoid provision of unreimbursed care and other issues. Adoption of additional regulations in these areas could have an adverse impact on the financial condition or operations of the Members of the Obligated Group. Furthermore, laws promulgated by Congress and state legislatures, which regulate the manner in which health care services are provided and billed for, are increasing. As a result, the costs of complying with these laws and regulations are increasing. Some of the legislation and regulations affecting the health care industry are discussed in this section.

Federal and State Legislation; National Health Care Reform

General

A significant portion of the revenues of the Obligated Group is derived from Medicare, Medicaid and other third-party payors. For a breakdown of the sources of payment for services provided by the Obligated Group, see APPENDIX A hereto.

Medicare is a federal program administered by the CMS, through Medicare Administrative Contractors. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older and other classes of individuals. Medicare Part A generally covers health services provided by institutional entities, including hospital, home health, nursing home care, and certain other providers. Medicare Part B covers outpatient services, certain physician services, medical supplies and durable medical equipment.

Medicaid is a federally assisted, state administered program of medical assistance that provides reimbursement for a portion of the cost of caring for certain low-income persons including: parents and caretakers, relatives of children, children, pregnant women, former foster care individuals, non-citizens with medical emergencies, aged or disabled individuals not currently receiving Supplemental Security Income, and other individuals that qualify for a state’s Medicaid program. Under the ACA, states have the option to expand Medicaid to cover individuals under the age of 65 with incomes up to 138% of the federal poverty level; the federal government pays 93% in 2019 and 90% in 2020 and beyond. Medical benefits are available under each participating state’s Medicaid program, within prescribed limits, to persons meeting certain minimum income or other need requirements. The Medicaid program provides payments for medical items and services for any person who is determined to be eligible for Medicaid assistance on the date of service. Federal and state funds support the Medicaid program. Medicaid benefits are available, within prescribed limits, to persons meeting certain minimum income or other need requirements. Payment for medical and health services is made to providers in amounts determined in accordance with procedures and standards established by state law under federal guidelines, and providers are eligible to receive Medicaid payments up to, but not in excess of, the cost of providing such care. However, because the state is required to contribute funding prior to federal investment, most states’ Medicaid programs reimburse providers for significantly less than the amount that would cover costs for treating this population. Fiscal considerations of state governments in establishing their budgets will directly affect the funds available to the providers for payment of services rendered to Medicaid beneficiaries. Delays in appropriations and state budget deficits which may occur from time to time create a risk that payment for services to Medicaid patients will be withheld or delayed. CMS regulations can also impact services and facilities that are eligible for reimbursement. Payments under the Medicaid program represent a significant portion of the Obligated Group’s gross patient service revenue.

Significant changes have been and will likely continue to be made in these programs, which changes could have an adverse impact on the financial condition of the Obligated Group. In addition, bills have in the past and may in the future be introduced in Congress which, if enacted, could adversely affect the operations of the Obligated Group by, for example, decreasing payment by Medicare and Medicaid and other third-party payors or limiting the

ability of the physicians on the medical staff of the Obligated Group to provide services or increase services provided to patients.

Participation in any federal health care program is heavily regulated. Providers and suppliers that participate in the Medicare and Medicaid programs must agree to be bound by the terms and conditions of the programs, such as meeting quality standards for rendering covered services and adopting and enforcing policies to protect patients from certain discriminatory practices, and must disclose certain ownership interests and/or managing control information. If a health care entity fails to substantially comply with any applicable conditions of participation in the Medicare and Medicaid programs or performs certain prohibited acts, the entity's participation in these programs may be terminated, and civil and/or criminal penalties may be imposed.

The discussion herein describes risks associated with certain existing federal and state laws, regulations, rules, and governmental administrative policies and determinations to which the Members of the Obligated Group and the health care industry are subject. These are regularly subject to change. Additionally, because health care regulations are particularly complex, such regulations may be interpreted and enforced in a manner that is inconsistent with management's interpretation. The System's business or financial condition could be harmed if it is alleged to have violated existing health care regulations or if it fails to comply with new or changed health care regulations. Furthermore, health care, as one of the largest industries in the United States, continues to attract much legislative interest and public attention. Further changes in the health care regulatory framework which increase the burdens on health care providers could have a material adverse impact on the financial condition or operations of the Members of the Obligated Group.

Also, there can be no assurances that any current health care laws and regulations, including the ACA, will remain in their current form. There can be no assurances that any potential changes to the laws and regulations governing health care would not have a material adverse financial impact on the financial condition or operations of the Members of the Obligated Group. Therefore, the following discussion should be read with the understanding that significant changes could occur in the foreseeable future in many of the statutory and regulatory matters discussed.

The Affordable Care Act ("ACA")

The ACA has significantly changed, and continues to change, how health care services are covered, delivered, and financed in the United States. The primary goal of the ACA - extending health coverage to millions of uninsured legal U.S. residents - has taken place through a combination of private sector health insurance reforms and Medicaid program expansion (discussed below). To fund Medicaid expansion, the ACA includes a broad array of quality improvement programs, cost-efficiency incentives, and enhanced fraud and abuse enforcement measures, each designed to generate savings within the Medicare and Medicaid programs. Additionally, the ACA created health insurance exchanges - competitive markets for individuals and small employers to purchase health insurance - and financial programs designed to encourage insurance companies to offer plans on the health insurance exchanges.

The ACA and its implementation have been, and remain, politically controversial. The ACA has continually faced, and continues to face, legal and legislative challenges, including repeal efforts. President Trump and Republican leaders of Congress have repeatedly cited health care reform, and particularly repeal and replacement of the ACA, as a key goal. To that end, Congressional leaders have introduced various ACA repeal bills. While no bills wholly repealing the ACA have passed both chambers of Congress, the Tax Cuts and Jobs Act (discussed above) effectively eliminated a key provision of the ACA - a tax penalty associated with failing to maintain health coverage (the "Individual Mandate Tax Penalty") by reducing the penalty to zero dollars effective January 1, 2019. Additionally, on December 14, 2018, a Texas Federal District Court judge, in the case of *Texas v. Azar* declared the ACA unconstitutional, reasoning that the Individual Mandate Tax Penalty was essential to and not severable from the remainder of the ACA. The case has been appealed to the U.S. Court of Appeals for the Fifth Circuit. In a letter dated March 25, 2019, the U.S. Department of Justice stated that it "has determined that the district court's judgment should be affirmed." On December 18, 2019, the U.S. Court of Appeals for the Fifth Circuit affirmed the District Court's decision that the Individual Mandate Tax Penalty is unconstitutional but remanded the case to the District Court to further examine whether the Individual Mandate Tax Penalty is severable from the remainder of the ACA and to provide additional analysis of the provisions of the ACA as they currently exist. While the trial court proceeding is pending, the parties supporting the Affordable Care Act have asked the Supreme Court to review the case, and on March 3, 2020, the Supreme Court announced it would consider the appeal during the court's next term,

which begins in October 2020. A decision will not come until next term after the 2020 election cycle. The ACA will remain law while the case proceeds through the appeals process; however, the case creates additional uncertainty as to whether any or all of the ACA could be struck down, which creates operational risk for the health care industry. Management cannot predict the effect of the elimination of the Individual Mandate Tax Penalty, the final result and effect of the Texas v. Azar case, the likelihood of any future ACA repeal bills or other health care reform bills becoming law, or the subsequent effects of any such laws or legal decisions, though such effects could materially impact the Obligated Group's business or financial condition. In particular, any legal, legislative or executive action that (1) reduces federal health care program spending, (2) increases the number of individuals without health insurance, (3) reduces the number of people seeking health care, or (4) otherwise significantly alters the health care delivery system or insurance markets, could have a material adverse impact on the financial condition or operations of the Members of the Obligated Group.

Executive branch actions can also have a significant impact on the viability of the ACA. President Trump has issued two broad executive orders aimed at de-regulation: (1) one requiring federal agencies to remove two previously implemented regulations for every new regulation added, and (2) one directing each federal agency to set up a "regulatory reform task force" to review existing regulations and eliminate those that are costly or unnecessary. President Trump has issued executive actions directly aimed at the ACA: (1) one requiring federal agencies with authorities and responsibilities under the ACA to "exercise all authority and discretion available to them to waive, defer, grant exemptions from, or delay" parts of the law that place "unwarranted economic and regulatory burdens" on states, individuals or health care providers, (2) a second instructing federal agencies to make new rules allowing the proliferation of "association health plans" and short-term health insurance, which plans have fewer benefit requirements than those sold through ACA insurance exchanges, (3) a third ordering the federal government to withhold ACA cost-sharing subsidies currently paid to insurance companies in order to reduce deductibles and co-pays for many low-income people, and (4) a fourth order regarding health care price and quality transparency that directs federal rulemaking by executive agencies to increase transparency of health care price and quality information. Additional executive branch actions include: (i) the issuance of a final rule in June 2018 by the Department of Labor to enable the formation of health plans that would be exempt from certain ACA essential health benefits requirements; (ii) the issuance of a final rule in August 2018 by the Departments of Labor, Treasury, and Health and Human Services to expand the availability of short-term, limited duration health insurance; (iii) eliminating cost-sharing reduction payments to insurers that would otherwise offset deductibles and other out-of-pocket expenses for health plan enrollees at or below 250 percent of the federal poverty level; (iv) relaxing requirements for state innovation waivers that could reduce enrollment in the individual and small group markets and lead to additional enrollment in short-term, limited duration insurance and association health plans; (v) the issuance of a final rule by the Departments of Labor, Treasury, and Health and Human Services ("DHHS") that would incentivize the use of health reimbursement arrangements by employers to permit employees to purchase health insurance in the individual market; and (vi) a proposed rule from CMS that would require hospitals to make public their standard charges for all items and services payor-specific negotiated rates. The uncertainty resulting from these executive branch policies led to reduced exchange enrollment in 2018 with final CMS reported data for 2019 indicating further decline, and is expected to further worsen the individual and small group market risk pools in future years. It is also anticipated that these and future policies may create additional cost and reimbursement pressures on hospitals.

These executive actions have the potential to significantly impact the insurance exchange market by causing a reduction in the number of healthy individuals in the ACA health insurance exchanges, a reduction in the number of plans available on the health insurance exchanges, and/or an increase in insurance premiums. Management cannot predict the likelihood or effect of any current or future executive actions on the Obligated Group's business or financial condition, though such effects could be material.

The majority of the ACA remains law. Certain key provisions of the law are briefly described below:

1. Private Health Insurance Coverage Expansion/Insurance Market Reforms. One key provision of the ACA was the Individual Mandate Tax Penalty (discussed above) which required most Americans to maintain "minimum essential" health coverage or pay a tax penalty to the federal government. Individuals who were not deemed exempt from the Individual Mandate Tax Penalty and otherwise did not obtain health coverage through an employer or government program were expected to satisfy the mandate by purchasing insurance from a private company or through a "health insurance exchange." The health insurance exchanges are government-established organizations that provide competitive markets for buying health insurance by offering individuals and small

employers a choice of different health plans, certifying plans that participate, and providing information to help consumers better understand their options. The Tax Cuts and Jobs Act effectively eliminated the Individual Mandate Tax Penalty by reducing the penalty to zero dollars effective January 1, 2019. While the effect of the elimination of the Individual Mandate Tax Penalty remains uncertain, it has been predicted that it will result in fewer healthy individuals purchasing insurance (through the exchanges or otherwise) and increase the number of uninsured individuals.

The health insurance exchanges may have a positive impact for health care facilities to the extent they increase the number of individuals with health insurance. Conversely, health insurance exchanges may have a negative financial impact on health care providers to the extent (1) insurance plans purchased on the exchanges reimburse providers at lower rates or (2) high-deductible plans offered on the exchanges become more prevalent and lead to lower inpatient volumes as patients choose to forgo medical treatment.

The ACA also includes an “employer mandate.” The “employer mandate” provisions require the imposition of penalties on employers having 50 or more employees that do not offer qualifying health insurance coverage to those working 30 or more hours per week. The ACA also established a number of other health insurance market reforms, including bans on lifetime limits and pre-existing condition exclusions, new benefit mandates, and increased dependent coverage (until the age of 26).

Management cannot predict the future of the health insurance markets or the effects of current and future health reform efforts on such markets, though such effects may materially affect the Obligated Group’s business or financial condition.

2. Medicaid Expansion. Another key provision of the ACA is the expansion of Medicaid coverage. Prior to the passage of the ACA, the Medicaid program offered federal funding to states to assist limited categories of low-income individuals (including children, pregnant women, the blind and the disabled) in obtaining medical care. The ACA permits states to expand Medicaid program eligibility to virtually all individuals under 65-years old with incomes up to 138% of the federal poverty level, and provides enhanced federal funding to states that opt to expand. There is no deadline for a state to undertake expansion and qualify for the enhanced federal funding available under the ACA. For states that choose not to participate in the federally funded Medicaid expansion, the net positive effect of ACA reforms has been significantly reduced. See “State Medicaid Program” below.

3. Spending Reductions. The ACA contains a number of provisions designed to significantly reduce Medicare and Medicaid program spending, including: (1) negative adjustments to the “market basket” updates for Medicare’s inpatient, outpatient, long-term acute and inpatient rehabilitation prospective payment systems, and (2) reductions to Medicare and Medicaid disproportionate share hospital (“DSH”) payments. Any reductions to reimbursement under the Medicare and Medicaid programs could have a material adverse impact on the Obligated Group’s business or financial condition to the extent such reductions are not offset by increased revenues from providing care to previously uninsured individuals or from other sources.

4. Quality Improvement and Clinical Integration Initiatives. The ACA mandated the creation of a number of payment reform measures designed to incentivize or penalize hospitals based on quality, efficiency and clinical integration measures and authorizes the Center for Medicare & Medicaid Innovation within CMS to develop and test new payment methodologies designed to improve quality of care and lower costs. Current programs include (1) the “Readmission Reduction Program,” which reduces Medicare payments by specified percentages to hospitals with excess or preventable hospital admissions based on historical discharge data, (2) the “Hospital Value-Based Purchasing Program,” which imposes an across-the-board reduction in inpatient reimbursement and then reallocates and redistributes those funds to hospitals based on quality and patient experience measures, and (3) the “Hospital-Acquired Condition Reduction Program,” which negatively adjusts payments to applicable hospitals that rank in the worst-performing quartile for risk-adjusted hospital-acquired condition measures. Management is not currently aware of any situation in which an ACA quality, efficiency, or clinical integration program is materially adversely affecting the business or financial condition of the Obligated Group. However, the Obligated Group’s business or financial condition may be adversely affected by such programs in the future.

5. Fraud and Abuse Enforcement Enhancements. In an attempt to reduce unnecessary health care spending, the ACA includes a number of provisions aimed at combating fraud and abuse within the Medicare and

Medicaid programs. Such provisions provide increased federal funding to fight health care fraud and abuse, provide government agencies with additional enforcement tools and investigation flexibility, facilitate cooperation between agencies by establishing mechanisms for information sharing, and enhance criminal and administrative penalties for non-compliance with the federal fraud and abuse laws (e.g., the Anti-Kickback Law, the Stark Law and the FCA, each as defined and discussed below). Management is not currently aware of any pending recovery audit which, if determined adversely to the Obligated Group, would materially adversely affect the business or financial condition of the Obligated Group.

To the extent the ACA remains law, it is difficult to predict the full impact of the ACA on the Obligated Group's future revenues and operations due to uncertainty regarding a number of material factors, including: (1) the number of uninsured individuals to ultimately obtain and retain insurance coverage as a result of the ACA, (2) the percentage of any newly insured patients covered by Medicaid versus a commercial plan, (3) the pace at which insurance coverage expands, (4) future changes in the reimbursement rates and methods, (5) the percentage of individuals in the exchanges who select the high-deductible plans, (6) the extent to which the enhanced program integrity and fraud and abuse provisions lead to a greater number of civil or criminal actions, (7) the extent to which the ACA tightens health insurers' profits, causing the plans to reduce reimbursement rates, (8) the extent of lost revenues, if any, resulting from ACA quality initiatives, and (9) the success of any clinical integration efforts or programs in which the Obligated Group participates.

Medicare Reimbursement

Hospitals generally are paid for inpatient and outpatient services provided to Medicare beneficiaries under a prospective payment system ("PPS"). Under PPS, a fixed payment is made to hospitals based on the average cost of care incurred in providing various kinds of services. Additionally, under PPS, the amount paid to the provider for an episode of care is established by federal regulation and is not related to the provider's charges or costs of providing that care. Presently, inpatient and outpatient services, skilled nursing care, and home health care are paid on the basis of PPS.

Value-based purchasing and other alternative payment model initiatives tying health care provider reimbursement to quality, efficiency, or patient outcome measures will increasingly affect health care provider operations and may negatively impact revenues if the provider is unable to meet targeted measures. CMS had set a goal of tying 50% of traditional Medicare payments to quality or value through alternative payment models such as accountable care organizations, bundled payment arrangements or integrated care demonstrations by the end of 2018, and it continues to focus on moving the health care system towards paying for value. In 2016, CMS released final regulations for implementation of the Medicare Access and CHIP Reauthorization Act ("MACRA") and its physician Quality Payment Program ("QPP"), which dramatically alter the way physicians and other clinicians are reimbursed by Medicare. The QPP and other federal delivery reform initiatives evidence a rapid volume-value shift within Medicare and could present challenges for the Obligated Group and the employed or contracted clinicians with whom the Obligated Group partners to deliver care. It is generally anticipated that CMS will continue to experiment with additional alternative payment models. Additionally, private payors are moving toward value-based purchasing and alternative payment models.

Hospital Inpatient Reimbursement

Under PPS, acute care hospitals generally are paid for inpatient services provided to Medicare beneficiaries based on established categories of treatments or conditions known as diagnosis related groups ("DRGs"). Hospitals also may receive outlier payments for extraordinarily costly cases that exceed a federally established condition-based threshold. DRG rates and outlier thresholds are subject to adjustment by CMS. There is no guarantee that hospital inpatient reimbursement will cover actual costs of providing services to Medicare patients.

Hospital Outpatient Reimbursement

Hospitals generally are paid for outpatient services provided to Medicare beneficiaries based on established categories of treatments or conditions known as ambulatory payment classifications ("APC"). The actual cost of care, including capital costs, may be more or less than the reimbursements based on APCs. There is no guarantee that hospital outpatient reimbursement will cover actual costs of providing services to Medicare patients.

Section 340B Drug Pricing Program

Hospitals that serve a high percentage of low income patients are eligible for reduced pricing on certain covered outpatient drugs through the 340B program (“340B Program”). CMS’s calendar year 2018 final OPPS rule, substantially reduced Medicare Part B reimbursement for 340B Program drugs paid to hospitals and ASCs. Beginning January 1, 2018, CMS reimbursement for certain separately payable drugs or biologicals that are acquired through the 340B Program by a hospital paid under the OPPS (and not excepted from the payment adjustment policy) is the average sales price (“ASP”) of the drug or biological minus 22.5 percent, an effective reduction of 26.89% in payments for 340B program drugs. In calendar year 2019, rural sole community hospitals, children’s hospitals, and PPS-exempt cancer hospitals are excepted from the 340B payment adjustment. In the calendar year 2019 OPPS final rule, CMS extended the policy to pay ASP minus 22.5% for 340B-acquired drugs when those drugs are furnished by non-excepted off-campus HOPDs. The calendar year 2020 OPPS final rule maintains the ASP minus 22.5% for 340B-acquired drugs furnished by non-excepted off-campus HOPDs.

In December 2018, the U.S. District Court for the District of Columbia ruled that DHHS did not have statutory authority to implement the 2018 Medicare OPPS rate reduction related to hospitals that qualify for drug discounts under the 340B Program and granted a permanent injunction against the payment reduction. The hospitals subsequently asked the court for a permanent injunction on the 2019 OPPS final rule. On May 6, 2019, the court held that the 2018 and 2019 rate reductions were unlawful and remanded the rules back to DHHS. The case has been appealed by DHHS. In the 2020 OPPS proposed rule, CMS requested comments on potential corrective actions in the event the government is unsuccessful on appeal, such as implementing a reimbursement rate of ASP plus 3%. In the 2020 OPPS final rule, CMS stated that it will consider stakeholder comments as it examines new policies and possible remedies. Management is unable to predict the ultimate outcome of any appeal and the type of relief that may be ordered by the courts.

A decrease in reimbursement for 340B Program drugs or loss of discount procurement opportunities could have an adverse effect on the Members of the Obligated Group. Congress is considering further changes to the 340B Program and the regulatory environment for the 340B Program remains uncertain. Any reduction in eligibility for, or other further changes to, the 340B Program generally could have a materially adverse impact on the financial condition or operations of the Members of the Obligated Group.

Medicare DSH Payments

The Medicare DSH payment is a percentage add-on to the standardized payment per discharge under the Medicare PPS for the operating costs of inpatient hospital services. There are two methods for determining qualification for Medicare DSH payments and the amount of payments. The first, most common, method is based on a hospital’s disproportionate patient percentage, which considers the proportion of patients eligible for Medicaid but not Medicare Part A and the proportion of Medicare Part A patients who are also entitled to supplemental security (“SSI”) benefits. The second method is based on a hospital’s percentage of revenues attributable to state and local funding (excluding Medicaid and Medicare revenues) for low-income patient care.

The ACA provides for a reduction in Medicare DSH payments, which took effect on October 1, 2013. Instead of the amount that would otherwise be paid as the DSH adjustment, hospitals receive 25% of the amount they would have previously received. The remainder, equal to 75% of what otherwise would have been paid as Medicare DSH, becomes available for an uncompensated care payment after the amount is reduced for changes in the percentage of individuals who are uninsured. CMS is currently using uncompensated care costs reported on Worksheet S-10 in combination with insured low income days (the sum of Medicaid days and Medicare SSI days) to develop hospital uncompensated care payments. Each hospital eligible for Medicare DSH payments receives an uncompensated care payment based on its relative share of total uncompensated care costs and low income days reported by Medicare DSHs.

Medicare DSH payments will decrease as the number of uninsured decreases. Congress may make changes to the budget in the future and CMS may change its methodology for calculating uncompensated care costs and other elements of the DSH payment in the future. There can be no assurance that the current level of Medicare DSH reimbursement will continue in the future.

Value-Based Payments

The ACA has increased the use of value-based payments to incentivize providers to control costs and provide better quality care. These models can seek both vertical and longitudinal alignment of health care providers and payors and can require providers to share in upside and/or downside financial risk. Current models include bundled payment models and accountable care/population health models. Bundled payment models establish a budgeted payment to cover the entire cost of an episode of care (e.g., a hip or knee replacement). Examples of bundled payment models include, among others, Bundled Payments for Care Improvement (“BPCI”) Initiative models 2, 3 and 4 (which expired September 30, 2018); BPCI-Advanced; Comprehensive Care for Joint Replacement; and the Oncology Care Model. Population health models incentivize providers to maintain or improve quality while reducing cost through shared savings or shared loss arrangements. Population health models usually involve a form of capitated payment, which is a per patient payment for the cost of care over a set period of time. Population health models include the Medicare Shared Savings Program (“MSSP”) and Next Generation Accountable Care Organization (“ACO”) model.

CMS has encouraged the use of alternative payment models and it is generally anticipated that CMS will continue to experiment with additional alternative payment models. Additionally, private payors are moving toward value-based purchasing and alternative payment models. Value-based and other alternative payment model initiatives tying health care provider reimbursement to quality, efficiency, or patient outcome measures will increasingly affect health care provider operations and may negatively impact revenues if the provider is unable to meet targeted measures.

In 2015, CMS set a goal of tying 50% of traditional Medicare payments to quality or value through alternative payment models such as accountable care organizations, bundled payment arrangements or integrated care demonstrations by the end of 2018. While CMS has since stated that it is no longer aiming for these Obama-era goals, it continues to propose new payment models and evaluate the impact of existing ones, which has led to some confusion in the industry.

Physician Payments

Payment for physician fees is covered under Medicare Part B. Under Part B, physician services are reimbursed in an amount equal to the lesser of actual charges or the amount determined under a fee schedule known as the “resource-based relative value scale” (“RBRVS”). RBRVS sets a relative value for each physician service; that value is then multiplied by a geographic adjustment factor and a nationally-uniform conversion factor to determine the amount Medicare will pay for each service.

Current or new legislation that reduces Medicare payments could adversely affect the Obligated Group. There is no assurance that the Obligated Group will be paid amounts that will reflect adequately its costs incurred in providing inpatient hospital services to Medicare beneficiaries, as well as any changes in the cost of providing health care or in the cost of health care technology being made available to Medicare beneficiaries. The ultimate effect on the Obligated Group will depend on its ability to control costs involved in providing inpatient hospital services.

Medicaid Reimbursement

Payments made to health care providers under the Medicaid program are subject to changes as a result of federal or state legislative and administrative actions, including further changes in the methods for calculating payments, the amount of payments that will be made for covered services and the types of services that will be covered under the program. Such changes have occurred in the past and may continue to occur in the future, particularly in response to federal and state budgetary constraints coupled with increased costs for covered services.

Hospitals participating in the Medicaid program are subject to numerous requirements and regulations under the program. Failure to remain in compliance with any program requirements may subject the Medicaid provider to civil and/or criminal penalties, including fines and suspension or expulsion from the program, preventing the provider from receiving any funds under the Medicaid program. Noncompliance with Medicaid requirements, and suspension or exclusion from the Medicaid program, can also be a basis for mandatory or permissive suspension or exclusion from the Medicare program.

Significant changes have been and may be made in the Medicaid program which could have a material adverse effect on the financial condition of the Obligated Group. For example, under Medicaid, the federal government provides limited funding to states that have medical assistance programs that meet federal standards, and the ACA provides significantly enhanced federal funding for states to expand their Medicaid program to virtually all non-elderly, non-disabled adults with incomes up to 138% of the federal poverty level. Attempts to balance or reduce the federal and state budgets by decreasing funding of Medicaid may negatively impact spending for Medicaid and other state health care programs spending. Health care providers have been affected significantly in the last several years by changes to federal and state health care laws and regulations, particularly those pertaining to Medicaid. The purpose of much of this statutory and regulatory activity has been to contain the rate of increase in health care costs, particularly costs paid under the Medicaid program. Diverse and complex mechanisms to limit the amount of money paid to health care providers under the Medicaid program have been enacted, and may have a material adverse effect on the operations or financial condition of the Obligated Group.

State Medicaid Programs

While state Medicaid programs are rarely as important as the Medicare program to the operations, financial condition and financial performance of hospitals and other health care providers, state Medicaid programs nevertheless constitute an important payor source for many hospitals and other health care providers. These programs often pay hospitals and other health care providers at levels that are substantially below the actual cost of the care provided. Medicaid is jointly funded by states and the federal government, and adverse economic conditions that reduce state revenues or changes to the federal government's methodology for funding state Medicaid programs may result in lower funding levels and/or payment delays. This could have a material adverse impact on the financial condition and operations of hospitals and other health care providers, including the Obligated Group.

Children's Health Insurance Program

The Children's Health Insurance Program ("CHIP") is a federally funded insurance program for families that are financially ineligible for Medicaid, but cannot afford commercial health insurance. CMS administers CHIP, but each state creates its own program based upon minimum federal guidelines. CHIP insurance is provided through private health plans contracting with the state. Each state must periodically submit its CHIP plan to CMS for review to determine if it meets the federal requirements. If it does not meet the federal requirements, a state can lose its federal funding for the program.

From time to time, Congress and/or the President may seek to expand, reduce or fail to authorize CHIP. The ACA authorized an extension of the CHIP program through September 30, 2015. MACRA extended the CHIP program through September 30, 2017. President Trump signed a six-year reauthorization of CHIP into law on January 22, 2018. On February 9, 2018, Congress voted to extend CHIP for an additional four years, effectively extending CHIP through 2027.

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 Obligated Group. 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 has not yet been reauthorized by Congress. The Finance Committee of the U.S. Senate has proposed an SCHIP reauthorization bill that would extend SCHIP for five years; the bill has not yet been acted

upon by the full U.S. Senate. 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 Obligated Group.

Medicare/Medicaid Conditions of Participation

Certain health care facilities must comply with standards called "Conditions of Participation" in order to be eligible for Medicare and Medicaid reimbursement. Under the Medicare rules, hospitals accredited by an approving accrediting body, such as The Joint Commission are deemed to meet most of the Conditions of Participation. However, CMS may request that the state agency responsible for licensing hospitals, on behalf of CMS, conduct a "sample validation survey" of a hospital to determine whether it is complying with the Medicare or Medicaid Conditions of Participation. Failure to maintain

The Joint Commission accreditation or to otherwise comply with the Conditions of Participation could have a material adverse effect on the financial condition of the Obligated Group.

Audits, Fines, Withholds and Enforcement Actions

The Department of Justice ("DOJ"), the Federal Bureau of Investigation and the Office of the Inspector General ("OIG") of DHHS have been conducting investigations and audits of the billing practices of many health care providers. Violations and alleged violations may be deliberate, but also frequently occur in circumstances where management is unaware of the conduct in question, as a result of mistake, or where the individual participants do not know that their conduct is in violation of law. Violations may occur and be prosecuted in circumstances that do not have the traditional elements of fraud, and enforcement actions may extend to conduct that occurred in the past. Violations carry significant sanctions. The government periodically conducts widespread investigations and audits, covering various categories of services, or certain accounting or billing practices. The Members of the Obligated Group may be required to undergo such audits by one or more of these agencies and may be required to make payments to resolve any such audits. It is possible that any such payments may be substantial and could have a material adverse impact on the financial condition or operations of the Members of the Obligated Group.

In addition, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") also added provisions that prohibit certain types of manipulative Medicare billing practices. These include improperly coding (for billing purposes) services rendered in order to claim a higher level of reimbursement and billing for the provision of services or items that were not medically necessary. HIPAA also created increases the legal risk of provider billing and increases the risk that a Medicare provider will be the subject of a fraud investigation.

The federal Medicaid Integrity Program was created by the Deficit Reduction Act in 2005. The Medicaid Integrity Program was the first federal program established to combat fraud and abuse in the state Medicaid programs. Congress determined a federal program was necessary due to the substantial variations in state Medicaid enforcement efforts. The Medicaid Integrity Program's enforcement efforts support existing state Medicaid Fraud Control Units. Federal Medicaid Integrity Contractors ("MICs") are classified into Review MICs, Audit MICs and Educational MICs. Review MICs perform review audits generally to determine trends and patterns of aberrant Medicaid billing practices through data mining. Audit MICs perform post-payment reviews of individual providers through desk and field audits. The Educational MICs are responsible for developing and carrying out a variety of education activities to increase and improve Medicaid enforcement efforts by state government. Once a Medicaid overpayment is identified, the state has one year to recover or attempt to recover the overpayment from the provider before adjustment is made in the federal payment to the state on account of such overpayment; provided, however, in the case of fraud, if the state is unable to recover the overpayment from the provider within the one year period because there has not been a final determination of the amount of the overpayment under an administrative or judicial process (as applicable), including as a result of judgment being under appeal, no adjustment shall be made in the federal payment to the state before the date that is 30 days after the final judgment is made.

Medicare and Medicaid audits may result in reduced reimbursement or repayment obligations related to past alleged overpayments and may also delay Medicare or Medicaid payments to providers pending resolution of the appeals process. The ACA explicitly gives DHHS the authority to suspend Medicare and Medicaid payments to a provider or supplier during a pending investigation of fraud. The ACA also amended certain provisions of the FCA (as defined below) to include retention of overpayments as a false claim. A provider or supplier must report and

return an overpayment by the later of 60 days after the overpayment was identified, or the date the corresponding cost report is due, if applicable. The provider or supplier is also required to describe in writing the reason for the overpayment. Overpayments must be reported and returned only if a provider or supplier identifies the overpayment within six years of the date the overpayment was received.

RAC Audits

CMS has implemented a Recovery Audit Contractor (“RAC”) program on a nationwide basis pursuant to which CMS contracts with private contractors to conduct pre- and post-payment reviews to detect and correct improper payments in the fee-for-service Medicare program. The RACs use their own software and independent knowledge of Medicare to determine areas to review. Once a RAC identifies a potentially improper claim as a result of an audit, it makes an assessment from the provider’s Medicare reimbursement in an amount estimated to equal the overpayment from the provider pending resolution of the audit. The ACA expanded the RAC program’s scope to include managed Medicare plans and Medicaid claims. CMS also employs contractors to perform post-payment audits of Medicaid claims and identify overpayments. These programs tend to result in retroactively reduced payment and higher administration costs to hospitals.

Exclusions from Medicare or Medicaid Participation

The government must exclude from Medicare/Medicaid program participation a health care provider that is convicted of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, fraud against any federal, state or locally financed health care program or an offense relating to the illegal manufacture, distribution, prescription or dispensing of a controlled substance. The government also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. Exclusion from the Medicare/Medicaid program means that a health care provider would be decertified and no program payments can be made. Any exclusion of any Members of the Obligated Group could have a materially adverse impact on the financial condition or operations of the Members of the Obligated Group.

Review of Outlier Payments

In certain cases where patient costs are extraordinarily high, Medicare-participating hospitals may be eligible to receive additional payments. In order to receive an “outlier” payment, costs must exceed a fixed-loss cost threshold amount. The OIG has reviewed Medicare contractor reviews of outlier payments and issued multiple reports regarding outlier payment reconciliation, most recently in September 2017. OIG recommended that CMS ensure Medicare contractors are continuing to take corrective actions previously recommended by the OIG, such as collecting overpayments and returning funds to either Medicare or hospitals; determining whether any cost reports that exceeded the three-year reopening limit may be reopened as a result of hospital fault or fraud; and ensuring Medicare contractors review all cost reports submitted following earlier OIG audit periods and ensure that hospitals whose outlier payments qualified for reconciliation are correctly identified, referred, and reconciled. CMS is reviewing health care providers that are receiving large proportions of their Medicare revenues from outlier payments. Health care providers found to have obtained inappropriately high outlier payments will be subject to further investigation by the CMS Program Integrity Unit and potentially the OIG.

Patient Records and Confidentiality

HIPAA, as amended by the HITECH Act (defined and discussed below), protects the privacy and security of individually identifiable health information through regulations on Standards for Privacy of Individually Identifiable Health Information (the “Privacy Rule”), Security Standards for the Protection of Electronic Protected Health Information (the “Security Rule”), Standards for Notification in the Case of Breach of Unsecured Protected Health Information (the “Breach Notification Rule”), and Rules for Compliance and Investigations, Impositions of Civil Monetary Penalties, and Procedures for Hearings (the “Enforcement Rule”), (the Privacy Rule, the Security Rule, the Breach Notification Rule and the Enforcement Rule are collectively referred to as the “HIPAA Rules”).

The HIPAA Rules, developed through successive waves of the administrative rulemaking process, are extensive and complex. Violations of HIPAA can result in civil monetary penalties and criminal penalties. Provisions of the Health Information Technology for Economic and Clinical Health Act (the “HITECH Act”) amend HIPAA by (i) increasing the maximum civil monetary penalties for violations of HIPAA, (ii) granting limited enforcement authority of HIPAA to state attorneys general, (iii) extending the reach of HIPAA beyond “covered entities,” to include “business associates” of covered entities, (iv) imposing a breach notification requirement on HIPAA covered entities and business associates, (v) limiting certain uses and disclosures of individually identifiable health information, (vi) restricting covered entities’ marketing communications, and (vii) permitting the imposition of civil monetary penalties for a HIPAA violation even if an entity did not know and would not, by exercising reasonable diligence, have known of a violation. Civil monetary penalties for violations of HIPAA now range to a maximum \$57,051 per violation and/or imprisonment, depending on the violator’s degree of intent and the extent of the harm resulting from the violation. The maximum civil monetary penalty for violations of the same HIPAA provision in a calendar year cannot exceed \$1.71 million. A state attorney general may bring civil action to protect the interests of one or more residents of the state who has been or is threatened or adversely affected by any person who violates HIPAA. A state attorney general may enjoin further violations by a defendant or obtain damages up to \$25,000, in addition to an award of attorney fees. The HITECH Act also requires the DHHS Office for Civil Rights (“OCR”) to conduct periodic audits of covered entity and business associate compliance with the HIPAA Rules.

The Breach Notification Rule requires the notification of each individual whose unsecured protected health information has been, or is reasonably believed to have been accessed, acquired, used, or disclosed as a result of such breach. If a breach involves more than 500 residents prominent media outlets must be notified. In addition, the Secretary of DHHS must be notified promptly following the discovery of a breach involving 500 or more individuals and annually for breaches involving fewer than 500 individuals. The reporting of such breaches may lead to an investigation by OCR during which OCR could discover other HIPAA violations that may result in fines other penalties.

In recent years, OCR has enhanced its enforcement efforts that include civil monetary penalties and settlement agreements with some related payments reaching into the multimillion dollar range. Further, OCR is initiating an auditing process to evaluate compliance with HIPAA. It is expected that the audits will expose many health care providers and their vendors to enforcement actions under HIPAA.

Security Breaches and Unauthorized Releases of Personal Information

Federal, state and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals’ personal information, including patient health information. In addition to the data breach disclosure requirements of HIPAA, 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.

Civil and Criminal Fraud and Abuse Laws and Enforcement

The federal Civil Monetary Penalties Law (the “CMP Law”) provides for administrative sanctions against health care providers for a broad range of billing and other abuses. For example, penalties may be imposed for the knowing presentation of claims that are (i) incorrectly coded for payment, (ii) for services that are known to be medically unnecessary, (iii) for services furnished by an excluded party, or (iv) otherwise false. An entity that offers remuneration to an individual that the entity knows is likely to induce the individual to receive care from a particular provider may also be fined. Under the ACA, Congress amended the CMP Law to authorize civil monetary penalties for a number of additional activities, including (i) knowingly making or using a false record or statement material to a false or fraudulent claim for payment, (ii) failing to grant the OIG timely access for audits, investigations, or

evaluations, and (iii) failing to report and return a known overpayment within statutory time limits. The CMP Law authorizes imposition of civil monetary penalties ranging from \$20,000 to \$100,000 for each item or service improperly claimed and each instance of prohibited conduct, plus three times the amount of damages sustained by the government. Health care providers may be found liable under the CMP Law even when they did not have actual knowledge of the impropriety of the claim. It is sufficient that the provider “should have known” that the claim was false, and ignorance of the Medicare regulations is not a defense.

False Claims Act

The federal False Claims Act (the “FCA”) makes it illegal to knowingly submit or present a false, fictitious or fraudulent claim to the federal government (e.g., the Medicare or Medicaid programs) for payment or approval for payment for which the federal government provides, or reimburses at least some portion of the requested money or property. Because the term “knowingly” is defined broadly under the law to include not only actual knowledge but also deliberate ignorance or reckless disregard of the facts, the FCA can be used to punish a wide range of conduct. The ACA amended the FCA by expanding the number of activities that are subject to civil monetary penalties to include, among other things, failure to report and return known overpayments within statutory limits. FCA investigations and cases have become common in the health care field and may cover a range of activity from submission of intentionally inflated billings, to highly technical billing infractions, to allegations of inadequate care. The FCA provides for potentially severe penalties. In June 2016, the DOJ issued a rule that more than doubled civil monetary penalties under the FCA. These increases took effect on August 1, 2016 and apply to FCA violations after November 2, 2015. The penalty amounts are adjusted no later than January 15 of each year to reflect changes in the inflation rate. As of the date of this Official Statement, any person who acts in violation of the FCA is liable for a civil penalty ranging from \$11,463 to \$23,331 per claim, plus three times the amount of damages sustained by the government. As a result, violation or alleged violation of the FCA frequently results in settlements that require multi-million dollar payments and costly corporate integrity agreements.

The FCA also permits individuals to initiate civil actions on behalf of the government in lawsuits called “qui tam” actions. Qui tam plaintiffs, or “whistleblowers,” can share in the damages recovered by the federal government or recover independently if the government does not participate. The FCA has become one of the federal government’s primary weapons against health care fraud and suspected fraud. FCA violations or alleged violations could lead to settlements, fines, exclusion or reputation damage that could have a material adverse effect on a hospital and other health care providers. Some regulators and whistleblowers have asserted that claims submitted to governmental payors that do not comply fully with regulations or guidelines come within the scope of the FCA.

In June 2016, the United States Supreme Court announced its decision in *Universal Health Services, Inc. v. United States ex rel. Escobar*, No. 15-7 (I.S. June 16, 2016). In *Escobar*, the United States Supreme Court affirmed the theory of government’s use of an “implied certification” theory in FCA cases and ruled that the relevant inquiry is whether the alleged noncompliance, if known to the government, would have in fact been material to the government’s determination as to whether to pay the claim. The holding has expanded scope of potential FCA liability for noncompliance with applicable laws, regulations and subregulatory guidance.

Under the ACA, the FCA has been expanded to include overpayments that are discovered by a health care provider and are not promptly refunded to the applicable federal health care program, even if the claims relating to the overpayment were initially submitted without any knowledge that they were false. The 2016 Medicare Overpayments Final Rule requires that providers report and return identified overpayments by the later of 60 days after identification, or the date the corresponding cost report is due, if applicable. If the overpayment is not so reported and returned, it becomes an “obligation” under the FCA. This expansion of the FCA exposes hospitals and other health care providers to liability under the FCA for a considerably broader range of claims than in the past. CMS clarified that the 60-day timeframe for report and return begins when either reasonable diligence is completed (including determination of the overpayment amount) or on the day the person received credible information of a potential overpayment (if the person failed to conduct reasonable diligence and the person in fact received an overpayment). Failure to report and return overpayments as described herein may result in false claims liability. That same final rule also established a six-year lookback period, meaning overpayments must be reported and returned only if a person identifies the overpayment within six years of the date the overpayment was received.

Medicare/Medicaid Anti-Kickback Laws

The federal “Anti-Kickback Law” is a criminal statute that prohibits anyone from soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for a referral of a patient (or to induce a referral) or the ordering or recommending of the purchase (or lease) of any item or service that is paid by any federal or state health care program. The Anti-Kickback Law applies to many common health care transactions between persons and entities with which a hospital does business, including hospital-physician joint ventures, medical director agreements, physician recruitment agreements, physician office leases and other transactions. The ACA amended the Anti-Kickback Law to provide explicitly that a claim that includes items or services resulting from a violation of the Anti-Kickback Law constitutes a false or fraudulent claim for purposes of the FCA. Another amendment provides that an Anti-Kickback Law violation may be established without showing that an individual knew of the statute’s proscriptions or acted with specific intent to violate the Anti-Kickback Law, but only that the conduct was generally unlawful. The new standards could significantly expand criminal and civil fraud exposure for transactions and arrangements where there is no intent to violate the Anti-Kickback Law.

The Anti-Kickback Law can be prosecuted either criminally or civilly. If the government proceeds criminally, a violation of the Anti-Kickback Law is a felony and may be punished by a criminal fine of up to \$100,000 for each violation or imprisonment, however, under 18 U.S.C. Section 3571, this fine may be increased to \$250,000 for individuals and \$500,000 for organizations. Civil money penalties may include fines of up to \$100,000 per violation and damages of up to three times the total amount of the remuneration and/or exclusion from participation in Medicare and Medicaid.

Increasingly, the federal government and qui tam relators are prosecuting violations of the Anti-Kickback Law under the FCA, based on the argument that claims resulting from an illegal kickback arrangement are also false claims for FCA purposes. Any claims for items or services that violate the federal Anti-Kickback Statute are also considered false claims for purposes of the FCA. See the discussion under the subheading “False Claims Act” above.

Courts have interpreted this law broadly and held that the Anti-Kickback Law is violated if just one purpose of the remuneration is to generate or induce referrals, even if there are other lawful purposes. Federal regulations describe certain arrangements (i.e., safe harbors) that are exempt from prosecution under the federal Anti-Kickback Law. Because the law is broadly applied and safe harbors are narrowly drawn, there can be no assurance that any Member of the Obligated Group will not be found in violation of the federal Anti-Kickback Law in the future. The IRS has taken the position that hospitals that are in violation of the Anti-Kickback Law may also be subject to revocation of their tax-exempt status.

Medicare/Medicaid Anti-Referral Laws

The Ethics in Patient Referrals Act of 1989, as amended in the Omnibus Budget Reconciliation Act of 1993 and as subsequently amended (collectively, the “Stark Law”), prohibits the referral of Medicare patients for certain designated health services (including inpatient and outpatient hospital services, clinical laboratory services, and radiology and other imaging services) to entities with which the referring physician (or an immediate family member) has a financial relationship unless that relationship fits within an exception to the Stark Law. It also prohibits a hospital, or other provider, furnishing the designated health services from billing Medicare, or any other government health care program for services performed pursuant to a prohibited referral. The government does not need to prove that the entity knew that the referral was prohibited to establish a Stark Law violation. If certain substantive and technical requirements of an applicable exception are not satisfied, an ordinary business arrangement or contract between hospitals and physicians can violate the Stark Law, thus triggering the prohibition on referrals and billing. All providers of designated health services with physician relationships have some exposure to liability under the Stark Law.

Penalties for violation of the Stark Law include denial of payment, recoupment, refunds of amounts paid in violation of the law, exclusion from the Medicare or Medicaid program, and substantial civil monetary penalties. Violation of the Stark Law may also provide the basis for a claim under the FCA.

Medicare may deny payment for all services performed by a provider based on a prohibited referral, and a hospital that has billed for prohibited services is obligated to refund the amounts collected from the Medicare program

or to make a voluntary self-disclosure to CMS under its Self-Referral Disclosure Protocol (discussed below). As a result, even relatively minor, technical violations of the Stark Law may trigger substantial refund obligations. Moreover, where there are “knowing” violations of the Stark Law, the government may seek substantial civil monetary penalties under FCA, and in some cases, a hospital may be excluded from the Medicare and Medicaid programs. Potential repayments to CMS, settlements, fines or exclusion for a Stark Law violation or alleged violation could have a material adverse effect on a hospital and other health care providers. Increasingly, the federal government is prosecuting Stark Law violations under the FCA, based on the argument that claims resulting from an illegal referral arrangement are also false claims for FCA purposes. See the discussion under the subheading “False Claims Act” above. The DOJ and others have asserted that Medicaid referrals in which a non-expected financial arrangement exists under the Stark Law also create FCA exposure, and have had some success with these arguments in certain courts. CMS has established a voluntary Self-Referral Disclosure Protocol under which hospitals and other entities may report Stark Law violations and seek a reduction in potential refund obligations. The Members of the Obligated Group may make self-disclosures under this program as appropriate from time to time. Any submission pursuant to the self-disclosure program does not waive or limit the ability of the OIG or DOJ to seek or prosecute violations of the Anti-Kickback Law or impose civil monetary penalties.

State “Fraud” and “False Claims” Laws

Hospital providers in the State of New York are subject to a variety of state laws related to false claims (similar to the FCA or that are generally applicable false claims laws), anti-kickback (similar to the federal Anti-Kickback Law or that are generally applicable anti-kickback or fraud laws), and physician referral (similar to the Stark statute). These restrictions, like the federal restrictions, may be vague with respect to coverage and effect. Generally, state referral laws have less onerous penalties, but, as a practical matter, could be materially adverse to subject facilities in certain circumstances.

EMTALA

The Emergency Medical Treatment and Labor Act (“EMTALA”) is a federal civil statute that requires Medicare-participating hospitals with an emergency department to conduct a medical screening examination to determine the presence or absence of an emergency medical condition and to provide treatment sufficient to stabilize such emergency medical condition before discharging or transferring the patient. A hospital that violates EMTALA is subject to civil penalties of up to \$106,965 per offense and termination of its Medicare provider agreement. EMTALA also provides for a limited private right of action against hospitals, and as a result a hospital could be subject to claims for personal injury where an individual suffers harm as result of an EMTALA violation.

Over the last few years, the federal government has increased its enforcement of EMTALA. Failure to comply with the law can result in exclusion from the Medicare and/or Medicaid programs, as well as civil and criminal penalties. In addition, a hospital may be held liable to a patient who suffered injuries as a result of a violation of EMTALA and may be liable to the receiving hospital for financial losses suffered as a result of a transfer in violation of EMTALA. Substantial failure of a Member of the Obligated Group to meet its responsibilities under EMTALA could materially adversely affect the financial condition of the Obligated Group. Outpatient facilities that are included as part of a hospital by virtue of a provider-based status designation are required to adhere to EMTALA’s requirements, regardless of whether they are located on or away from the hospital’s main campus.

Any sanctions imposed as a result of an EMTALA violation could have a material adverse effect on the operations or financial condition of the Obligated Group.

Administrative Enforcement

Administrative regulations may require less proof of a violation than do criminal laws and thus, health care providers may have a higher risk of imposition of monetary penalties as a result of an administrative enforcement action.

Enforcement Activity

Enforcement activity against health care providers has increased and enforcement authorities have adopted aggressive approaches. In the current regulatory climate, it is anticipated that many hospitals and physician groups will be subject to an audit, investigation or other enforcement action regarding the health care fraud laws mentioned above. Additionally, management cannot assess the risk posed by enforcement activity associated with the Provider Relief Fund, the Paycheck Protection Program, and other forms of government assistance offered during the COVID-19 pandemic. Generally, these programs have requirements for participation and require certifications by the provider. Regardless of whether the provider knows their conduct is in violation of law, a failure to meet the requirements associated with these programs could cause a material adverse impact on the provider.

Enforcement actions may pertain to not only deliberate violations, but also frequently relate to violations resulting from actions of which management is unaware, from mistakes or from circumstances where the individual participants do not know that their conduct is in violation of law. Enforcement actions may extend to conduct that occurred in the past. The government may seek a wide array of penalties, including withholding essential payments under the Medicare or Medicaid programs or exclusion from those programs.

Enforcement authorities are often in a position to compel settlements by providers charged with or being investigated for false claims violations by withholding or threatening to withhold Medicare, Medicaid and/or similar payments and/or by instituting criminal action. In addition, the cost of defending such an action, the time and management attention consumed, and the facts of a case may dictate settlement. Therefore, regardless of the merits of a particular case, a hospital could experience materially adverse settlement costs, as well as materially adverse costs associated with implementation of any settlement agreement. Prolonged and publicized investigations could be damaging to the reputation and business of a hospital, regardless of outcome.

Certain acts or transactions may result in violation or alleged violation of a number of the federal health care fraud laws described below and therefore, penalties or settlement amounts often are compounded. Generally, these risks are not covered by insurance. Enforcement actions may involve multiple hospitals in a health system, as the government often extends enforcement actions regarding health care fraud to other hospitals in the same organization. Therefore, Medicare fraud related risks identified as being materially adverse as to a hospital could have materially adverse impact on the financial condition or operations of the Members of the Obligated Group.

Additional State Regulation

The ACA imposes significant obligations on states related to health care insurance. Prior to the passage of the ACA, many states increased regulations related to the managed care industry. State legislatures cited their right and obligation to regulate and oversee health care insurance and enacted sweeping measures that aimed to protect consumers and, in some cases, providers.

OMIG Compliance Guidelines

Since October 2009, hospitals in New York have been required by statute and regulation to have an effective compliance program. The compliance program must include, among other things, a chief compliance officer, written policies and the conduct of audits after the identification of risk areas. It is expected that The New York State Office of the Medicaid Inspector General (“OMIG”) will conduct audits of compliance programs and assess their effectiveness. Under New York law, each year the S must certify that it has a compliance program in place and that it has been effective, and management of the System has advised that it will so certify this year.

Exclusions from Medicare or Medicaid Participation

The OMIG also has the authority to exclude individuals and entities from participation in Medicaid. Providers are excluded for reasons that may include program-related convictions, patient abuse or neglect convictions, and licensing board disciplinary actions. Exclusion of the m from governmental program participation could have a material, adverse effect on the Obligated Group.

New York State Department of Health Regulations

The Members of the Obligated Group are subject to regulations issued by the New York State Department of Health (“DOH”). Compliance with such regulations may require substantial expenditures for administrative or other costs. Regulations of DOH could change, requiring the Obligated Group to admit or maintain more low-income patients than is currently required. DOH could decide to revoke or not renew the operating certificate of a Member of the Obligated Group for failure to comply with regulatory requirements. The System’s ability to provide services or maintain beds or to modify certain existing services 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 System’s ability to make changes to their services and respond to changes in the competitive environment may be limited.

State Anti-Fraud and Abuse Law

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

State Self Referrals Prohibitions

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

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

New York False Claims Act

The State of New York also has a False Claims Act (the “New York FCA”) which closely tracks the civil law components of the FCA. It imposes penalties and fines on individuals and entities that file false or fraudulent claims for payment from any state or local government, including health care programs such as Medicaid. The New York FCA also permits individuals to initiate actions on behalf of the government in lawsuits called qui tam actions. These qui tam plaintiffs, or “whistleblowers,” can share in the damages recovered by the government.

Under the New York FCA, health care providers may be liable if they take steps to obtain improper payments from the government by submitting false claims or failing to refund known overpayments. The New York State FCA violations have been alleged solely on the existence of alleged kickback or self-referral arrangements. Even in the absence of evidence that literally false claims have been submitted, these cases argue that the improper business relationship tainted the subsequently submitted claims, thereby rendering the claims false under the New York FCA. Other New York FCA cases have proceeded 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. It is impossible to predict with certainty whether courts will uniformly hold that regulatory non-compliance and anti-kickback or self-referral violations are subject to prosecutions as false claims. If a provider is faced with a New York FCA prosecution based on one of these theories, however, allocation of the funds required to contest or settle the matter could have a material adverse impact on that provider and, potentially, its affiliates.

Violations of the New York FCA can result in penalties up to triple the actual damages incurred by the government and also monetary penalties.

Certificate of Need

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

New York State Executive Order 38

On January 18, 2012, Governor Andrew Cuomo signed Executive Order 38 (the “Executive Order”) limiting spending for administrative costs and executive compensation at state-funded service providers. The Obligated Group’s receipt of State Medicaid funding may be subject to the limitations contained in the Executive Order. The Executive Order limits reimbursement with State funds for executive compensation to \$199,000 annually per executive and requires that 85% of State-authorized payments be used for direct care or services, rather than administrative costs. The Executive Order and final regulations became effective July 1, 2013.

The Executive Order has been subject to multiple legal challenges; most recently, the New York Court of Appeals held in 2018 that, while certain caps on executive compensation from any funding source was promulgated in excess of DOH authority, DOH’s caps on the use of state funds for executive compensation and for administrative expenses were permissible.

Medicaid Partnership Plan 1115 Waiver Amendment

In 2014, the New York State’s Section 1115 Partnership Plan was amended to allow the State to reinvest over a five-year period up to \$8 billion of the \$17.1 billion in federal savings generated by State Medicaid reforms. Up to \$6.42 billion of this amount is to be applied to the Delivery System Reform Incentive Payment (“DSRIP”) Program, which has a goal of reducing avoidable Medicaid hospitalizations by 25% by 2020. The current 1115 waiver was set to expire March 31, 2020. In November 2019, New York State submitted a four-year, \$8 billion Waiver amendment seeking a one-year extension to the current DSRIP initiative and a three-year renewal through March 31, 2024. If approved, the extension would have provided new funding to further support clinical transformation efforts focused to the Medicaid populations associated to 25 Performing Provider Systems (“PPS”). New funding under the renewal would have also allowed continued investments in programs focused on: improving quality outcomes, enhancing workforce development, addressing social determinants of health, increasing community-based clinical network development and promoting the shift to value-based care through the creation of new Value Management Organizations. The proposed Waiver amendment was subject to review and modification by CMS and required federal approval before it could be implemented. In February 2020, Governor Cuomo reported that the federal government is not allowing the waiver to continue, which would prevent the use of \$625 million in unused moneys. The full impact cannot be determined at this time.

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 New York’s Medicaid program. State budgets in subsequent years included additional recommendations, such as expanding managed care plan services and integrating physical and behavior health services. The 2019-2020 budget in particular, included reductions in payment for long-term care services and funding for efforts to reduce health care utilization.

Since the 2011-12 budget, each of the budgets assumes a targeted growth rate for Medicaid equal to the ten-year average change in the medical component of the Consumer Price Index (“CPI”) (currently at 3%) and grant New York State Department of Health (“DOH”) and the State Department of Budget authority to hold Medicaid spending to this rate. If spending is projected to exceed the budget cap, DOH and the State Division of the Budget are authorized to develop and implement a plan of action to bring spending in line with the cap, which could include modifying or reducing payment methods or program benefits. The global spending cap has increased from \$15.9 billion for the 2012-2013 Final Budget to \$20.8 billion for the 2018-2019 Final Budget and was \$19.4 billion for the 2019-2020 Final Budget. Between fiscal years 2015 and 2018, to ensure compliance with the cap, DOH managed the timing of payments across State fiscal years that ranged from \$50 million to approximately \$435 million. To

avoid surpassing the cap in fiscal year 2019, DOH deferred \$1.7 billion in Medicaid payments to Medicaid Managed Care Organizations, as well as other payments, from fiscal year 2019 to fiscal year 2020. Various factors, including higher-than-average Medicaid enrollment, threaten the ability of DOH to continue to meet the ambitious savings goals in future years. Additionally, state lawmakers may at any time legislate to raise or lower these spending caps or to otherwise adjust Medicaid payment rates, which could have a material positive or negative effects on MMC's finances that are not possible to predict. Currently, projections show that New York State is trending to be over the spending cap.

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

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

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

Cost Increases

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations of the adequacy of the funds deposited for the payment, when due, of all principal and interest with respect to certain Refunded Prior Indebtedness to and including their respective maturities or redemption dates will be verified by Causey Demgen & Moore, P.C., independent accountants. See "PLAN OF FINANCE" above.

LITIGATION

The Issuer

To the Issuer's knowledge, as of the date of this Official Statement, there is not pending or threatened, any litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued or which in any manner questions the right of the Issuer to enter into the Indenture or the Loan Agreement or to secure the Bonds in the manner provided therein.

From time to time the Issuer receives inquiries and requests for documents and information pertaining to unrelated bond issues from various regulatory agencies, including the Securities and Exchange Commission, and in connection with audits by the IRS.

The Obligated Group

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

As with most health care providers, the Obligated Group is subject to certain legal actions that, in whole or in part, are not or may not be covered by insurance because of the type of action or amount or types of damages requested (e.g., punitive damages), because of a reservation of rights by an insurance carrier, or because the action has not proceeded to a stage that permits full evaluation. There are certain legal actions currently pending against the Obligated Group known to management for which insurance coverage is uncertain for the above reasons. Management does not anticipate that any such suits will ultimately result in punitive damage awards or judgments in excess of applicable insurance limits, or if such awards or judgments were to be entered, that they would have a material adverse impact on the operations or financial condition of the Obligated Group, taken as a whole. Each Member is also involved in other litigation and regulatory investigations arising in the course of doing business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Obligated Group's future consolidated financial position or results of operations. See APPENDIX A under the caption "LITIGATION AND INVESTIGATIONS."

LEGAL MATTERS

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

Certain legal matters will be passed on for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, and for the Corporation and the Obligated Group by its counsel, Hodgson Russ LLP.

TAX MATTERS

Series 2020A Bonds

Federal Income Taxes

In the opinion of Harris Beach PLLC, Bond Counsel to the Issuer, and subject to the limitations set forth below, under existing statutes, regulations, administrative rulings and court decisions as of the date of such opinion, interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes, pursuant to Section 103 of the Code and is not an "item of tax preference" for purposes of computing the federal alternative minimum tax imposed on individuals.

Certain of the Series 2020A Bonds (the "Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. In general, the "issue price" of a Series 2020A Bond means the first price at which at least 10 percent of such Series 2020A Bond was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series 2020A Bonds. The issue price for each maturity of the Series 2020A Bonds is generally expected to be the initial public offering price set forth on the inside cover page of the Official Statement. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter

permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2020A Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2020A Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement, who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

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

The Code establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Series 2020A Bonds in order that interest on the Series 2020A Bonds be and remain excluded from gross income for federal income tax purposes, pursuant to Section 103 of the Code. These continuing requirements include certain restrictions and prohibitions on the use of the proceeds of the Series 2020A Bonds and the Project, restrictions on the investment of proceeds and other amounts and the rebate to the United States of certain earnings in respect of such investments. Failure to comply with such continuing requirements may cause the interest on the Series 2020A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2020A Bonds, irrespective of the date on which such noncompliance occurs. In the Indenture, the Loan Agreement, the Tax Compliance Agreement, and accompanying documents, the Issuer and the Obligated Group Representative have covenanted to comply with certain procedures, and have made certain representations and certifications, designed to assure compliance with the requirements of the Code. The opinion of Bond Counsel described above is made in reliance upon, and assumes continuing compliance with, such covenants and procedures and the continuing accuracy, in all material respects, of such representations and certifications.

Bond Counsel expresses no opinion regarding any other federal income tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Series 2020A Bonds. The proposed form of opinion of Bond Counsel is attached hereto as "APPENDIX E- Proposed Form of Opinion of Bond Counsel."

In addition to the matters referred to in the preceding paragraphs, prospective purchasers of the Series 2020A Bonds should be aware that the accrual or receipt of interest on the Series 2020A Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences may depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Examples of such other federal income tax consequences of acquiring or holding the Series 2020A Bonds include, without limitation, that (i) with respect to certain insurance companies, the Code reduces the deduction for loss reserves by a portion of the sum of certain items, including interest on the Series 2020A Bonds, (ii) interest on the Series 2020A Bonds earned by certain foreign corporations doing business in the United States

may be subject to a branch profits tax imposed by the Code, (iii) passive investment income, including interest on the Series 2020A Bonds, may be subject to federal income taxation under the Code for certain S corporations that have certain earnings and profits, and (iv) the Code requires recipients of certain Social Security and certain other federal retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Series 2020A Bonds. In addition, the Code denies the interest deduction for indebtedness incurred or continued by a taxpayer, including, without limitation, banks, thrift companies, and certain other financial companies to purchase or carry tax-exempt obligations, such as the Series 2020A Bonds. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors regarding any possible collateral consequences with respect to the Series 2020A Bonds.

Certain requirements and procedures contained in or referred to in the Indenture, the Loan Agreement, the Tax Compliance Agreement, and other relevant documents may be changed, and certain actions may be taken or omitted subsequent to the date of issue, under the circumstances and subject to the terms and conditions set forth in such documents or certificates, upon the advice of or with the approving opinion of a nationally recognized bond counsel. Bond Counsel expresses no opinion as to any tax consequences with respect to the Series 2020A Bonds, or the interest thereon, if such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Harris Beach PLLC.

State Income Taxes

In the opinion of Bond Counsel, under existing law as of the date of the issuance of the Series 2020A Bonds, for so long as interest on the Series 2020A Bonds is and remains excluded from gross income for federal income tax purposes, such interest is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof. Noncompliance with any of the federal income tax requirements set forth above resulting in the interest on the Series 2020A Bonds being included in gross income for federal tax purposes would also cause such interest to be subject to personal income taxes imposed by the State of New York and any political subdivision thereof.

Bond Counsel expresses no opinion regarding any other state or local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Series 2020A Bonds.

Interest on the Series 2020A Bonds may or may not be subject to state or local income taxes in jurisdictions other than the State of New York under applicable state or local tax laws. Bond Counsel expresses no opinion as to the tax treatment of the Series 2020A Bonds under the laws of such other state or local jurisdictions. Each purchaser of the Series 2020A Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2020A Bonds in a particular jurisdiction other than the State of New York.

Other Considerations

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or omitted) or any events occurring (or not occurring) after the date of issuance of the Series 2020A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2020A Bonds.

No assurance can be given that any future legislation, including amendments to the Code or the State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Series 2020A Bonds to be subject to federal or State income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Series 2020A Bonds for audit examination, or the course or result of any Internal Revenue Service examination of the Series 2020A Bonds or of obligations which present similar tax issues, will not affect the market price or marketability of the Series 2020A Bonds. Prospective purchasers of the Series 2020A Bonds should consult their own tax advisors regarding the foregoing matters.

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

ALL PROSPECTIVE PURCHASERS OF THE SERIES 2020A BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THESE AND OTHER FEDERAL AND STATE TAX CONSEQUENCES, AS WELL AS ANY LOCAL TAX CONSEQUENCES, OF PURCHASING OR HOLDING THE SERIES 2020A BONDS.

Series 2020B Bonds

In the opinion of Harris Beach PLLC, Bond Counsel to the Issuer, interest on the Series 2020B Bonds is not excluded from gross income for federal income tax purposes and is subject to personal income taxes imposed by the State of New York and any political subdivision thereof.

General

The following discussion summarizes certain United States (“U.S.”) federal tax considerations generally applicable to holders of the Series 2020B Bonds that acquire the Series 2020B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, and any such change could have retroactive effect. Prospective investors should also note that no rulings have been or are expected to be sought from the Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, financial institutions, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, persons holding the Series 2020B Bonds as a hedge against currency risks or as a position in a “straddle” for tax purposes, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire the Series 2020B Bonds pursuant to this initial offering for the issue price that is applicable to such Series 2020B Bonds (i.e., the price at which a substantial amount of the Series 2020B Bonds are sold to the public) and who will hold the Series 2020B Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Series 2020B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust).

As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Series 2020B Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series 2020B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2020B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2020B Bonds (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest on Series 2020B Bonds. Payments of interest on the Series 2020B Bonds will be included in gross income for U.S. federal income tax purposes by a U.S. Holder as ordinary income at the time the interest is paid or accrued in accordance with the U.S. Holder’s regular method of accounting for tax purposes, provided such interest is “qualified stated interest,” as defined below.

Disposition of Series 2020B Bonds. Except as discussed above, upon the sale, exchange, redemption or retirement of a Series 2020B Bond, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or retirement (other than amounts representing accrued and unpaid interest) of such Series 2020B Bond and such U.S. Holder's adjusted tax basis in such Bond. A U.S. Holder's adjusted tax basis in a Series 2020B Bond generally will equal such U.S. Holder's initial investment in the Series 2020B Bond increased by accrued market discount, if any, if the U.S. Holder has included such market discount in income, and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable bond premium taken with respect to such Series 2020B Bond. Such gain or loss generally will be long-term capital gain or loss if the Series 2020B Bond has been held by the U.S. Holder at the time of disposition for more than one year. If the U.S. holder is an individual, long-term capital gain will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Non-U.S. Holders

A Non-U.S. Holder who is an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Series 2020B Bonds on its own behalf will not be subject to U.S. federal income tax on payments of principal of, or premium (if any), or interest (including original issue discount, if any) on Series 2020B Bonds, unless the Non-U.S. Holder is a bank receiving interest described in Section 881(c)(3)(A) of the Code. To qualify for the exemption from taxation, the Withholding Agent, as defined below, must have received a statement from the individual or corporation that:

- (a) is signed under penalties of perjury by the beneficial owner of the Series 2020B Bonds,
- (b) certifies that the owner is not a U.S. holder, and
- (c) provides the beneficial owner's name and permanent residence address.

A "Withholding Agent" is the last U.S. payor (or non-U.S. payor who is a qualified intermediary, U.S. branch of a foreign person or withholding foreign partnership) in the chain of payment prior to payment to a non-U.S. holder (which itself is not a Withholding Agent). Generally, this statement is made on an IRS Form W-8BEN ("W-8BEN"), which is effective for the remainder of the year of signature plus three full calendar years thereafter, unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, a Form W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided the Withholding Agent reports at least annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of any change and furnish a new Form W-8BEN. A Non-U.S. Holder that is not an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Series 2020B Bonds on its own behalf may have substantially increased reporting requirements. In particular, in the case of Series 2020B Bonds held by a foreign partnership or foreign trust, the partners or beneficiaries rather than the partnership or trust will be required to provide the certification discussed above, and the partnership or trust will be required to provide certain additional information.

A Non-U.S. Holder of Series 2020B Bonds whose income from such Series 2020B Bonds is effectively connected with the conduct of a U.S. trade or business generally will be taxed as if the holder were a U.S. Holder, provided the holder furnishes to the Withholding Agent a Form W-8ECI.

Certain securities clearing organizations, and other entities that are not beneficial owners may be able to provide a signed statement to the Withholding Agent. In that case, however, the signed statement may require a copy of the beneficial owner's Form W-8BEN (or substitute form).

Generally, a Non-U.S. Holder will not be subject to U.S. federal income tax on any amount that constitutes capital gain upon retirement or disposition of Series 2020B Bonds, unless the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the retirement or disposition of such Series 2020B Bonds, and that gain is derived from sources within the United States. Certain other exceptions may apply, and a Non-U.S. Holder in these circumstances should consult his tax advisor.

Series 2020B Bonds will not be includible in the estate of a Non-U.S. Holder unless, at the time of the decedent's death, income from such Series 2020B Bonds was effectively connected with the conduct by the decedent of a trade or business in the United States.

Information Reporting and Backup Withholding

Backup withholding of U.S. federal income tax may apply to payments made in respect of the Series 2020B Bonds to registered owners who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Series 2020B Bonds to a U.S. Holder must be reported to the IRS, unless U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those Non-U.S. Holders who are not exempt recipients.

In addition, upon the sale of a Series 2020B Bond to (or through) a broker, the broker must report the sale and withhold the entire purchase price, unless either (i) the broker determines that the seller is a corporation or other exempt recipient or (ii) the seller certifies that such seller is a Non-U.S. Holder (and certain other conditions are met). Certification of the registered owner's Non-U.S. status would be made normally on an IRS Form W-8BEN under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

Defeasance

Under the terms of the Indenture, the Series 2020B Bonds may be legally defeased prior to their stated maturity. Prospective purchasers of Series 2020B Bonds should be aware that, for U.S. federal income tax purposes, any such legal defeasance will be treated as a taxable exchange of such Series 2020B Bonds on which gain or loss, if any, will be recognized without any corresponding receipt of cash. In addition, after a legal defeasance, the timing and character of amounts includable in gross income by a holder of Series 2020B Bonds could differ from the timing and character of the amounts that would have been includible in gross income in respect of such Series 2020B Bonds had the legal defeasance not occurred. Prospective purchasers of the Series 2020B Bonds should consult their own tax advisors with respect to the more detailed consequences to them of a legal defeasance, including the applicability and effect of tax laws other than U.S. federal income tax laws.

ALL PROSPECTIVE PURCHASERS OF THE SERIES 2020B BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS AS TO THESE AND OTHER FEDERAL AND STATE TAX CONSEQUENCES, AS WELL AS ANY LOCAL TAX CONSEQUENCES, OF PURCHASING OR HOLDING THE SERIES 2020B BONDS.

FINANCIAL ADVISOR

The Obligated Group has retained Raymond James & Associates, Inc., New York, New York (the "Financial Advisor"), as financial advisor in connection with the issuance of the Bonds. Although the Financial Advisor has assisted in the preparation of this Official Statement, the Financial Advisor was not and is not obligated to undertake, and has not undertaken to make, an independent verification and assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

UNDERWRITING

The Bonds are being purchased by BofA Securities, Inc., J.P. Morgan Securities LLC, Cain Brothers, a division of KeyBank Capital Markets, Piper Sandler & Co. and UBS Financial Services Inc. (together, the "Underwriters") at the purchase price of \$284,510,237.25 for the Series 2020A Bonds (representing the principal amount thereof, plus the net bond premium of \$32,312,860.45, less an underwriters' discount of \$842,623.20) and at the purchase price of \$14,439,390.00 for the Series 2020B Bonds (representing the principal amount thereof, minus the underwriters' discount of \$60,610.00).

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

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

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

UBS Financial Services Inc. (“UBS FSI”), one of the underwriters of the Bonds, has entered into a distribution and service agreement with its affiliate UBS Securities LLC (“UBS Securities”) for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with respect to the Bonds with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

CERTAIN RELATIONSHIPS

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

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Obligated Group (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Obligated Group. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to the Obligated Group that it should acquire, long and/or short positions in such assets, securities and instruments.

Key Government Finance, Inc. (“KGFI”), an affiliate of one of the Underwriters, previously purchased the Wayne County Civic Facility Development Corporation Revenue Bonds (Newark-Wayne Community Hospital Project), Series 2011A and the Wayne County Civic Facility Development Corporation Revenue Bonds (Newark-Wayne Community Hospital Project), Series 2011C. KGFI is expected to receive a portion of the proceeds of the Series 2020A Bonds upon implementation of the plan of finance described in the forepart of this Official Statement.

CONTINUING DISCLOSURE

Because the Bonds are special limited obligations of the Issuer, payable solely from amounts received from the Obligated Group, financial or operating data concerning the Issuer is not material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds. Accordingly, the Issuer is not providing any such

information. The Obligated Group has undertaken all responsibilities for any continuing disclosure to Holders of the Bonds, as described below, and the Issuer shall have no liability to the Holders of the Bonds or any other Person with respect to Rule 15c2-12, referred to in this Official Statement as the “Rule”, promulgated under the Securities Exchange Act of 1934 by the United States Securities and Exchange Commission.

In connection with the issuance of the Bonds, the Corporation, on behalf of the Obligated Group, will enter into a continuing disclosure agreement (the “Continuing Disclosure Agreement”) with Digital Assurance Certification, L.L.C., acting as dissemination agent (the “Dissemination Agent”). The Obligated Group will covenant pursuant to the Continuing Disclosure Agreement to provide or cause the Dissemination Agent to provide (a) certain financial information and operating data by not later than 165 days after the end of the Obligated Group’s fiscal year (which fiscal year currently ends on December 31), commencing with the report for the fiscal year ending December 31, 2020 (the “Annual Report”), (b) certain financial information by not later than sixty (60) days after the end of each of the first three quarters of the Obligated Group’s fiscal year and not later than seventy-five (75) days after the end of the Obligated Group’s fourth fiscal quarter, commencing in the fiscal quarter ending December 31, 2020 and (c) notices of the occurrence of certain enumerated events. The Obligated Group Representative will file, or cause to be filed, the Annual Report and quarterly information with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system for municipal securities disclosures. Any notice of an event required to be disclosed as a significant event under the Rule is also required to be filed by the Obligated Group with the MSRB through its EMMA system. The specific nature of the information to be contained in the Annual Report, the quarterly reports and the notices of material events is described in FORM OF CONTINUING DISCLOSURE AGREEMENT attached as APPENDIX F hereto. These covenants have been made in order to assist the Underwriters in complying with the Rule. The Obligated Group may from time to time disclose certain information and data in addition to the requirements of the Continuing Disclosure Agreement. Notwithstanding anything herein to the contrary, the Obligated Group shall not incur any obligation to continue to provide, or to update, such additional information or data.

The Continuing Disclosure Agreement requires the Obligated Group to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Bonds at any particular time. Failure by the Obligated Group to comply with the provisions of the Continuing Disclosure Agreement will not constitute an event of default under the Master Indenture, the Bond Indenture or the Loan Agreement and Holders and beneficial owners of the Bonds are limited to the remedies described in APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

RGH, Unity and UMMC are parties to undertakings relating to prior bonds and have covenanted to timely file certain annual and quarterly information for the benefit of holders and beneficial owners of such bonds. Unity failed to file information relating to service volumes, utilization, payor mix and changes in debt structure for annual reports relating to fiscal years ended December 31, 2015 through December 31, 2019. Unity failed to make a quarterly filing relating to the quarter ended December 31, 2015 and was late on multiple occasions over the last four years in making other quarterly filings. UMMC failed to timely file its audited financial statements for fiscal years ended December 31, 2015 and December 31, 2017 through December 31, 2019. The Obligated Group believes that the late or missing filings described in this paragraph were due to administrative errors which are to be addressed and remedied prior to the issuance of the Bonds. Furthermore, the Obligated Group has engaged Digital Assurance Certification, L.L.C. to serve as dissemination agent for the Bonds to further ensure its future filings are made on a complete and timely basis.

RATING

S&P Global Ratings Inc. (“S&P”) has assigned the Bonds the rating of “BBB+” (stable outlook). Such rating reflects only the views of such organization and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by such rating agency, if in the judgment of such rating agency the circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

FINANCIAL STATEMENTS

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

OTHER MATTERS

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

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

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

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

By: /s/ Ana J. Liss
Name: Ana J. Liss
Title: Executive Director

ROCHESTER REGIONAL HEALTH, as Obligated Group Representative on behalf of the Obligated Group

By: /s/ Thomas Crilly
Name: Thomas Crilly
Title: Authorized Signatory

APPENDIX A

CERTAIN INFORMATION CONCERNING ROCHESTER REGIONAL HEALTH AND AFFILIATES

Capitalized terms used in this APPENDIX A but not otherwise defined have the meanings assigned in the forepart of the Official Statement or in APPENDIX D – “FORM OF AMENDED AND RESTATED MASTER INDENTURE.”

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Appendix A: Certain Information Regarding Rochester Regional Health and Affiliates

Introduction and Background

Rochester Regional Health (the “Corporation”) serves as the active parent of a five-hospital vertically integrated health care delivery system (the “System” or “Rochester Regional”) that provides patient care, senior housing, laboratory services, and community outreach to residents and other clients in Monroe, Genesee, Ontario and Wayne counties, and several surrounding counties in New York. The Corporation (formerly, RU System, Inc.) was formed in 2014 by Rochester General Health System (“RGHS”) and Unity Health System (“UHS”), with the subsequent integration of Clifton Springs Hospital & Clinic (“CSHC”) and United Memorial Medical Center (“UMMC”). The Corporation is the sole member and co-operator of each of the System’s licensed entities and is the sole member or a stockholder of non-licensed entities. See “Corporate Structure” in this Appendix A.

The System’s continuum of care includes five acute care hospitals with nearly 1,300 beds, six long term care facilities, ten urgent care sites and three ambulatory surgery centers, in addition to multiple ancillary and specialty services and a \$140+ million revenue global lab practice. The System includes over 2,600 medical staff members in a range of affiliation models, including over 800 employed physicians and nearly 1,400 in Greater Rochester Independent Practice Association (“GRIPA”), the clinically integrated physician-hospital organization of which the Corporation is a 50% owner.

The mission of Rochester Regional is to enhance lives and preserve health by enabling access to a comprehensive, fully integrated network of the highest quality and most affordable care, delivered with kindness, integrity and respect, and the System’s vision is to lead the evolution of healthcare to enable every member of the communities it serves to enjoy a better, healthier life. The System believes it can best serve its community by offering an integrated, premier health care delivery system, with inpatient and outpatient hospital services, coupled with long term care, housing and other options in the healthcare continuum to best meet patient needs.

The Obligated Group

Upon issuance of the Bonds and the amendment and restatement of the Original Master Indenture as described in the forepart of this Official Statement (as amended and restated, the “Master Indenture”), the Obligated Group will consist of The Rochester General Hospital (“RGH”), The Unity Hospital of Rochester d/b/a Unity Hospital (“Unity”), Newark-Wayne Community Hospital (“NWCH”), UMMC and CSHC (RGH, Unity, NWCH, UMMC and CSHC being collectively referred to hereinafter as the “Hospitals”). There will be no Designated Affiliates under the Master Indenture (or defined herein). Under the Master Indenture, the Corporation has been appointed the Obligated Group Representative. The Corporation is not a Member of the Obligated Group. As of December 31, 2019, the Members of the Obligated Group accounted for approximately 85% of Rochester Regional’s total operating revenue and 87% of Rochester Regional’s total assets.

The Members of the Obligated Group are the only entities responsible for repayment of the Obligation issued under the Master Indenture to secure debt service on the Bonds.

The following information has been provided by Rochester Regional in connection with the issuance of the Bonds. Unless otherwise indicated, all references to financial and statistical data are for the Rochester Regional and refer to the fiscal year ended December 31. All tables contained herein are provided by Rochester Regional management, unless otherwise indicated. All references to municipalities are located in the State of New York.

Rochester General Hospital

RGH is a 528-bed tertiary care facility located in the suburban northeast section of Rochester, New York. RGH is the flagship hospital of Rochester Regional, offering a full array of services to meet the medical needs of upstate New York, including nationally recognized programs in cardiac, cancer, orthopedic, vascular, surgical and diabetes care. RGH operates the largest emergency department in the Rochester area and also one of the largest cardiac programs in New York State. Since its incorporation in 1847, RGH has been a key provider of healthcare services for the Rochester community and has developed into a major community teaching and referral center. In addition to the hospital, RGH operates an outpatient clinic, several related facilities providing medical, surgical and other health care services.

Unity Hospital

Unity is a 351-bed acute care teaching hospital located in Rochester. After a four-year total renovation in 2014, the hospital now features all private patient rooms. Unity offers a broad range of specialty centers, including the Golisano Restorative Neurology & Rehabilitation Center; the Charles J. August Joint Replacement Center and the August Family Birth Place. The hospital is also a New York State-designated Stroke Center.

Unity also operates the Unity Living Center, a 120-bed skilled nursing facility, located on two floors on the Rochester Regional St. Mary's campus in Rochester.

Newark-Wayne Community Hospital

NWCH is a 120-bed acute care hospital in Newark, Wayne County, which offers services including cardiology, obstetrics and gynecology, orthopedics and pulmonary care, as well as an innovative telemedicine program. NWCH has a renovated birthing center and emergency department, and is a New York State-designated Stroke Center, a NICHE (Nurses Improving Care for Healthsystem Elders) Exemplar hospital and a recent recipient of the WHO Baby-Friendly designation. Rehabilitative and long-term care services are provided through DeMay Living Center, a 180-bed skilled nursing facility located on campus at NWCH.

United Memorial Medical Center

UMMC is a 133-bed acute care hospital in Batavia, serving residents of Genesee County and surrounding rural communities. UMMC features a state-of-art surgical department, a wound care center, a telemedicine program for intensive care, a Joint Replacement Center of Excellence, two urgent care centers and a number of primary and specialty physician offices. UMMC is a

NICHE hospital and a New York State-designated Stroke Center. UMMC is the sole maternity services provider for Genesee and Orleans Counties. UMMC manages the New York State Cancer Services Partnership Grant for Orleans and Genesee Counties and provides orthopedic services in Genesee, Orleans and Wyoming Counties.

Clifton Springs Hospital & Clinic

CSHC is a 154-bed community hospital and 108 bed nursing home located in the Village of Clifton Springs in the Finger Lakes Region of Ontario County.

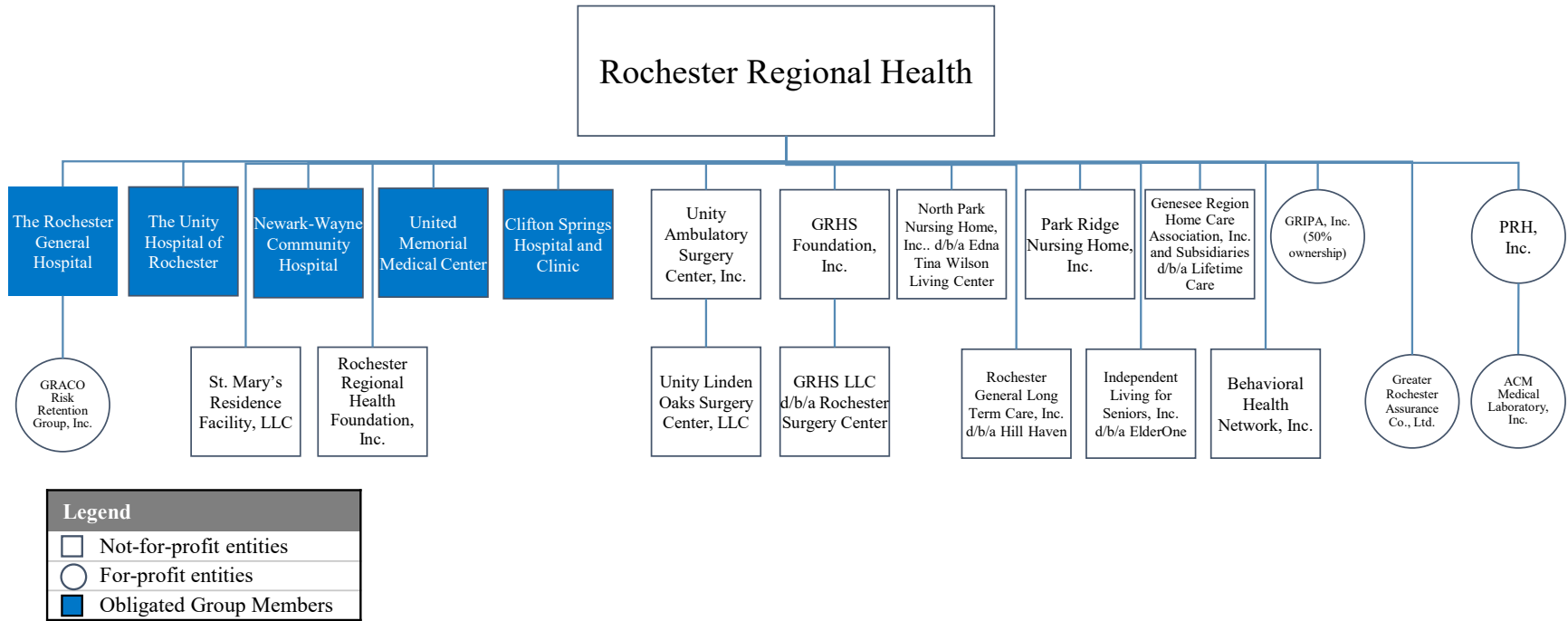
Corporate Structure

The Corporation and its licensed hospital entities are each incorporated under the New York Not-For-Profit Corporation Law and are organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and are exempt from Federal income tax pursuant to Section 501(a) of the Code. The Corporation coordinates and manages the regional healthcare services of its many affiliates (the “Affiliates”), each of which is governed by its own board of directors. The Affiliates maintain their own operating certificates and licenses for regulated services.

The Corporation owns 100% of the stock of Greater Rochester Assurance Company, Ltd. (“GRACO”), an offshore captive insurance company that provides most of the insurance for the Corporation and its Affiliates. Additionally, the Corporation owns a 50% interest in an independent physician practice association known as the Greater Rochester Independent Practice Association. GRIPA is a clinically integrated physician-hospital organization with nearly 1,400 physician owners. GRIPA’s clinical integration program has been approved by the Federal Trade Commission.

The organizational chart that follows depicts key entities of Rochester Regional.

Organizational Chart



The organizational chart above shows certain principal entities of Rochester Regional and includes the entities that are members of the Obligated Group. The chart is not inclusive of all Rochester Regional entities and omits certain entities, none of which are members of the Obligated Group. A complete list of Rochester Regional entities is provided in Note 1 of the Rochester Regional Health audited financial statements included in Appendix B.

Governance and Executive Staff

Governance

Established by the Public Health and Health Planning Council under the Active Parent governance model, the Corporation coordinates and manages the delivery of health care related services and education of its Affiliates. The Corporation is the sole member and co-operator of each of the licensed entities of the System, including the Hospitals, and the sole member or a stockholder of non-licensed entities.

The Corporation's Board of Directors (the "Corporation Board") has the authority to appoint and remove the board members of its Affiliates as well as to approve operating and capital budgets, strategic plans and take other actions necessary to assure that the Affiliates are acting in a manner consistent with their respective missions and philosophies. This model leaves decision making on operational details to the Affiliates. As a result, decisions in areas such as regulatory compliance, standards of care and medical staff credentialing are made by the boards of directors of the Affiliates and not by the Corporation.

In its capacity as the sole corporate member of each of the Hospitals, the Corporation elects the Hospitals' directors and has reserved to itself certain powers, including among others the right to amend the Hospitals' by-laws and the right to approve major transactions such as mergers, acquisitions and new indebtedness in excess of certain thresholds fixed from time to time by the Corporation Board.

The committees of the Corporation Board include the Executive Committee, Governance Committee, Investment Committee and Audit and Compliance Committee. The Executive Committee has the authority of the Corporation Board with respect to managing and conducting the affairs of the Hospitals between Board meetings. The Investment Committee is responsible for oversight and goal setting recommendations to the Corporation Board for managing the investment funds of the System. The Corporation Board consists of 13 directors, including Dr. Eric Bieber, President and Chief Executive Officer of Rochester Regional.

The Corporation Board members and officers, including their year of first appointment, term expiration and occupation, are as follows:

Name / Title	Originally Appointed	Term Expires	Occupations
Michael R. Nuccitelli, Chair	2014	2023	President and CEO, Omega Tool Measuring Machines Inc.
Eric Bieber, M.D. (ex-officio)	2014	-	President/CEO, Rochester Regional
David Riedman, Vice Chair	2017	2021	President, Riedman Development Corp.
Robert Sands, Secretary	2014	2023	Executive Chair, Constellation Brands
Karen Gallina	2019	2021	Community Volunteer
Nancy Ferris, Ph.D.	2014	2022	Retired
Thomas Houseknecht	2014	2022	President, Moffet Turf Equipment
Anna Lynch	2014	2021	Partner, Underberg & Kessler, LLP
David Munson, Jr.	2018	2021	President, Rochester Institute of Technology
Steven Ognibene, M.D.	2019	2021	Surgeon, Rochester Colon & Rectal Surgeons, P.C.
Leonard Olivieri	2014	2022	Executive Vice President and CFO, Peko Precision Products, Inc.
Efrain Rivera	2014	2023	Senior Vice President, Chief Financial Officer, and Treasurer, Paychex
Justin Smith	2014	2022	President and COO, Brite Computers
Corporate Officer:			
Hugh Thomas, Assistant Secretary	2014	-	Chief Administrative Officer, Rochester Regional

The Affiliate boards consist of the NWCH Board of Directors, the CSHC Board of Directors, the UMMC Board of Directors and the Health Care Services Board of Directors.

Established in January 2017, the Health Care Services Board of Directors (“HCSB”) is a local hospital/subsidiary Board that has a mirrored governing body for: (i) RGH; (ii) Unity; (iii) Behavioral Health Network, Inc.; and (iv) PRCD, Inc. The committees of the HCSB include the Quality Committee and the Behavioral Health Committee. The Quality Committee receives recommendations from the Medical Staff and makes final recommendations to the HCSB on all applications for initial appointment and reappointment to the Medical Staff.

The Affiliate boards only have the authority to approve local goals, targets and procedures for credentialing, quality, patient safety and patient experience; granting of privileges and credentialing, regulatory compliance and accreditation and the community needs assessment as applicable.

Conflicts of Interest and Compliance

The Corporation Board conflict of interest policy requires any duality of interest or possible conflict of interest on the part of any member of the Corporation or Affiliate boards to be disclosed to the Corporation Board and made a matter of record. If a member of the Corporation or Affiliate boards has a conflict of interest or a possible conflict of interest on any matter, the member may not vote or use his or her personal influence on the matter, nor be counted in determining the quorum for the meeting at which such vote is to occur.

Executive Staff

The executive staff of Rochester Regional is comprised of the following individuals.

Eric Bieber, M.D., President and Chief Executive Officer, Rochester Regional (age 60)

Dr. Bieber joined Rochester Regional as President and Chief Executive Officer in 2014. With over 20 years of leadership experience in diverse organizations, Dr. Bieber is able to focus on delivering strong operational performance while evolving and meeting system strategic goals.

Prior to joining Rochester Regional, Dr. Bieber was the President of Community Hospitals West Region, University Hospitals in Cleveland, Ohio, as well as President, University Hospitals Accountable Care Organizations and System Chief Medical Officer, University Hospitals. He also held several positions at Geisinger Health System, including Executive Vice President, Strategic Network Development and Chief Medical Officer. Dr. Bieber was also an Associate Professor at the University of Chicago.

Dr. Bieber received a bachelor's degree from Illinois Wesleyan University and his Doctor of Medicine Degree from Loyola University's Stritch School of Medicine. He also holds a Master's degree in Microbiology from Illinois State University and a Master's degree in Healthcare Management from Harvard University. Dr. Bieber completed his residency training at Rush St. Luke's Presbyterian Hospital in Chicago, IL and his fellowship at the University Of Chicago. He is a Board Certified Obstetrician/Gynecologist and Reproductive Endocrinologist.

Hugh Thomas, Executive Vice President, Chief Administrative Officer, General Counsel, Rochester Regional (age 58)

Mr. Thomas was appointed Chief Administrative Officer of Rochester Regional in 2014. Mr. Thomas joined RGHS in 2001 as General Counsel and is responsible for general corporate and governance matters, corporate compliance and risk management, managed care and government relations. In 2012, he was appointed the additional responsibility of Senior Vice President of the Ambulatory Services Division, a new department of the Hospital. Prior to joining RGHS, he was a partner in the Health Services and Business Transaction Practice Areas of Harris Beach, LLP. He has a Juris Doctorate degree from the University of Maryland School of Law and a bachelor's degree in economics from Johns Hopkins University.

Thomas Crilly, CPA, Executive Vice President, Chief Financial Officer, Rochester Regional (age 58)

Mr. Crilly has been Chief Financial Officer of Rochester Regional since July 2014. Prior to this appointment, Mr. Crilly served as Chief Financial Officer of Unity Health System from 2010-2014 and served as the Vice President and Corporate Controller at Unity Health System from 2001-2009. He joined Park Ridge Health System (which was the sole corporate member of Unity until 1997) in 1991 as Director of Accounting. Mr. Crilly serves as a Board Member of many local not-for-profit organizations and holds a bachelor's degree in Accounting from St. Bonaventure University. He is a certified public accountant and a certified fellow in the Healthcare Financial Management Association (HFMA). Mr. Crilly has held a number of leadership positions within HFMA.

Robert Mayo, M.D., Executive Vice President, Chief Medical Officer, Rochester Regional (age 58)

Dr. Mayo was appointed the Executive Vice President, Chief Medical Officer of Rochester Regional in July 2014. He joined the RGHS medical and dental staff as a Nephrologist in 2002 and later was appointed Vice President and Patient Safety Officer for the Institute of Patient Safety and Clinical Excellence in 2009. In addition to having held numerous Clinical Instructor and Assistant Professor faculty positions at the University of Rochester School of Medicine and Dentistry, Dr. Mayo has also served as the President-elect (2008 -2010), President (2010 - 2012) and Past-President of the RGH Medical and Dental Staff. He was appointed Chief Medical Officer of RGHS in October 2012 and was named Chief Medical Officer of Rochester Regional in 2014. Dr. Mayo completed his internship and residency training at St. Mercy Hospital in Ann Arbor, Michigan and his fellowship at the University of Michigan Hospitals also in Ann Arbor, Michigan. He is board certified in internal medicine and specializes in nephrology.

John Glynn, Executive Vice President, Chief Information Officer, Rochester Regional (age 57)

Mr. Glynn was appointed Executive Vice President and Chief Information Officer of Rochester Regional in 2014. Previously, he served as Senior Vice President and Chief Information Officer of Unity Health System from 2005-2014. Prior to joining the health system, Mr. Glynn served as Information Technology Director, Associate CIO at the University Of Rochester Medical Center. Mr. Glynn earned his M.B.A. in management information systems from Syracuse University and his bachelor's degree in computer science from Le Moyne College.

Bridgette Wiefling, M.D., Executive Vice President, Chief Physician Enterprise Officer, Rochester Regional (age 49)

As Executive Vice President, Chief Physician Enterprise Officer, Dr. Wiefling determines the executive clinical leadership and the strategic direction of the Rochester Regional Physician Enterprise's clinical operations. Dr. Wiefling had been leading The Rochester Regional Health Primary Care Institute since October 2016. She previously served as Senior Vice President, Chief Quality & Innovation Officer from 2014-2016. Dr. Wiefling joined RGHS in 2013. Prior to that, she was the President and CEO of Anthony Jordan Health Center for eight years. Dr. Wiefling has been an FDA Pediatric Advisory Committee Consultant, and helped to establish the NYS

DSRIP Finger Lakes Performing Provider System, as well as the Rochester Integrated Health Network and Greater Rochester Health Home Network. Dr. Wiefling is board certified in medicine and pediatrics. She earned her doctor of medicine degree in 2001 from University of Wisconsin College of Medicine and her bachelor's degree in biology from Slippery Rock University of Pennsylvania.

Amy Craib, Executive Vice President, Chief Service Lines Officer, Rochester Regional (age 50)

Mrs. Craib has been leading the Rochester Regional Service Lines since November of 2019. She previously served as Vice President, Operations for Rochester Regional from 2002-2019 leading multiple clinical business lines. Prior to that, she was the Director of Business Services at Beth Israel Deaconess where she worked for seven years. Mrs. Craib earned her Master's in Healthcare Administration in 1994 from the University of North Carolina and her bachelor's degree in public administration from James Madison University.

Deborah Stamps, Ed.D., MBA, MS, RN, GNP, NE-BC, Chief Diversity and Inclusion Officer; Executive Vice President, Quality, Safety and Innovation, Rochester Regional (age 55)

As Chief Diversity and Inclusion Officer, Deborah Stamps is working to build on and operationalize Rochester Regional's commitment to diversity, inclusion and equity. As Executive Vice President of Quality, Safety and Innovation at Rochester Regional, she works with clinical leaders to continually improve the System's overall performance and ensure patient safety. Ms. Stamps career with Rochester Regional spans three decades. She began as a licensed practical nurse at RGH and then became a registered nurse. From there her career moved from Nurse Manager and Director of Nursing to Vice President and Chief Nursing Officer at NWCH and CSHC. Ms. Stamps earned her associate's degree in nursing from Monroe Community College and her bachelor's degree in nursing from SUNY College at Brockport. She earned a master's degree in the Gerontological Nursing Practitioner program at Nazareth College, a master's degree in business administration from Rochester Institute of Technology, and an education doctorate degree in executive leadership from St. John Fisher College. She is nationally certified as a Nurse Executive by the American Nurses Credentialing Center.

Scope of Services

Through the Hospitals, Rochester Regional offers a full range of health care services to meet the needs of its patients including nationally recognized specialty programs in Cardiac, Cancer, Orthopedics, Vascular, Diabetes Care, Breast and Surgical Care. In addition to its hospital locations, Rochester Regional provides high quality, cost effective care at accessible locations including a broad network of urgent care, primary care and ambulatory locations; long-term care and behavioral health beds; and home care services. Key services provided by Rochester Regional include:

Rochester Regional Key Services

Primary Care

Internal Medicine
Family Medicine
Pediatrics
Geriatrics

Cardiac Services

Medical Cardiology
Cardiac Surgery
Interventional Cardiology
Electrophysiology
Structural Heart & Heart Failure
Thoracic Surgery
Cardiac Rehabilitation

Surgery

General Surgery
Bariatric Surgery
Breast Surgery
Colon & Rectal Surgery
Ophthalmology & Optometry
Otolaryngology (ENT)
Plastic Surgery
Robotic Surgery
Surgical Oncology
Urology
Vascular Surgery
Wound Care

Behavioral Health

Mental Health
Chemical Dependency &
Substance Abuse

Long Term Care

Long Term Care
Transitional Care
Adult Day Programs

Medicine

Allergy & Immunology
Critical Care
Dermatology
Dialysis
Endocrinology & Diabetes Care
Gastroenterology
Infectious Disease
Occupational Medicine
Nephrology
Pulmonology
Rheumatology
Sleep Medicine

Neurosciences

Neurology
Neurosurgery
Neuro-interventional Surgery
Stroke Care
Neuro-Rehabilitation
Movement Disorders
Memory Care
Pain Management
Physical Medicine & Rehabilitation
Physical Therapy
Occupational Therapy
Speech Therapy

Home Care

Nursing
Physical Therapy
Home Health Aides
Hospice

Oncology

Hematology / Medical Oncology
Radiation Oncology
Infusion
Genetic Counseling

Orthopedics

Orthopedic Surgery
Joint Replacement
Sports Medicine
Hand & Wrist Surgery
Podiatry

Women's Health

Obstetrics / Labor & Delivery
Neonatal Care & NICU
Gynecology
Gynecologic Oncology
Reproductive Endocrinology
& Infertility
Urogynecology
Breast Health

Imaging

Diagnostic Imaging
Interventional Radiology
Standard Imaging (x-ray, ultrasound,
digital mammography)
Advanced Imaging (CT, MRI, PET)

Other

Dental Care & Maxillofacial Surgery
Emergency Medicine
Laboratory Medicine & Pathology
Palliative Care
Social Work
Urgent Care

Rochester Regional provides a full range of acute care services. As of August 31, 2020, the System had 1,286 licensed hospital beds and 2,222 total licensed beds, as shown in the table below:

<u>Service</u>	Licensed Beds by Service		
	Obligated Group	Other Affiliates	System
Chemical Dependence - Rehab	92	-	92
Coma Recovery	2	-	2
Coronary Care	24	-	24
Intensive Care	67	-	67
Maternity	71	-	71
Medical / Surgical	841	-	841
Neonatal Continuing Care	5	-	5
Neonatal Intensive Care	2	-	2
Neonatal Intermediate Care	10	-	10
Pediatric	24	-	24
Physical Medicine & Rehab	20	-	20
Psychiatric	109	-	109
Traumatic Brain Injury	19	-	19
Total Hospital Beds	1,286	-	1,286
Long-Term Care Beds	408	528	936
Total Beds	1,694	528	2,222

<u>Entity</u>	Licensed Beds by Entity		
	Hospital Beds	Long-Term Care Beds	Total
RGH	528	-	528
Unity	351	120	471
NWCH	120	180	300
UMMC	133	-	133
CSHC	154	108	262
Total Obligated Group	1,286	408	1,694
Other Affiliates	-	528	528
Total Rochester Regional	1,286	936	2,222

Strategic Initiatives

Rochester Regional's strategic imperatives are to be the premier health care delivery system in the region as the provider of choice and to create value while improving the health of the communities it serves. The System's strategic focus areas are: (i) Patient Experience, Quality and Safety; (ii) Operational Excellence and Integration; (iii) Network Development; and (iv) Innovation and Population Health. In the past six plus years, Rochester Regional successfully brought together four health systems to improve quality and access of care, while also improving the operational efficiency and financial strength of the Hospitals and other Affiliates. Rochester Regional executed a number of strategic initiatives as described below. Management believes that many of these initiatives will also serve to position Rochester Regional well to address the challenges of healthcare reform.

- Implementing a system-wide patient flow and throughput initiative, which has enabled the System to reduce overcapacity days and boarding times, maintain steady state/slight growth in volume despite reduced length of stay, and improve patient experience.
- Implementing a system-wide Quality, Safety, & Innovation Institute.
- Adopting system-wide Electronic Medical Records (EMR) and Enterprise Resource Planning (ERP), which has and continues to improve operational efficiencies in order to drive performance and cost savings across the System.
- Development of a network of hospital-based and community ambulatory care destination campuses and urgent care centers to provide patients with access to convenient, high quality and cost effective care close to home.
- Expanding and strengthening network through both owned and employed practices and physicians as well as affiliated physicians and practices.
- Capitalizing on Delivery System Reform Incentive Payment program (DSRIP) implementation and strategic population health efforts.

Riedman Health Center: In August 2018, Rochester Regional opened the Riedman Health Center, a 76,000-square foot building that was designed to bring together a variety of patient care programs in a convenient, state-of-the-art facility in Irondequoit. The Riedman Health Center houses a number of outpatient services that were previously located at RGH and other Rochester Regional facilities. The center is a destination campus for primary care, pediatrics, dental, behavioral health, physical therapy, pharmacy, a blood draw station and more. The site was chosen, in part, because of its convenient location, right off Rt. 104 and proximity to two Regional Transit Service (RTS) bus lines. These renovations were completed while achieving a Leadership in Energy and Environmental Design (LEED) silver certification.

Urgent Care: Rochester Regional Health Immediate Care is a joint venture between Rochester Regional and TeamHealth, a leading physician services organization. Rochester Regional is the majority owner of the joint venture and maintains a 65% ownership stake. Rochester Regional expanded its relationship with TeamHealth and the System now has urgent care locations in Batavia, Brighton, Chili, Greece, North Greece, Henrietta, Irondequoit, Penfield, Webster and Wilson, a move that underscores the System's commitment to providing care in a variety of diverse settings across the region. The Rochester Regional Health Immediate Care

facilities are the region’s only Joint Commission-accredited urgent care centers, and have been repeatedly voted “Rochester’s Choice: Best Urgent Care Center.” Rochester Regional has been building a comprehensive system of care that enables the System to serve the community as a truly integrated health system, a system that includes both traditional providers like hospitals and physicians, as well as unique programs and services like urgent care, ElderONE, skilled nursing and senior living centers.

Sands-Constellation Center for Critical Care (the “Center”): Construction of the Center will expand and enhance services currently offered at RGH. The Center will include a state-of-the-art perioperative platform with 20 operating rooms (23 future-state) and 28 post-anesthesia bays. The Center will also include 108 private acuity-adaptable patient rooms, a special care nursery featuring 14 private rooms for babies and 20 private post-partum beds for new mothers, and other support services.

St. Lawrence Health System Affiliation: In July 2020, the boards of directors of both the Corporation and St. Lawrence Health System (“SLHS”) reached an affiliation agreement. On September 24, 2020, the Committee on Establishment and Project Review of the Public Health and Health Planning Council of the New York State Department of Health approved the Corporation’s application to be established as (i) the sole corporate member and active parent of SLHS; (ii) the second active parent/co-operator of Canton-Potsdam Hospital (“CPH”), Gouverneur Hospital and Massena Hospital, Inc.; and (iii) the corporate parent of Northern Lights Home Health Care, an Article 36 certified home health agency serving St. Lawrence County in which CPH holds a one third membership interest. The Corporation’s request was approved on October 8, 2020, by the full Public Health and Health Planning Council of the New York State Department of Health. The integrated care system operates three hospitals—CPH, which includes a Level III Trauma Center; Gouverneur Hospital; and Massena Hospital as well as a network of outpatient facilities in Brasher Falls, Canton, Colton, DeKalb Junction, Edwards, Gouverneur, Louisville, Massena, Norfolk, and Potsdam. As the largest employer in St. Lawrence County with 2,025 employees, SLHS has 195 full time medical staff members and estimated annual net operating revenue of \$300 million. The affiliation agreement provides for the System to install its electronic health record (EHR) system at SLHS and to assist in the financing of certain capital expenditures at SLHS.

School of Nursing: The expansion of its Isabella Graham Hart School of Practical Nursing (“IGHSPN”). Currently, IGHSPN offers day and evening classes for Licensed Practical Nurses (LPN). Students in the LPN program receive hands-on training and utilize state-of-the-art technology. More than 120 students graduated from IGHSPN in June 2020 and 310 students are now enrolled, which is IGHSPN’s largest class ever. Rochester Regional recently received approval from the New York State Education Department to establish a College of Health Careers. The first program is to be a LPN (licensed practical nurse) to RN AAS registered nurse (RN) degree providing academic and professional advancement. The College of Health Careers builds upon the growing LPN program at IGHSPN. Adding an RN program allows the System to provide a continuous pathway to nursing higher education for LPN and, more importantly, place Rochester Regional at the forefront of nursing education in the region.

Sustainability: Rochester Regional has been recognized for its sustainability initiatives, which include energy efficiency efforts to reduce emissions by 20 million pounds per year and

constructing the second largest solar array in New York State. 20% of the System's electricity comes from locally developed solar arrays and the System is on track to meet its goal of 100% renewable electricity by 2025. The System has reduced its electricity use by over 2% year over year since 2016, resulting in an annual savings of \$1.5 million on energy and maintenance cost reductions. The System installed 90 electric vehicle charging stations across the System – more than any group in the regions Rochester Regional serves. Rochester Regional recycles over 2 million pounds of materials annually and Rochester Regional has eliminated products with harmful chemicals in them such as those containing triclosan, BPA, and DEHP.

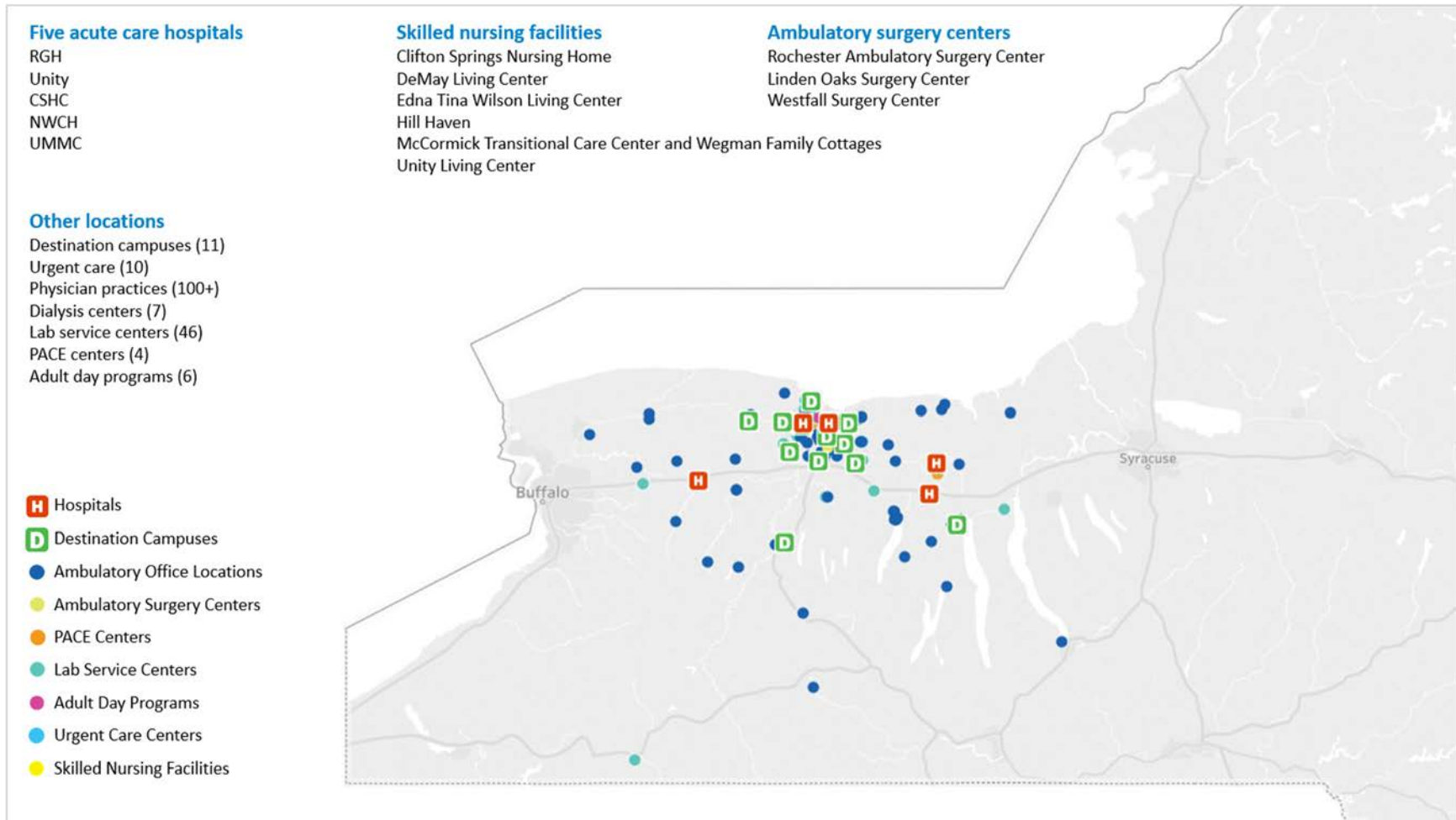
Clinical and Quality Awards

From hospitals and physician practices to long term care, Rochester Regional has a long-standing tradition of clinical excellence. Rochester Regional is ranked 1st in the nation with 25 Beacon Awards for Excellence from the American Association of Critical-Care Nurse and Rochester Regional has nationally recognized clinical programs across the System, including the following:

- RGH was recognized as one of America's 50 Best Hospitals in 2020. RGH was recognized as one of America's 100 Best Hospitals for Stroke Care, Gastrointestinal Care, General Surgery, and Critical Care in 2020. RGH holds twelve Five-Star awards amongst various services and also holds a designation as a Magnet Hospital.
- Unity was recognized as one of America's 250 Best Hospitals in 2020. Unity was recognized for excellence in Joint Replacement, Pulmonary Care, & General Surgery. Unity holds nine Five-Star awards amongst various services.
- NWCH holds seven Five-Star awards amongst various services and also holds a designation as a Magnet Hospital.
- UMMC holds three Five-Star awards amongst various services.
- CSHC was awarded the Platinum Award from HRSA for the Workplace Partnership for Life initiative (organ donation) and the Premier Award for Excellence in Patient Safety Across the Board. CSHC has also been designated a Pathways to Excellence facility.

Facilities

The following graphic depicts the locations of Rochester Regional's five hospitals and other key facilities.



THE AFFILIATES DESCRIBED BELOW ARE NOT MEMBERS OF THE OBLIGATED GROUP AND ARE NOT OBLIGATED WITH RESPECT TO THE PAYMENT OF DEBT SERVICE ON THE 2020 BONDS.

Rochester Ambulatory Surgery Center

The Rochester Ambulatory Surgery Center is a 29,000 square-foot expansion to the medical office building located at 360 Linden Oaks in Rochester. The facility includes six operating rooms and two minor procedure rooms equipped with state of the art equipment and instrumentation.

Unity Linden Oaks Surgery Center, LLC

Includes Linden Oaks Surgery Center and Westfall Surgery Center, which are two freestanding, multispecialty ambulatory surgery centers where surgeons perform a broad range of outpatient surgical procedures located in Rochester. The centers offer a total of nine operating rooms and six procedure rooms which are fully equipped with preoperative and post-anesthesia care areas in order to provide high quality care and safety in convenient outpatient surgery settings.

Edna Tina Wilson Living Center

Edna Tina Wilson Living Center is a 120-bed skilled nursing facility located in Rochester.

Hill Haven Living and Nursing Rehabilitation Center (“Hill Haven”)

Located in a park-like setting in Webster, Hill Haven is a 288-bed skilled nursing facility which provides 24-hour skilled nursing care to those in need of long-term care, rehabilitation, transitional care (or short-term rehabilitation), hospice care or care for Alzheimer’s-type dementia.

Park Ridge Living Center (Wegman Family Cottages and McCormick Transitional Care Center)

Park Ridge Living Center is a licensed skilled nursing facility with 120 beds. Park Ridge Living Center includes Wegman Family Cottages, a nursing home with four cottages each home to 20 people, and 40-bed Timothy R. McCormick Transitional Care Center which serves a population of residents that require short term stays for restorative rehabilitation to regain functional independence.

ElderONE

ElderOne is a PACE program designed to help older adults continue to stay in the familiar surroundings of their own homes as they age and their physical abilities decline. The ElderOne team of professionals works with patients and their families to arrange for and monitor all the medical, social and daily living supportive services needed to stay well, be safe and live life as fully as possible. Services are either provided at the patient’s home or at one of Rochester Regional’s three ElderONE PACE Centers.

Lifetime Care

Acquired in October 2019, Lifetime Care is a provider of certified home health, hospice and private duty nursing services. Lifetime Care serves 33,000 patients in home and home-like settings in the Rochester and Finger Lakes region including the counties of Monroe, Wayne, Seneca, Cayuga, Yates, Schuyler, Ontario and Livingston. Primary in-home services include skilled nursing, rehabilitation therapies, medical social work, infusion therapies and home health aide services. In the counties of Monroe, Wayne, and Seneca, Lifetime Care provides comprehensive hospice care in the home, at skilled nursing facilities, and at the Hildebrandt Hospice Care Center.

Behavioral Health Network

With five locations, Behavioral Health Network, Inc. (the “Behavioral Health Network”) treats mental and behavioral health conditions in adults, children, adolescents and seniors. Through the inpatient and outpatient facilities, the Behavioral Health Network provides comprehensive behavioral health services and dedicated mental health and substance abuse professionals, working to help patients and families achieve their full potential to live and work.

Housing Affiliates

Rochester Regional’s Housing Affiliates division is an unincorporated group of six companies affiliated with the System that own and operate senior living facilities in Greece and Rochester. The Housing Affiliates Division includes three HUD facilities, two tax-credit facilities, and Unity Aging Services, Inc., which provides administrative services to the associated Housing Affiliate companies as well as other like housing facilities in the Rochester community.

ACM Medical Laboratory

ACM Global Laboratories, an affiliate of the Corporation, is one of the largest global independent central labs in the industry. ACM is College of American Pathologists (“CAP”) and Substance Abuse and Mental Health Services Administration (“SAMHSA”) certified. The company delivers high-quality laboratory testing and diagnostic lab services in support of both clinical trials research, toxicology and individual patient care. ACM performs more than 20 million laboratory tests each year—spanning all medical disciplines including pathology, microbiology, molecular diagnostics, toxicology, and more. DrugScan, which joined ACM in January 2018, is a national toxicology laboratory that delivers a range of solutions to improve patient care; from medical management and drug testing to enhancing pharmaceutical drug development through Category 1 abuse-deterrent studies. DrugScan has been certified by SAMHSA since 1989.

The Project

A portion of the proceeds of the Bonds will be used, together with other moneys available, for the financing and reimbursing of all or a portion of a project (the “Project”), consisting of the Unity Project, the RGH Project, the UMMC Project, the Geneseo Project and the Penn Fair Project, each as described below:

The Unity Project consists of the acquisition and installation in and around Unity, of certain equipment, including (a) magnetic resonance imaging, computerized tomography and other imagery equipment and (b) certain items of routine capital equipment and other tangible personal property.

The RGH Project consists of the acquisition and installation in and around RGH, of certain equipment, including (a) magnetic resonance imaging, computerized tomography and other imagery equipment, (b) equipment for the neonatal intensive care unit, operating and postpartum rooms and (c) certain items of routine capital equipment and other tangible personal property.

The UMMC Project consists of the acquisition and installation in and around UMMC, of certain equipment, including (a) the acquisition and implementation of system-wide integrated electronic medical record software system, to replace existing software systems, (b) equipment to increase chiller capacity, generators, morgue facility and patient access improvements, (c) magnetic resonance imaging, computerized tomography and other imagery equipment and (d) certain items of routine capital equipment and other tangible personal property.

The Geneseo Project consists of the construction of an approximately 50,000 square-foot medical facility in Geneseo to be used for primary care, cardiology, ear, nose and throat care, urology, imaging, laboratory services and shell space for future growth and the acquisition and installation in and around such improvements of certain items of machinery, equipment and other tangible personal property.

The Penn Fair Project consists of: (i) the construction of an approximately 30,000 square-foot medical facility in Penfield to be used for primary care, pediatrics, urgent care and laboratory services and (ii) the acquisition and installation in and around such improvements of certain items of machinery, equipment and other tangible personal property.

Medical Staff and Physician Strategy

Medical Staff

As of December 31, 2019, Rochester Regional had 2,632 active Medical Staff members, including 816 employed physicians, 756 staff physicians and 1,060 physician assistants and medical support staff. The table on the following page presents a summary by clinical specialty of the physician component of the Medical Staff.

Physician Composition as of December 31, 2019

Department	Physicians	Average Age	% Board Certified
Anesthesia	84	51	96%
Cardiac Services	76	52	93%
Emergency Medicine	101	47	92%
Family Practice	117	48	89%
Medicine	484	50	87%
Neurology	48	48	96%
OB/GYN	86	51	93%

Physician Composition as of December 31, 2019

Department	Physicians	Average Age	% Board Certified
Ophthalmology	43	54	95%
Orthopedics and Podiatry	46	52	80%
Pathology and Lab Medicine	26	49	100%
Pediatrics	148	51	92%
Physical Medicine and Rehab	12	47	91%
Psychiatry	42	56	93%
Radiation	103	52	98%
Radiation Oncology	6	49	100%
Surgery	<u>150</u>	<u>53</u>	<u>87%</u>
Total	1,572	51	90%

The System's physician staff for the periods ending December 31, 2017, 2018, and 2019 is shown in the following table:

	Total Active Physician Staff		
	December 31,		
	2017	2018	2019
Employed Physicians	772	809	816
Staff Physicians	<u>807</u>	<u>788</u>	<u>756</u>
Active Physician Staff	<u>1,579</u>	<u>1,597</u>	<u>1,572</u>

The System's total Medical Staff for the periods ending December 31, 2017, 2018, and 2019 is shown in the following table:

Year Ending December 31,	All Medical Staff	Excluding NP, PA, CRNA, CNM
2017	2,525	1,579
2018	2,629	1,597
2019	2,632	1,572

Physician Strategy

Rochester Regional has developed a comprehensive physician strategy which management believes offers a range of models for community physicians to align with the Hospitals and the System to achieve clinical and financial integration. These models include:

- Private practice support in which the System might provide back-office support to physicians with admitting privileges at the Hospitals;
- Joint ventures such as GRIPA, the nearly 1,400-physician, clinically integrated physician-hospital organization of which the Corporation is a 50% owner; and

- Direct employment, which is the model used for Rochester Regional physician practices, which operate 100+ practices in Monroe, Genesee, Wayne, Ontario and surrounding counties

Rochester Regional is responsible for recruiting physicians for all Affiliates, among other activities, and is in the process of recruiting new medical staff members. Management believes Rochester Regional offers physicians an attractive alternative to an academic medical center setting.

Educational Programs

The System hosts students from numerous colleges and universities. Students from over 100 specialty programs in associate, baccalaureate, masters and doctoral degree programs throughout New York State and beyond partake in clinical experiences at Rochester Regional. In addition to clinical specialties such as medicine, nursing, optometry, physical therapy and pharmacy, additional student specialties include art therapy, Clinical Pastoral Education, Dietetics and Nutritional Care, Exercise & Sport Sciences, Social Work and Therapeutic Recreation. The variety of clinical experiences offered allows the System to deliver the holistic care required by the diverse population it serves.

Rochester Regional affiliated medical schools include University of Rochester School of Medicine and Dentistry, Lake Erie College of Osteopathic Medicine, Saba School of Medicine, Ross University School of Medicine, the American University of the Caribbean, the American University of Antigua, and SUNY Upstate. Students rotate into all of the Hospitals, as well as numerous ambulatory facilities.

Graduate Medical Education Programs:

Approximately 400 residents and fellows in 28 residency and fellowship programs train within Rochester Regional for all or part of each year. RGH administers seven residency programs: Internal Medicine, Obstetrics & Gynecology, Diagnostic Radiology, Interventional Radiology, General Practice Dentistry, and Podiatric Medicine and Surgery, with the addition of Psychiatry beginning in July, 2021. RGH also administers fellowships in Cardiology, Clinical Informatics, Hematology-Oncology, Hospice and Palliative Medicine, with the addition of Gastroenterology, Infectious Disease, Nephrology, and Neuroradiology coming in July, 2021. Unity administers residencies in Internal Medicine and Preliminary Medicine and an Endocrinology fellowship, with the addition of a residency in Physical Medicine and Rehabilitation coming in July, 2022. UMMC administers a residency in Family Medicine and a fellowship in Sports Medicine. RGH also provides rotations for Hematology-Oncology fellows from Roswell Park Cancer Institute in Buffalo, NY (nine fellows yearly), as well as Gastroenterology and Cardiology fellows from Arnot Ogden Medical Center (four fellows per year from each program). In February, 2021, the System will begin hosting emergency medicine residents from Arnot Ogden Medical Center (12 residents). Rochester Regional trains more than 100 residents and fellows of programs administered by the University Of Rochester Medical Center in Allergy & Immunology, Family Medicine, General Surgery, Hematology-Oncology, Neurosurgery, Ophthalmology, Oral and Maxillofacial Surgery, Pathology, Pediatrics, Perinatal/Neonatal Pediatrics, and Plastic Surgery.

Nursing Education Programs:

Undergraduate nursing students care for individual patients and families through clinical groups, participate in observational experiences throughout the inpatient, outpatient and long-term care settings, and work one-on-one with experienced nurses through capstones placements. Nurse practitioner, certified nurse midwife, clinical nurse specialist, and certified registered nurse anesthetist students are paired with masters and doctoral-prepared advanced practice nurses. These graduate students work side-by-side with Rochester Regional nurse experts while developing educational programs, and conducting evidence-based practice and research projects. The System is currently affiliated with the following educational programs for CNA Training Programs, LPN Training Programs, & RN Programs for Associates, Bachelor's and Master's degrees, among other nursing education programs:

Affiliated Nursing Education Programs

Adelphi University	Niagara University
Benedictine University	Nursing Consulting Partners
Boces Genesee Valley	REOC - Rochester Educational Opportunity Center
BOCES Wayne Finger Lakes Canton	Roberts Wesleyan
Castleton University	Rochester Institute of Technology
Chamberlain University	Samford University
Cleveland Clinic	St Xavier University School of Nursing
D'Youville College	St. John Fisher College
Daemen College	SUNY Alfred
Drexel University	SUNY Binghamton
Elmira College	SUNY Brockport
Finger Lakes Community College	SUNY Buffalo
Finger Lakes Health College of Nursing	SUNY Delhi
Finger Lakes Home Care	SUNY Downstate University
Frontier University	SUNY Empire State College
Genesee Community College	SUNY Plattsburgh
George Washington University	SUNY Polytechnic Institute
Grand Canyon University	SUNY State Medical University
Isabella Graham Hart School of Practical Nursing	SUNY Stony Brook
Keuka College	SUNY Upstate
Marion S. Whelan School of Practical Nursing	Trocaire College
Monroe Community College	University of Delaware
Nazareth College	University of Delphi
	University of Rochester
	Walden University

Source: Rochester Regional

Allied Health Education Programs:

The System currently offers the following Allied Health Education Programs:

Allied Health Education Programs

Dietician Program	Physical Therapy Programs
Health Information Technology	Physician Assistant Programs
Laboratory Medical Technician	Radiology & Nuclear Medicine Program
Laboratory Phlebotomist Program	Radiation Therapy Program
Medical Assistant	Respiratory Therapy Program
Medical Technologist	Social Work Affiliated Programs
Occupational Therapist Programs	Speech & Language Pathology Programs
Pharmacist Programs	Ultrasound Program
	Other Allied Health Education Programs

Source: Rochester Regional

The System is currently affiliated with the following health education programs:

Affiliated Health Education Programs

A.T. Still University	Jamestown Community College	SUNY Buffalo State
Albany College of Pharmacy	Kent State University	SUNY Cortland
Alfred University	Keuka College	SUNY Downstate
American University of the Caribbean	Kings College	SUNY Fredonia
Anderson University	Laboure College	SUNY Oneonta
Arcadia University	LECOM	SUNY Oswego
Birthwise Midwifery	LeMoyne College	SUNY Plattsburgh
BOCES Monroe #1	Long Island University	SUNY Polytechnic Institute
Broome Community College	Marywood University	SUNY Stony Brook
Bryant & Stratton College	Massachusetts College of Pharmacy	SUNY Upstate
Calvin College	Medaille College	SUNY Utica
Canisius College	Mercy Flight Central Inc.	Syracuse University
Capella University	Metropolitan State University	Take Two Program
Catholic University of America	MidWestern University	Teleflex
Central Orleans Vol Ambulance	Monroe Community College	Thomas College
Chatham University	Mount Saint Mary College	Touro University Nevada
Clarkson University	Nazareth College	Trocaire College
College of Saint Rose	New York University	Tufts University
Cortland	NOVA Southeastern University	U of R Warner Graduate School
Cox College	Ohio Northern University College of Pharmacy	University of Cincinnati
D'Youville College	PA College of Technology	University of Findlay
Daemen College	Paul Smith's College	University of Florida
Duquesne University	Philadelphia University	University of Illinois
Eastern Virginia Medical School	Priority Nutrition Care LLC	University of Medicine & Dentistry of New Jersey
Edinboro University of Pennsylvania	Roberts Wesleyan	University of New England
Elmira College	Rochester Business Institute	University of North Carolina at Chapel Hill
Erie Community College	Rochester General College of Health Careers	University of Penn
Towson University	Rochester Institute of Technology	University of Pittsburgh
Everest Institute	Rocky Mountain University of Health Professions	University of Rhode Island, College of Pharmacy

Finger Lakes Community College
Fordham University
Frontier Nursing University
Frontier School of Midwifery

Gannon University

Genesee Community College
Genesee Valley Educational
Partnership
George Washington University
Georgia Southern University
Grand Canyon University
Hartwick College

Healthstream
Highland Hospital

Home Care Plus
Houghton College

Husson University
Indiana State University
Ithaca College

Ross School of Medicine
Rowan University
Saba School of Medicine
Sage Colleges

Sanford Brown Institute

Seton Hall
Simmons University

South College
South University
Southern Technical College
St. Bonaventure University

St. Francis University
St. John Fisher College

Stevenson University
SUNY Alfred

SUNY Binghamton
SUNY Brockport
SUNY Buffalo

University of Rochester
University of Saint Joseph
University of Scranton
University of Southern
California
University of the Sciences
in Philadelphia
Utah State University
Utica College

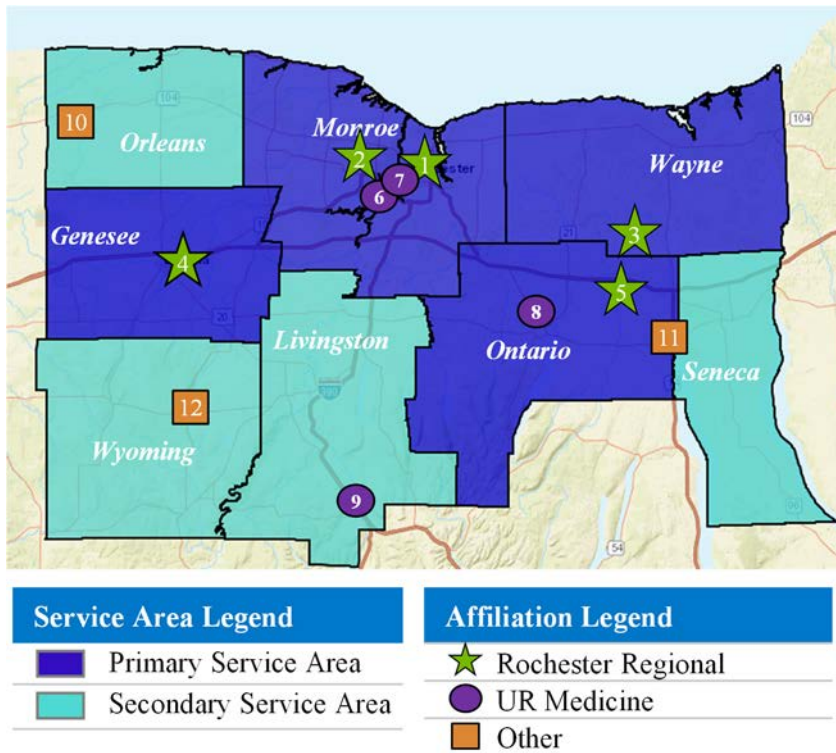
Walden University
Wayne Finger Lakes Boces
WEB WOC
Wellness Workdays Dietetic
Internship, Inc.
Wells College
West Virginia School of
Osteopathic Med
Widener University
William Carey University of
Osteopathic Medicine
Yale University

Source: Rochester Regional

Service Area

Rochester Regional offers primary, secondary and tertiary levels of care to the greater Finger Lakes region of New York State. Rochester Regional’s Primary Service Area (“PSA”) consists of Monroe, Genesee, Ontario and Wayne Counties, for which Rochester Regional provides the full spectrum of primary, acute and chronic care services. Rochester Regional provides secondary care in the surrounding Secondary Service Area (“SSA”), consisting of Livingston, Orleans, Seneca and Wyoming Counties.

Rochester Regional – Competitive Landscape



Source: ESRI Business Analyst

Map Legend			
<u>Hospital</u>	<u>Beds</u>	<u>Hospital</u>	<u>Beds</u>
1) RGH*	528	7) Highland Hospital	261
2) Unity*	351	8) F.F. Thompson Hospital	113
3) NWCH*	120	9) Nicholas H. Noyes Memorial Hospital	67
4) UMMC*	133	10) Medina Memorial Hospital	39
5) CSHC*	154	11) Geneva General Hospital	117
6) Strong Memorial Hospital	886	12) Wyoming County Community Hospital	62

Source: NYS Department of Health; American Hospital Directory

*Member of the Obligated Group.

Population and Demographic Trends

In 2019, the estimated population for the PSA was 998,745, and the combined population for the PSA and SSA was 1,175,886.

Historical Population Growth

By Market Area	2010	2019 (Est.)	% CAGR '10 – '19
Primary Service Area	1,006,126	998,745	(0.1%)
Secondary Service Area	185,682	177,141	(0.5%)
Total Market Area	1,191,808	1,175,886	(0.1%)

By Age Group	2010	2019 (Est.)	% CAGR '10 – '19
0 - 14	216,019	195,895	(1.1%)
15 - 44	467,685	446,622	(0.5%)
45 - 64	338,787	316,581	(0.8%)
65 - 84	142,442	187,879	3.1%
85+	26,875	28,909	0.8%
Total	1,191,808	1,175,886	(0.1%)

Source: US Census Bureau

Market Share Data

Rochester Regional has a prominent presence in its PSA, capturing 54.7% of adult inpatient discharges in 2018.

Hospital	Acute Beds	FY 2018 PSA Discharges	PSA Market Share
RGH⁽¹⁾	528	28,068	28.1%
Strong Memorial Hospital (“URMC”) ⁽²⁾	886	24,084	24.1%
Unity⁽¹⁾	351	16,814	16.9%
Highland Hospital ⁽²⁾	261	13,226	13.3%
NWCH⁽¹⁾	120	4,846	4.9%
FF Thompson Hospital ⁽²⁾	113	4,056	4.1%
UMMC⁽¹⁾	133	3,180	3.2%
CSHC⁽¹⁾	154	1,684	1.7%
Geneva General Hospital	117	1,585	1.6%
Other Hospitals	-	<u>2,221</u>	<u>2.2%</u>
Total PSA		99,764	100.0%

Source: NYS DOH SPARCS data

(1) Member of Rochester Regional. (2) Member of UR Medicine.

Hospitals Utilization

The following chart sets forth utilization statistics for the Hospitals for the years ended December 31, 2017, 2018, and 2019, and for the eight months ended August 31, 2019, and 2020. COVID-19 had a significant impact on utilization for the period ended August 31, 2020 compared to the period ended August 31, 2019, which is discussed in Management's Discussion of Recent Utilization and Financial Performance.

	Year Ended December 31,			Eight Months Ended August 31,	
	2017	2018	2019	2019	2020
Licensed Acute Beds	1,286	1,286	1,286	1,286	1,286
Inpatient Indicators					
Discharges by Service					
Medical & Cardiology	31,533	35,894	35,055	23,691	21,117
Surgery	14,178	15,169	15,610	10,282	9,415
OB/Gyn	4,971	5,306	5,259	3,536	3,338
Pediatric Medicine	5,285	5,467	5,554	3,683	3,316
Total Acute Care Discharges	55,967	61,836	61,478	41,192	37,186
Rehab Unit Discharges	771	927	982	668	372
Psychiatry Discharges	2,177	2,127	2,183	1,465	1,234
Total Inpatient Discharges	58,915	64,890	64,643	43,325	38,792
Observation Visits & Cardiology Extended Recovery	16,480	16,772	17,635	11,929	8,494
Acute Care Patient Days	245,808	284,156	294,831	197,759	177,304
Acute Care Length of Stay	4.39	4.60	4.80	4.80	4.77
Outpatient Indicators					
Cath Lab Cases	4,504	4,853	5,626	3,684	3,123
Dialysis Treatments	127,024	136,349	129,450	87,694	81,421
Emergency Department Visits	234,268	256,092	274,035	162,656	121,433
Endoscopy Procedures	20,523	20,318	21,130	13,965	8,884
E. P. Lab Cases	3,032	3,222	3,499	2,317	1,865
Oncology Treatments	46,486	63,219	61,258	40,618	33,776
Outpatient OR	28,035	28,977	30,394	20,658	15,548
Therapies	80,049	76,561	77,542	51,467	20,011
Radiology Procedures	148,231	143,506	154,466	102,767	75,219
Medical Group Encounters	1,917,493	2,085,458	2,223,996	1,475,407	1,377,652

Summary of Historical Financial Performance

The following consolidated statements of revenue and expenses and balance sheets for the years ended December 31, 2017, 2018 and 2019 are derived from the audited consolidated financial statements of the System. This information should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2019 and 2018 together with the Report of Independent Auditors, which are included in Appendix B of this Official Statement. As of December 31, 2019, the Obligated Group represented 85% of System total revenues and 87% of System total assets.

The following consolidated statements of revenue and expenses and balance sheets for the eight-month periods ended August 31, 2019 and 2020 are derived from the unaudited consolidated internal financial statements of the System. Financial results for the eight-months ended August 31, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. COVID-19 had a significant impact on financial performance for the period ended August 31, 2020 compared to the period ended August 31, 2019, which is discussed in “Management’s Discussion of Recent Utilization and Financial Performance” herein.

Accounting Pronouncements

Non-operating other revenues and expenses for 2019 were significantly greater than 2018 due to the prospective adoption of Accounting Standard Update (ASU) 2016-01 Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. Pursuant to the adoption of the standard in 2019, the System included approximately \$38 million of unrealized gains on investments within non-operating revenue, which had historically been excluded from non-operating revenue. Excluding that effect, non-operating other revenues for 2019 were greater than 2018 due to significant realized gains and investment income recognized. The performance of the market negatively impacted the realized gains and investment recognized in 2018, however, the income recognized in 2019 and 2017 are consistent.

The standard also requires the System to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value. As a result of the adoption, the System recorded an aggregate increase in investments and assets whose use is limited and net assets without donor restrictions in its consolidated balance sheet of approximately \$28 million as of January 1, 2019.

The System adopted ASU 2016-02, Leases, on January 1, 2019, using a modified retrospective approach. ASU 2016-02 requires lessees to recognize assets and liabilities on the consolidated balance sheets for leases with lease terms greater than twelve months. The impact of adoption on the consolidated financial statements was an increase on January 1, 2019 in assets to record right of use assets and an increase in current and non-current liabilities to record lease obligations for operating leases of approximately \$124 million, representing the present value of remaining lease payments for operating leases. The adoption of ASU 2016-02 was not material to total revenue, gains, and other support without donor restrictions, excess of revenues over expenses, or total net assets.

Rochester Regional Consolidated Statements of Revenue and Expenses

(\$ in thousands)	Year Ended December 31,			Eight Months Ended August 31,	
	2017	2018	2019	2019	2020
				(Unaudited)	(Unaudited)
<u>Unrestricted Revenues</u>					
Net Patient Service Revenue	\$1,896,448	\$2,009,572	\$2,102,633	\$1,386,631	\$1,308,409
Capitation Fees	67,107	74,589	73,306	49,659	50,331
Other Revenues, Gains, and Other Support	95,924	101,773	101,211	63,465	54,112
CARES Act and/or Provider Relief Funding	-	-	-	-	130,053
Net Assets Released from Restrictions for Operations	2,817	3,460	3,977	2,241	2,435
Total Unrestricted Revenues	2,062,296	2,189,394	2,281,127	1,501,996	1,545,340
<u>Expenses</u>					
Salaries and Wages	982,250	1,043,143	1,102,131	711,322	786,506
Employee Benefits	195,527	223,231	212,970	141,345	160,050
Professional Fees	211,252	214,284	231,677	159,893	177,003
Purchased Services and Supplies	494,200	541,974	570,610	370,246	354,132
Depreciation and Amortization	87,784	86,852	86,849	61,961	63,296
Malpractice and Workers' Compensation	14,226	19,469	12,596	17,526	16,798
Interest Expense	25,018	23,951	22,982	15,377	15,123
Other Expenses	6,775	5,945	5,620	2,241	2,435
Total Expenses	2,017,032	2,158,849	2,245,435	1,479,911	1,575,343
Operating Income (Loss) Before Other Items	45,264	30,545	35,692	22,085	(30,003)
Inherent Contribution	-	-	13,002	-	-
Housing Divestiture Gain	-	27,441	-	-	-
Asset Impairment Charges	-	(10,406)	(6,201)	-	-
Change in Accounting Estimates	-	(11,620)	(4,997)	-	-
Income (Loss) from Operations	45,264	35,960	37,496	22,085	(30,003)
Income Tax (Expense) Benefit	(4,436)	1,916	(658)	137	964
<u>Non-Operating Revenue (Expense)</u>					
Other Components of Net Periodic Pension Cost	(5,590)	(5,812)	(10,777)	(7,185)	(5,753)
Other Non-Operating Gains, Net	262	367	198	170	112
Non-Controlling Interest in Net Gains of Affiliates	271	213	212	118	177
Investment Income, Net	18,661	6,203	57,938	31,041	18,562
Total Non-Operating Revenue, Net	13,604	971	47,571	24,144	13,098
Excess (Deficiency) of Revenue Over Expenses	\$54,432	\$38,847	\$84,409	\$46,366	\$(15,941)

Rochester Regional Consolidated Balance Sheet

(\$ in thousands)	December 31,			Eight Months Ended August 31,	
	2017	2018	2019	2019	2020
				(Unaudited)	(Unaudited)
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$126,406	\$170,705	\$149,153	\$134,711	\$216,182
Investments	122,268	124,016	139,329	137,182	144,818
Current portion of assets whose use is limited	36,977	35,442	70,051	70,011	200,552
Patient accounts receivable	170,871	161,974	171,929	176,972	140,989
Estimated third-party payor receivables	18,384	12,785	13,605	12,350	10,710
Pledges receivable, net	7,455	9,082	9,679	9,679	9,679
Inventories	14,962	16,203	21,540	18,600	27,511
Prepaid expenses and other	45,415	38,608	52,573	43,389	59,793
Total Current Assets	542,738	568,815	627,859	602,894	810,234
Assets whose use is limited:					
Funds held by bond trustees	164,277	128,685	72,754	98,712	27,847
Board designated funds	293,178	289,627	348,844	310,811	367,650
Assets held for self-insurance programs	82,754	89,353	97,181	91,820	97,910
Escrow funds	3,680	4,480	4,485	4,497	4,951
Donor restricted	64,712	66,167	88,025	77,561	88,514
Deferred compensation	11,461	7,479	8,221	7,023	7,212
Total assets whose use is limited, net of current portion	620,062	585,791	619,510	590,424	594,084
Property and equipment, net	949,576	936,901	1,040,425	988,214	1,122,970
Other assets:					
Goodwill	39,505	38,975	36,354	38,111	36,354
Estimated third-party payor receivables, net	4,572	5,092	2,110	5,919	2,780
Insurance recoveries receivable	23,195	19,701	14,440	20,322	14,488
Pledges receivable, net	21,176	18,872	15,072	18,335	14,781
Operating leases - right of use assets	-	-	105,215	109,248	90,841
Other	27,782	20,348	25,981	22,334	26,175
Total Assets	\$2,228,606	\$2,194,495	\$2,486,966	\$2,395,801	\$2,712,707

Rochester Regional Consolidated Balance Sheet

(\$ in thousands)	<u>December 31,</u>			<u>Eight Months Ended</u> <u>August 31,</u>	
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
				(Unaudited)	(Unaudited)
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	\$99,535	\$96,782	\$105,835	92,585	126,333
Accrued salaries, vacation, payroll taxes	78,483	82,475	96,321	91,018	116,568
Accrued expenses, interest payable and other	83,746	98,922	112,769	132,216	290,063
Estimated third-party payor payables	50,564	40,112	46,450	38,304	51,072
Current portion of long-term debt	26,350	33,211	26,359	43,859	24,534
Current portion of operating lease liabilities	-	-	22,595	22,117	20,491
Total current liabilities	338,678	351,502	410,329	420,099	629,061
Long-term liabilities:					
Long-term debt, net	692,338	622,169	619,260	610,907	603,078
Long-term operating lease liabilities, net	-	-	82,885	87,131	69,186
Interest rate swap contract	1,119	-	-	-	-
Accrued pension and postretirement benefits	424,496	373,142	512,645	368,986	509,284
Accrued insured and self-insured liabilities	133,047	134,208	126,534	134,651	124,529
Estimated third-party payor payables, net	141,757	138,737	148,766	139,080	176,372
Deferred compensation	10,870	6,893	6,685	5,870	4,935
Other	10,577	11,194	11,108	10,733	35,900
Total long-term liabilities	1,414,204	1,286,343	1,507,883	1,357,358	1,523,284
Total liabilities	1,752,882	1,637,845	1,918,212	1,777,457	2,152,345
<u>Net Assets</u>					
Without donor restrictions	381,504	461,479	453,871	521,041	447,984
Non-controlling interest in net assets of affiliates	4,089	3,894	3,940	3,815	3,912
Total net assets without donor restrictions	385,593	465,373	457,811	524,856	451,896
With donor restrictions	90,131	91,277	110,943	93,488	108,466
Total net assets	475,724	556,650	568,754	618,344	560,362
Total Liabilities and Net Assets	\$2,228,606	\$2,194,495	\$2,486,966	\$2,395,801	\$2,712,707

Management's Discussion of Recent Utilization and Financial Performance

Response to COVID-19

General: The COVID-19 pandemic is a global health concern, having a far-reaching impact, with the health care industry and hospitals and health systems severely affected. Rochester Regional's response to the pandemic was swift and strategic and continues today.

Rochester Regional began organizing and preparing for the onset of COVID-19 in late January 2020 with the System workgroups coalescing subsequently into a System Incident Command Center (the "SICC") structure in early March. The SICC is led by the System Chief Medical Officer (CMO) and Chief Quality Officer (CQO). The SICC is a multi-disciplinary group including representation from regulatory, risk management, supply chain, finance, communications, infection prevention, infectious disease, and safety. The System's acute care facilities, ambulatory network, education/training network, and extended care network (long-term care, home care, PACE programs), health informatics, Information Technology, system laboratory services also operate incident command structures that report up to the SICC at a regular cadence. The SICC provides regular updates to the Executive Management Council (EMC) which includes the System Chief Executive Officer, Chief Administrative Officer/Chief Legal Counsel, Chief Financial Officer, Chief Information Officer and Chief Human Resources Officer.

The operational impact of COVID-19 has been severe in New York State, which quickly became the epicenter of the pandemic in the United States. As the cases began to rise in the United States and particularly in New York (especially downstate), the guidance from the Centers for Disease Control (the "CDC") and regulatory agencies continued to be modified and updated to meet demand, sometimes on an hourly basis. Governor Cuomo has issued over 50 Executive Orders during the COVID-19 pandemic. These executive orders associated with healthcare span acute care, ambulatory, education/training, licensure/certification/privileging and scope of practice, long-term care, telemedicine, mental health, governance, laboratory, pharmacy, insurance finance, and more. Rochester Regional addressed these regulations and incorporated the most updated guidance in the response to ensure coordination and consistency across the enterprise.

Supply Chain: Rochester Regional began to see constraints in the supply chain, particularly with respect to protective masks, as early as March. The System promptly responded by immediately increasing the volume of sourcing supplies as well as broadening the scope of searches. In addition to challenges in securing personal protective equipment ("PPE"), the supply chain was strained for critical hospital equipment such as ventilators, dialysis machines and beds as Rochester Regional prepared for a potential surge of COVID-19 patients. In July, the State issued a regulation requiring hospitals and long-term care facilities to maintain stockpiles for all appropriate PPE. Rochester Regional has worked diligently with its supply chain leadership and team to ensure Rochester Regional has all adequate supplies to keep its employees and patients safe.

Changing Models of Care: Beginning in March 2020, restrictions imposed as a result of the COVID-19 pandemic including the "NY on PAUSE" order, local state of emergency declaration, and cancellation of elective health care services began affecting System volumes and corresponding revenues. Throughout the regulatory landscape and evolving nature of the pandemic, Rochester Regional has not only met and surpassed the requirements but also continued

to innovate. At the same time, Rochester Regional took key steps to help ensure the safety of its community and team members by:

- Shifting majority of visits to telehealth by rapidly expanding the network to offer the service to patients.
- Being first in the region to offer drive through evaluation sites. The sites are designed for evaluation, triage, and testing to ensure appropriate patient education and follow-up are completed.
- Developing ways to monitor patients initially not eligible for testing with an online application for symptoms and direct connection with a clinician should they need it. A call-center was reengineered to route patients to information, care, and appropriate triage.
- Coordinating services for all clinical offices – employed and private practices who affiliate with Rochester Regional to facilitate the implementation of updated guidelines
- As testing became more widely available, Rochester Regional shifted to more sustainable processes, utilizing trailers for high volume sites, as well as Immediate Care and Urgent Care locations. This allows Rochester Regional to ensure continued safe evaluation of symptomatic patients while bringing testing closer to the patient
- Increasing availability of employee health and occupational health care services to answer questions initially 24/7 for Rochester Regional team members, with subsequent hours adjusted to meet demand.
 - This included adding processes when Governor Cuomo issued Executive Order 205 on June 24, 2020, which among other things, resulted in the New York State Department of Health issuing regulations requiring essential workers to get tested prior to returning to work after travel to a restricted state. Rochester Regional took a proactive approach instructing employees to call the Employee Hotline for any travel out of state and to arrange for testing to minimize interruption in work and help employees comply with the executive order and regulations.
- Development of a re-deployment and just-in-time training team for employees – clinical and non-clinical.
- Development of a market place model for staff whose offices were closed and were eligible to be redeployed to avoid furloughs and keep team members employed and working.
- Rochester Regional developed and implemented technology for screening all employees for symptoms prior to the start of their shift. This technology has been deployed across the System. When visitation re-opened, as part of the guidance issued on June 17, 2020 by the New York State Department of Health, Rochester Regional was required to implement an electronic tracking system for all visitors entering acute care facilities. This was developed, tested and deployed within a week.

Testing: On March 14, 2020 (four days after the first positive case was identified in Monroe County) Rochester Regional became the first health system in the region to offer lab-developed testing approved by the New York State Department of Health with subsequent expansion to automated testing for COVID-19. As of September 15, 2020, Rochester Regional had performed over 140,000 tests. The initial lab-developed testing assay required manual extraction of every sample conducted by the Rochester Regional lab with 24/7 support and supervision by the laboratory directors. Rochester Regional responded to the increasing demand and requirement to maintain consistency with clinical standards and regulatory mandates. As additional platforms and

reagents became available, Rochester Regional quickly ramped up testing capacity up to 900-1,000 tests per day at the peak. Rochester Regional has continued to employ any and all available methodologies for testing and maintained updated clinical guidelines to maximize testing capacity to serve the community. Throughout the pandemic Rochester Regional has managed to ensure consistent and timely results with most routine tests being returned within 24 hours and urgent (stat) results available within 4-6 hours of a sample being received in the lab. On May 10, 2020, Governor Andrew Cuomo issued an executive order mandating twice weekly testing for all long-term care employees which significantly increased the volume of testing. Rochester Regional rapidly worked to bring this volume of testing in-house versus sending to an outside lab to provide more timely and actionable results. This also avoided continued cost to the organization as this mandate has continued with the frequency reduced to once a week.

Surge Planning: On March 23, 2020, Governor Andrew Cuomo announced an executive order requiring hospitals to increase capacity by 50%. Within Monroe County, Rochester Regional and the other health system serving the region came together to coordinate increasing capacity among all of their respective facilities by 100% as well as planning for an alternative care site (such as a field hospital) should one be required in the area. The surge plan was coordinated with all five Rochester Regional hospitals with detailed plans by phases of surge as defined with the community. If executed to the fullest level, this surge plan would have added over 1,000 beds in the county health system requiring additional critical equipment, staff, and resources. To ensure preparedness, Rochester Regional planned for purchasing equipment based on the highest critical needs with the phase of search. To date, the financial impact of surge preparedness is approximately \$11 million in additional expense.

In addition to creating bed capacity within its hospitals, Rochester Regional prepared its St. Mary's facility, an underused, former hospital building, to create additional bed capacity.

- The entire plan was operationalized and completed within two weeks, including the allocation of resources and staff training.
- The cost of making the St. Mary's facility available for use in the event of a surge was \$1.75 million.

In July 2020, looking ahead to the fall and winter months, Rochester Regional began a Wave 2 planning, using the incident command structure and developing governance and oversight of key work streams. This work is allowing Rochester Regional to ensure a coordinated and integrated response while working to mitigate business interruption and emphasize stewardship of resources.

Long-term Care, Home-Care and Adult Day Programs: Long-term care and extended care operations saw attention from regulations and heightened awareness of a vulnerable population. Rochester Regional implemented robust infection prevention practices and compliance with all updated regulations to ensure the safety of participants, residents, and team members. With the implementation of these best practices, Rochester Regional has seen limited cases of COVID-19 and ensured continued safety.

The long-term care incident command continues to meet weekly to monitor and ensure cases, employee safety across the organization.

Community Engagement: Rochester Regional engaged with University of Rochester Medical Center, Common Ground Health, and the Monroe County Health Department on a health screening tool that could help prevent further spread of COVID-19 throughout Greater Rochester and the Finger Lakes Region. ROCCOVID is a health survey in which community members answer whether or not they have symptoms associated with COVID 19. The data is collected and analyzed to determine where potential ‘hotspots’ are. Other community engagement opportunities include donations and partnerships with area businesses for equipment and supplies such as:

- Century Mold – creation and donation of face shields
- Hickey Freeman – donations of homemade masks
- Hallagan Furniture – mask donation
- Hadlock Paints – mask donation
- Fleet Feet – sneaker donation
- Homemade mask donation from various community members
- Food donations from various local restaurants

In addition to community partnerships, Rochester Regional has provided frequent information and updates to patients and the public.

Financial Impact: Rochester Regional’s approach to addressing the financial impact of COVID-19 was founded on the same guiding parameters as its operational response: Patient, employee and physician safety are the top priority and Rochester Regional strives to be a supportive employer in very challenging times. These parameters were supplemented by additional primarily financial initiatives:

- Maximize CARES Act and/or Provider Relief Funding opportunities and enhance liquidity,
- Implement short term cost containment actions that minimize impact on employee and physician jobs and compensation; minimize the impact on Rochester Regional Strategic Growth Plans and Strategic Capital Investments
- Implement Service Line/Patient Volume Recovery Plan

CARES Act and/or Provider Relief Funding support dollars have been helpful in mitigating some of the financial impact of the COVID-19 pandemic. As of August 31, 2020, Rochester Regional had received approximately \$130 million in CARES Act and/or Provider Relief Funding monies and also received just under \$147 million of Medicare Advance payments to support liquidity needs. In April 2020, Rochester Regional also secured a \$200 million revolving bank line of credit to fund short term liquidity. As of the date of this Official Statement, Rochester Regional has not drawn down on the line.

Through August 31, 2020, Rochester Regional has experienced revenue reduction vs. budget of approximately \$229 million (approximately 13.7%) due to the impact of COVID-19 including cancellation of non-essential services at its hospitals, physician offices, ambulatory surgery centers and home care operations. In comparison with the eight-month period ended August 31, 2019, Rochester Regional has experienced a reduction in net patient care operating margin of \$137 million.

Cost containment actions and lower supply costs due to lower volumes through August 31 resulted in approximately \$58 million of savings. Cost containment actions included a hiring freeze on non-essential positions, limits/reductions on overtime and temp/contract staffing and a freeze on discretionary non-labor spending.

Over the same period, Rochester Regional incurred approximately \$27 million in operating expenses associated with responding to the COVID-19 pandemic. These costs were associated with increased use of essential PPE, surge readiness initiatives (tents, staffing and supplies), equipment purchases (including beds, ventilators and patient monitors) and personnel costs for Rochester Regional employees (staffing redeployment, emergency medical leave and additional paid time off).

In the first two months of 2020, Rochester Regional financial performance and volumes were in line with budgeted expectations. The 2020 budget anticipated a 7.6% growth in top line revenue from the prior year and a full year operating margin of 1.25%. Performance was tracking consistently towards these full-year goals before the impact of COVID-19. The decrease in revenue from March through August combined with the increased expenses associated with COVID-19 resulted in YTD August 2020 financial operating income margin below budget. The decrease in revenue from March through August combined with the increased expenses associated with COVID-19, partially offset by the \$130 million of CARES Act Provider Relief Funding resulted in Rochester Regional reporting a YTD operating loss of approximately \$30 million

2020 Monthly Operating Gain (Loss)
(*\$ in millions*)

Month	Operating Gain / (Loss)	CARES Act and/or Provider Relief Funding	COVID-19 Operating Expenses	Adjusted Operating Gain / (Loss)
January 2020	\$2.3	-	-	\$2.3
February 2020	\$1.1	-	-	\$1.1
March 2020	(\$41.4)	-	(\$1.0)	(\$42.4)
April 2020	(\$60.5)	\$23.2	(\$8.6)	(\$45.9)
May 2020	(\$36.1)	\$28.6	(\$7.8)	(\$15.3)
June 2020	(\$1.9)	\$62.7	(\$3.9)	\$56.9
July 2020	\$1.8	\$14.0	(\$3.5)	\$12.3
August 2020	\$1.1	\$1.6	(\$1.7)	\$1.0
Total	(\$133.6)	\$130.1	(\$26.5)	(\$30.0)

Rochester Regional continues to pursue additional CARES Act and/or Provider Relief Funding which has not yet been allocated or distributed by the federal government.

Rochester Regional's days cash on hand as of August 31, 2020, was 118. The August 31 level compares favorably with the December 31, 2019, level of 108. Medicare Advance funds of \$147 million are included in current portion of assets whose use is limited in the August 31, 2020

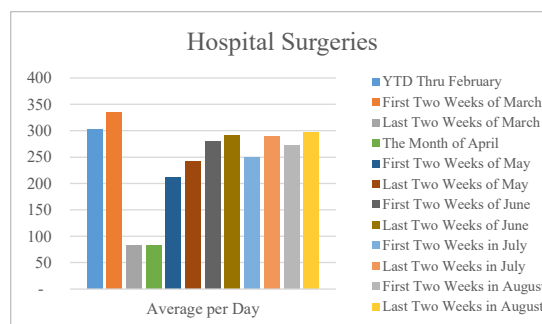
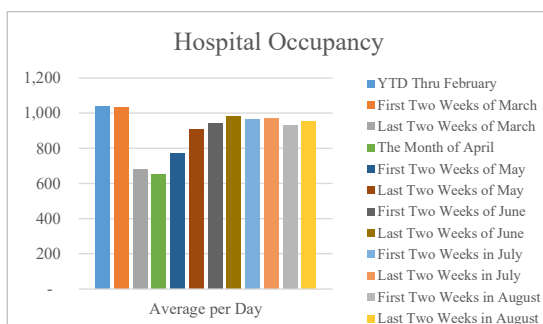
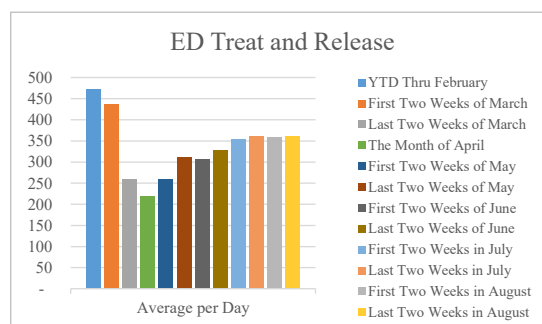
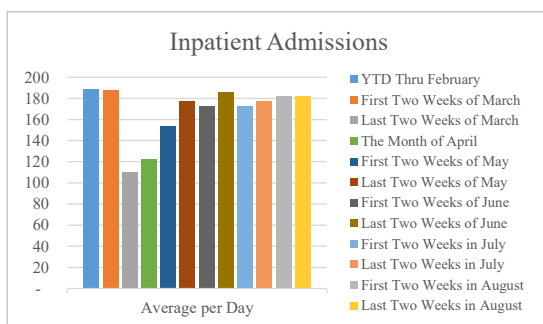
balance sheet. However, if Medicare Advance funds were included, the days cash on hand as of August 31, 2020, would be 141.

Despite the increased costs incurred due to COVID-19 incurred during a time of decreased revenue, Rochester Regional has continued to provide high quality and safe care to the community and protect its team members. Rochester Regional has coordinated efforts with local communities in the region served to marshal the resource of the health system and ensure Rochester Regional continues to deliver on its mission.

Recovery from COVID-19 Impact: While continuing to work within the operational constraints of the pandemic environment, Rochester Regional also began to prepare for its operational and financial recovery. Rochester Regional identified several key focus areas to assure that its recovery would be clear, timely and long-standing. The key areas of focus to assure a strong and lasting recovery are:

- Safely and efficiently monitor and manage COVID-19 patients
- Implement Patient Volume and Service Recovery Plans
- Continue to advocate for additional CARES Act and/or Provider Relief Funding
- Control and monitor expenses to align with volume levels and
- Continue to advance Key Strategic Capital Projects

At the end of May 2020, Rochester Regional began seeing a recovery in volumes, activities and financial performance, which has continued through August 2020. Inpatient occupancy and hospital surgery levels as of the last week of August 31, 2020 were approaching the level for the first two months of 2020. Rochester Regional’s average revenue per day as of the last week of August 31, 2020 was slightly lower than that of the first two months of 2020.



Eight Months Ended August 31, 2020 compared to Eight Months Ended August 31, 2019

Net patient service revenue, which represents over 84% of Rochester Regional's total revenue, decreased by \$78 million, or 5.6%, in the eight months ended August 31, 2020, compared to the same period in 2019. Total revenue and gains recorded year-to-date in 2020 totaled \$1.55 billion. Operating expenses of \$1.58 billion consisted of salaries and benefits of \$0.95 billion, purchased services and other supplies costs associated with the delivery of care, as well as depreciation and interest. Salaries and benefits increased by 11% over the comparative period, driven by general wage and market adjustments and the addition of headcount following the acquisition of Lifetime Care.

Rochester Regional recognized a deficit from operations before other items of \$30 million in the eight months ended August 31, 2020, a reduction of \$52.1 million from the same period in 2019. Net investment income of \$18.6 million comprised the majority of 2020 year-to-date non-operating revenue.

Total net assets decreased from \$618.3 million as of August 31, 2019, to \$560.3 million as of August 31, 2020. Total cash and cash equivalents, investments and board-designated funds increased from \$582.7 million as of August 31, 2019 to \$728.7 million as of August 31, 2020.

Fiscal Year Ended December 31, 2019 ("FY 2019") compared to Fiscal Year Ended December 31, 2018 ("FY 2018")

Rochester Regional's total inpatient discharges decreased from 64,890 in FY 2018 to 64,643 in FY 2019, an annual decrease of 0.4%. Inpatient surgeries increased 2.9% from 15,169 in FY 2018 to 15,610 in FY 2019. Acute care length of stay increased by over 4% during the same timeframe. Emergency department visits increased 7.0% from 256,092 in FY 2018 to 274,035 in FY 2019. With the continued investments and recruiting of Rochester Regional physicians, medical group encounters reached over 2.2 million in FY 2019, an increase of 6.6% from FY 2018. Rochester Regional also had volume increases in other outpatient areas, including cath lab cases, radiology and outpatient surgeries.

Net patient service revenue, which represented over 92% of Rochester Regional's FY 2019 revenue, increased by more than \$93 million, or 4.6%, from FY 2018. After other revenue and support is recognized, Rochester Regional posted FY 2019 total revenue of \$2.28 billion. Operating expenses of \$2.25 billion consisted of salaries and benefits of \$1.32 billion, purchased services and other supplies costs associated with the delivery of care, as well as depreciation and interest. Salaries and benefits increased by 3.8% over FY 2018, driven by general wage and market adjustments.

Rochester Regional recognized income from operations before other items of \$35.7 million in FY 2019, an increase of 16.9% over FY 2018. Net investment income of \$57.9 million comprised the majority of FY 2019 non-operating revenue. With the adoption of ASU 2016-01, unrealized gains (losses) without donor restrictions are recognized as non-operating investment income for the year ended December 31, 2019. Prior to January 1, 2019, the System's unrealized gains (losses) were recognized as changes in net assets without donor restrictions.

Total net assets increased from \$556.7 million as of December 31, 2018 to \$568.8 million as of December 31, 2019. Total cash and cash equivalents, investments and board-designated funds increased from \$584.3 million as of December 31, 2018 to \$637.3 million as of December 31, 2019.

FY 2018 compared to Fiscal Year Ended December 31, 2017 (“FY 2017”)

Rochester Regional’s total inpatient discharges increased from 58,914 in FY 2017 to 64,890 in FY 2018, an annual increase of 10.1%. Inpatient surgeries increased 7.0% from 14,178 in FY 2017 to 15,169 in FY 2018. Acute care length of stay increased by over 4% during the same timeframe. Emergency department visits increased 9.3% from 234,268 in FY 2017 to 256,092 in FY 2018. Medical group encounters reached over 2.0 million in FY 2018, an increase of 8.8% from FY 2017. Rochester Regional also had volume increases in other outpatient areas, including cath lab cases, dialysis treatments and outpatient surgeries.

Net patient service revenue increased by more than \$113 million, or 6.0%, from FY 2017. After other revenue and support is recognized, Rochester Regional posted FY 2018 total revenue of \$2.19 billion. Operating expenses of \$2.16 billion consisted of salaries and benefits of \$1.27 billion, purchased services and other supplies costs associated with the delivery of care, as well as depreciation and interest. Salaries and benefits increased by 7.5% over FY 2017, driven by general wage and market adjustments.

Rochester Regional recognized income from operations before other items of \$30.5 million in FY 2018.

Total net assets increased from \$475.7 million as of December 31, 2017 to \$556.7 million as of December 31, 2018. Total cash and cash equivalents, investments and board-designated funds increased from \$541.9 million as of December 31, 2017 to \$584.3 million as of December 31, 2018.

Financial Planning and Budget Process

Rochester Regional has developed ongoing strategic plans that continually assess new challenges and market realities that emerge through the adoption of healthcare reform legislation, among other changes. These updates and imperatives are routinely reviewed and incorporated into establishing targets, guidelines and goals in the annual capital and operating budgets, as well as the longer term strategic initiatives and System goals.

Rochester Regional’s annual capital and operating budgets are initially developed before the start of each fiscal year. Targets are developed by the Finance Department of Rochester Regional in conjunction with management and teams at the operational level, and are based on measurements of productivity and certain other objective targets designed to achieve positive operating results and high quality care at low cost. These preliminary budgets are further reviewed by the senior management teams of Rochester Regional. Administration, Operations and Finance prepare and review the annual capital and operating budgets, which are sent to the Rochester Regional Finance Committee for initial approval with final approval by the Board of Directors occurring in December of the current fiscal year. Financial performance is monitored monthly by Hospital Administration, Operations and Finance and the Rochester Regional Finance Committee.

Maximum Annual Debt Service Coverage

The following table sets forth Rochester Regional’s “Income Available for Debt Service” for the three years ended December 31, 2017, 2018 and 2019. The following table also shows the resulting coverage of the maximum annual debt service (“MADS”) on a historical and pro forma basis:

(\$ in thousands)	Year Ended December 31,		
	2017	2018	2019
<u>Funds Available for Debt Service:</u>			
Excess of Revenue over Expenses	\$ 54,432	\$ 38,847	\$ 84,409
Less: Inherent Contribution	-	-	(13,002)
Less: Housing Divestiture Gain	-	(27,441)	-
Less: Asset Impairment Charges	-	10,406	6,201
Less: Change in Accounting Estimates	-	11,620	4,997
Less: Unrealized Gain Included in Operating and Non-Operating Income	-	-	(37,929)
Plus: Depreciation and Amortization	87,784	86,852	86,849
Plus: Interest	25,018	23,951	22,982
Plus: Income Tax Expense (Benefit)	4,436	(1,916)	658
Income Available for Debt Service	\$171,670	\$142,319	\$155,165
Historical MADS for All Outstanding Debt ⁽¹⁾	\$31,456	\$31,456	\$31,456
Historical MADS Coverage	5.46x	4.52x	4.93x
Pro Forma MADS for All Outstanding Debt ⁽²⁾	\$33,808	\$33,808	\$33,808
Pro Forma MADS Coverage	5.08x	4.21x	4.59x

⁽¹⁾ Historical MADS for FY 2017 and FY 2018 use FY 2019 MADS calculated in accordance with the provisions of the Master Indenture and Projection Based on Assumed Level Annual Payments over a term of thirty (30) years. Calculations are based on Rochester Regional income available for debt service and Rochester Regional MADS.

⁽²⁾ Pro forma MADS is calculated in accordance with the provisions of the Master Indenture and Projection Based on Assumed Level Annual Payments over a term of thirty (30) years. Calculations are based on Rochester Regional income available for debt service and Rochester Regional pro forma MADS. Pro forma MADS is based on pro forma 12/31/19 principal outstanding, which includes the Bonds and excludes debt being refunded or refinanced with the proceeds of the Bonds as well as the UMMC Promissory Note with an outstanding principal balance of \$87 as of 12/31/19 that matured in May 2020. See “Outstanding Indebtedness” herein.

Liquidity and Investments

Liquidity Policy

Rochester Regional’s cash management policy aims to provide appropriate liquidity for routine operating and capital expenditures. The goal for the various investment funds maintained by the System is to achieve the best possible rate of total return within an acceptable level of market value volatility, while providing a dependable source of liquidity as needed. The Investment Committee of the Corporation Board routinely reviews liquidity throughout the portfolio of investment funds to ensure that appropriate liquidity levels are maintained for operational and other financial needs, while looking to maximize the investment returns. Assets whose use is

limited are amounts that have been designated by the Board of Directors for future capital improvements and facility use and are invested accordingly.

Philanthropy

Total contributions received by Rochester Regional, which include gifts received by Foundations including capital contributions, were \$27.1 million in 2017, \$19.1 million in 2018 and \$51.6 million in 2019.

(\$ in millions)	December 31,			Total
	2017	2018	2019	
Obligated Group	\$3.1	\$3.3	\$ 6.8	\$13.2
Foundations	\$20.1	\$13.3	\$18.2	\$51.6
Capital Donations	\$3.9	\$2.5	\$26.6	\$33.0
Total	\$27.1	\$19.1	\$51.6	\$97.8

Days Cash on Hand

The following table sets forth Rochester Regional's days cash on hand for the three years ended December 31, 2017, 2018 and 2019.

(\$ in thousands)	December 31,		
	2017	2018	2019
Cash and Cash Equivalents	\$ 126,406	\$ 170,705	\$ 149,153
Marketable Securities & Investments	122,268	124,016	139,329
Board Designated Funds	293,178	289,627	348,844
Total Cash and Investments	\$ 541,852	\$ 584,348	\$ 637,326
Operating Expenses	\$2,017,032	\$2,158,849	\$2,245,435
Less: Depreciation and Amortization	(87,784)	(86,852)	(86,849)
Adjusted Operating Expenses	\$1,929,248	\$2,071,997	\$2,158,586
Days Cash on Hand	103 Days	103 Days	108 Days

Payor Mix

Rochester Regional's major sources of patient service revenue are Medicare, Medicaid, Excellus BlueCross BlueShield ("Excellus"), MVP Health Care ("MVP"), Other Commercial and Self Pay. Excellus and MVP are regional not-for-profit health insurance companies providing various health benefit plans, including commercial and Medicare Advantage plans. Rochester Regional participates with both Excellus and MVP as a contracted provider. The following table

illustrates the payor mix for Rochester Regional for each of the three years ended December 31, 2017, 2018 and 2019:

	Hospitals: Percentage of Net Revenue by Payor		
	Year Ended December 31,		
	2017	2018	2019
Medicare ⁽¹⁾	45.3%	44.5%	43.1%
Medicaid ⁽²⁾	17.4%	17.3%	17.2%
Excellus, MVP, Other Commercial	34.3%	35.3%	36.7%
Self-Pay & Other	3.0%	2.9%	3.0%
Total	100.0%	100.0%	100.0%

(1) Includes Medicare Managed Care

(2) Includes Medicaid Managed Care

Employee Matters

As of December 31, 2019, the System had 17,502 employees representing 13,977 full-time equivalent employees (“FTEs”). Currently the System has 19 union employees, who are employed under a collective bargaining agreement with the International Union of Operating Engineers.

Affiliates are self-insured for its employee medical plan, and employee benefits additionally include dental and life insurance, tuition assistance, disability coverage, employee assistance programs and a defined benefit pension plan. A 403(b) plan is also offered and is 100% funded by employee contributions (no employer match or contribution).

Nursing Staff

As of December 31, 2019, the Rochester Regional employed approximately 4,416 FTEs on its nursing staff, including 145 nurse leaders, 1,383 unit technicians, secretaries and others.

Retirement Programs

Rochester Regional provides retirement benefits through defined benefit pension plans (the “Pension Plans”) for a substantial portion of employees. The Pension Plans base benefits upon both credited years of service and final average earnings. It is the policy of the System to fund at least the minimum amounts required by the Employee Retirement Income Security Act. The funding policy is based on actuarially determined cost methods allowable under IRS regulations. Rochester Regional’s pension expense was approximately \$69 million and \$68 million in 2019 and 2018, respectively. As of December 31, 2019, the underfunded status of the Pension Plans was approximately \$501 million.

Rochester Regional also offers postretirement healthcare benefits to retirees of certain affiliates. The System has the right to modify or terminate these plans in the future. Postretirement benefit expense, which represents allocable contributions for Rochester Regional, for 2019 and 2018, was approximately \$0.5 million, respectively.

Rochester Regional also offers participation in a 403(b) defined contribution plan, which is available to all employees. The System provides an employer matching contribution to eligible employees of certain affiliates. In addition, Rochester Regional has a deferred compensation plan which permits certain key employees to defer a portion of their compensation. The deferred compensation contributions, which are held by a third-party financial services company, are distributable in cash after retirement or termination of employment and separately recorded in the accompanying consolidated balance sheets as an asset and a liability.

Financial Assistance Policy

Rochester Regional recognizes the need in its community to provide financial counsel and assistance to those patients with limited income who find it difficult to meet the expenses incurred in receiving health care services at Rochester Regional. In keeping with our mission and values to enhance lives and preserve health of our community and patients by enabling access to a comprehensive, fully integrated network of the highest quality and most affordable care, delivered with kindness, integrity, and respect, Rochester Regional offers a Financial Assistance Program. The Financial Assistance Program consists of a process where patients are provided financial counseling and assistance in applying for publicly sponsored New York State health insurance programs and/or are evaluated for possible eligibility for a Financial Assistance Discount. Financial Assistance Discounts are available for uninsured and underinsured patients who reside in New York State and whose household income is equal to or less than 400% of the most recent Federal Poverty Guidelines. Financial Assistance Discounts are also available to eligible patients to decrease the cost of coinsurance, co-payments and deductibles.

Licensure and Accreditation

The Hospitals have current Operating Certificates from the New York State Department of Health to provide the services denoted above. Below is a summary of hospital accreditations.

Summary of Hospital Accreditations			
<u>Entity</u>	<u>Accrediting Body</u>	<u>Date of Accreditation</u>	<u>Accreditation Valid Until</u>
RGH	Joint Commission	8/24/2019	8/24/2022
Unity	Joint Commission	5/12/2018	5/12/2021
NWCH	Joint Commission	4/4/2019	4/4/2022
UMMC	Joint Commission	11/11/2017	11/11/2020
CSHC	DNV-GL	3/24/2020	3/24/2023

Professional and General Liability Insurance Program

The Hospitals are an insured of GRACO, an offshore capital insurance company owned by the Corporation. Through this captive, the Hospitals purchase professional and general liability insurance with limits of \$3.5 million per claim and \$25 million in the aggregate per policy year under a retrospectively rated claims-made policy based upon the experience of GRACO's insureds. The Hospitals have recorded expenses for related premiums on the basis of the group's experience.

Rochester Regional purchases claims-made excess professional and general liability insurance from an insurance company under a policy that insures Affiliates. This policy provides \$43.5 million insurance, per claim and \$65 million in the aggregate, in excess of the primary insurance limits provided by GRACO.

The Hospitals are participants in Rochester General Health System Workers' Compensation Trust (the "WCT"), which provides a group insurance program for workers' compensation claims for Affiliates, and owns 100% of the Class A stock of GRACO RRG, Inc., a South Carolina for-profit corporation that provides professional liability insurance to physicians in the Rochester area. Losses are accrued based upon the WCT's estimate of the aggregate liability for claims incurred by members, net of amounts recoverable through reinsurance (in excess of \$0.5 million), based on actuarially-determined amounts and Affiliates contribute their proportionate share to the Trust.

The Corporation also carries directors' and officers' liability insurance, as well as insurance to cover all other normal business exposures.

Litigation and Investigations

Rochester Regional has no litigation or proceedings pending, or, to the knowledge of management, threatened against it which would materially adversely affect its results of operations or financial condition, including the results of operations or financial condition of any of the Hospitals. Certain professional and general liability claims have been asserted against Rochester Regional and the Hospitals in the normal course of its operations and there are known incidents that may result in the assertion of additional claims. Management believes, based upon prior experience, that adequate self-insurance reserves and excess professional and general liability insurance are maintained by Rochester Regional to provide for all material professional and general liability claims.

Outstanding Indebtedness

The table below depicts the outstanding debt for Rochester Regional as of December 31, 2019.

(\$ in thousands) Rochester Regional Outstanding Debt ⁽¹⁾⁽²⁾	Existing Principal Outstanding (Audited)	Pro Forma Principal Outstanding (Unaudited)	Year of Final Maturity
Rochester Regional 2020 Revenue Bonds	\$ -	\$ 267,540	2046
RGH 2017 Bonds	151,945	151,945	2046
RGH 2016 TELP	8,625	8,625	2026
RGH 2013A Bonds	55,480	55,480	2042
RGH 2013B Bonds	30,005	30,005	2035
RGH 2011 TELP	10,567	10,567	2021
RGH Financing Lease Obligations	161	161	2020
Unity Hospital 2010 Bonds	183,915	-	2040
St. Mary's Residence Mortgage Note	5,127	-	2023
NWCH 2011A Mortgage Revenue Bonds	9,290	-	2041
NWCH 2011C Mortgage Revenue Bonds	1,200	-	2021
UMMC 2015 Cancer Services Building Bond	3,484	-	2036
UMMC 2015 Cancer Services Equipment Bond	928	-	2023
UMMC 2007 Civic Fac. Revenue Bonds	7,030	-	2032
UMMC 2010 Promissory Note	8,169	-	2032
UMMC Promissory Note ⁽³⁾	87	-	2020
UMMC Promissory Note USDA	944	-	2032
Obligated Group Total	\$ 476,957	\$ 524,323	
GRHSF 2019 Term Note	\$ 24,840	\$ 24,840	2030
GRHSF 2017A Bonds	16,300	16,300	2042
GRHSF 2017B Bonds	6,985	6,985	2042
GRHSF 2016A Bonds	18,125	18,125	2041
GRHSF 2016B Bonds	1,015	1,015	2041
GRHSF 2012 Linden Oaks Term Note	14,813	14,813	2022
GRHSF Ridgeway Building	19,097	19,097	2030
North Park Nursing Home Mortgage Note	2,834	2,834	2023
Park Ridge Nursing Home 2008 Bonds	15,675	15,675	2041
Park Ridge Housing Mortgage Note	1,590	1,590	2042
Unity Housing Mortgage Note	1,293	1,293	2035
Unity Housing AHP Subsidy	260	260	NA
Parma Senior Housing 2005 Bonds	2,210	2,210	2042
Parma Senior Housing Mortgage Notes	2,003	2,003	2036
Parma Senior Housing AHP Subsidy	350	350	NA
Lifetime Care Financing Lease Obligations	27	27	2021
ACM Medical Laboratory Term Note	29,264	29,264	2033
Total Rochester Regional	\$ 633,638	\$ 681,004	

⁽¹⁾ Principal amount outstanding. Does not include unamortized premium, discount or deferred issuance costs of the debt.

⁽²⁾ Excludes a \$200 million bank line of credit entered into in April 2020 that is currently undrawn.

⁽³⁾ The UMMC Promissory Note with an outstanding principal balance of \$87 as of 12/31/19 matured in May 2020 and is no longer outstanding. The \$87 principal balance as of 12/31/19 is not included in the Pro Forma Obligated Group Total or Pro Forma Rochester Regional Total. All other pro forma existing debt shows balances as of 12/31/19.

AUDITED FINANCIAL STATEMENTS OF ROCHESTER REGIONAL HEALTH AND AFFILIATES

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CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Rochester Regional Health and Affiliates
Years Ended December 31, 2019 and 2018
With Report of Independent Auditors

Rochester Regional Health and Affiliates

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2019 and 2018

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Independent Auditor's Report

The Board of Directors
Rochester Regional Health

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Rochester Regional Health and Affiliates (the System), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the related consolidated statements of operations and 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 of material misstatement, whether due to fraud or error.

Auditor's 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rochester Regional Health and Affiliates at December 31, 2019 and 2018, and the results of their operations and 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of operations on pages 66 – 86 are presented for purposes of additional analysis and are 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 audits 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 as of and for the years ended December 31, 2019 and 2018 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Freed Maxick CPAs, P.C.

Rochester, New York
April 21, 2020

Rochester Regional Health and Affiliates

Consolidated Balance Sheets
(in Thousands of Dollars)

Assets	December 31,	
	2019	2018
Current assets:		
Cash and cash equivalents	\$ 149,153	\$ 170,705
Investments	139,329	124,016
Current portion of assets whose use is limited	70,051	35,442
Patient accounts receivable	171,929	161,974
Estimated third-party payor receivables	13,605	12,785
Pledges receivable, net	9,679	9,082
Inventories	21,540	16,203
Prepaid expenses and other	52,573	38,608
Total current assets	627,859	568,815
Assets whose use is limited:		
Funds held by bond trustees	72,754	128,685
Board designated funds	348,844	289,627
Assets held for self-insurance programs	97,181	89,353
Escrow funds	4,485	4,480
Donor restricted	88,025	66,167
Deferred compensation	8,221	7,479
Total assets whose use is limited, net of current portion	619,510	585,791
Property and equipment, net	1,040,425	936,901
Other assets:		
Goodwill	36,354	38,975
Estimated third-party payor receivables, net	2,110	5,092
Insurance recoveries receivable	14,440	19,701
Pledges receivable, net	15,072	18,872
Operating leases - right of use assets	105,215	-
Other	25,981	20,348
Total assets	\$ 2,486,966	\$ 2,194,495

See accompanying notes.

Rochester Regional Health and Affiliates

Consolidated Balance Sheets (Continued)
(in Thousands of Dollars)

Liabilities and net assets	December 31,	
	2019	2018
Current liabilities:		
Accounts payable	\$ 105,835	\$ 96,782
Accrued salaries, vacation, and payroll taxes	96,321	82,475
Accrued expenses and other	107,547	93,531
Accrued interest payable	5,222	5,391
Estimated third-party payor payables	46,450	40,112
Current portion of long-term debt	26,359	33,211
Current portion of operating lease liabilities	22,595	-
Total current liabilities	410,329	351,502
Long-term liabilities:		
Long-term debt, net	619,260	622,169
Long-term operating lease liabilities, net	82,885	-
Accrued pension and postretirement benefits	512,645	373,142
Accrued insured and self-insured liabilities	126,534	134,208
Estimated third-party payor payables, net	148,766	138,737
Deferred compensation	6,685	6,893
Other	11,108	11,194
Total long-term liabilities	1,507,883	1,286,343
Total liabilities	1,918,212	1,637,845
Net assets:		
Without donor restrictions	453,871	461,479
Non-controlling interest in net assets of affiliates	3,940	3,894
Total net assets without donor restrictions	457,811	465,373
With donor restrictions	110,943	91,277
Total net assets	568,754	556,650
Total liabilities and net assets	\$ 2,486,966	\$ 2,194,495

See accompanying notes.

Rochester Regional Health and Affiliates

Consolidated Statements of Operations and Changes in Net Assets
(in Thousands of Dollars)

	For The Years Ended December 31,	
	2019	2018
	<u> </u>	<u> </u>
Revenues, gains, and other support without donor restrictions:		
Net patient service revenue	\$ 2,102,633	\$ 2,009,572
Capitation fees	73,306	74,589
Other revenues, gains, and other support	101,211	101,773
Net assets released from restrictions for operations	3,977	3,460
Total revenues, gains, and other support without donor restrictions	<u>2,281,127</u>	<u>2,189,394</u>
Expenses:		
Salaries and wages	1,102,131	1,043,143
Employee benefits	212,970	223,231
Professional fees	231,677	214,284
Purchased services and supplies	570,610	541,974
Depreciation and amortization	86,849	86,852
Malpractice and workers' compensation expense	12,596	19,469
Interest	22,982	23,951
Other expenses	5,620	5,945
Total expenses	<u>2,245,435</u>	<u>2,158,849</u>
Income from operations before other items	35,692	30,545
Inherent contribution (Note 2)	13,002	-
Housing divestiture, gain (Note 1)	-	27,441
Asset impairment charges (Note 3)	(6,201)	(10,406)
Change in accounting estimates (Note 3)	(4,997)	(11,620)
	<u> </u>	<u> </u>
Income from operations	37,496	35,960
Income tax (expense) benefit	(658)	1,916
Non-operating revenue (expense):		
Other components of net periodic pension cost	(10,777)	(5,812)
Other non-operating gains, net	198	367
Non-controlling interest in net gains of affiliates	212	213
Investment income, net	57,938	6,203
Total non-operating revenue, net	<u>47,571</u>	<u>971</u>
Excess of revenues over expenses	<u>\$ 84,409</u>	<u>\$ 38,847</u>

See accompanying notes.

Rochester Regional Health and Affiliates

Consolidated Statements of Operations and Changes in Net Assets (Continued)
(in thousands of dollars)

For The Years Ended December 31, 2019 and 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Balance at January 1, 2018	\$ 385,593	\$ 90,131	\$ 475,724
Excess of revenues over expenses	38,847	-	38,847
Change in non-controlling interest	(195)	-	(195)
Net unrealized loss on investments	(17,544)	(1,744)	(19,288)
Change in pension and postretirement liability to be recognized in future periods	56,693	-	56,693
Net assets released from restrictions for operations	-	(3,460)	(3,460)
Contributions and grants	2,221	5,023	7,244
Investment gains on restricted assets	-	1,384	1,384
Other	(242)	(57)	(299)
Increase in net assets	<u>79,780</u>	<u>1,146</u>	<u>80,926</u>
Balance at December 31, 2018	465,373	91,277	556,650
Excess of revenues over expenses	84,409	-	84,409
Cumulative effect of change in accounting principle	23,692	4,780	28,472
Change in non-controlling interest	46	-	46
Net unrealized gain on investments	-	5,166	5,166
Change in pension and postretirement liability to be recognized in future periods	(135,718)	-	(135,718)
Net assets released from restrictions for operations	-	(3,977)	(3,977)
Contributions and grants	19,892	12,302	32,194
Investment gains on restricted assets	-	1,272	1,272
Other	117	123	240
Increase (decrease) in net assets	<u>(7,562)</u>	<u>19,666</u>	<u>12,104</u>
Balance at December 31, 2019	<u>\$ 457,811</u>	<u>\$ 110,943</u>	<u>\$ 568,754</u>

See accompanying notes.

Rochester Regional Health and Affiliates

Consolidated Statements of Cash Flows
(in thousands of dollars)

For The Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 12,104	\$ 80,926
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Inherent contribution	(13,002)	-
Housing divestiture gain	-	(27,441)
Net unrealized (gain) loss on investments	(43,905)	19,288
Investment gain on restricted assets	(1,272)	(1,384)
Lease expense, non-cash activity	24,706	-
Change in pension and postretirement liability to be recognized in future periods	135,718	(56,693)
Restricted contributions and grants	(32,194)	(7,244)
Depreciation and amortization	86,849	86,852
Asset impairment charges	6,201	10,406
Amortization of deferred financing costs	774	779
Amortization of bond premium	(1,717)	(1,731)
Changes in operating assets and liabilities:		
Patient accounts receivable	67	8,897
Estimated third-party payor receivables/payables, net	18,529	(8,393)
Pledges receivable, net	3,203	677
Other current assets	(19,302)	5,566
Other non-current assets	(2,524)	11,458
Accounts payable and other current liabilities	26,698	16,417
Operating lease liabilities	(24,441)	-
Other non-current liabilities	(5,256)	2,021
Net cash provided by operating activities	<u>171,236</u>	<u>140,401</u>
Cash flows from investing activities:		
Member substitution, cash acquired	9,694	-
Proceeds from housing divestiture	-	65,372
Expenditures for property and equipment	(187,394)	(121,122)
Investment gains on restricted assets	1,272	1,384
Changes in investments and assets whose use is limited, net	(18,146)	(7,294)
Net cash used in investing activities	<u>(194,574)</u>	<u>(61,660)</u>
Cash flows from financing activities:		
Restricted contributions and grants	32,194	7,244
Interest rate swap termination	-	(563)
Proceeds from issuance of long-term debt	17,679	32,000
Deferred financing costs incurred	(519)	(204)
Payments on long-term debt	(25,978)	(94,983)
Net cash provided by (used in) financing activities	<u>23,376</u>	<u>(56,506)</u>
Net increase in cash, cash equivalents, and restricted cash	38	22,235
Cash, cash equivalents, and restricted cash - beginning of year	<u>245,372</u>	<u>223,137</u>
Cash, cash equivalents, and restricted cash - end of year	<u>\$ 245,410</u>	<u>\$ 245,372</u>

See accompanying notes.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements (In Thousands of Dollars) December 31, 2019 and 2018

Note 1. Organization and Reporting Entity

Rochester Regional Health and Affiliates (collectively, the System) is a New York not-for-profit corporation that coordinates and manages the delivery of health care related services and education of its affiliates.

The System was formed on July 1, 2014, through a corporate restructuring which brought together Rochester General Health System (RGHS) and its affiliates and Unity Health System (UHS) and its affiliates.

The accompanying consolidated financial statements are presented on a consolidated basis and include the accounts of the System and all of its controlled entities (the Affiliates), collectively referred to herein as the System. All significant intra-entity balances and transactions have been eliminated in consolidation.

Affiliates	Affiliates
ACM Medical Laboratory, Inc. (ACM)	Parma Senior Housing LLC (PSH)
Aid to Hospitals, Inc.	PRCD, Inc.
Behavioral Health Network, Inc. d/b/a Rochester Mental Health Center, Inc. (RMHC)	PRH, Inc.
Big Tree Glen Properties, Inc. (BTG)	RIC Management Company, LLC (RICM)
Clifton Springs Hospital and Clinic (CSHC)	Rochester General Health System (RGHS)
Clifton Springs Hospital and Clinic Foundation, Inc. (CSHC Foundation)	Rochester General Health System Dialysis, Inc.
Continuing Care Network, Inc. (CCN - inactive)	Rochester General Health System Workers' Compensation Trust (WCT)
Genesee Region Home Care Association, Inc. and Subsidiaries d/b/a Lifetime Care (Lifetime Care)	Reed Eye Associates (REA)
GRACO Risk Retention Group, Inc.(GRACO RRG)	Rochester General Hospital (RGH)
Greater Rochester Assurance Company, Ltd. (GRACO)	Rochester General Hospital Association, Inc.
GRHS Foundation, Inc. (GRHSF)	Rochester General Hudson Housing, Inc. (RGHH)
Greater Rochester Immediate Medical Care, PLLC d/b/a Rochester Immediate Care	Rochester General Long-Term Care, Inc. d/b/a Hill Haven (RGLTC)
Greater Rochester Independent Practice Association, Inc. (GRIPA)	Rochester Medicine, PLLC
GRHS, LLC (formerly Lattimore Community Surgicenter, Inc.) d/b/a Rochester Ambulatory Surgery Center (GRHS)	Rochester Regional Health (RRH)
Health Care Casualty Insurance Company, Ltd. (HCCI)	Rochester Regional Health Foundation, Inc. (RRH Foundation)
Health Care Casualty Risk Retention Group, Inc. (HCCR)	Rochester Regional PPO, Inc.
Independent Living for Seniors, Inc. d/b/a ElderOne (ElderOne)	St. Mary's Residence Facility, LLC (St. Mary's)
Jerome Redevelopment, Inc. (JRD)	The Unity Hospital of Rochester (Unity Hospital)
Lattimore Services Organization, LLC	Toxicology Holdings Corp. (Drugscan)
LOSC Management, LLC (LOSC)	United Memorial Medical Center (UMMC)
Newark Wayne Community Hospital (NWCH)	United Memorial Medical Center Foundation, Inc. (UMMCF)
Newark Wayne Community Hospital Foundation, Inc. (NWCH Foundation)	Unity Aging Services, Inc.
North Park Nursing Home, Inc. d/b/a Edna Tina Wilson Living Center (North Park)	Unity Health System (UHS)

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 1. Organization and Reporting Entity (Continued)

Affiliates	Affiliates
NW Associates, L.P. (NWALP)	Unity Health System Purchasing Group, LLC. (UHSPG)
NWA, Inc.	Unity Housing Development Fund Corporation and Subsidiaries d/b/a Moore Park (Unity Housing)
Park Ridge Apothecary, Inc.	Unity Linden Oaks Surgery Center, LLC (ULOSC)
Park Ridge Child Care Center, Inc.	Unity Senior Housing Associates, LP (USHA)
Park Ridge Housing Development Fund Co., Inc. d/b/a Ridge Commons (Ridge Commons)	Unity Senior Housing Corp. (USHC) (general partner of Unity Senior Housing Associates, L.P.)
Park Ridge Housing, Inc. d/b/a The Village at Park Ridge (Park Ridge Housing)	ViaHealth Home Care I, Inc.(VHHC I - inactive)
Park Ridge Nursing Home, Inc. (Park Ridge)	ViaHealth Home Care II, Inc. (VHHC II - inactive)
Parkway Commons Housing Development Fund Co., Inc. d/b/a Resch Commons	Western New York Medical Practice, P.C. (WNYMP)
Parma Housing Development Fund Corporation (PHDFC) and Subsidiaries d/b/a Hilton Park	Woodbury Enterprises (inactive)
Parma Senior Housing Associates, L.P. (Parma Senior Housing)	Woodland Village, Inc.

Non-controlling Interest

The System has recognized non-controlling interests attributable to entities included in the accompanying consolidated financial statements for which it does not have a 100% ownership interest.

Unity Senior Housing Corp. and Parma Senior Housing Associates, L.P. are the sole general partners in the limited partnerships and, therefore, combine the limited partnerships in their financial statements. As managing general partners of the limited partnerships, the general partners have the ability to exercise significant influence over operating and financial policies. This influence is evident in terms of the respective partnership agreements, participation in the policy-making process, and the employment of the partnership's management personnel. As such, the System has reflected a non-controlling interest of (\$89) and (\$64) in the accompanying consolidated balance sheets for the 99.99% investment of the limited partners at December 31, 2019 and 2018, respectively.

On August 1, 2016, PRH, Inc. purchased 42.5% of the outstanding common shares of RIC Management Company, LLC, bringing total ownership in the company to 67.5%. As a result of the acquisition of the controlling interest, PRH, Inc. consolidated RIC Management Company, LLC, effective at the closing date. The System has reflected a non-controlling interest of \$4,029 and \$3,958 in the consolidated balance sheets for the 32.5% investment of the remaining partner at December 31, 2019 and 2018, respectively.

Housing Divestiture Gain

During the year ended December 31, 2018, the System divested from Park Ridge Housing, Inc. and Woodland Village, Inc., to an unrelated third party, resulting in a recognized gain of \$27,441. Substantially all of the assets and all of the obligations of both Park Ridge Housing, Inc. and Woodland Village, Inc. were sold or settled in the transaction. The gain from this transaction is included within income from operations.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
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Note 2. Affiliation Agreement

On October 1, 2019, Excellus Health Plan, Inc. (Excellus), Genesee Region Home Care Association, Inc. and Subsidiaries d/b/a Lifetime Care, and Rochester Regional Health executed a member substitution (the Substitution) whereby the System would replace Excellus as the sole corporate member of Lifetime Care. The Substitution is accounted for by applying the acquisition method accounting described in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 954-805 (Topic 805).

As of the effective date, the fair value of the assets acquired and liabilities assumed by the System are as follows:

Cash	\$	9,694
Patient accounts receivable, net		10,022
Property and equipment, net		2,979
Other		<u>1,428</u>
Total assets	\$	<u>24,123</u>
Accounts payable and accrued expenses	\$	10,048
Other liabilities		<u>1,073</u>
Total liabilities	\$	<u>11,121</u>

The System recognized a net operating gain on inherent contribution of \$13,002 in its consolidated statement of operations and changes in net assets. The inherent contribution recognized is based on the fair values of the net assets acquired less consideration assumed, as described above.

Note 3. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP).

Recently Adopted Accounting Pronouncements

In January 2016, the FASB issued Accounting Standards Update (ASU) 2016-01, *Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The standard also requires the System to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any change in fair value in excess of revenues over expenses. The System adopted the new standard on January 1, 2019, and applied the standard prospectively as required. As a result of the adoption, the System recorded an aggregate increase in investments and assets whose use is limited and net assets without donor restrictions in its consolidated balance sheet of \$28,472 as of January 1, 2019. The adjustment impacted total net assets, beginning periods as of January 1, 2019, by this amount and resulted in total net assets after the cumulative effect of change in accounting principle as of January 1, 2019, of \$585,122.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 3. Summary of Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the consolidated balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee's consolidated balance sheet. ASU 2016-02 requires additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The System adopted ASU 2016-02 on January 1, 2019, using a modified retrospective approach. The System also elected the package of practical expedients permitted under the new standard that allowed the System to carry forward historical lease classification. The impact of adoption on the consolidated financial statements was an increase on January 1, 2019 in assets to record right of use assets and an increase in current and non-current liabilities to record lease obligations for operating leases of \$124,015, representing the present value of remaining lease payments for operating leases. The adoption of ASU 2016-02 was not material to total revenues, gains, and other support without donor restrictions, excess of revenues over expenses, or total net assets.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. This ASU requires the System to show the changes in the total of cash, cash equivalents, and restricted cash in the consolidated statements of cash flows and reconcile those amounts to the consolidated balance sheets. The System adopted ASU 2016-18 on December 31, 2019 and applied the provisions retrospectively to all periods presented in the consolidated financial statements. For the years ended December 31, 2019 and 2018, the System added \$96,257 and \$74,667 respectively, of restricted cash to the total cash, cash equivalents, and restricted cash presented in the consolidated statements of cash flows. The adoption of ASU 2016-18 had no impact to total revenues, gains, and other support without donor restrictions, excess of revenues over expenses, or total net assets.

Recently Issued Accounting Pronouncements

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement, Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU intends to improve the effectiveness of disclosures in the notes to the consolidated financial statements by modifying disclosure requirements for fair value measurements. The ASU is effective for the System for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The System is currently assessing the impact that ASU 2018-13 will have on its consolidated financial statements and will adopt the provisions upon the effective date.

In August 2018, the FASB issued ASU 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. This ASU intends to improve the effectiveness of disclosures in the notes to the consolidated financial statements by modifying disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The ASU is effective for the System for annual reporting periods ending after December 15, 2021, with early adoption permitted. The System is currently assessing the impact that ASU 2018-14 will have on its consolidated financial statements and will adopt the provisions upon the effective date.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
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Note 3. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 consolidated financial statements. Estimates also affect the amounts of revenue and expenses reported during the period. Actual results could differ from those estimates.

Performance Indicator

The performance indicator is excess of revenues over expenses, which includes all changes in net assets without donor restrictions other than changes in pension and postretirement liability adjustments, beneficial interest in affiliated foundations and restricted contributions and grants (including assets acquired using contributions which by donor restrictions are to be used for the purpose of acquiring such assets) and their release from restrictions for the intended purpose.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less when purchased are considered to be cash equivalents. Cash equivalents are measured at fair value in the consolidated balance sheets and exclude amounts restricted, board designated, or held in trusts. At times, the amount included in cash and cash equivalents accounts may exceed federally insured limits. The System has not experienced any losses in its cash equivalents and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 149,153	\$ 170,705
Restricted cash in investments and assets whose use is limited	<u>96,257</u>	<u>74,667</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 245,410</u>	<u>\$ 245,372</u>

Investments and Assets Whose Use Is Limited

The System administers two pooled investment funds, the Master Investment Plan and Middle Tier Investment Fund. Investments and assets whose use is limited with readily determinable fair values are recorded at fair value. The System also owns investments in limited partnerships, which invest in marketable securities that are based on statements received from the respective partnerships. The financial statements of the limited partnerships are independently audited annually, generally as of December 31. Limited partnerships are recorded at fair value.

Investments in limited partnerships typically have liquidity restrictions. Amounts can be divested only at specified times based on terms in the partnership agreements.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 3. Summary of Significant Accounting Policies (Continued)

Assets whose use is limited are amounts that have been designated by the Board of Directors and or set aside by management for future capital improvements and facility use, pension funding, amounts deposited with trustees under bond agreements, investments of restricted assets, assets held for self-insurance programs, and amounts deposited with trustees for deferred compensation agreements.

Investment income or loss (including realized gains and losses on investments, interest income, other-than-temporary impairment and dividends) is included in the excess of revenues over expenses.

The System invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Accounting for Equity Method Investments

Investments in entities in which the System has the ability to exercise significant influence, generally 20% to 50% ownership, are reported using the equity method of accounting. Investments in entities with an ownership of less than 20% are recorded at cost and are periodically evaluated for impairment.

Fair Value Measurements

As defined in US GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value provisions apply to all assets and liabilities that are being measured and reported on a fair value basis. US GAAP requires disclosures that establish a framework for measuring fair value. This enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to disclose fair values. US GAAP requires that the assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 3. Summary of Significant Accounting Policies (Continued)

The following is a description of the System's valuation methodologies for investments. Fair value for Level 1 is based upon quoted market prices received from third-party pricing services. Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers. The funds held in trust by others were determined to be Level 3 as the System will never receive the trust's initial corpus assets. The System holds equity securities in a private company, which is classified as private market equity. The estimated fair value of the private equity is based on annual financial information received from the company and is determined to be a Level 3 input.

Investments in limited partnerships and common collective trusts are based on value information provided by the respective fund manager as an allocable practical expedient. Investments held by the partnerships include securities that do not have readily determinable values. The values of the securities that do not have readily determinable fair values are determined based on historical cost, appraisals, or other valuation estimates that require varying degrees of judgment. The System records its ownership interest in the net asset value of the respective partnership.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments. Investments, including Pooled Investment Funds, owned directly by the System are recorded at fair value except for limited partnerships and other investments which are recorded based on net asset value per share (or its equivalent). The valuation of limited partnerships is evaluated annually for impairment. Investments in a loss position are evaluated on a regular basis to determine if the impairment is other-than-temporary. There were no other-than-temporary losses for the years ended December 31, 2019 and 2018.

Patient Accounts Receivable

Patient accounts receivable consist of amounts due from government programs, commercial insurance companies, private pay patients, and other group insurance programs. Concentrations of net patient accounts receivable at December 31, include:

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 3. Summary of Significant Accounting Policies (Continued)

	<u>2019</u>	<u>2018</u>
Self-pay	4%	4%
Medicare	27	28
Medicaid	12	13
Commercial & other payors	<u>57</u>	<u>55</u>
	<u>100%</u>	<u>100%</u>

Pledges Receivable

Unconditional promises to give are reported at fair value by the System at the date the promise is received, using a discount rate that is commensurate with the term of the pledge.

The System is the beneficiary of certain charitable remainder trusts. The System's policy is to record charitable remainder trusts at fair value, which approximates the present value of the estimated future benefits to be received when the trust's assets are distributed to the System. When notice is received of a trust's existence, the System records a contribution with donor restrictions based upon the trust agreement, as well as assets limited to use. Adjustments to estimated future benefits are recorded currently as change in fair value of charitable remainder trusts. Charitable remainder trusts of \$153 and \$584 at December 31, 2019 and 2018, respectively, are included in donor restricted assets whose use is limited in the accompanying consolidated balance sheets.

In addition, the System is the named beneficiary in certain revocable charitable remainder trusts. There were no revocable charitable remainder trusts at December 31, 2019. The fair value of assets held by these trusts totaled \$216 at December 31, 2018. Those trusts were recognized as contributions when the System's interest became irrevocable.

Inventories

Inventories (consist primarily of drugs, medical supplies, dietary and housekeeping supplies) are stated at the lower of cost (first-in, first-out method) or net realizable value.

Deferred Compensation

The System sponsors a deferred compensation plan under which related assets are held in a rabbi trust. The System recognizes the fair value of the plan's investments as an asset and a liability in the accompanying consolidated balance sheets. Changes in the asset balance are recorded consistent with the System's accounting policy for marketable securities. Changes in the liability are recorded as compensation cost and are included in salaries and wages in the accompanying consolidated statements of operations and changes in net assets. Included in deferred compensation assets is the System's investment in split-dollar life insurance policies on certain key employees. The System's investment is equal to the premiums paid on the policies.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 3. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost, less allowances for depreciation. Depreciation is provided for in amounts sufficient to amortize the cost of the related assets, on a straight-line basis, over their estimated useful lives ranging from 2 to 40 years. Leasehold improvements and equipment under financing lease obligations are amortized on a straight-line basis over the shorter period of the lease term or the estimated useful life of the leasehold improvement or equipment, and the amortization is reported in depreciation and amortization in the accompanying consolidated statements of operations and changes in net assets. Expenditures for routine repairs and maintenance are charged to operations as incurred.

Expenditures for software purchases and software developed for internal-use are capitalized and reported within equipment. Depreciation is provided on a straight-line basis over the estimated useful lives, which are generally 3 to 10 years. For software developed for internal use, certain costs are capitalized, including external direct costs of materials and services associated with developing or obtaining the software, and payroll and payroll-related costs for employees who are directly associated with internal-use software projects. Capitalization of these costs ceases when the project is substantially complete and ready for its intended use. Costs associated with the preliminary project stage activities, training, maintenance, and other post-implementation stage activities are expensed as incurred. Unamortized internally developed software amounted to \$30,061 and \$36,397 as of December 31, 2019 and 2018, respectively. Associated amortization expense of \$6,336 was recognized in the accompanying consolidated financial statements for the years ended December 31, 2019 and 2018, respectively.

Gifts of long-lived assets such as land, buildings, or equipment are reported as an addition to net assets without donor restrictions, and are excluded from the excess of revenues over expenses, 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 as to 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.

Interest in Net Assets of Affiliated Foundations

Unity Health System, Rochester General Hospital, and Lifetime Care record their respective interest in the net assets of Rochester Regional Health Foundation, Inc. (RRH Foundation) and adjust that interest for their share of the change in the net assets of RRH Foundation on an annual basis. Clifton Springs Hospital and Clinic, Newark Wayne Community Hospital and United Memorial Medical Center record their interests in the net assets of their respective foundations and adjust that interest for the change in the net assets of their respective foundations on an annual basis. All interests in the net assets of the foundations are eliminated upon consolidation.

Impairment of Long-Lived Assets

The System evaluates the recoverability of long-lived assets and the related estimated remaining useful lives at each balance sheet date. The System would record an impairment charge or change the useful life if events or changes in circumstances indicated that the carrying amount may not be recoverable or the remaining useful life has changed. Impairment charges of \$6,201 and \$10,406 were recorded for the years ended December 31, 2019 and 2018, respectively.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 3. Summary of Significant Accounting Policies (Continued)

Operating Leases Right of Use Assets

The System records an operating lease right of use asset (that is an asset that represents the System's right to use the leased asset for the lease term) for leases that do not meet the criteria of a finance lease. The right of use asset is recorded at the present value of future lease payments, adding initial direct costs and prepaid lease payments, reduced by any lease incentives. Operating leases right of use assets are amortized using the straight-line method over the related lease term. Amortization of operating leases right of use assets is included in the accompanying consolidated statements of operations and changes in net assets in purchased services and supplies.

Classification of Net Assets

The accompanying consolidated financial statements have been prepared in conformity with the disclosure and display requirements of US GAAP. US GAAP requires that resources be classified for reporting purposes between two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets without Donor Restrictions: Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the System, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. In addition, resources whose use is limited under terms of debt indentures, or other similar arrangements, or which are set aside for board-designated purposes, are considered to be net assets without donor restrictions.

Net Assets with Donor Restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the System must continue to use the resources in accordance with the donor's instructions. Any interest or investment earnings derived from the funds are recorded as net assets with donor restrictions and may be used in accordance with a particular purpose.

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as 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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as "net assets released from restrictions for operations". Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying consolidated financial statements.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 3. Summary of Significant Accounting Policies (Continued)

Goodwill

Goodwill represents the excess of the purchase price paid over the value of the tangible and identifiable intangible assets acquired. Goodwill is annually tested for impairment. Goodwill of \$36,354 and \$38,975 is included in other assets in the accompanying consolidated balance sheets at December 31, 2019 and 2018, respectively.

Residents' Funds Held in Trusts

Residents' funds held in trusts (included in other assets) are principally comprised of amounts deposited with certain affiliates on behalf of long-term care residents for their discretionary use. These funds are administered by the affiliates with the corresponding liability (included in other long-term liabilities) to the residents reflected in the accompanying consolidated balance sheets.

Derivatives and Hedging Activities

Derivative financial instruments, such as interest rate swaps, are recognized as assets or liabilities in the consolidated balance sheets at fair value.

The System accounts for changes in the fair value of derivative instruments depending on whether they are designated and qualified as part of a hedging relationship and further, on the type of hedging relationship. The System has designated all derivative instruments as cash flow hedges.

Accordingly, the changes in fair value of derivative instruments that are determined to be effective are recorded as a change in net assets without donor restrictions in the consolidated statements of operations and changes in net assets.

Net Patient Service Revenue

The System's net patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others, and include an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the System bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The System believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to inpatient services. The System measures the performance obligation from admission into the System to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the System does not believe it is required to provide additional goods or services to the patient.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 3. Summary of Significant Accounting Policies (Continued)

The System is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The System accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for inpatient revenue and outpatient revenue.

The majority of the System's services are rendered to patients with third party coverage. Reimbursement under these programs for all payors is based on a combination of prospectively determined rates, discounted charges and historical costs. Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents, and the contracts the System has with commercial payors also provide for retroactive audit and review of claims. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Net retroactive adjustments increased net patient service revenue by \$361 for the year ended December 31, 2019. Net retroactive adjustments decreased net patient service revenue by \$4,634 for the year ended December 31, 2018.

Agreements with third-party payors typically provide for payments at amounts less than established charges. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The System also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges.

The System estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by explicit price concessions provided to third party payors, discounts provided to uninsured patients in accordance with the System's policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies and historical experiences. Implicit price concessions represent differences between amounts billed and the estimated consideration the System expects to receive from patients, which are determined based on historical collection experience, current trends and other factors. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2019 or 2018.

Patient service and capitation revenue for the year ended December 31, 2019 and 2018, respectively, net of price concessions, was approximately \$2,094,000 and \$2,011,000 from third-party payors and \$82,000 and \$73,000 from self-pay payors (based on primary insurance designation), respectively.

Clinical Trials Revenue

ACM Medical Laboratories, Inc. (ACM), a System affiliate, provides clinical trial services to pharmaceutical companies and contracted research organizations on a global basis. Amounts billed for clinical trial services are generally recognized as revenue as laboratory specimens are processed, which represents the substantial completion of the earnings process. Amounts received in advance of service provision are recorded as deferred revenue.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 3. Summary of Significant Accounting Policies (Continued)

Capitation Fees

As a Program of All-Inclusive Care for the Elderly (PACE), Independent Living for Seniors, Inc. d/b/a ElderOne (ElderOne) records capitation fees paid on a per-member, per-month basis primarily from Medicare and Medicaid. ElderOne is responsible for and financially at risk for providing all necessary covered services which include primary, acute, and long-term care. The majority of the contracted services are provided by affiliates of the System.

Uncompensated Care and Charity Care

Consistent with the System's mission, care is provided to patients regardless of their ability to pay. The System has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The System's established policies define charity services as those medically necessary services for which patients have the obligation and willingness to pay but do not have the ability to pay. Patients that provide the necessary information to qualify for charity care are provided services at a reduced fee or no fee.

During the registration, billing, and collection process, a patient's eligibility for charity care is determined. Care given to patients who are determined to be eligible for charity care under the System's charity care policy, but not paid for, is classified as charity care.

Charity care is reported at estimated direct and indirect costs. The System utilizes a cost-to-charge ratio methodology for the cost analysis. Management considers uncompensated care to include two elements: charity care and governmental shortfall.

The System receives certain funds to offset or subsidize charity services provided, which are included in net patient service revenue. These funds are primarily received from uncompensated care programs sponsored by New York State, whereby health care providers within the state pay into an uncompensated care fund, and the pooled funds are then redistributed based on specific criteria.

Governmental shortfall is management's estimate of the difference between the payments received and the cost of care provided to patients who are covered by the government entitlement program of Medicaid. A summary of the estimates of uncompensated care follows for the years ending December 31:

	<u>2019</u>	<u>2018</u>
Charity care, estimated at cost	\$ 46,424	\$ 41,045
Funds received to offset or subsidize charity services	\$ 16,583	\$ 20,137
Governmental shortfall	\$ 66,061	\$ 57,458

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 3. Summary of Significant Accounting Policies (Continued)

Non-Medicare Payments

In New York State, 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. Effective December 1, 2009, the New York State payment methodology was updated such that payments to hospitals for Medicaid, workers' compensation, and no-fault inpatient services are based on a statewide prospective payment system, with retroactive adjustments; prior to December 1, 2009, the payment system provided for retroactive adjustments to payment rates, using a prospective payment formula. Outpatient services also are paid based on a statewide prospective system that was effective December 1, 2008. Medicaid rate methodologies are subject to approval at the federal level by the Centers for Medicare & 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 is not recognized until the System is reasonably assured that such amounts are realizable. Adjustments to the current and prior years' payment rates for those payors will continue to be made in future years.

Medicare Payments

Hospitals are paid for most Medicare inpatient and outpatient services under the national prospective payment system and other methodologies of the Medicare program for certain other services. Federal regulations provide for certain adjustments to current and prior years' payment rates, based on industry-wide and hospital-specific data.

Revenue Estimation

The System 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. 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 the Medicare program, have been audited by the Medicare fiscal intermediary and settled through various periods dating to 2015 for certain affiliates.

Subsequent years remain open for audit and settlement as well as numerous issues related to the New York State Medicaid program for prior years. 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, non-compliance with such laws and regulations could result in fines, penalties, and exclusion from such programs.

The System is not aware of any allegations of non-compliance that could have a material adverse effect on the accompanying consolidated financial statements and believe that they are in compliance with all applicable laws and regulations.

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, including the potential effects of health care reform that has been enacted by the federal and state governments, cannot presently be determined.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 3. Summary of Significant Accounting Policies (Continued)

Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the System. Additionally, certain payors' payment rates for various years have been appealed by certain Affiliates. If the appeals are successful, additional revenue applicable to those years might be realized.

Revenue from Medicare and Medicaid programs accounted for 24% and 9%, respectively, of the System's capitation and net patient service revenue for the year ended December 31, 2019, and 24% and 10%, respectively, of the System's capitation and net patient service revenue for the year ended December 31, 2018.

Income Taxes

The System and its Affiliates, with the exception of PRH, Inc. and Subsidiaries (which includes ACM Medical Laboratory, Inc.), Unity Housing Development Fund Corporation and Subsidiaries, Parma Housing Development Fund Corporation and Subsidiaries, Linden Oaks Management Company, LLC, GRACO, GRACO RRG, and certain other entities with limited or no activity, are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. PRH, Inc. and Subsidiaries are for-profit taxable corporations.

GRACO is an offshore captive insurance company and no income tax provision has been included in the accompanying consolidated financial statements as no taxation is imposed on income or capital gains. GRACO RRG is a mutual insurance company and is taxed on its net income under Section 831(a) of the Internal Revenue Code.

Unity Housing Development Fund Corporation and Subsidiaries and Parma Housing Development Fund Corporation and Subsidiaries are limited partnerships and no income tax provision has been included in the accompanying consolidated financial statements since the profit or loss of the partnerships is required to be reported by the respective partners on their income tax returns. Linden Oaks Management Company, LLC is a limited liability company and no income tax provision has been included in the accompanying consolidated financial statements since the profit or loss of the Company is required to be reported by the respective members on their income tax returns.

With respect to the System's for-profit affiliates, income taxes are provided for the effects of transactions reported in the consolidated financial statements and consist of taxes currently due and deferred taxes related to differences in the timing of reporting certain items for financial and income tax reporting purposes. Deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Foreign Currency Translation Adjustment

The functional currencies associated with ACM's foreign operations include the British Pound Sterling, the Indian Rupee, and the Singapore Dollar. The financial statements of ACM's foreign operations have been translated into U.S. dollars. All balance sheet accounts have been translated using the exchange rates in effect at the balance sheet date. Income statement amounts have been translated using average monthly exchange rates.

Accumulated net translation adjustments have been reported in other changes in assets without donor restrictions in the consolidated financial statements.

Rochester Regional Health and Affiliates
Notes to the Consolidated Financial Statements
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Note 3. Summary of Significant Accounting Policies (Continued)

Deferred Financing Costs

Deferred financing costs are presented as a reduction of the carrying amount of debt and amortized over the life of the related obligation. Amortization of deferred financing costs are reported as interest expense in the consolidated statements of operations and changes in net assets and amounted to \$774 and \$779 for the years ended December 31, 2019 and 2018, respectively. Amortization of deferred financing costs approximates \$700 for the years ended December 31, 2020 through December 31, 2024.

Supplemental Cash Flow Disclosures

The System entered into financing leases of \$58 and \$2,189 for the years ended December 31, 2019 and 2018, respectively. Financing leases are excluded from the consolidated statements of cash flows and will be reflected through principal payments as financing activities in future periods. Additionally, accounts payable and accrued expenses related to purchases of equipment of \$7,235 and \$13,091 for the years ended December 31, 2019 and 2018, respectively, were excluded from the consolidated statements of cash flows and will be reflected when paid. Cash paid for interest amounted to \$23,101 and \$25,041 for the years ended December 31, 2019 and 2018, respectively.

Changes in Accounting Estimates

In 2019, the System performed a retrospective review of patient accounts receivable and net patient service revenue which resulted in a change in accounting estimate associated with implicit price concessions. The change in accounting estimate amounted to \$4,997 for the year ended December 31, 2019.

In 2018, the System recorded a change in accounting estimate related to self-insured health related obligations, reflecting higher than anticipated increases in both high cost claimants and occurrences. In addition, the System also recorded a change in accounting estimate related to certain third-party reimbursement related reserve methodologies, particularly within its long-term care subsidiaries. The change in these accounting estimates amounted to \$11,620 for the year ended December 31, 2018.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified to conform with the current year presentation.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 4. Liquidity and Availability

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of December 31, are comprised of the following:

Financial assets:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 149,153	\$ 170,705
Investments	86,418	64,004
Patient accounts receivables	171,929	161,974
Assets whose use is limited – board-designated	<u>63,636</u>	<u>69,644</u>
Financial assets available to meet general expenditures within one year	<u>\$ 471,136</u>	<u>\$ 466,327</u>

As part of the System’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The System invests cash in excess of daily requirements in money market accounts and certificates of deposit. The System has assets limited as to use as designated by the Board of Directors, over which the board retains control and may, at its discretion, subsequently use for other purposes. Current portion of assets limited as to use have been established to meet current liabilities and as such are not deemed to be available for general expenditure. Investments and assets limited as to use included in the table above include only Level 1 investments. The general nature of investments included in Level 2, 3 and limited partnerships generally restrict the liquidity and availability of investments to be available for general expenditures of the System. As such, these investments have been excluded from the amounts above.

Additionally, the System maintains various lines of credit of approximately \$50,000 as discussed in Note 10. As of December 31, 2019 and 2018, \$50,000 and \$52,000 remained available on the System’s lines of credit, respectively.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 5. Investments and Assets Whose Use is Limited

Investments and assets whose use is limited consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 77,432	\$ 48,357
Money market funds	19,512	17,830
Equity mutual funds	32,714	28,162
Fixed income mutual funds	59,010	119,706
Fixed income securities	58,461	54,189
Equity securities	34,866	28,314
Funds held in trust by others	2,265	2,094
Private market equity	1,579	1,572
Land restricted for specific purpose	3,150	600
Master investment plan	437,191	342,771
Middle tier investment fund	62,855	64,936
Other	17,505	15,391
Guaranteed investment contract	16,410	16,413
Life insurance policies	5,940	4,914
	<u>\$ 828,890</u>	<u>\$ 745,249</u>

The following table presents the financial instruments included in the Pooled Investment Fund - Master Investment Plan as of December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 18,252	\$ 23,883
Equity securities	6,479	5,184
Fixed income mutual funds	29,805	28,325
Equity mutual funds	25,029	20,955
Common collective trusts	27,906	27,215
Limited partnership hedge funds	<u>329,720</u>	<u>237,209</u>
Total Pooled Investment Fund - Master Investment Plan	<u>\$ 437,191</u>	<u>\$ 342,771</u>

Rochester Regional Health and Affiliates

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Note 5. Investments and Assets Whose Use is Limited (Continued)

The following table presents the financial instruments included in the Pooled Investment Fund - Middle Tier Investment Fund as of December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 573	\$ 2,427
Fixed income mutual funds	43,788	14,518
Government investments:		
US treasury investments	-	9,910
Mortgage backed securities	-	2,013
Corporate securities	-	23,432
Limited partnership hedge funds	<u>18,494</u>	<u>12,636</u>
Total Pooled Investment Fund - Middle Tier Investment Fund	<u>\$ 62,855</u>	<u>\$ 64,936</u>

Investment income is offset by expenses related to the investments of approximately \$1,018 and \$1,065 for the years ended December 31, 2019 and 2018, respectively. The following summarizes investment returns and their classification in the consolidated statements of operations and changes in net assets for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Dividends and interest, net of investment expenses	\$ 17,613	\$ 12,067
Net realized gain on investments	16,105	2,431
Gain from equity method investments in Pooled Investment Funds	-	2,079
Net unrealized gain (loss) on investments	<u>43,095</u>	<u>(19,288)</u>
	<u>\$ 76,813</u>	<u>\$ (2,711)</u>
	<u>2019</u>	<u>2018</u>
Reported as follows:		
Other revenue	\$ 12,437	\$ 8,990
Non-operating investment income, net	57,938	6,203
Investment gain on net assets with donor restrictions	1,272	1,384
Unrealized gain on investments with donor restrictions	5,166	-
Net unrealized loss on investments included in net assets with and without donor restrictions	<u>-</u>	<u>(19,288)</u>
	<u>\$ 76,813</u>	<u>\$ (2,711)</u>

With the adoption of ASU 2016-01, unrealized gains (losses) without donor restrictions are recognized as non-operating investment income for the year ended December 31, 2019. Prior to January 1, 2019, the System's unrealized gains (losses) were recognized as changes in net assets without donor restrictions.

Rochester Regional Health and Affiliates

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Note 6. Fair Value Measurements of Financial Instruments

The following tables present the financial instruments carried at fair value on a recurring basis according to the valuation hierarchy as of December 31:

	2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds ^(a)	\$ 115,769	\$ -	\$ -	\$ 115,769
Equity mutual funds ^(b)	57,743	-	-	57,743
Fixed income mutual funds ^(c)	132,603	-	-	132,603
Fixed income securities ^(d)	-	58,461	-	58,461
Equity securities ^(e)	41,345	-	-	41,345
Funds held in trust by others ^(f)	-	-	2,265	2,265
Private market equity ^(g)	-	-	1,579	1,579
	<u>\$ 347,460</u>	<u>\$ 58,461</u>	<u>\$ 3,844</u>	<u>\$ 409,765</u>

The fair value table above excludes limited partnerships and other investments, which are recorded at net asset value per share (or its equivalent). The net asset value per share (or its equivalent) of limited partnerships and other investments was \$419,125 at December 31, 2019.

	2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds ^(a)	\$ 92,497	\$ -	\$ -	\$ 92,497
Equity mutual funds ^(b)	49,117	-	-	49,117
Fixed income mutual funds ^(c)	162,549	-	-	162,549
Fixed income securities ^(d)	-	54,189	-	54,189
Equity securities ^(e)	33,498	-	-	33,498
Funds held in trust by others ^(f)	-	-	2,094	2,094
Private market equity ^(g)	-	-	1,572	1,572
	<u>\$ 337,661</u>	<u>\$ 54,189</u>	<u>\$ 3,666</u>	<u>\$ 395,516</u>

The fair value table above excludes limited partnerships and other investments, which are recorded at cost. The total cost of limited partnerships and other investments was \$349,733 at December 31, 2018.

- (a) Cash and money market funds – Includes cash and investments in funds that invest primarily in short-term debt securities including U.S. Treasury bills, commercial paper, and certificates of deposits.
- (b) Equity mutual funds – Investments in equity mutual funds that maintain diverse portfolios of exchange traded equity securities.
- (c) Fixed income mutual funds – Investments in fixed income mutual funds that maintain diverse portfolios of short-term high-quality bonds, actively managed across the mortgage-backed security, U.S. Treasury, corporate, and international fixed income sectors.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 6. Fair Value Measurements of Financial Instruments (Continued)

- (d) Fixed income securities – Includes units of corporate bonds, U.S. Treasury notes, and Treasury bills with maturities ranging from less than one year to thirty-five years.
- (e) Equity securities – Includes large cap common stock and call options of corporations primarily domiciled in the United States.
- (f) Funds held in trust by others – Includes publicly traded stocks, corporate bonds, step-up bonds, and money market funds.
- (g) Private market equity – Includes equity securities in a privately held company. The estimated fair value is based on annual financial information received from the company.

The Master Investment Plan had total unfunded capital commitments of \$53,930 and \$35,441 at December 31, 2019 and 2018, respectively. These investments have varying redemption policies, frequencies and redemption notification requirements. There were no unfunded capital commitments related to the Middle Tier Investment Fund at December 31, 2019 and 2018.

The following is a reconciliation of the beginning and ending balances for the System’s assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, 2019 and 2018:

	<u>Funds Held in Trust by Others</u>	<u>Private Market Equity</u>
Balance at January 1, 2018	\$ 2,345	\$ 1,467
Change in fair value	<u>(251)</u>	<u>105</u>
Balance at December 31, 2018	<u>\$ 2,094</u>	<u>\$ 1,572</u>
Balance at January 1, 2019	\$ 2,094	\$ 1,572
Change in fair value	<u>171</u>	<u>7</u>
Balance at December 31, 2019	<u>\$ 2,265</u>	<u>\$ 1,579</u>

Note 7. Pledges Receivable

Pledges receivable at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Current portion:		
Due in less than one year	\$ 9,679	\$ 9,082
Long-term portion:		
One year to five years	14,314	17,729
More than five years	<u>758</u>	<u>1,143</u>
Long-term portion included in other assets	<u>15,072</u>	<u>18,872</u>
	<u>\$ 24,751</u>	<u>\$ 27,954</u>

Rochester Regional Health and Affiliates

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Note 8. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 11,577	\$ 9,982
Land improvements	27,658	25,750
Buildings and improvements	1,126,771	1,084,590
Equipment	726,726	669,483
Equipment under financing leases	56,531	56,433
Construction-in-progress	<u>260,618</u>	<u>160,190</u>
	2,209,881	2,006,428
Less accumulated depreciation and amortization	<u>1,169,456</u>	<u>1,069,527</u>
	<u>\$ 1,040,425</u>	<u>\$ 936,901</u>

Depreciation and amortization expense amounted to \$86,849 and \$86,852 for the years ended December 31, 2019 and 2018, respectively.

Note 9. Goodwill and Intangible Assets

Goodwill is subject to an annual assessment for impairment by performing a qualitative assessment or by applying a fair-value based test of the reporting unit, which is conducted each year. Changes in goodwill were as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Balance at January 1,	\$ 38,975	\$ 39,505
Impact of foreign currency exchange rate fluctuations	628	(445)
Measurement period adjustment	-	(85)
Goodwill acquisition	2,952	-
Impairment loss	<u>(6,201)</u>	<u>-</u>
Balance at December 31,	<u>\$ 36,354</u>	<u>\$ 38,975</u>

ACM has recognized goodwill in connection with the acquisitions of Pivotal Labs in 2009 and Phoenix Pharma Central Services in 2014. At the respective acquisition dates, the goodwill acquisitions had functional currencies of the British Pound Sterling and Singapore Dollar, respectively. When translated to U.S. dollars using currency rates at the acquisition dates, goodwill of \$18,064 and \$2,168, respectively, was recognized. Changes in the reported balance of goodwill since the acquisition dates are due to fluctuations in foreign currency exchange rates.

In 2016, PRH Inc. purchased 42.5% of the outstanding common shares of RIC Management Company, LLC, bringing total ownership in the company to 67.5%. As a result of this acquisition, PRH, Inc. recorded \$6,201 of goodwill.

Rochester Regional Health and Affiliates

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Note 9. Goodwill and Intangible Assets (Continued)

PRH, Inc. recognized goodwill \$410 and \$2,541 during the years ended December 31, 2017 and 2016, respectively in relation to the acquisition of separate urgent care facilities.

In 2017, ACM acquired 100% of the equity of Toxicology Holdings Corp., Drugscan and DSI Medical Services, Inc. (collectively, Drugscan). As a result of the acquisition, ACM recognized \$10,949 of goodwill.

In 2019, the System acquired substantially all of the assets and operations of an ophthalmology and optometry practice, outpatient surgery facility, and related properties. The System acquired assets of \$14,610 for consideration of \$17,562 resulting in goodwill of \$2,952.

Note 10. Long-Term Obligations

Long-term debt consists of the following at December 31:

	<u>Interest Rate(s)</u>	<u>Due Date</u>	<u>2019</u>	<u>2018</u>
<u>Rochester General Hospital:</u>				
Series 2017 Bonds	3.50% - 5.00%	Through 2046	\$ 151,945	\$ 151,945
2013 Revenue Bonds - A	4.00% - 5.00%	Through 2042	55,480	55,480
2013 Revenue Bonds - B	1.50% - 4.00%	Through 2035	30,005	31,370
Tax-exempt financing agreement - 2016	1.56%	Through 2026	8,625	11,939
Tax-exempt financing agreement - 2011	2.33%	Through 2021	10,567	16,415
Financing lease obligations	0.27% - 3.75%	Through 2020	<u>161</u>	<u>1,434</u>
			256,783	268,583
<u>Newark Wayne Hospital:</u>				
2011 Series A Mortgage Revenue Bonds	3.95%	Through 2041	9,290	9,550
2011 Series C Mortgage Revenue Bonds	3.55%	Through 2021	<u>1,200</u>	<u>1,765</u>
			10,490	11,315
<u>GRHS Foundation:</u>				
2019 Term Note	3.35%	Through 2030	24,840	-
2017 Revenue Bonds A	2.62%	Through 2042	16,300	16,780
2017 Revenue Bonds B	3.91%	Through 2042	6,985	7,195
2016 Revenue Bonds A	2.12%	Through 2041	18,125	18,765
2016 Revenue Bonds B	3.17%	Through 2041	1,015	1,050
2012 Linden Oaks Mortgage	5.53%	Through 2019	-	1,249
2012 Linden Oaks Mortgage	5.53%	Through 2019	-	5,918
2012 Linden Oaks Term Note	3.69%	Through 2022	14,813	15,759
Ridgeway Building	8.91%	Through 2030	<u>19,097</u>	<u>19,925</u>
			101,175	86,641
<u>Unity Hospital:</u>				
Series 2010 Mortgage Revenue Bonds	4.00% - 5.75%	Through 2040	183,915	188,445
<u>St. Mary's Residence Facility, LLC:</u>				
Mortgage Note Payable	2.84%	Through 2023	5,127	6,467

Rochester Regional Health and Affiliates

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Note 10. Long-Term Obligations (Continued)

	Interest Rate(s)	Due Date	<u>2019</u>	<u>2018</u>
<u>North Park Nursing Home:</u>				
Mortgage Note Payable	3.75%	Through 2023	2,834	3,480
<u>Park Ridge Nursing Home:</u>				
Series 2008 Revenue Bonds	Various	Through 2041	15,675	16,080
<u>Park Ridge Housing Development Fund Co., Inc.:</u>				
Mortgage Note Payable	6.20%	Through 2042	1,590	1,622
<u>Unity Housing Development Fund Corp:</u>				
Mortgage Notes Payable	Various	Through 2035	1,293	1,293
AHP Subsidiary	Various	N/A	<u>260</u>	<u>260</u>
			1,553	1,553
<u>Parma Senior Housing:</u>				
Series 2005 Revenue Bonds	6.50%	Through 2042	2,210	2,250
Mortgage Notes Payable	Various	Through 2036	2,003	2,024
AHP Subsidiary	Various	N/A	<u>350</u>	<u>350</u>
			4,563	4,624
<u>United Memorial Medical Center:</u>				
Cancer Services Building Bond	Various	Through 2036	3,484	3,648
Cancer Services Equipment Bond	Various	Through 2023	928	1,181
Civic Facility Revenue Bonds	5.00%	Through 2032	7,030	7,410
Promissory Note	Various	Through 2032	8,169	8,633
Promissory Note	4.41%	Through 2020	87	341
Promissory Note USDA	3.75%	Through 2032	944	1,006
Financing lease obligation	4.00%	Through 2019	<u>-</u>	<u>9</u>
			20,642	22,228
<u>Lifetime Care:</u>				
Financing lease obligations	1.26%	Through 2021	27	-
<u>ACM Medical Laboratory, Inc.:</u>				
Term Note	3.62%	Through 2033	<u>29,264</u>	<u>30,925</u>
			633,638	641,963
Unamortized premium			25,923	27,640
Deferred financing costs			(13,942)	(14,223)
Current portion			<u>(26,359)</u>	<u>(33,211)</u>
			<u>\$ 619,260</u>	<u>\$ 622,169</u>

Rochester Regional Health and Affiliates
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Note 10. Long-Term Obligations (Continued)

Future maturities on long-term obligations for the next five years are scheduled as follows:

		<u>Principal</u>
2020	\$	26,359
2021		24,534
2022		33,489
2023		20,821
2024		19,986
Thereafter		<u>508,449</u>
	\$	<u><u>633,638</u></u>

Interest expense amounted to \$22,982 and \$23,951 for the years ended December 31, 2019 and 2018, respectively.

For the years ended December 31, 2019 and 2018, the System capitalized net interest in the amount of \$5,164 and \$4,760, respectively.

Rochester General Hospital and Affiliate (RGH)

In May 2017, Monroe County Industrial Development Corporation (MCIDC) issued Series 2017 Tax-Exempt Revenue Bonds (Series 2017 Bonds) in the amount of \$151,945 on behalf of RGH. The funds received were used to finance the construction of a new seven-story critical care addition to the Hospital and related equipment purchases. The Series 2017 Bonds will mature from December 2022 to 2046 and were issued at coupon rates ranging from 3.50% to 5.00%. The Series 2017 Bonds are secured by the pledge and assignment of certain revenues and receipts. Under the terms of the Series 2017 Bond indenture, RGH is required to maintain certain deposits with a trustee.

In February 2013, MCIDC issued Series 2013 Tax-Exempt Revenue Bonds (2013 Revenue Bonds) in the amount of \$101,520 on behalf of RGH. The funds received were used to defease previously outstanding 2005 Revenue Bonds and provided financing for certain RGH renovations and expansions. The 2013 Revenue Bonds will mature from December 2013 to 2042 and were issued at coupon rates ranging from 1.50% to 5.00%. The 2013 Revenue Bonds are secured by the pledge and assignment of a security interest in the gross receipts of RGH. Under the terms of the 2013 Revenue Bonds indenture, RGH is required to maintain certain deposits with a trustee.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
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Note 10. Long-Term Obligations (Continued)

Such deposits are included in assets whose use is limited as funds held by bond trustees in the accompanying consolidated balance sheets, and consist of the following funds at December 31:

	<u>2019</u>	<u>2018</u>
Series 2017 Bonds project fund	\$ 46,360	\$ 98,862
Series 2017 Bonds capital interest fund	4,013	7,508
Series 2017 Bonds earnings fund	657	850
2013 Revenue Bonds Series A bond fund	664	664
2013 Revenue Bonds Series B bond fund	211	211
2013 Revenue Bonds Series A capital interest fund	1	15
2013 Revenue Bonds Series A earnings fund	<u>129</u>	<u>114</u>
	52,035	108,224
Current portion	<u>(875)</u>	<u>(875)</u>
	<u>\$ 51,160</u>	<u>\$ 107,349</u>

In 2016, RGH entered into a tax-exempt financing agreement with the Dormitory Authority of New York and JPMorgan Chase Bank, N.A. for \$20,000. The agreement is a tri-party financing agreement that enabled the Hospital to purchase capital equipment on a tax-exempt basis. All equipment purchased under this agreement has been placed in service. The Hospital will continue to make monthly payments of approximately \$290, including interest, on the financing agreement through 2026.

In 2011, RGH entered into a tax-exempt financing agreement with the Dormitory Authority of New York and JPMorgan Chase Bank, N.A. for \$54,969. The agreement is a tri-party financing agreement that enabled RGH to purchase capital equipment on a tax-exempt basis. All equipment purchased under this agreement has been placed in service. The Hospital will continue to make quarterly payments of approximately \$1,545 including interest, on the financing agreement through 2021.

RGH is in compliance with all financial covenant requirements for the years ending December 31, 2019 and 2018.

Newark Wayne Community Hospital (NWCH)

In November 2011, the Wayne County Civic Facility Development Corporation issued \$19,775 of its revenue bonds to defease outstanding 1993 Series A Hospital Revenue Improvement and Refunding Bonds, FHA insured 1993 Series B Federal Housing Administration Mortgage Revenue Bonds and to provide financing for certain NWCH renovations and expansion. The debt financing, together with the equity funding from NWCH, provided the funding for planned capital expenditures that included renovation and expansion of the emergency department, endoscopy suite, and creation of a Patient Access Center. NWCH facilities at the Newark Campus are pledged as collateral on these bonds. Under the terms of the bond indentures, NWCH is required to maintain certain deposits with a trustee. Such deposits are included in assets whose use is limited in the accompanying consolidated balance sheets. In addition, bond indentures and insurance policies place limits on the incurrence of additional borrowings and require that NWCH satisfy certain measures of financial performance. NWCH is in compliance with all financial covenant requirements for the years ending December 31, 2019 and 2018.

Rochester Regional Health and Affiliates
Notes to the Consolidated Financial Statements
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Note 10. Long-Term Obligations (Continued)

GRHS Foundation, Inc. (GRHSF)

In December 2019, GRHSF entered into term notes of \$15,735 and \$9,105 with M&T Bank, bearing interest at a fixed rate of 3.35% through July 1, 2022 at which time GRHSF will elect to enter into either a fixed or variable interest rate arrangement. The funds received were used to refinance the 2012 term note and acquire certain real property. Principal and interest payments are due on the first of each month and mature on January 1, 2030.

In December 2017, the MCIDC issued tax-exempt Series 2017A and taxable Series 2017B revenue bonds, in the amount of \$24,635 on behalf of GRHSF. The funds received were used to acquire and renovate a medical office building. The Series 2017 revenue bonds are payable to the MCIDC through June 1, 2042, bearing interest at rates of 2.62% and 3.91%, respectively.

In December 2017, GRHSF entered into a revolving line of credit agreement with M&T Bank, which provided for aggregate borrowings of up to \$25,000. The revolving line of credit is a pay-on-demand note bearing interest equal to the London Interbank Offered Rate (LIBOR) one-month rate plus applicable margin (1.90%). There was no balance outstanding on the revolving line of credit as of December 31, 2019 and 2018.

In June 2016, the MCIDC issued tax-exempt Series 2016A and taxable Series 2016B revenue bonds, in the amount of \$21,410 on behalf of GRHSF. The funds received were used to acquire and renovate a medical office building. The Series 2016 revenue bonds are payable to the MCIDC through June 1, 2041, bearing interest at rates 2.12% and 3.17%, respectively.

In June 2012, GRHSF entered into a term note of \$21,050 with M&T Bank for the purchase of three buildings at the Linden Oaks campus. In addition to this note, GRHSF also assumed four mortgages from M&T Bank approximating \$20,770 related to these purchases. GRHSF immediately paid \$12,204 to pay-off two of these loans. The note was refinanced in December 2019.

In 2010, Unity Health System entered into a non-cancellable agreement to lease a professional office building in Rochester, New York. The lease was recorded as a financing lease. The term of the lease is through March 2030 and requires monthly payments of \$201, which increases by 1.50% each year for the first ten years of the lease and then by 2.00% each year thereafter. Additionally, the lease requires a monthly payment of \$76 for maintenance and operating charges. In 2015, the building and the associated lease were transferred to GRHSF.

GRHSF is required to comply with certain financial covenants related to its debt. GRHSF is in compliance with all financial covenant requirements for the year ended December 31, 2019. GRHSF was in compliance with all financial covenant requirements for the year ending December 31, 2018, except for the debt service coverage ratio, related to its Series 2017 and 2016 bonds. GRHSF obtained a waiver for the year ended December 31, 2018.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
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Note 10. Long-Term Obligations (Continued)

The Unity Hospital of Rochester (Unity Hospital)

In November 2010, the MCIDC issued Series 2010 Mortgage Revenue Bonds, with an aggregate principal amount of \$205,250 on behalf of Unity Hospital. The Series 2010 Mortgage Revenue Bonds are payable to the MCIDC through August 2040, bearing interest from 4.00% to 5.75%. The proceeds from the sale of these bonds were for the expansion and modernization of Unity Hospital. In addition, the proceeds were utilized to refund the January 2005 Park Ridge Hospital Revenue Bonds. A mortgage note was signed in connection with the bond issuance. The mortgage note is insured by HUD under section 242 Title II of the National Housing Act.

HUD has a security interest in certain debt service, construction, and other escrow accounts, which were created to ensure completion of the project and secure repayment of the bonds. These escrow accounts are recorded by Unity Hospital as assets limited as to use. Scheduled mortgage note payments into the escrow account began on October 1, 2014, and continue through September 1, 2039, in the monthly amount of \$1,219. Unity Hospital's long-term obligations are secured by substantially all of Unity Hospital's assets.

Unity Hospital is required to comply with certain financial covenants related to the HUD insured Series 2010 Mortgage Revenue Bond. Unity Hospital is in compliance with the provisions of these covenants as of December 31, 2019 and 2018.

St. Mary's Residence Facility, LLC

In 2013, St. Mary's Residence Facility, LLC executed a mortgage note payable to Red Mortgage Capital, LLC in the amount of \$13,102. The mortgage note is insured by HUD under Section 232 of the National Housing Act. The note is payable in monthly installments of \$126 including interest at 2.84% through August 2023.

North Park Nursing Home, Inc. (North Park)

In 2011, North Park refinanced its existing mortgage through the sale of Village of East Rochester Housing Authority Revenue Refunding Bonds Series 2011 in the amount of \$7,500. Additionally, North Park entered into a Bond Purchase Agreement, whereby Key Bank agreed to purchase the entire amount of the bond issue.

The obligations of North Park to Key Bank under the Bond Purchase Agreement and the Series 2011 bonds are secured by a first lien mortgage interest in the assets of North Park and a pledge of North Park's gross receipts. North Park is in compliance with all financial covenant requirements for the years ending December 31, 2019 and 2018.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 10. Long-Term Obligations (Continued)

Park Ridge Nursing Home, Inc. (Park Ridge)

In December 2008, the Village of East Rochester Housing Authority issued its Park Ridge Nursing Home, Inc. Variable Rate Demand Housing Revenue Bonds, Series 2008, with an aggregate principal amount of \$18,750 which may be drawn upon to pay principal and interest to bondholders. Park Ridge did not have any financial covenant requirements for the year ended December 31, 2019. Park Ridge was not in compliance with all financial covenant requirements for the year ended December 31, 2018, and therefore obtained a waiver.

Park Ridge Housing Development Fund Co., Inc. (Ridge Commons)

In February 2007, Ridge Commons entered into a \$1,886 mortgage agreement with ORIX Real Estate Capital, LLC for the purposes of refinancing existing debt and is payable in monthly installments of \$11, including interest. The mortgage is insured by HUD under Section 223(f).

Unity Housing Development Fund Corp. (Unity Housing)

Unity Housing received \$793 from the New York State Housing Trust Fund Corporation for the construction of senior housing, known as Moore Park. Interest is only payable once the project has excess cash flow from operations as defined by the mortgage agreement. Unity Housing has a mortgage note payable to Monroe County of annual payments of interest at 1.00% from excess cash flows through March 2035 amounting to \$500.

Parma Senior Housing Associates, L.P. (Parma Senior Housing)

In December 2005, the County of Monroe Industrial Development Agency (COMIDA) issued Parma Senior Housing Associates, L.P. Project, Industrial Development Revenue Bonds, Series 2005 with an aggregate principal amount of \$4,000. The bonds were issued to finance the construction of Parma Senior Housing. In June 2007, the term bonds in the amount of \$1,475 for the construction loan portion were repaid with investor funds.

Parma Senior Housing received \$1,785 from the New York State Housing Trust Fund Corporation for the construction of senior housing, known as Parma Housing. Interest and principal is only payable once the project has excess cash flow from operations as defined by the mortgage agreement. Parma Senior Housing has a mortgage note payable to Monroe County of annual payments of interest at 1.00% from excess cash flows through March 2036 amounting to \$300. Parma Senior Housing is in compliance with all financial covenant requirements for the years ended December 31, 2019 and 2018.

United Memorial Medical Center (UMMC)

In September 2015, UMMC entered into a \$4,050 bond offering through the Genesee County Industrial Development Agency d/b/a Genesee County Economic Development Center (GCEDC) and the Bank of Castile for the purpose of constructing the Cancer Services building owned by UMMC and payment of bond issuance costs. The Bond is collateralized by assets and property of UMMC, payable in monthly installments of \$22, maturing in 2036, including interest at a fixed rate of the six-year Federal Home Loan Bank (FHLB) rate, at that time, plus 2.00%, less the product of 33% and the FHLB rate through September 1, 2020. Effective September 1, 2020 and every fifth year after, the rate will be fixed at the five-year FHLB rate, at the time, plus 2.00%, less the product of 33% and the FHLB rate.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 10. Long-Term Obligations (Continued)

In September 2015, UMMC entered into a \$1,800 bond offering through GCEDC and the Bank of Castile for the purpose of equipment purchases for the Cancer Services building owned by UMMC and payment of bond issuance costs. The Bond is collateralized by assets and property of UMMC, payable in monthly installments of \$24, maturing in 2023, including interest at a fixed rate of the seven-year FHLB rate, at that time, plus 2.15%, less the product of 33% and the FHLB rate.

In April 2007, UMMC entered into a \$14,800 bond offering through the GCEDC and the Bank of New York for the purpose of refinancing qualifying portions of certain outstanding taxable indebtedness, renovating and converting the first floor of a UMMC building to house an outpatient diagnostic center, consisting of radiology, laboratory and cardiology services, demolition of a single story building owned by UMMC, and payment of bond issuance costs. The funds were provided by GCEDC from the sale of three separate bonds comprising the \$14,800 Civic Facility Revenue Bonds (United Memorial Medical Center Project) Series 2007. The three Bonds are repaid in stated principal amounts on December 1 of each year and mature in 2027 and 2032. The bond interest is paid semi-annually on June 1 and December 1 of each year. Additionally, certain fund accounts were established to ensure completion of the financing purpose.

UMMC is required to comply with certain financial and operational covenants related to the 2015 and 2007 bond offerings referred to above. UMMC is in compliance with the provisions of these covenants as of December 31, 2019 and 2018.

A promissory note was entered into with the Bank of New York to fund UMMC's 2010 surgical expansion project. The loan is collateralized by assets and property of UMMC, payable in monthly installments of \$69, including fixed interest at a rate of 4.23% through December 1, 2021. Effective December 1, 2021 and every fifth year after, the rate will be fixed at the FHLB rate, at the time, plus 2.00%. A final payment of unpaid principal and accrued interest will be due December 1, 2032.

A promissory note was entered into with the Bank of New York and is collateralized by all assets and property of UMMC, payable in monthly installments of \$22, including fixed interest at a rate of 4.41% through the duration of the note. A final payment of unpaid principal and accrued interest will be due May 1, 2020.

A promissory note was entered into with the United States Department of Agriculture and is payable in monthly installments of \$8, including fixed interest at a rate of 3.75% through December 1, 2032. A final payment of unpaid principal and accrued interest will be due December 1, 2032.

UMMC had a revolving line of credit agreement with a bank, which provided for aggregate borrowings of up to \$2,000. The line of credit matured on August 30, 2019 and was not renewed. As of December 31, 2018, there were no draws against the line of credit.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 10. Long-Term Obligations (Continued)

ACM Medical Laboratory, Inc. (ACM)

In May 2018, ACM entered into a term note of \$32,000 with HSBC Bank, payable in monthly installments of \$231, including fixed interest at a rate of 3.62% through the duration of the note which matures on April 3, 2033.

ACM's long-term debt requires it to comply with certain financial and operational covenants. As of December 31, 2019 and 2018, the Company was not in compliance with their funded debt to consolidated EBITDA covenant, and therefore obtained a waiver.

In April 2018, ACM entered into a demand line of credit agreement with HSBC bank, which provided for aggregate borrowings of up to \$25,000. The borrowing bears interest at the LIBOR rate plus applicable margin (1.05%). Borrowings on the demand line of credit are secured by a first priority perfected security interest in all personal property of ACM. There was no balance outstanding as of December 31, 2019 or 2018.

Note 11. Leases

The System has operating and finance leases for real estate, personal property, and equipment and determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of twelve months or less are not recorded on the consolidated balance sheets.

The System has lease agreements which require payments for lease and non-lease components and has elected to account for these as a single lease component. For leases that commenced before the effective date of ASU 2016-02, the System elected the permitted practical expedients to not reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases.

Right of use assets represent the System's right to use an underlying asset during the lease term and lease liabilities represent the System's obligation to make lease payments arising from the lease. Right of use assets and liabilities are recognized at the commencement date based on the net present value of fixed lease payments over the lease term. The System's lease term include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Right of use assets also include any advance lease payments as well as adjustments made to the lease in order to account for non-straight line cash payments through the life of the lease. As most of the System's operating leases do not provide an implicit rate, the System uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The System considers recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. Finance lease agreements generally include an interest rate that is used to determine the present value of future lease payments. Operating fixed lease expense and finance lease depreciation expense are recognized on a straight-line basis over the lease term. Right of use assets obtained in exchange for new finance leases totaled \$58 for the year ended December 31, 2019.

Operating expenses for the leasing activity of the System are recorded in purchased services and supplies in the consolidated statements of operations and changes in net assets. For the year ended December 31, 2019, lease expense as lessee amounted to \$31,960 and is reported as follows:

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 11. Leases (Continued)

	<u>Classification</u>	<u>Amount</u>
Operating lease expense	Purchased services and supplies	\$ 29,620
Variable lease expense	Purchased services and supplies	974
Finance lease interest	Interest expense	32
Finance lease amortization	Depreciation and amortization	1,334
Total lease cost		<u>\$ 31,960</u>

The aggregate future lease payments for operating and finance leases as of December 31, 2019 were as follows:

	<u>Finance</u>	<u>Operating</u>
2020	\$ 158	\$ 26,619
2021	32	22,898
2022	-	17,386
2023	-	13,115
2024	-	8,942
Thereafter	-	33,740
Total lease payments	<u>190</u>	<u>122,700</u>
Less: present value discount	<u>(2)</u>	<u>(17,220)</u>
Present value of lease liabilities	<u>\$ 188</u>	<u>\$ 105,480</u>

Average lease terms and discount rates were as follows:

	<u>December 31, 2019</u>
Weighted-average remaining lease term (years):	
Finance leases	2.00
Operating leases	6.96
Weighted-average discount rate:	
Finance leases	3.50%
Operating leases	4.37%

Note 12. Interest Rate Swap Contracts

Certain affiliates of the System have entered into interest rate swap contracts in order to reduce their risk of exposure to changes in cash flow associated with changes in interest rates. The interest rate swap contracts with a total outstanding notional amount of \$18,509 and \$19,924 as of December 31, 2019 and 2018, respectively, effectively convert the variable rate of the affiliates bonds to a fixed rate of interest. During the terms of these transactions, the affiliates pay interest at a fixed rate and receive interest at a variable rate based on the SIFMA or LIBOR. The swap agreements are designated as cash flow hedging instruments and are recorded at fair value in the accompanying consolidated balance sheets as of December 31, 2019 and 2018.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
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Note 12. Interest Rate Swap Contracts (Continued)

Changes in value of the swaps determined to arise from ineffectiveness of the instruments, as determined through the hypothetical derivative method, are recorded as a component of other changes in the accompanying consolidated statements of operations and changes in net assets.

The following table summarizes the fair value of the affiliates' interest rate swap agreements classified as other long-term liabilities as of December 31, 2019 and 2018:

Swap Type	Expiration Date	System Pays	System Receives	Fair Value (Level 2) at December 31, 2019	Fair Value (Level 2) at December 31, 2018
Fixed	2024	1.95%	1.61% of SIFMA	\$ 470	\$ 1
Fixed	2024	2.76%	65% of LIBOR + 2.25%	<u>15</u>	<u>25</u>
				<u>\$ 485</u>	<u>\$ 26</u>

Fair value of the affiliates' interest rate swap contracts are valued using Level 2 inputs. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instrument. A derivative valuation specialist calculates the future payments required by the derivative financial instrument, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon rate bonds due on the date of each future net settlement payment on the derivative financial instrument.

The effect of derivative instruments on the consolidated statements of operations and change in net assets was as follows for the years ended December 31:

Interest Rate Swap Contracts	2019	2018
Effective portion of gain recognized in other changes in net assets	\$430	\$208

Park Ridge Housing terminated its interest rate swap during the year ended December 31, 2018 through its divestiture as discussed in Note 1.

Note 13. Commitments and Contingencies

ACM is committed to purchase certain supplies and services for laboratory equipment. The approximate future minimum payments under these purchase commitments are summarized as follows:

2020	\$ 4,112
2021	3,968
2022	3,353
2023	2,309
2024	1,683
Thereafter	<u>543</u>
	<u>\$ 15,968</u>

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 13. Commitments and Contingencies (Continued)

Expenses incurred for the years ended December 31, 2019 and 2018 under these purchase agreements were \$4,345 and \$3,613, respectively.

The System records reserves and related insurance recoveries receivable for professional and general liability, health care for employees and workers' compensation losses, and loss adjustment expenses. These reserves include estimates for claims incurred but not reported (IBNR) and estimates of future trends in loss severity and frequency and other factors, which could vary as the losses are ultimately settled. Accordingly, the actual amounts incurred and recovered may vary significantly from the estimated amounts included in the accompanying consolidated financial statements.

Professional and General Liability

The affiliates of the System purchase their primary professional and general liability insurance, with limits of \$3,500 per claim and \$25,000 in the aggregate per policy year, through GRACO under a retrospectively rated claims-made policy based upon the experience of GRACO's insureds.

The affiliates purchase claims-made excess professional and general liability insurance from an independent insurance company. This policy provides \$43,500 of insurance coverage per claim and \$65,000 in the aggregate per policy year, in excess of the primary insurance limits provided by GRACO.

Professional liability and other claims have been filed against the affiliates and subscribing physician and non-physician providers by various claimants. In addition, other claims for which damages are as yet unspecified also exist. Management does not anticipate that any future effects of such claims would have a significant impact on certain affiliate's financial condition.

The actuarially determined estimate for professional liability claims, including outstanding and IBNR claims, at an estimated present value using a discount rate of 2% for the years ended December 31, 2019 and 2018, are \$66,631 and \$69,297, respectively, and are included in accrued insured and self-insured liabilities in the accompanying consolidated balance sheets.

Unity Health System

The former Unity Health System affiliates purchased professional and general liability insurance with limits of \$2,000 per claim and \$25,000 in the aggregate per policy year through GRACO. Prior to January 1, 2016 the affiliates arrangement for general and professional liability coverage includes a program whereby the affiliates are self-insured for the first \$2,000 of coverage. The affiliates maintain a trust to fund this level of retention.

Under this program, effective August 1, 2013, the affiliates are insured under a claims-made policy with retention of \$2,000 and aggregate liability up to \$20,000 with Healthcare Casualty Insurance Limited. Healthcare Casualty Insurance Limited is a company organized under the laws of the Cayman Islands, in which the affiliates participate as a shareholder. Prior to August 1, 2013, the affiliates were insured under a claims-made policy with retention of \$1,000 and aggregate liability up to \$20,000 with Healthcare Casualty Insurance Limited. Prior to August 1, 2006, the affiliates were insured under a claims-made policy with retention of \$1,000 and aggregate liability up to \$10,000 with Healthcare Casualty Insurance Limited and an additional policy with a commercial carrier for additional aggregate liability up to \$10,000. All of these policies have retroactive coverage to December 1, 1996. An actuary determines the estimated liability for both asserted and unasserted claims and related expenses up to self-insured limits using a discount rate of 2%.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 13. Commitments and Contingencies (Continued)

Estimated accrued self-insurance claims, including IBNR, as of December 31, 2019 and 2018 were \$1,816 and \$3,659, respectively, and are included in accrued insured and self-insured liabilities in the accompanying consolidated balance sheets. The affiliates are covered under a tail insurance policy for all claims incurred prior to December 31, 1996. Claims related to the former St. Mary's Hospital prior to December 31, 1996, are covered under the Ascension Health self-insurance occurrence-based program.

United Memorial Medical Center (UMMC)

Effective January 1, 2016, UMMC purchases its primary professional and general liability insurance with limits of \$1,000 per claim and \$25,000 in the aggregate per policy year through GRACO. Prior to January 1, 2016, UMMC was insured for medical malpractice risks through a claims-made professional liability insurance policy. Should the annual claims-made policy not be renewed or replaced with equivalent insurance, claims based on incidents during its term, but reported subsequently, will be uninsured. Certain malpractice claims have been asserted against UMMC by various claimants. Although UMMC's management and legal counsel are unable to conclude as to the ultimate outcome of the actions, it is the opinion of UMMC's management that adequate insurance is maintained to provide for all asserted or potential claims.

Any amounts to be reimbursed from an insurance company should be presented discretely. In accordance with FASB issued guidance, amounts should be recognized only when the likelihood of payment is both probable and measurable. For the years ended December 31, 2019 and 2018, \$170 has been recognized in these consolidated statements as a liability for cases experiencing negative development during the year. A corresponding receivable has been recorded for the anticipated recovery from the insurance company.

Clifton Springs Hospital and Clinic and Affiliates (CSHC)

Effective January 1, 2016, CSHC purchased insurance for professional and general liability insurance with limits of \$1,000 per claim and \$25,000 in the aggregate per policy year through GRACO. Prior to January 1, 2016 CSHC is insured for medical malpractice risks through an occurrence professional liability insurance policy. Coverage under the plan is limited to \$1,000 per occurrence and \$3,000 in the aggregate. Certain malpractice claims have been asserted against CSHC by various claimants. Although CSHC's management and legal counsel are unable to conclude as to the ultimate outcome of the actions, it is the opinion of the CSHC's management that adequate insurance is maintained to provide for all asserted or potential claims.

Any amounts to be reimbursed from an insurance company should be presented discretely. In accordance with FASB issued guidance, amounts should be recognized only when the likelihood of payment is both probable and measurable. For the years ended December 31, 2019 and 2018, \$850 has been recognized in these consolidated statements as a liability for cases experiencing negative development during the year. A corresponding receivable has been recorded for the anticipated recovery from the insurance company.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 13. Commitments and Contingencies (Continued)

Workers' Compensation Trust

Rochester General Health System Workers' Compensation Trust (WCT)

WCT provides a group insurance program for workers' compensation claims for the former affiliates of Rochester General Health System. WCT maintains stop-loss insurance coverage for all individual claims with a loss value exceeding \$500. Reinsurance premiums amounted to \$982 and \$1,209 for the years ended December 31, 2019 and 2018, respectively. Reinsurance premiums have been reported as a reduction of other revenue.

Losses are accrued based upon WCT's estimate of the aggregate liability for claims incurred by members, gross of amounts recoverable through reinsurance (claims in excess of \$500) based on actuarially determined estimates. The affiliates total cost incurred related to workers' compensation liabilities to be paid from WCT amounted to \$8,388 and \$14,036 for the years ended December 31, 2019 and 2018, respectively, and is included in malpractice and workers' compensation expense in the accompanying consolidated statements of operations and changes in net assets.

The actuarially determined reserve for workers' compensation at an estimated present value using a discount rate of 2 - 3% and 2% for the years ended December 31, 2019 and 2018, is as follows, and is included in accrued insured and self-insured liabilities in the accompanying consolidated balance sheets:

	<u>2019</u>	<u>2018</u>
Workers' compensation reserve	\$ 56,268	\$ 59,874
Insurance recoveries receivable	<u>13,510</u>	<u>18,681</u>
Net exposure for insured and self-insured claims	\$ <u>42,758</u>	\$ <u>41,193</u>

As of December 31, 2019 and 2018, the letter of credit amounted to \$39,639 and is unsecured.

Unity Health System

Effective January 1, 2016, the former affiliates of Unity Health System became insured through WCT. Prior to January 1, 2016, the former affiliates of Unity Health System participated in a workers' compensation self-insurance trust from December 1, 1999 through December 31, 2011, whereby workers' compensation expense was determined by the actuary of the trust. All members of the trust are jointly and severally liable for all workers' compensation obligations incurred by the trust. Prior to that date, the affiliates participated in Ascension Health's pooled risk program for workers' compensation. Effective January 1, 2012 through December 31, 2014, the former affiliates of Unity Health System obtained workers compensation insurance through a commercial insurer whereby the affiliates were self-insured for each claim up to a maximum of \$350 per claim. Effective January 1, 2015, the former affiliates of Unity Health System purchased a retrospectively rated workers' compensation insurance policy whereby the affiliates were self-insured for each claim up to a maximum of \$500 per claim. Estimated accrued self-insurance claims, including IBNR, at December 31, 2019 and 2018, were \$693 and \$358, respectively, are included in accrued insured and self-insured liabilities in the accompanying consolidated balance sheets.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 13. Commitments and Contingencies (Continued)

UMMC and CSHC

Effective January 1, 2016, UMMC and CSHC purchased insurance through WCT. Prior to January 1, 2016 UMMC and CSHC were self-insured for workers' compensation insurance through the New York Health Providers Workers' Compensation Trust (the Trust). The Trust paid claims and judgments relating to workers' compensation and charged UMMC and CSHC a predetermined annual amount, as recommended by the actuary based upon UMMC and CSHC's specific experience. Effective January 1, 2011, the Trust was terminated and UMMC and CSHC are insured through the New York State Workers Compensation Fund (NYSWCF).

Health

Rochester General Health System and Unity Health System

The affiliates of the former Rochester General Health System and Unity Health System, are self-insured for its Medical Health Plan (the Health Plan). The Health Plan maintains stop-loss insurance coverage for losses exceeding \$500 per insured per year. The affiliates' reserve for the cost of IBNR claims amounted to \$10,681 and \$10,855 as of December 31, 2019 and 2018, respectively, and is included in accrued expenses and other in the accompanying consolidated balance sheets.

Note 14. Guarantees and Other Commitments

Certain affiliates have guaranteed the performance of other affiliates under the terms of contractual agreements established in connection with senior housing initiatives. These guarantees relate to the delivery of tax credits, compliance, operational, reserve and development funding, and other related commitments.

In 1995, Rochester General Hudson Housing (RGHH) borrowed \$3,358 on a 40-year mortgage note from the U.S. Department of Housing and Urban Development (HUD) under the Capital Advance Program (the Program) for the purpose of building the Rochester General Senior Apartments (the Apartments). The note, which matures June 23, 2035, does not bear interest and repayment is not required as long as the Apartments remain available for very low-income elderly persons in accordance with Section 202 of the Housing Act of 1959. The note provides that if (1) the Apartments have remained available for occupancy by eligible families through the maturity date of the note, and (2) the note has not otherwise become due and payable by reason default under the note or the related mortgage or regulatory agreement, the note shall be deemed to be paid and discharged on the maturity date.

The principal balance becomes due and payable with interest at 6.63% if RGHH defaults under the terms of the note, mortgage, or regulatory agreements. RGHH is in compliance with the requirements of the note and related agreements. The advance has been included in other long-term liabilities.

During 1992, Parkway Commons Housing Development Fund Co., Inc. received \$2,299 from HUD for the construction of a senior housing building known as Parkway Commons. The financing is secured by a non-interest-bearing mortgage note for which repayment is required only if the project does not remain available for the low-income elderly population it was built to serve for a period of not less than 40 years. The advance has been included in other long-term liabilities.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 15. Pension and Postretirement Benefit Plans

Rochester General Health System

Employees of participating affiliates of the former Rochester General Health System (RGHS affiliates) receive retirement benefits through sponsorship of the Rochester General Health System Employee Retirement Plan (Pension Plan), a defined benefit pension plan that covers substantially all of the affiliates' employees. The Pension Plan determines benefits based upon both credited years of service and final average earnings. It is the policy of the Pension Plan to fund at least the minimum amounts required by the Employee Retirement Income Security Act of 1974 (ERISA). The funding policy is based on actuarially determined cost method allowable under Internal Revenue Service regulations.

In addition, the RGHS affiliates receive health care and life insurance benefits for retired employees through participation in a postretirement plan (Postretirement Plan) for those affiliates who elect to participate. Full-time employees who retire after age 62 with 20 years of service and dependents of employees who retired before January 1, 1993, are eligible for medical benefits. For medical benefits, employees who retired prior to January 1, 1993, receive the full premium less payments made by government programs and other group coverage. Employees who retire on or after January 1, 1993 receive an amount which is fixed at the 1993 premium level. Dental benefits cover full-time employees and dependents of employees who retired before January 1, 1994, after age 62 with 20 years of service. Life insurance benefits cover former employees who worked at least 30 hours per week who retire at age 55 or older. The affiliates have the right to modify or terminate the Postretirement Plan in the future. The RGHS affiliates fund the cost of such benefits as they are paid to retirees.

The RGHS affiliates recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its postretirement benefit plans in the consolidated balance sheets, with a corresponding adjustment to net assets without donor restrictions. The amounts recorded in net assets without donor restrictions will be subsequently recognized as net periodic pension cost in the future periods pursuant to the affiliates' accounting policy for amortizing such amounts.

Included in net assets without donor restrictions at December 31, 2019 and 2018, are the following amounts that have not yet been recognized in net periodic benefit cost for the pension and postretirement benefit plans:

	<u>2019</u>	<u>2018</u>
Unrecognized prior service (cost) credit	\$ (336)	\$ 230
Unrecognized actuarial loss	<u>(323,230)</u>	<u>(211,471)</u>
Total	<u>\$ (323,566)</u>	<u>\$ (211,241)</u>

The expected amortization of unrecognized items in the next year's expense is estimated to be \$231.

Changes in plan assets and benefit obligations recorded in net assets without donor restrictions included the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Amortization of prior service credit	\$ 231	\$ 567
Current year actuarial loss (gain)	<u>111,095</u>	<u>(38,567)</u>
Total	<u>\$ 111,326</u>	<u>\$ (38,000)</u>

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 15. Pension and Postretirement Benefit Plans (Continued)

The expected amortization of net loss in the next year's expense is estimated to be \$22,950.

As of December 31, 2019 and 2018, the Pension Plan's accumulated benefit obligation was \$911,638 and \$730,246, respectively.

The following sets forth a summary of the changes in the projected benefit obligation and plan assets measured at December 31, 2019 and 2018, and the resulting funded status for the aforementioned benefit plans, on a consolidated System basis:

	2019 RGHS Pension Plan	2018 RGHS Pension Plan	2019 RGHS Postretirement Plan	2018 RGHS Postretirement Plan
Change in projected benefit obligation:				
Benefit obligation at beginning of year	\$ 813,955	\$ 907,481	\$ 10,586	\$ 11,470
Service cost	42,365	45,468	252	277
Interest cost	31,829	29,048	406	359
Actuarial (gains) losses	186,796	(92,716)	1,490	(860)
Benefits paid	(55,326)	(75,326)	(754)	(660)
Plan amendment	336	-	-	-
Benefit obligation at end of year	<u>1,019,955</u>	<u>813,955</u>	<u>11,980</u>	<u>10,586</u>
Changes in plan assets:				
Fair value of plan assets at beginning of year	569,173	630,501	-	-
Actual return (loss) on plan assets	105,857	(24,802)	-	-
Employer contributions	41,500	38,800	754	660
Benefits paid	<u>(55,326)</u>	<u>(75,326)</u>	<u>(754)</u>	<u>(660)</u>
Fair value of plan assets at end of year	<u>661,204</u>	<u>569,173</u>	<u>-</u>	<u>-</u>
Underfunded status of the plan	<u>\$ (358,751)</u>	<u>\$ (244,782)</u>	<u>\$ (11,980)</u>	<u>\$ (10,586)</u>
Amounts recognized in the consolidated balance sheets consist of:				
Accrued expenses and other	\$ -	\$ -	\$ (786)	\$ (817)
Accrued pension and postretirement benefits	<u>(358,751)</u>	<u>(244,782)</u>	<u>(11,194)</u>	<u>(9,769)</u>
	<u>\$ (358,751)</u>	<u>\$ (244,782)</u>	<u>\$ (11,980)</u>	<u>\$ (10,586)</u>

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 15. Pension and Postretirement Benefit Plans (Continued)

The components of net periodic benefit expense for the years ended December 31, 2019 and 2018 are as follows:

	2019 RGHS Pension Plan	2018 RGHS Pension Plan	2019 RGHS Postretirement Plan	2018 RGHS Postretirement Plan
Components of net periodic benefit cost:				
Service cost	\$ 42,365	\$ 45,468	\$ 252	\$ 277
Interest cost	31,829	29,048	406	359
Expected return on plan assets	(42,022)	(46,960)	-	-
Amortization of actuarial (gains) losses	13,880	16,887	(189)	(133)
Net amortization of prior service credit	<u>(231)</u>	<u>(567)</u>	<u>-</u>	<u>-</u>
Net periodic benefit expense	<u>\$ 45,821</u>	<u>\$ 43,876</u>	<u>\$ 469</u>	<u>\$ 503</u>

The assumptions used to determine pension and postretirement benefit obligations at the measurement date of December 31, 2019 and 2018, are as follows:

	2019 RGHS Pension Plan	2018 RGHS Pension Plan	2019 RGHS Postretirement Plan	2018 RGHS Postretirement Plan
Weighted-average assumptions to determine benefit obligation as of December 31:				
Discount rate	3.40%	4.39%	3.31%	4.34%
Compensation growth rate	3.90%	3.90%	N/A	N/A

The assumptions used to determine net periodic pension and postretirement benefit cost for the years ended December 31, 2019 and 2018, are as follows:

	2019 RGHS Pension Plan	2018 RGHS Pension Plan	2019 RGHS Postretirement Plan	2018 RGHS Postretirement Plan
Weighted-average assumptions to determine net cost as of December 31:				
Discount rate	4.39%	3.70%	4.34%	3.64%
Compensation growth rate	3.90%	3.90%	N/A	N/A
Expected return on plan assets	7.50%	7.50%	N/A	N/A

For the year ended December 31, 2019, the mortality assumption for healthy lives was updated to the Mortality Projection 2019 table.

Rochester Regional Health and Affiliates

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Note 15. Pension and Postretirement Benefit Plans (Continued)

Pension Plan assets are held in a trust and are invested as follows at December 31:

	<u>2019</u>	<u>2018</u>
Cash and money market funds	7%	9%
Common collective trusts	13	13
Common stock	3	2
Equity mutual funds	6	5
Fixed income mutual funds	8	7
Limited partnerships	<u>63</u>	<u>64</u>
	<u>100%</u>	<u>100%</u>

The Pension Plans' investment strategy is long-term oriented, which is managed via a target asset allocation. Investment guidelines target equity securities, fixed income/bond, and other alternative investments. To develop the expected long-term rate of return on assets assumption, the plan sponsors considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolios are invested, and the expectations for future returns of each asset class.

Since the Plan Sponsors' investment policy is to actively manage certain asset classes where the potential exists to outperform the broader market, the expected returns for those asset classes were adjusted to reflect the expected additional returns. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption.

The following table represents the financial instruments in the Pension Plan, measured at fair value on a recurring basis based on the valuation hierarchy as of December 31:

	2019			Total
	Level 1	Level 2	Level 3	
Cash collateral on deposit with brokers	\$ 5,678	\$ -	\$ -	\$ 5,678
Money market funds	36,260	-	-	36,260
Common collective trusts	-	-	-	86,409
Domestic common stocks	17,566	-	-	17,566
Equity mutual funds	41,076	-	-	41,076
Fixed income mutual funds	54,594	-	-	54,594
Limited partnerships:				
Public equity focused	-	-	-	133,891
Private equity focused	-	-	-	120,568
Real estate/commodity focused	-	-	-	14
Fixed income focused	-	-	-	37,484
Multi-strategy focused	-	-	-	125,967
Cash	-	-	-	1,697
Total plan assets at fair value	<u>\$ 155,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661,204</u>

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 15. Pension and Postretirement Benefit Plans (Continued)

	2018			
	Level 1	Level 2	Level 3	Total
Cash collateral on deposit with brokers	\$ 7,455	\$ -	\$ -	\$ 7,455
Money market funds	41,617	-	-	41,617
Common collective trusts	-	-	-	75,840
Domestic common stocks	9,063	-	-	9,063
Equity mutual funds	28,510	-	-	28,510
Fixed income mutual funds	41,567	-	-	41,567
Exchange traded funds	834	-	-	834
Limited partnerships:				
Public equity focused	-	-	-	74,121
Private equity focused	-	-	-	111,927
Real estate/commodity focused	-	-	-	5,766
Fixed income focused	-	-	-	32,651
Multi-strategy focused	-	-	-	139,009
Cash	-	-	-	813
Total plan assets at fair value	<u>\$ 129,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 569,173</u>

Investments in common collective trust and limited partnerships are measured at fair value using the net asset value per share (or its equivalent) and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented elsewhere in the notes for total Plan investments.

	Fair Value at 12/31/19	Fair Value at 12/31/18	Unfunded Commitments at 12/31/19	Unfunded Commitments at 12/31/18
Common collective trusts	\$ 86,409	\$ 75,840	\$ -	\$ -
Limited Partnerships:				
Public equity focused	133,891	74,121	-	-
Private equity focused	120,568	111,927	41,854	24,707
Real estate/commodity focused	14	5,766	-	-
Fixed income focused	37,484	32,651	1,625	3,425
Multi-strategy focused	125,967	139,009	4,063	10,953
Cash	<u>1,697</u>	<u>813</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 506,030</u>	<u>\$ 440,127</u>	<u>\$ 47,542</u>	<u>\$ 39,085</u>

At December 31, 2019, the redemption frequencies of the assets of the Pension Plan are as follows: less than one week (38%), monthly (31%), less than six months (16%) and greater than six months (15%). At December 31, 2018, the redemption frequencies of the assets of the Pension Plan are as follows: less than one week (37%), monthly (31%), less than six months (16%) and greater than six months (16%).

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 15. Pension and Postretirement Benefit Plans (Continued)

The Redemption Notice Period for limited partnerships varies dependent on type investment structure. Notice requirements for limited partnerships generally range from 3 to 120 days for those funds having redemption provisions.

The affiliates expect to contribute approximately \$46,385 to the pension and postretirement plans in 2020. The following benefit payments are expected to be paid each year as follows:

	RGHS Pension Plan	RGHS Postretirement Plan
2020	\$ 58,802	\$ 785
2021	\$ 57,279	\$ 759
2022	\$ 64,109	\$ 728
2023	\$ 65,694	\$ 744
2024	\$ 65,504	\$ 741
2025 - 2029	\$ 329,330	\$ 3,778

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects on the postretirement plan:

	One- Percentage- Point Increase	One- Percentage- Point Decrease
Effect on total of service and interest cost components	28	(24)
Effect on postretirement benefit obligation	300	(264)

For measurement purposes, annual rate of increases in the per capita cost of covered health care benefits was assumed to be in a range of 5.9% - 6.2% for 2019 and 2018. The rate was assumed to decrease gradually to 4.50% and remain at that level thereafter.

Unity Health System

The affiliates of the former Unity Health System maintain a noncontributory defined benefit pension plan (the Plan) covering all eligible employees of the affiliates. Benefits under the Plan are based on each participant's years of service, as defined, and compensation during the last five years of credited service. The affiliates annually contribute an amount to the Plan required to satisfy the minimum funding standards of the Employee Retirement Income Security Act of 1974.

In addition, the affiliates also sponsor a defined benefit health care plan for former affiliates' employees that provides postretirement medical benefits to employees who meet certain conditions of employment. The postretirement plan is contributory, with retiree contributions adjusted in conjunction with their years of service.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 15. Pension and Postretirement Benefit Plans (Continued)

Effective September 1, 1998, this plan was amended so that no retirees after December 31, 1998, are eligible for postretirement benefits.

Included in net assets without donor restrictions at December 31, 2019 and 2018 are the following amounts that have not yet been recognized in net periodic benefit cost for the pension and postretirement benefit plans:

	<u>2019</u>	<u>2018</u>
Unrecognized actuarial loss	\$ <u>(140,499)</u>	\$ <u>(117,309)</u>
Total	\$ <u>(140,499)</u>	\$ <u>(117,309)</u>

Changes in plan assets and benefit obligations recorded in net assets without donor restrictions included the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Current year actuarial loss (gain)	\$ <u>23,191</u>	\$ <u>(18,111)</u>
Total	\$ <u>23,191</u>	\$ <u>(18,111)</u>

The expected amortization of net loss in the next year's expense is estimated to be \$12,950.

As of December 31, 2019 and 2018, the Pension Plan accumulated benefit obligation was \$404,198 and \$329,942, respectively.

The following sets forth a summary of the changes in the projected benefit obligation and plan assets measured at December 31, 2019 and 2018, and the resulting funded status for the aforementioned benefit plans, on a consolidated System basis:

	2019	2018	2019	2018
	UHS	UHS	UHS	UHS
	Pension	Pension	Postretirement	Postretirement
	Plan	Plan	Plan	Plan
Change in projected benefit obligation:				
Benefit obligation at beginning of year	\$ 350,105	\$ 377,443	\$ 508	\$ 556
Service cost	15,693	16,720	-	-
Interest cost	14,423	12,977	22	24
Actuarial (gains) losses	60,229	(42,840)	-	-
Benefits paid	<u>(14,507)</u>	<u>(14,195)</u>	<u>(70)</u>	<u>(72)</u>
Benefit obligation at end of year	425,943	350,105	460	508

Rochester Regional Health and Affiliates

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Note 15. Pension and Postretirement Benefit Plans (Continued)

	2019 UHS Pension Plan	2018 UHS Pension Plan	2019 UHS Postretirement Plan	2018 UHS Postretirement Plan
Changes in plan assets:				
Fair value of plan assets at beginning of year	242,624	252,811	-	-
Actual return (loss) on plan assets	45,539	(16,992)	70	72
Employer contributions	21,000	21,000	-	-
Benefits paid	<u>(14,507)</u>	<u>(14,195)</u>	<u>(70)</u>	<u>(72)</u>
Fair value of plan assets at end of year	<u>294,656</u>	<u>242,624</u>	<u>-</u>	<u>-</u>
Underfunded status of the plan	\$ <u>(131,287)</u>	\$ <u>(107,481)</u>	\$ <u>(460)</u>	\$ <u>(508)</u>
Amounts recognized in the consolidated balance sheets consist of:				
Accrued pension and postretirement benefits	\$ <u>(131,287)</u>	\$ <u>(107,481)</u>	\$ <u>(460)</u>	\$ <u>(508)</u>
	<u>\$ (131,287)</u>	<u>\$ (107,481)</u>	<u>\$ (460)</u>	<u>\$ (508)</u>

The components of net periodic benefit expense for the years ended December 31, 2019 and 2018 are as follows:

	2019 UHS Pension Plan	2018 UHS Pension Plan	2019 UHS Postretirement Plan	2018 UHS Postretirement Plan
Components of net periodic benefit cost:				
Service cost	\$ 15,693	\$ 16,720	\$ -	\$ -
Interest cost	14,423	12,977	22	24
Expected return on plan assets	(18,310)	(19,379)	-	-
Amortization of actuarial losses	<u>9,809</u>	<u>11,642</u>	<u>-</u>	<u>-</u>
Net periodic benefit expense	<u>\$ 21,615</u>	<u>\$ 21,960</u>	<u>\$ 22</u>	<u>\$ 24</u>

The assumptions used to determine pension and postretirement benefit obligations at the measurement date of December 31, 2019 and 2018, are as follows:

	2019 UHS Pension Plan	2018 UHS Pension Plan	2019 UHS Postretirement Plan	2018 UHS Postretirement Plan
Weighted-average assumptions to determine benefit obligation as of December 31:				
Discount rate	3.49%	4.46%	4.59%	4.59%
Compensation growth rate	2.50%	2.50%	N/A	N/A

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 15. Pension and Postretirement Benefit Plans (Continued)

The assumptions used to determine net periodic pension and postretirement benefit cost for the years ended December 31, 2019 and 2018, are as follows:

	2019	2018	2019	2018
	UHS	UHS	UHS	UHS
	Pension Plan	Pension Plan	Postretirement	Postretirement
	Plan			
Weighted-average assumptions to determine net cost as of December 31:				
Discount rate	4.46%	3.78%	4.59%	4.59%
Compensation growth rate	2.50%	2.50%	N/A	N/A
Expected return on plan assets	7.50%	7.50%	N/A	N/A

For the year ended December 31, 2019, the mortality assumption for healthy lives was updated to the Mortality Projection 2019 table.

Pension Plan assets are held in a trust and are invested as follows at December 31:

	<u>2019</u>	<u>2018</u>
Cash and money market funds	9%	14%
Common collective trusts	11	12
Common stock	2	2
Equity mutual funds	7	6
Fixed income mutual funds	9	10
Limited partnerships	<u>62</u>	<u>56</u>
	<u>100%</u>	<u>100%</u>

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and projected asset categories in the Plan's investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management resulted compared to benchmark returns and for the effect of expenses paid from Plan assets.

Rochester Regional Health and Affiliates

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Note 15. Pension and Postretirement Benefit Plans (Continued)

The following table represents the financial instruments in the Pension Plan, measured at fair value on a recurring basis based on the valuation hierarchy as of December 31:

	2019			Total
	Level 1	Level 2	Level 3	
Cash	\$ 24,564	\$ -	\$ -	\$ 24,564
Common stock	7,170	-	-	7,170
Equity mutual funds	21,109	-	-	21,109
Fixed income mutual funds	27,290	-	-	27,290
Common collective trusts	-	-	-	32,501
Limited partnerships:				
Public equity focused	-	-	-	75,241
Private equity focused	-	-	-	37,309
Fixed income focused	-	-	-	24,081
Multistrategy focused	-	-	-	45,391
Total plan assets at fair value	\$ 80,133	\$ -	\$ -	\$ 294,656

	2018			Total
	Level 1	Level 2	Level 3	
Cash	\$ 33,429	\$ -	\$ -	\$ 33,429
Common stock	4,136	-	-	4,136
Equity mutual funds	14,225	-	-	14,225
Fixed income mutual funds	24,939	-	-	24,939
Common collective trusts	-	-	-	28,987
Limited partnerships:				
Public equity focused	-	-	-	43,777
Private equity focused	-	-	-	36,630
Real estate/commodity focused	-	-	-	2,482
Fixed income focused	-	-	-	10,386
Multi-strategy focused	-	-	-	43,633
Total plan assets at fair value	\$ 76,729	\$ -	\$ -	\$ 242,624

Investments in common collective trusts and limited partnerships are measured at fair value using the net asset value per share (or its equivalent) and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented elsewhere in the notes for total Plan investments.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
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Note 15. Pension and Postretirement Benefit Plans (Continued)

	Fair Value at 12/31/19	Fair Value at 12/31/18	Unfunded Commitments at 12/31/19	Unfunded Commitments at 12/31/18
Common collective trusts	\$ 32,501	\$ 28,987	\$ -	\$ -
Limited partnerships:				
Public equity focused	75,241	43,777	-	-
Private equity focused	37,309	36,630	19,871	10,676
Real estate/commodity focused	-	2,482	-	-
Fixed income focused	24,081	10,386	1,075	2,475
Multi-strategy focused	<u>45,391</u>	<u>43,633</u>	<u>3,063</u>	<u>6,177</u>
Total	<u>\$ 214,523</u>	<u>\$ 165,895</u>	<u>\$ 24,009</u>	<u>\$ 19,328</u>

At December 31, 2019, the redemption frequencies of the assets of the Pension Plan are as follows: less than one week (43%), monthly (32%), less than six months (14%) and greater than six months (11%). At December 31, 2018, the redemption frequencies of the assets of the Pension Plan are as follows: less than one week (49%), monthly (28%), less than six months (15%) and greater than six months (8%).

The Redemption Notice Period for limited partnerships varies dependent on type investment structure. Notice requirements for limited partnerships generally range from 3 to 120 days for those funds having redemption provisions.

The affiliates expect to contribute approximately \$21,000 to the pension and postretirement plans in 2020. The following benefit payments are expected to be paid each year as follows:

	UHS Pension Plan	UHS Postretirement Plan
2020	\$ 12,971	\$ 67
2021	\$ 13,961	\$ 62
2022	\$ 15,329	\$ 57
2023	\$ 16,548	\$ 52
2024	\$ 17,571	\$ 47
2025 - 2029	\$ 102,202	\$ 160

United Memorial Medical Center (UMMC)

UMMC employees participate in a defined benefit pension plan (the Plan). The Plan's policy is to annually fund at levels sufficient to meet the minimum funding requirements as set forth in the Employee Retirement Income Security Act of 1974 (ERISA), as determined by the Plan actuary, plus such additional amounts that the Plan may determine to be appropriate from time to time. Effective April 6, 2007, the Plan was frozen. No new participants were added to the Plan on or after April 6, 2007.

Rochester Regional Health and Affiliates

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Note 15. Pension and Postretirement Benefit Plans (Continued)

Obligations and Funded Status: The following tables set forth the Plan's funded status and amounts recognized in the consolidated financial statements.

	2019 UMMC <u>Pension Plan</u>	2018 UMMC <u>Pension Plan</u>
Change in the projected benefit obligation:		
Benefit obligation at beginning year	\$ 27,496	\$ 31,268
Service cost	510	410
Interest cost	1,053	966
Actuarial losses (gains)	4,149	(2,077)
Plan settlements	-	(1,771)
Benefits paid	<u>(1,936)</u>	<u>(1,300)</u>
Benefit obligations at end of year	31,272	27,496
Change in plan assets:		
Fair value of plan assets at beginning of year	16,894	19,634
Actual return (loss) on plan assets	2,791	(1,469)
Employer contributions	2,570	1,800
Benefits paid	(1,936)	(1,300)
Plan settlements	<u>-</u>	<u>(1,771)</u>
Fair value of plan assets at end of year	<u>20,319</u>	<u>16,894</u>
Underfunded status of the plan	\$ <u>(10,953)</u>	\$ <u>(10,602)</u>
Amounts recognized in the consolidated balance sheets consist of:		
Accrued pension and postretirement benefits	\$ <u>(10,953)</u>	\$ <u>(10,602)</u>

The components of net periodic benefit expense for the years ended December 31, 2019 and 2018 are as follows:

	2019 UMMC <u>Pension Plan</u>	2018 UMMC <u>Pension Plan</u>
Components of net periodic benefit cost:		
Service cost	\$ 510	\$ 410
Interest cost	1,053	966
Expected return on plan assets	(1,072)	(1,238)
Net amortization of prior service cost	12	12
Amortization of actuarial losses	1,208	1,302
Settlement loss recognized	<u>-</u>	<u>873</u>
Net periodic benefit expense	<u>\$ 1,711</u>	<u>\$ 2,325</u>

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 15. Pension and Postretirement Benefit Plans (Continued)

The assumptions used to determine benefit obligations at the measurement date of December 31, 2019 and 2018, are as follows:

	2019 UMMC Pension Plan	2018 UMMC Pension Plan
Weighted average assumptions to determine benefit obligation as of December 31:		
Discount rate	3.29%	4.34%
Expected return on plan assets	6.50%	6.50%

For the year ended December 31, 2019, the mortality assumption for healthy lives was updated to the Mortality Projection 2019 table.

The Plan's actual asset allocation percentages and concentrations as of December 31, 2019 and 2018 are as follows at the respective measurement dates:

	2019 UMMC Pension Plan	2018 UMMC Pension Plan
Equities	50%	50%
Fixed Income	31	32
Other	<u>19</u>	<u>18</u>
	<u>100%</u>	<u>100%</u>

The Plan's investment policies and strategies were used to develop the expected long-term rate of return and is based upon a building block method, whereby the expected rate of return on each asset class is broken down into three components: inflation, the real risk-free rate of return and the risk for each asset class. The Plan's target investment ranges are as follows, equities 30% to 75%, fixed income 10% to 40% and other 10% to 45%.

The following table represents the financial instruments in the Pension Plan, measured at fair value on a recurring basis based on the valuation hierarchy as of December 31:

	2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 553	\$ -	\$ -	\$ 553
Exchange traded funds	4,901	-	-	4,901
Mutual funds	4,456	-	-	4,456
US government and agency obligations	-	1,106	-	1,106
Corporate obligations and convertible bonds	-	848	-	848
Common and preferred stocks	8,455	-	-	8,455
Total plan assets at fair value	<u>\$ 18,365</u>	<u>\$ 1,954</u>	<u>\$ -</u>	<u>\$ 20,319</u>

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 15. Pension and Postretirement Benefit Plans (Continued)

	2018			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 357	\$ -	\$ -	\$ 357
Exchange traded funds	4,099	-	-	4,099
Mutual funds	4,983	-	-	4,983
US government and agency obligations	-	959	-	959
Corporate obligations and convertible bonds	-	936	-	936
Common and preferred stocks	5,560	-	-	5,560
Total plan assets at fair value	<u>\$ 14,999</u>	<u>\$ 1,895</u>	<u>\$ -</u>	<u>\$ 16,894</u>

UMMC expects to contribute approximately \$1,920 to the Plan in 2020. The following benefit payments are expected to be paid each year as follows:

	<u>UMMC</u> <u>Pension Plan</u>
2020	\$ 2,449
2021	\$ 2,018
2022	\$ 2,006
2023	\$ 2,239
2024	\$ 1,860
2025 - 2029	\$ 9,127

Other

Effective July 3, 2017, the 403(b) Plans of the former Rochester General Health System, the former Unity Health System and United Memorial Medical Center merged into the newly formed Rochester Regional Health 403(b) Defined Contribution Plan (RRH 403(b) Plan) and the 401(k) Plans of the former Unity Health System and Clifton Springs Hospital and Clinic merged into the newly formed Rochester Regional Health 401(k) Defined Contribution Plan (RRH 401(k) Plan), at which time all employee deferrals were remitted into and all participant assets were transferred to the new plans. There were no changes to the eligibility or contribution provisions of the respective former plans as a result of the merger.

Rochester General Health System

Prior to July 3, 2017, employees of the affiliates of the former RGHS affiliates who met certain eligibility requirements participated in the non-contributory, tax-exempt 403(b) tax sheltered annuity plan.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 15. Pension and Postretirement Benefit Plans (Continued)

The RGHS affiliates have a deferred compensation plan which permits certain key employees to defer a portion of their compensation. The deferred compensation, which is funded through investments with third-party financial services companies, is distributable in cash after retirement or termination of employment, and is separately recorded in the accompanying consolidated balance sheets as an asset and a liability. During the year ended December 31, 2018, all amounts were disbursed in full to the plan participants. As of December 31, 2019 and 2018, there were no participants in the deferred compensation plan.

Unity Health System

Prior to July 3, 2017, eligible employees of the for-profit affiliates of the former Unity Health System participated in a 401(k) Savings Plan. Under the terms of the plan, eligible employees could contribute a portion of their annual compensation, up to maximum amounts as limited by statutory requirements, on a pre-tax basis. The affiliates provided matching contributions of 25% of the participant's elective deferral up to 1% of the participant's compensation, subject to the ERISA limitations. Under the RRH 401(k) Plan, the affiliates made contributions of \$177 and \$185 for the years ended December 31, 2019 and 2018, respectively.

Prior to July 3, 2017, eligible employees of the not-for-profit affiliates of the former Unity Health System participated in a 403(b) Savings Plan. Under the terms of the plan, eligible employees could contribute a portion of their annual compensation, up to maximum amounts as limited by statutory requirements, on a pre-tax basis. The affiliates provided matching contributions of 25% of the participant's elective deferral up to 1% of the participant's compensation, subject to ERISA limitations. Under the RRH 403(b) Plan, the affiliates made contributions of \$1,686 and \$1,521 for the years ended December 31, 2019 and 2018, respectively.

The affiliates of the former Unity Health System (UHS affiliates) have deferred compensation plans which permit certain key employees to defer a portion of their compensation. The deferred compensation, which is funded through investments with third-party financial services companies, is distributable in cash after retirement or termination of employment, and is separately recorded in the accompanying consolidated balance sheets as an asset and a liability.

United Memorial Medical Center (UMMC)

Prior to July 3, 2017, eligible employees of UMMC participated in a 403(b) Savings Plan. Under the plan, UMMC contributed 1.50% of each employee's wage to their specific 403(b) account. Additionally, employees could also elect to contribute to the plan through salary and wage deferral up to maximum amounts established by the Internal Revenue Service (currently established at 100% of annual salary and wages up to \$18 or \$24, if over age 50). UMMC matched such employee contributions at a rate of 50% of employee contributions up to a maximum 6% of an employee's wage. Under the RRH 403(b) Plan, UMMC made contributions to the plan of \$1,157 and \$1,070 for the years ended December 31, 2019 and 2018, respectively.

UMMC has a deferred compensation plan that permits certain key employees to defer a portion of their compensation. The deferred compensation, which is funded through investments with third-party financial services companies, is distributable in cash after retirement or termination of employment and is separately recorded in the accompanying consolidated balance sheets as an asset and a liability.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 15. Pension and Postretirement Benefit Plans (Continued)

Clifton Springs Hospital and Clinic (CSHC)

Prior to July 3, 2017, eligible employees of CSHC participated in a 401(k) Savings Plan. Under the terms of plan, which is intended to qualify under Section 401(k) of the Internal Revenue Code, CSHC matched employee contributions, up to a specified maximum amount. Under the RRH 401(k) Plan, CSHC made contributions of \$263 and \$166 during the years ended December 31, 2019 and 2018, respectively.

Note 16. Net Assets with Donor Restrictions and Endowments

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specific purpose:		
Education and research	\$ 11,523	\$ 11,671
Equipment and facility improvements	52,830	45,989
Hospital support and clinical programs	<u>24,180</u>	<u>13,074</u>
	88,533	70,734
Subject to spending policy and appropriation:		
Education and research	2,070	1,727
Equipment and facility improvements	86	85
Hospital support and clinical programs	<u>20,254</u>	<u>18,731</u>
	<u>22,410</u>	<u>20,543</u>
Total net assets with donor restrictions	\$ <u>110,943</u>	\$ <u>91,277</u>

The System's foundations (the Foundations) maintain endowments consisting of numerous individual donor-restricted funds established for a variety of purposes, which are held in perpetuity. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

The Foundations have attempted to provide a predictable stream of funding to programs supported by their endowments while seeking to maintain the purchasing power of the endowment assets. The Foundations' funds are invested with a goal of producing the highest long-term rate of return without materially exceeding an acceptable level of long-term volatility. Endowment assets are invested in the Pooled Investment Fund – Master Investment Plan, equities, mutual funds, and fixed income securities.

Total return on donor-designated endowment funds is reported in net assets with donor restrictions. The total amounts accumulated are considered available for distribution. Funds without donor restrictions are distributed in the same year as the investment returns are received.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 16. Net Assets with Donor Restrictions and Endowments (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the original gift. There were no deficiencies as of December 31, 2019 and 2018.

Interpretation of Relevant Law

Net assets with donor restrictions subject to the Foundations' spending policy and appropriation represent endowments that have been restricted by donors to be maintained in perpetuity. The Foundations follow the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) passed into law effective September 2010 as they relate to these net assets. Prior to the enactment of the law, the Foundations followed the requirements of the Uniform Management of Institutional Funds Act (UMIFA). The Foundations interpreted NYPMIFA, which did not have a significant effect on the Foundations' endowment policies that were in effect prior to the enactment requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

The Foundations classify as net assets with donor restrictions subject to Foundation spending policy and appropriation the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Returns on the permanent endowment are used in accordance with the direction of the applicable donor gift. Returns on endowment net assets are classified as net assets with donor restrictions subject to expenditure for specific purpose until the amounts are appropriated for expenditure in accordance with a manner consistent with the standard of prudence prescribed by NYPMIFA.

The Foundations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundations and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundations
- (7) The investment policies of the Foundations

Donor-restricted endowment funds amounted to \$27,045 and \$23,128 as of December 31, 2019 and 2018, respectively. There are no board-designated endowment funds as of December 31, 2019 and 2018.

Rochester Regional Health and Affiliates
Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 16. Net Assets with Donor Restrictions and Endowments (Continued)

Changes in endowment net assets as of December 31, 2018 are as follows:

		<u>With Donor Restrictions</u>
Endowment net assets, January 1, 2018	\$	23,540
Investment return (loss):		
Investment income		448
Net depreciation (realized and unrealized)		<u>(611)</u>
Total investment return (loss)		(163)
Contributions		129
Affiliate transfer		36
Appropriation of endowment assets for expenditure		<u>(414)</u>
Endowment net assets, December 31, 2018	\$	<u><u>23,128</u></u>

Changes in endowment net assets as of December 31, 2019 are as follows:

		<u>With Donor Restrictions</u>
Endowment net assets, January 1, 2019	\$	23,128
Investment return:		
Investment income		799
Net appreciation (realized and unrealized)		<u>1,273</u>
Total investment return		2,072
Contributions		1,044
Affiliate transfer		1,462
Appropriation of endowment assets for expenditure		<u>(661)</u>
Endowment net assets, December 31, 2019	\$	<u><u>27,045</u></u>

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 17. Income Taxes

In accordance with ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, the system presents deferred tax liabilities and assets as non-current on the consolidated balance sheets.

Income tax (benefit) expense consists of the following for the years ended December 31, and is recorded in the accompanying statements of operations and changes in net assets:

	<u>2019</u>	<u>2018</u>
Current	\$ 526	\$ (708)
Deferred	<u>132</u>	<u>(1,208)</u>
Total income tax (benefit) expense	<u>\$ 658</u>	<u>\$ (1,916)</u>
Loss before taxes of taxable affiliates	<u>\$ (6,784)</u>	<u>\$ (8,535)</u>

The System's income tax (benefit) expense varies from the tax computed using statutory rates principally due to the inclusion of state tax expense and other items.

The System's deferred income tax assets and liabilities are as follows at December 31:

	<u>2019</u>	<u>2018</u>
Noncurrent deferred income tax liability	<u>\$ (2,526)</u>	<u>\$ (2,422)</u>
Net deferred income tax liabilities included in the consolidated balance sheets	<u>\$ (2,526)</u>	<u>\$ (2,422)</u>

Net deferred income tax liabilities are included as other long-term liabilities in the consolidated balance sheets.

The net deferred income tax items result primarily from future tax consequences attributable to differences between the tax bases and carrying amounts of compensation accruals, accounts receivable, and property, plant, and equipment.

The System paid income taxes of \$841 and \$805 for the years ended December 31, 2019 and 2018, respectively.

Note 18. Legal Matters

The System is involved in litigation and regulatory investigations arising in the course of business. The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at the time. Recently, government activity has increased with respect to investigation and allegation concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed under Medicare and Medicaid programs in the current and preceding years.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 18. Legal Matters (Continued)

Management believes it is in compliance with such laws and regulations and no unknown or unasserted claims were known at this time, which could have a material adverse effect on the System's future financial position, results from operations or cash flows.

Note 19. Functional Expenses

Consistent with US GAAP, the System provides an analysis of expenses by both natural and functional classification. Natural expenses are defined by their nature such as salaries and wages, employee benefits and supplies, etc. Functional expenses are classified by the type of activity for which expenses were incurred, for example, direct program costs and management and general. Expenses were allocated by function using a reasonable and consistent approach that was primarily based on the percentage of staffing costs or square footage directly attributable by function. The following tables present the functional expense allocations for the years ending December 31:

	2019			
	<u>Program</u>	<u>Support</u>		
	<u>Healthcare services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 966,531	\$ 133,408	\$ 2,192	\$ 1,102,131
Employee benefits	185,806	26,740	424	212,970
Professional fees	168,044	63,452	181	231,677
Purchased services and supplies	514,576	55,261	773	570,610
Depreciation and amortization	71,509	15,340	-	86,849
Malpractice and workers' compensation expense	12,040	556	-	12,596
Interest	19,081	3,901	-	22,982
Other expenses	9,473	1,591	757	11,821
Total	\$ <u>1,947,060</u>	\$ <u>300,249</u>	\$ <u>4,327</u>	\$ <u>2,251,636</u>

Included in these functional expenses for the year ended December 31, 2019 are the asset impairment charges discussed in Note 3.

Rochester Regional Health and Affiliates

Notes to the Consolidated Financial Statements
(In Thousands of Dollars)
December 31, 2019 and 2018

Note 19. Functional Expenses (Continued)

	2018			
	<u>Program</u>	<u>Support</u>		
	<u>Healthcare services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 908,226	\$ 133,146	\$ 1,771	\$ 1,043,143
Employee benefits	192,571	32,532	347	225,450
Professional fees	157,133	57,104	47	214,284
Purchased services and supplies	505,182	45,524	669	551,375
Depreciation and amortization	80,651	16,607	-	97,258
Malpractice and workers' compensation expense	18,219	1,250	-	19,469
Interest	19,933	4,518	-	24,451
Other expenses	4,238	806	901	5,945
Total	\$ <u>1,886,153</u>	\$ <u>291,487</u>	\$ <u>3,735</u>	\$ <u>2,181,375</u>

Included in these functional expenses for the year ended December 31, 2018 are the changes in accounting estimates and asset impairment charges discussed in Note 3.

Note 20. Subsequent Events

The System evaluated its December 31, 2019 consolidated financial statements for subsequent events through the date the consolidated financial statements were issued. As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which could impact future operating income. Other impacts could occur though such potential impacts are unknown and or are not reasonably estimable at this time.

Supplementary Information

Rochester Regional Health and Affiliates

Consolidating Balance Sheet
(in Thousands of Dollars)

December 31, 2019

Assets	Hospitals	Healthcare and Community Services	Nursing Homes and Care for the Aging	Foundations	System Corporations and Insurance	Housing Affiliates	Eliminations	Consolidated Total
Current assets:								
Cash and cash equivalents	\$ 107,566	\$ 5,448	\$ 22,956	\$ 19	\$ 12,861	\$ 303	\$ -	\$ 149,153
Investments	129,717	-	9,612	-	-	-	-	139,329
Current portion of assets whose use is limited	56,358	-	-	13,693	-	-	-	70,051
Patient accounts receivable	124,521	4,048	18,995	-	24,365	-	-	171,929
Estimated third-party payor receivables	13,356	-	249	-	-	-	-	13,605
Due from affiliates	55,788	98	185	396	13,784	572	(70,823)	-
Pledges receivable	-	-	-	9,679	-	-	-	9,679
Inventories	16,715	1,563	730	-	2,532	-	-	21,540
Prepaid expenses and other	42,983	1,384	781	42	7,311	72	-	52,573
Total current assets	547,004	12,541	53,508	23,829	60,853	947	(70,823)	627,859
Assets whose use is limited:								
Funds held by bond trustees	68,023	3,968	-	-	-	763	-	72,754
Board designated funds	336,368	-	12,476	-	-	-	-	348,844
Assets held for self-insurance programs	-	-	-	-	97,181	-	-	97,181
Escrow funds	103	-	3,630	-	-	752	-	4,485
Donor restricted	4,174	-	61	83,790	-	-	-	88,025
Deferred compensation	7,110	-	-	-	1,111	-	-	8,221
Total assets whose use is limited, net of current portion	415,778	3,968	16,167	83,790	98,292	1,515	-	619,510
Property and equipment, net	819,907	131,814	48,879	545	30,594	8,686	-	1,040,425
Other assets:								
Interest in net assets of the Foundations	105,145	423	3,968	-	4,325	-	(113,861)	-
Goodwill	2,952	-	-	-	33,402	-	-	36,354
Estimated third-party payor receivables, net	1,273	-	837	-	-	-	-	2,110
Insurance recoveries receivable	59,286	75	3,724	-	35,971	-	(84,616)	14,440
Pledges receivable, net	-	-	-	15,072	-	-	-	15,072
Operating leases - right of use assets	198,854	2,119	4,384	-	15,680	-	(115,822)	105,215
Other	22,995	1,942	2,817	2,604	82,331	559	(87,267)	25,981
Total assets	\$ 2,173,194	\$ 152,882	\$ 134,284	\$ 125,840	\$ 361,448	\$ 11,707	\$ (472,389)	\$ 2,486,966

Rochester Regional Health and Affiliates

Consolidating Balance Sheet (Continued)
(in Thousands of Dollars)

December 31, 2019

Liabilities and net assets	Hospitals	Healthcare and Community Services	Nursing Homes and Care for the Aging	Foundations	System Corporations and Insurance	Housing Affiliates	Eliminations	Consolidated Total
Current liabilities:								
Accounts payable	\$ 85,384	\$ 833	\$ 7,341	\$ 151	\$ 12,063	\$ 63	\$ -	\$ 105,835
Accrued salaries, vacation, and payroll taxes	70,256	616	8,649	294	16,495	11	-	96,321
Accrued expenses and other	92,270	833	7,526	4,117	11,906	262	(9,367)	107,547
Accrued interest payable	4,758	143	26	-	-	295	-	5,222
Estimated third-party payor payables	43,700	-	2,750	-	-	-	-	46,450
Current portion of long-term debt	19,385	4,075	1,105	-	1,719	75	-	26,359
Current portion of operating lease liabilities	22,238	356	1,407	-	4,433	-	(5,839)	22,595
Due to affiliates	14,772	21,946	17,733	2,057	4,934	15	(61,457)	-
Total current liabilities	352,763	28,802	46,537	6,619	51,550	721	(76,663)	410,329
Long-term liabilities:								
Long-term debt, net	471,883	95,823	16,806	-	27,364	7,384	-	619,260
Long-term operating lease liabilities, net	176,972	1,588	2,996	-	11,312	-	(109,983)	82,885
Accrued pension and postretirement benefits	121,818	835	9,123	313	380,453	103	-	512,645
Accrued insured and self-insured liabilities	113,362	1,043	9,945	-	107,053	-	(104,869)	126,534
Estimated third-party payor payables, net	137,980	1,344	9,442	-	-	-	-	148,766
Deferred compensation	5,574	-	-	-	1,111	-	-	6,685
Other	761	630	811	-	2,625	6,281	-	11,108
Total long-term liabilities	1,028,350	101,263	49,123	313	529,918	13,768	(214,852)	1,507,883
Total liabilities	1,381,113	130,065	95,660	6,932	581,468	14,489	(291,515)	1,918,212
Net assets:								
Without donor restrictions	689,855	22,394	34,656	14,017	(234,176)	(2,693)	(70,182)	453,871
Non-controlling interest in net assets of affiliates	-	-	-	-	4,029	(89)	-	3,940
Total net assets without donor restrictions	689,855	22,394	34,656	14,017	(230,147)	(2,782)	(70,182)	457,811
With donor restrictions	102,226	423	3,968	104,891	10,127	-	(110,692)	110,943
Total net assets	792,081	22,817	38,624	118,908	(220,020)	(2,782)	(180,874)	568,754
Total liabilities and net assets	\$ 2,173,194	\$ 152,882	\$ 134,284	\$ 125,840	\$ 361,448	\$ 11,707	\$ (472,389)	\$ 2,486,966

Rochester Regional Health and Affiliates

Consolidating Statement of Operations
(in Thousands of Dollars)

For the Year Ended December 31, 2019

	Hospitals	Healthcare and Community Services	Nursing Homes and Care for the Aging	Foundations	System Corporations and Insurance	Housing Affiliates	Eliminations	Consolidated Total
Revenues, gains, and other support without donor restrictions:								
Net patient service revenue	\$ 1,869,285	\$ 33,083	\$ 85,295	\$ -	\$ 138,009	\$ -	\$ (23,039)	\$ 2,102,633
Capitation fees	-	-	73,306	-	-	-	-	73,306
Other revenues, gains, and other support	76,481	27,153	3,118	4,665	57,191	2,403	(69,800)	101,211
Net assets released from restrictions for operations	-	-	-	3,977	-	-	-	3,977
Total revenues, gains, and other support without donor restrictions	1,945,766	60,236	161,719	8,642	195,200	2,403	(92,839)	2,281,127
Expenses:								
Salaries and wages	950,766	15,978	78,136	3,517	88,019	359	(34,644)	1,102,131
Employee benefits	185,142	2,620	15,595	669	8,953	93	(102)	212,970
Professional fees	204,907	7,257	41,967	460	3,201	537	(26,652)	231,677
Purchased services and supplies	473,384	18,512	21,841	1,222	70,209	143	(14,701)	570,610
Depreciation and amortization	68,800	6,706	4,427	47	6,165	704	-	86,849
Malpractice and workers' compensation expense	10,236	884	3,768	-	14,448	-	(16,740)	12,596
Interest	16,823	4,070	652	-	1,102	335	-	22,982
Other expenses	-	-	-	2,699	2,856	65	-	5,620
Total expenses	1,910,058	56,027	166,386	8,614	194,953	2,236	(92,839)	2,245,435
Income (loss) from operations before other items	35,708	4,209	(4,667)	28	247	167	-	35,692
Inherent contribution (Note 2)	-	-	-	-	13,002	-	-	13,002
Asset impairment charges (Note 3)	-	-	-	-	(6,201)	-	-	(6,201)
Change in accounting estimates (Note 3)	(3,465)	(886)	(646)	-	-	-	-	(4,997)
Income (loss) from operations	32,243	3,323	(5,313)	28	7,048	167	-	37,496
Income tax expense	-	-	-	-	(658)	-	-	(658)
Non-operating revenue (expense):								
Other components of net periodic pension cost	(9,883)	(153)	(707)	-	(32)	(2)	-	(10,777)
Other non-operating gains (losses), net	455	(72)	-	-	(185)	-	-	198
Non-controlling interest in net gains of affiliates	-	-	-	-	-	212	-	212
Investment income, net	51,960	-	1,819	1,649	2,510	-	-	57,938
Total non-operating revenue (expense), net	42,532	(225)	1,112	1,649	2,293	210	-	47,571
Excess (deficiency) of revenues over expenses	\$ 74,775	\$ 3,098	\$ (4,201)	\$ 1,677	\$ 8,683	\$ 377	\$ -	\$ 84,409

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – Hospital Affiliates
(in Thousands of Dollars)

December 31, 2019

Assets	Rochester General Hospital	Unity Hospital	Newark Wayne Community Hospital	United Memorial Medical Center	Clifton Springs Hospital and Clinic	Eliminations	Consolidating Total
Current assets:							
Cash and cash equivalents	\$ 22,944	\$ 60,483	\$ 4,212	\$ 17,438	\$ 2,489	\$ -	\$ 107,566
Investments	75,389	19,182	21,615	13,531	-	-	129,717
Current portion of assets whose use is limited	17,965	37,121	-	1,272	-	-	56,358
Patient accounts receivable	62,325	34,168	7,819	14,189	6,020	-	124,521
Estimated third-party payor receivables	7,010	4,164	804	897	481	-	13,356
Due from affiliates	53,281	10,455	418	442	4,990	(13,798)	55,788
Inventories	4,161	8,172	96	2,970	1,316	-	16,715
Prepaid expenses and other	31,754	7,689	866	1,307	1,367	-	42,983
Total current assets	274,829	181,434	35,830	52,046	16,663	(13,798)	547,004
Assets whose use is limited:							
Funds held by bond trustees	51,161	16,410	452	-	-	-	68,023
Board designated funds	291,196	-	45,061	-	111	-	336,368
Escrow funds	-	-	-	103	-	-	103
Donor restricted	-	-	-	261	3,913	-	4,174
Deferred compensation	-	6,446	-	664	-	-	7,110
Total assets whose use is limited, net of current portion	342,357	22,856	45,513	1,028	4,024	-	415,778
Property and equipment, net	508,281	206,289	32,298	39,202	33,837	-	819,907
Other assets:							
Interest in net assets of the Foundations	76,138	8,041	6,853	2,976	11,137	-	105,145
Goodwill	2,952	-	-	-	-	-	2,952
Estimated third-party payor receivables	1,191	43	-	-	39	-	1,273
Insurance recoveries receivable	41,529	9,508	4,213	2,705	1,331	-	59,286
Operating leases - right of use assets	107,997	85,114	408	4,758	577	-	198,854
Long-term investments	-	-	-	-	-	-	-
Other	16,521	2,144	2,296	1,135	899	-	22,995
Total assets	\$ 1,371,795	\$ 515,429	\$ 127,411	\$ 103,850	\$ 68,507	\$ (13,798)	\$ 2,173,194

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – Hospital Affiliates (Continued)
(in Thousands of Dollars)

December 31, 2019

Liabilities and net assets	Rochester General Hospital	Unity Hospital	Newark Wayne Community Hospital	United Memorial Medical Center	Clifton Springs Hospital and Clinic	Eliminations	Consolidating Total
Current liabilities:							
Accounts payable	\$ 56,520	\$ 19,394	\$ 3,267	\$ 3,144	\$ 3,059	\$ -	\$ 85,384
Accrued salaries, vacation, and payroll taxes	42,635	18,125	3,063	4,561	1,872	-	70,256
Accrued expenses and other	68,410	15,043	3,081	2,569	3,167	-	92,270
Accrued interest payable	940	3,818	-	-	-	-	4,758
Estimated third-party payor payables	28,411	9,501	3,267	379	2,142	-	43,700
Current portion of long-term debt	10,908	6,154	865	1,458	-	-	19,385
Current portion of operating lease liabilities	14,778	6,196	167	784	313	-	22,238
Due to affiliates	26,723	263	-	1,584	-	(13,798)	14,772
Total current liabilities	249,325	78,494	13,710	14,479	10,553	(13,798)	352,763
Long-term liabilities:							
Long-term debt, net	259,113	185,146	9,192	18,432	-	-	471,883
Long-term operating lease liabilities, net	93,307	79,198	237	3,973	257	-	176,972
Accrued pension and postretirement benefits	-	110,865	-	10,953	-	-	121,818
Accrued insured and self-insured liabilities	75,410	20,925	10,103	4,417	2,507	-	113,362
Estimated third-party payor payables, net	91,905	28,894	11,465	1,592	4,124	-	137,980
Deferred compensation	-	4,910	-	664	-	-	5,574
Other	-	227	207	-	327	-	761
Total long-term liabilities	519,735	430,165	31,204	40,031	7,215	-	1,028,350
Total liabilities	769,060	508,659	44,914	54,510	17,768	(13,798)	1,381,113
Net assets:							
Without donor restrictions	526,597	(1,271)	81,197	46,030	37,302	-	689,855
With donor restrictions	76,138	8,041	1,300	3,310	13,437	-	102,226
Total net assets	602,735	6,770	82,497	49,340	50,739	-	792,081
Total liabilities and net assets	\$ 1,371,795	\$ 515,429	\$ 127,411	\$ 103,850	\$ 68,507	\$ (13,798)	\$ 2,173,194

Rochester Regional Health and Affiliates

Consolidating Statement of Operations – Hospital Affiliates
(in Thousands of Dollars)

For the Year Ended December 31, 2019

	Rochester General Hospital	Unity Hospital	Newark Wayne Community Hospital	United Memorial Medical Center	Clifton Springs Hospital and Clinic	Eliminations	Consolidating Total
Revenues, gains, and other support without donor restrictions:							
Net patient service revenue	\$ 1,080,395	\$ 506,718	\$ 105,769	\$ 106,491	\$ 71,148	\$ (1,236)	\$ 1,869,285
Other revenues, gains, and other support	59,584	13,015	1,811	3,592	1,035	(2,556)	76,481
Total revenues, gains, and other support without donor restrictions	1,139,979	519,733	107,580	110,083	72,183	(3,792)	1,945,766
Expenses:							
Salaries and wages	548,229	260,582	56,927	45,044	36,371	3,613	950,766
Employee benefits	110,149	50,453	8,677	10,354	5,101	408	185,142
Professional fees	125,927	50,722	14,854	9,972	8,268	(4,836)	204,907
Purchased services and supplies	288,461	116,103	18,903	34,976	17,918	(2,977)	473,384
Depreciation and amortization	38,042	18,583	3,741	5,366	3,068	-	68,800
Malpractice and workers' compensation expense	4,959	2,271	1,862	915	229	-	10,236
Interest	4,500	10,859	475	989	-	-	16,823
Total expenses	1,120,267	509,573	105,439	107,616	70,955	(3,792)	1,910,058
Income from operations before other items	19,712	10,160	2,141	2,467	1,228	-	35,708
Change in accounting estimates (Note 3)	-	(1,586)	(917)	(293)	(669)	-	(3,465)
Income from operations	19,712	8,574	1,224	2,174	559	-	32,243
Non-operating revenue (expense):							
Other components of net periodic pension cost	(3,162)	(5,291)	(229)	(1,201)	-	-	(9,883)
Other non-operating gains, net	31	-	405	19	-	-	455
Investment income, net	42,112	1,022	6,789	2,036	1	-	51,960
Total non-operating revenue (expense), net	38,981	(4,269)	6,965	854	1	-	42,532
Excess of revenues over expenses	\$ 58,693	\$ 4,305	\$ 8,189	\$ 3,028	\$ 560	\$ -	\$ 74,775

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – Healthcare and Community Services
(in Thousands of Dollars)

December 31, 2019

Assets	Unity Linden Oaks Surgery Center, LLC	GRHS Foundation, Inc.	PRCD, Inc.	Rochester Mental Health Center, Inc.	Park Ridge Child Care Center, Inc.	Eliminations	Consolidating Total
Current assets:							
Cash and cash equivalents	\$ 3,535	\$ 1,912	\$ 1	\$ -	\$ -	\$ -	\$ 5,448
Patient accounts receivable	1,985	1,464	-	599	-	-	4,048
Due from affiliates	47	4,645	-	46	-	(4,640)	98
Inventories	923	630	-	10	-	-	1,563
Prepaid expenses and other	165	950	(1)	39	231	-	1,384
Total current assets	6,655	9,601	-	694	231	(4,640)	12,541
Assets whose use is limited:							
Funds held by bond trustees	-	3,968	-	-	-	-	3,968
Total assets whose use is limited, net of current portion	-	3,968	-	-	-	-	3,968
Property and equipment, net	1,055	129,431	309	101	918	-	131,814
Other assets:							
Interest in net assets of the Foundations	-	-	302	-	121	-	423
Insurance recoveries receivable	-	-	-	75	-	-	75
Operating leases - right of use assets	-	175	-	1,944	-	-	2,119
Other	-	1,884	-	58	-	-	1,942
Total assets	\$ 7,710	\$ 145,059	\$ 611	\$ 2,872	\$ 1,270	\$ (4,640)	\$ 152,882

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – Healthcare and Community Services (Continued)
(in Thousands of Dollars)

December 31, 2019

Liabilities and net assets	Unity Linden Oaks Surgery Center, LLC	GRHS Foundation, Inc.	PRCD, Inc.	Rochester Mental Health Center, Inc.	Park Ridge Child Care Center, Inc.	Eliminations	Consolidating Total
Current liabilities:							
Accounts payable	\$ 295	\$ 487	\$ 2	\$ 40	\$ 9	\$ -	\$ 833
Accrued salaries, vacation, and payroll taxes	36	189	43	311	37	-	616
Accrued expenses and other	(90)	650	(5)	150	128	-	833
Accrued interest payable	-	143	-	-	-	-	143
Current portion of long-term debt	-	4,075	-	-	-	-	4,075
Current portion of operating lease liabilities	-	-	-	356	-	-	356
Due to affiliates	4,640	19,297	462	1,993	194	(4,640)	21,946
Total current liabilities	4,881	24,841	502	2,850	368	(4,640)	28,802
Long-term liabilities:							
Long-term debt, net	-	95,823	-	-	-	-	95,823
Long-term operating lease liabilities, net	-	-	-	1,588	-	-	1,588
Accrued pension and postretirement benefits	109	-	367	-	359	-	835
Accrued insured and self-insured liabilities	-	-	-	1,043	-	-	1,043
Estimated third-party payor payables, net	-	-	-	1,344	-	-	1,344
Other	-	613	-	-	17	-	630
Total long-term liabilities	109	96,436	367	3,975	376	-	101,263
Total liabilities	4,990	121,277	869	6,825	744	(4,640)	130,065
Net assets:							
Without donor restrictions	2,720	23,782	(560)	(3,953)	405	-	22,394
With donor restrictions	-	-	302	-	121	-	423
Total net assets	2,720	23,782	(258)	(3,953)	526	-	22,817
Total liabilities and net assets	\$ 7,710	\$ 145,059	\$ 611	\$ 2,872	\$ 1,270	\$ (4,640)	\$ 152,882

Rochester Regional Health and Affiliates

Consolidating Statement of Operations – Healthcare and Community Services
(in Thousands of Dollars)

For the Year Ended December 31, 2019

	Unity Linden Oaks Surgery Center, LLC	GRHS Foundation, Inc.	PRCD, Inc.	Rochester Mental Health Center, Inc.	Park Ridge Child Care Center, Inc.	Eliminations	Consolidating Total
Revenues, gains, and other support without donor restrictions:							
Net patient service revenue	\$ 12,227	\$ 14,072	\$ 790	\$ 6,071	\$ (77)	\$ -	\$ 33,083
Other revenues, gains, and other support	-	23,226	851	2,002	1,700	(626)	27,153
Total revenues, gains, and other support without donor restrictions	12,227	37,298	1,641	8,073	1,623	(626)	60,236
Expenses:							
Salaries and wages	3,650	4,766	875	5,591	1,096	-	15,978
Employee benefits	581	770	209	803	257	-	2,620
Professional fees	1,509	5,364	224	47	113	-	7,257
Purchased services and supplies	5,709	11,316	320	1,611	182	(626)	18,512
Depreciation and amortization	172	6,339	74	60	61	-	6,706
Malpractice and workers' compensation expense	30	8	-	834	12	-	884
Interest	-	4,070	-	-	-	-	4,070
Total expenses	11,651	32,633	1,702	8,946	1,721	(626)	56,027
Income (loss) from operations before other items	576	4,665	(61)	(873)	(98)	-	4,209
Change in accounting estimates (Note 3)	(786)	(82)	-	(18)	-	-	(886)
Income (loss) from operations	(210)	4,583	(61)	(891)	(98)	-	3,323
Non-operating expense:							
Other components of net periodic pension cost	(72)	-	(26)	(37)	(18)	-	(153)
Other non-operating losses, net	-	(72)	-	-	-	-	(72)
Total non-operating expense, net	(72)	(72)	(26)	(37)	(18)	-	(225)
Excess (deficiency) of revenues over expenses	\$ (282)	\$ 4,511	\$ (87)	\$ (928)	\$ (116)	\$ -	\$ 3,098

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – Nursing Homes and Care for the Aging
(in Thousands of Dollars)

December 31, 2019

Assets	Rochester General Long-Term Care, Inc.	Independent Living for Seniors, Inc.	North Park Nursing Home, Inc.	Park Ridge Nursing Home, Inc.	Genesee Region Home Care Association, Inc. and Subsidiaries	ViaHealth Home Care, Inc.	Eliminations	Consolidating Total
Current assets:								
Cash and cash equivalents	\$ 1	\$ 2,859	\$ 2,214	\$ 6,577	\$ 11,305	\$ -	\$ -	\$ 22,956
Investments	-	9,612	-	-	-	-	-	9,612
Patient accounts receivable	4,269	852	1,283	1,933	10,658	-	-	18,995
Estimated third-party payor receivables	131	-	42	76	-	-	-	249
Due from affiliates	33	152	-	-	-	-	-	185
Inventories	351	-	9	11	359	-	-	730
Prepaid expenses and other	7	499	5	130	140	-	-	781
Total current assets	4,792	13,974	3,553	8,727	22,462	-	-	53,508
Assets whose use is limited:								
Board designated funds	-	12,476	-	-	-	-	-	12,476
Escrow funds	-	3,630	-	-	-	-	-	3,630
Donor restricted	-	-	-	-	61	-	-	61
Total assets whose use is limited, net of current portion	-	16,106	-	-	61	-	-	16,167
Property and equipment, net	14,944	4,019	8,076	16,185	5,655	-	-	48,879
Other assets:								
Interest in net assets of the Foundations	-	-	28	349	3,591	-	-	3,968
Estimated third-party payor receivables, net	-	-	-	837	-	-	-	837
Insurance recoveries receivable	2,850	874	-	-	-	-	-	3,724
Operating leases - right of use assets	-	3,599	-	39	746	-	-	4,384
Other	856	889	38	57	977	-	-	2,817
Total assets	\$ 23,442	\$ 39,461	\$ 11,695	\$ 26,194	\$ 33,492	\$ -	\$ -	\$ 134,284

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – Nursing Homes and Care for the Aging (Continued)
(in Thousands of Dollars)

December 31, 2019

	Rochester General Long-Term Care, Inc.	Independent Living for Seniors, Inc.	North Park Nursing Home, Inc.	Park Ridge Nursing Home, Inc.	Genesee Region Home Care Association, Inc. and Subsidiaries	ViaHealth Home Care, Inc.	Eliminations	Consolidating Total
Liabilities and net assets								
Current liabilities:								
Accounts payable	\$ 923	\$ 1,094	\$ 168	\$ 457	\$ 4,699	\$ -	\$ -	\$ 7,341
Accrued salaries, vacation, and payroll taxes	1,118	1,159	221	634	5,517	-	-	8,649
Accrued expenses and other	1,261	3,418	865	990	992	-	-	7,526
Accrued interest payable	-	-	-	26	-	-	-	26
Estimated third-party payor payables	151	2,050	23	-	526	-	-	2,750
Current portion of long-term debt	-	-	665	420	20	-	-	1,105
Current portion of operating lease liabilities	-	748	-	46	613	-	-	1,407
Due to affiliates	11,137	1,525	3	-	5,068	-	-	17,733
Total current liabilities	14,590	9,994	1,945	2,573	17,435	-	-	46,537
Long-term liabilities:								
Long-term debt, net	-	-	2,098	14,701	7	-	-	16,806
Long-term operating lease liabilities, net	-	2,863	-	-	133	-	-	2,996
Accrued pension and postretirement benefits	-	-	2,569	6,554	-	-	-	9,123
Accrued insured and self-insured liabilities	6,694	3,148	-	-	103	-	-	9,945
Estimated third-party payor payables, net	4,995	2,570	480	1,397	-	-	-	9,442
Other	235	-	53	523	-	-	-	811
Total long-term liabilities	11,924	8,581	5,200	23,175	243	-	-	49,123
Total liabilities	26,514	18,575	7,145	25,748	17,678	-	-	95,660
Net assets:								
Without donor restrictions	(3,072)	20,886	4,522	97	12,223	-	-	34,656
With donor restrictions	-	-	28	349	3,591	-	-	3,968
Total net assets	(3,072)	20,886	4,550	446	15,814	-	-	38,624
Total liabilities and net assets	\$ 23,442	\$ 39,461	\$ 11,695	\$ 26,194	\$ 33,492	\$ -	\$ -	\$ 134,284

Rochester Regional Health and Affiliates

Consolidating Statement of Operations – Nursing Homes and Care for the Aging
(in Thousands of Dollars)

For the Year Ended December 31, 2019

	Rochester General Long-Term Care, Inc.	Independent Living for Seniors, Inc.	North Park Nursing Home, Inc.	Park Ridge Nursing Home, Inc.	Genesee Region Home Care Association, Inc. and Subsidiaries	ViaHealth Home Care, Inc.	Eliminations	Consolidating Total
Revenues, gains, and other support without donor restrictions:								
Net patient service revenue	\$ 26,329	\$ -	\$ 13,393	\$ 25,198	\$ 23,329	\$ 1,488	\$ (4,442)	\$ 85,295
Capitation fees	-	73,306	-	-	-	-	-	73,306
Other revenues, gains, and other support	1,921	410	157	842	118	-	(330)	3,118
Total revenues, gains, and other support without donor restrictions	28,250	73,716	13,550	26,040	23,447	1,488	(4,772)	161,719
Expenses:								
Salaries and wages	18,708	20,745	6,910	16,388	15,385	-	-	78,136
Employee benefits	3,517	5,286	1,272	3,338	2,182	-	-	15,595
Professional fees	3,543	36,372	1,976	1,454	2,405	-	(3,783)	41,967
Purchased services and supplies	5,816	9,181	1,761	2,783	3,289	-	(989)	21,841
Depreciation and amortization	1,301	713	796	1,002	615	-	-	4,427
Malpractice and workers' compensation expense	2,256	1,161	-	-	351	-	-	3,768
Interest	-	-	106	546	-	-	-	652
Total expenses	35,141	73,458	12,821	25,511	24,227	-	(4,772)	166,386
Income (loss) from operations before other items	(6,891)	258	729	529	(780)	1,488	-	(4,667)
Change in accounting estimates (Note 3)	(230)	-	(120)	(296)	-	-	-	(646)
Income (loss) from operations	(7,121)	258	609	233	(780)	1,488	-	(5,313)
Non-operating revenue (expense):								
Other components of net periodic pension cost	(102)	(144)	(200)	(261)	-	-	-	(707)
Investment income, net	-	1,819	-	-	-	-	-	1,819
Total non-operating revenue (expense), net	(102)	1,675	(200)	(261)	-	-	-	1,112
Excess (deficiency) of revenues over expenses	\$ (7,223)	\$ 1,933	\$ 409	\$ (28)	\$ (780)	\$ 1,488	\$ -	\$ (4,201)

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – Foundations
(in Thousands of Dollars)

December 31, 2019

Assets	Rochester Regional Health Foundation, Inc.	Newark Wayne Community Hospital Foundation, Inc.	United Memorial Medical Center Foundation, Inc.	Clifton Springs Hospital and Clinic Foundation, Inc.	Eliminations	Consolidating Total
Current assets:						
Cash and cash equivalents	\$ 17	\$ 2	\$ -	\$ -	\$ -	\$ 19
Current portion of assets whose use is limited	5,636	5,727	953	1,377	-	13,693
Due from affiliates	-	-	396	-	-	396
Pledges receivable	6,746	126	370	2,437	-	9,679
Prepaid expenses and other	42	-	-	-	-	42
Total current assets	12,441	5,855	1,719	3,814	-	23,829
Assets whose use is limited:						
Donor restricted	77,082	1,170	975	4,563	-	83,790
Total assets whose use is limited, net of current portion	77,082	1,170	975	4,563	-	83,790
Property and equipment, net	545	-	-	-	-	545
Other assets:						
Pledges receivable, net	14,431	30	360	251	-	15,072
Other	54	-	-	2,550	-	2,604
Total assets	\$ 104,553	\$ 7,055	\$ 3,054	\$ 11,178	\$ -	\$ 125,840

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – Foundations (Continued)
(in Thousands of Dollars)

December 31, 2019

Liabilities and net assets	Rochester Regional Health Foundation, Inc.	Newark Wayne Community Hospital Foundation, Inc.	United Memorial Medical Center Foundation, Inc.	Clifton Springs Hospital and Clinic Foundation, Inc.	Eliminations	Consolidating Total
Current liabilities:						
Accounts payable	\$ 149	\$ 2	\$ -	\$ -	\$ -	\$ 151
Accrued salaries, vacation, and payroll taxes	294	-	-	-	-	294
Accrued expenses and other	4,117	-	-	-	-	4,117
Due to affiliates	1,739	200	78	40	-	2,057
Total current liabilities	6,299	202	78	40	-	6,619
Long-term liabilities:						
Accrued pension and postretirement benefits	313	-	-	-	-	313
Total long-term liabilities	313	-	-	-	-	313
Total liabilities	6,612	202	78	40	-	6,932
Net assets:						
Without donor restrictions	5,046	5,553	1,527	1,891	-	14,017
With donor restrictions	92,895	1,300	1,449	9,247	-	104,891
Total net assets	97,941	6,853	2,976	11,138	-	118,908
Total liabilities and net assets	\$ 104,553	\$ 7,055	\$ 3,054	\$ 11,178	\$ -	\$ 125,840

Rochester Regional Health and Affiliates

Consolidating Statement of Operations – Foundations
(in Thousands of Dollars)

For the Year Ended December 31, 2019

	Rochester Regional Health Foundation, Inc.	Newark Wayne Community Hospital Foundation, Inc.	United Memorial Medical Center Foundation, Inc.	Clifton Springs Hospital and Clinic Foundation, Inc.	Eliminations	Consolidating Total
Revenues, gains, and other support without donor restrictions:						
Other revenues, gains, and other support	\$ 3,710	\$ 450	\$ 321	\$ 184	\$ -	\$ 4,665
Net assets released from restrictions for operations	3,909	25	30	13	-	3,977
Total revenues, gains, and other support without donor restrictions	7,619	475	351	197	-	8,642
Expenses:						
Salaries and wages	2,913	224	155	225	-	3,517
Employee benefits	513	58	40	58	-	669
Professional fees	412	16	16	16	-	460
Purchased services and supplies	1,125	21	48	28	-	1,222
Depreciation and amortization	47	-	-	-	-	47
Other expenses	2,523	61	84	31	-	2,699
Total expenses	7,533	380	343	358	-	8,614
Income (loss) from operations	86	95	8	(161)	-	28
Non-operating revenue:						
Investment income, net	895	537	42	175	-	1,649
Total non-operating revenue, net	895	537	42	175	-	1,649
Excess of revenues over expenses	\$ 981	\$ 632	\$ 50	\$ 14	\$ -	\$ 1,677

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – System Corporations and Insurance
(in Thousands of Dollars)

December 31, 2019

Assets	RRH	RGHS	UHS	RGHS Workers' Compensation Trust	Greater Rochester Assurance Company, LTD	PRH, Inc.	Eliminations	Consolidating Total
Current assets:								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,788	\$ 4,058	\$ 7,015	\$ -	\$ 12,861
Patient accounts receivable	-	-	-	-	-	24,365	-	24,365
Due from affiliates	11,630	1,415	-	189	-	550	-	13,784
Inventories	-	-	-	-	-	2,532	-	2,532
Prepaid expenses and other	217	-	-	-	339	6,755	-	7,311
Total current assets	11,847	1,415	-	1,977	4,397	41,217	-	60,853
Assets whose use is limited:								
Assets held for self-insurance programs	-	-	-	26,676	70,505	-	-	97,181
Deferred compensation	-	-	-	-	-	1,111	-	1,111
Total assets whose use is limited, net of current portion	-	-	-	26,676	70,505	1,111	-	98,292
Property and equipment, net	-	-	-	-	-	30,594	-	30,594
Other assets:								
Interest in net assets of the Foundations	-	-	4,325	-	-	-	-	4,325
Goodwill	-	-	-	-	-	33,402	-	33,402
Insurance recoveries receivable	-	-	-	36,012	-	(45)	4	35,971
Operating leases - right of use assets	-	-	-	-	-	15,680	-	15,680
Other	118,993	1,174	133	-	-	13,944	(51,913)	82,331
Total assets	\$ 130,840	\$ 2,589	\$ 4,458	\$ 64,665	\$ 74,902	\$ 135,903	\$ (51,909)	\$ 361,448

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – System Corporations and Insurance (Continued)
(in Thousands of Dollars)

December 31, 2019

Liabilities and net assets	RRH	RGHS	UHS	RGHS Workers' Compensation Trust	Greater Rochester Assurance Company, LTD	PRH, Inc.	Eliminations	Consolidating Total
Current liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 264	\$ 11,799	\$ -	\$ 12,063
Accrued salaries, vacation, and payroll taxes	12,471	-	-	-	-	4,024	-	16,495
Accrued expenses and other	-	786	-	612	10,417	91	-	11,906
Current portion of long-term debt	-	-	-	-	-	1,719	-	1,719
Current portion of operating lease liabilities	-	-	-	-	-	4,433	-	4,433
Due to affiliates	-	-	-	3,809	-	1,125	-	4,934
Total current liabilities	12,471	786	-	4,421	10,681	23,191	-	51,550
Long-term liabilities:								
Long-term debt, net	-	-	-	-	-	27,364	-	27,364
Long-term operating lease liabilities, net	-	-	-	-	-	11,312	-	11,312
Accrued pension and postretirement benefits	-	369,945	5,122	-	-	5,386	-	380,453
Accrued insured and self-insured liabilities	-	-	-	56,268	49,637	1,148	-	107,053
Deferred compensation	-	-	-	-	-	1,111	-	1,111
Other	-	-	-	-	-	2,625	-	2,625
Total long-term liabilities	-	369,945	5,122	56,268	49,637	48,946	-	529,918
Total liabilities	12,471	370,731	5,122	60,689	60,318	72,137	-	581,468
Share capital	-	-	-	-	450	-	(450)	-
Net assets:								
Without donor restrictions	112,567	(368,142)	(4,989)	3,976	14,134	59,737	(51,459)	(234,176)
Non-controlling interest in net assets of affiliates	-	-	-	-	-	4,029	-	4,029
Total net assets without donor restrictions	112,567	(368,142)	(4,989)	3,976	14,134	63,766	(51,459)	(230,147)
With donor restrictions	5,802	-	4,325	-	-	-	-	10,127
Total net assets	118,369	(368,142)	(664)	3,976	14,134	63,766	(51,459)	(220,020)
Total liabilities and net assets	\$ 130,840	\$ 2,589	\$ 4,458	\$ 64,665	\$ 74,902	\$ 135,903	\$ (51,909)	\$ 361,448

Rochester Regional Health and Affiliates

Consolidating Statement of Operations – System Corporations and Insurance
(in Thousands of Dollars)

For the Year Ended December 31, 2019

	RRH	RGHS	UHS	RGHS Workers' Compensation Trust	Greater Rochester Assurance Company, LTD	PRH, Inc.	Eliminations	Consolidating Total
Revenues, gains, and other support without donor restrictions:								
Net patient service revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,009	\$ -	\$ 138,009
Other revenues, gains, and other support	34,644	-	-	8,222	10,763	3,562	-	57,191
Total revenues, gains, and other support without donor restrictions	34,644	-	-	8,222	10,763	141,571	-	195,200
Expenses:								
Salaries and wages	34,012	-	-	-	-	54,007	-	88,019
Employee benefits	632	(10)	-	-	-	8,331	-	8,953
Professional fees	-	-	-	931	-	2,270	-	3,201
Purchased services and supplies	-	-	-	40	-	70,169	-	70,209
Depreciation and amortization	-	-	-	-	-	6,165	-	6,165
Malpractice and workers' compensation expense	-	-	-	7,621	6,827	-	-	14,448
Interest	-	-	-	-	-	1,102	-	1,102
Other expenses	-	-	-	2,213	643	-	-	2,856
Total expenses	34,644	(10)	-	10,805	7,470	142,044	-	194,953
Income (loss) from operations before other items	-	10	-	(2,583)	3,293	(473)	-	247
Inherent contribution (Note 2)	13,002	-	-	-	-	-	-	13,002
Asset impairment charges (Note 3)	-	-	-	-	-	(6,201)	-	(6,201)
Income (loss) from operations	13,002	10	-	(2,583)	3,293	(6,674)	-	7,048
Income tax expense	-	-	-	-	-	(658)	-	(658)
Non-operating revenue (expense):								
Other components of net periodic pension cost	-	-	-	-	-	(32)	-	(32)
Other non-operating losses, net	-	-	-	-	-	(185)	-	(185)
Investment income, net	-	(180)	-	2,583	-	107	-	2,510
Total non-operating revenue (expense), net	-	(180)	-	2,583	-	(110)	-	2,293
Excess (deficiency) of revenues over expenses	\$ 13,002	\$ (170)	\$ -	\$ -	\$ 3,293	\$ (7,442)	\$ -	\$ 8,683

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – Housing Affiliates
(in Thousands of Dollars)

December 31, 2019

Assets	Park Ridge Housing Inc.	Woodland Village, Inc.	Park Ridge Housing Development Fund Co., Inc.	Parkway Commons Housing Development Fund Co., Inc.	Unity Housing Development Fund Corporation and Subsidiaries	Parma Housing Development Fund Corp. and Subsidiaries	Unity Aging Services, Inc.	Rochester General Hudson Housing, Inc.	Eliminations	Consolidating Total
Current assets:										
Cash and cash equivalents	\$ -	\$ -	\$ 3	\$ 26	\$ 36	\$ 236	\$ -	\$ 2	\$ -	\$ 303
Due from affiliates	-	-	-	28	2	1	541	-	-	572
Prepaid expenses and other	-	-	56	1	2	13	-	-	-	72
Total current assets	-	-	59	55	40	250	541	2	-	947
Assets whose use is limited:										
Funds held by bond trustees	-	-	-	-	-	561	-	202	-	763
Escrow funds	-	-	289	271	192	-	-	-	-	752
Total assets whose use is limited, net of current portion	-	-	289	271	192	561	-	202	-	1,515
Property and equipment, net	-	-	456	1,140	1,816	4,054	-	1,220	-	8,686
Other assets:										
Other	-	-	17	19	274	44	187	18	-	559
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 821</u>	<u>\$ 1,485</u>	<u>\$ 2,322</u>	<u>\$ 4,909</u>	<u>\$ 728</u>	<u>\$ 1,442</u>	<u>\$ -</u>	<u>\$ 11,707</u>

Rochester Regional Health and Affiliates

Consolidating Balance Sheet – Housing Affiliates (Continued)
(in Thousands of Dollars)

December 31, 2019

	Park Ridge Housing Inc.	Woodland Village, Inc.	Park Ridge Housing Development Fund Co., Inc.	Parkway Commons Housing Development Fund Co., Inc.	Unity Housing Development Fund Corporation and Subsidiaries	Parma Housing Development Fund Corp. and Subsidiaries	Unity Aging Services, Inc.	Rochester General Hudson Housing, Inc.	Eliminations	Consolidating Total
Liabilities and net assets										
Current liabilities:										
Accounts payable	\$ -	\$ -	\$ 7	\$ 7	\$ 9	\$ 26	\$ -	\$ 14	\$ -	\$ 63
Accrued salaries, vacation, and payroll taxes	-	-	5	2	2	2	-	-	-	11
Accrued expenses and other	-	-	13	28	43	49	120	9	-	262
Accrued interest payable	-	-	-	-	52	243	-	-	-	295
Current portion of long-term debt	-	-	35	-	-	40	-	-	-	75
Due to affiliates	-	-	10	-	-	-	-	5	-	15
Total current liabilities	-	-	70	37	106	360	120	28	-	721
Long-term liabilities:										
Long-term debt, net	-	-	1,478	-	1,548	4,358	-	-	-	7,384
Accrued pension and postretirement benefits	-	-	33	70	-	-	-	-	-	103
Other	-	-	17	2,318	476	94	-	3,376	-	6,281
Total long-term liabilities	-	-	1,528	2,388	2,024	4,452	-	3,376	-	13,768
Total liabilities	-	-	1,598	2,425	2,130	4,812	120	3,404	-	14,489
Net assets:										
Without donor restrictions	-	-	(777)	(940)	-	378	608	(1,962)	-	(2,693)
Non-controlling interest in net assets of affiliates	-	-	-	-	192	(281)	-	-	-	(89)
Total net assets without donor restrictions	-	-	(777)	(940)	192	97	608	(1,962)	-	(2,782)
Total net assets	-	-	(777)	(940)	192	97	608	(1,962)	-	(2,782)
Total liabilities and net assets	\$ -	\$ -	\$ 821	\$ 1,485	\$ 2,322	\$ 4,909	\$ 728	\$ 1,442	\$ -	\$ 11,707

Rochester Regional Health and Affiliates

Consolidating Statement of Operations – Housing Affiliates
(in Thousands of Dollars)

For the Year Ended December 31, 2019

	Park Ridge Housing Inc.	Woodland Village, Inc.	Park Ridge Housing Development Fund Co., Inc.	Parkway Commons Housing Development Fund Co., Inc.	Unity Housing Development Fund Corporation and Subsidiaries	Parma Housing Development Fund Corp. and Subsidiaries	Unity Aging Services, Inc.	Rochester General Hudson Housing, Inc.	Eliminations	Consolidating Total
Revenues, gains, and other support without donor restrictions:										
Other revenues, gains, and other support	\$ 67	\$ -	\$ 497	\$ 364	\$ 217	\$ 623	\$ 386	\$ 332	\$ (83)	\$ 2,403
Total revenues, gains, and other support without donor restrictions	67	-	497	364	217	623	386	332	(83)	2,403
Expenses:										
Salaries and wages	-	-	96	81	20	47	-	115	-	359
Employee benefits	-	-	23	21	5	12	-	32	-	93
Professional fees	-	3	81	97	75	120	2	81	78	537
Purchased services and supplies	6	6	32	25	74	85	15	61	(161)	143
Depreciation and amortization	-	-	85	129	93	295	-	102	-	704
Interest	-	-	110	-	23	202	-	-	-	335
Other expenses	-	-	37	27	1	-	-	-	-	65
Total expenses	6	9	464	380	291	761	17	391	(83)	2,236
Income (loss) from operations	61	(9)	33	(16)	(74)	(138)	369	(59)	-	167
Non-operating revenue (expense):										
Other components of net periodic pension cost	-	-	(2)	-	-	-	-	-	-	(2)
Non-controlling interest in net gains of affiliates	-	-	-	-	74	138	-	-	-	212
Total non-operating revenue (expense), net	-	-	(2)	-	74	138	-	-	-	210
Excess (deficiency) of revenues over expenses	\$ 61	\$ (9)	\$ 31	\$ (16)	\$ -	\$ -	\$ 369	\$ (59)	\$ -	\$ 377

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EXCERPTS FROM THE INDENTURE AND THE LOAN AGREEMENT

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APPENDIX C

EXCERPTS FROM THE INDENTURE AND THE LOAN AGREEMENT

SUMMARY OF CERTAIN DEFINITIONS

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

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

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

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

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

Prior to a Determination of Taxability:

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

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

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

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

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

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

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

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

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

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

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

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

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

"Bank" means, during any Bank Index Rate Period: (i) so long as the Bank Credit Agreement remains in effect, the Original Purchaser (as such party may change from time to time in accordance with the Bank Credit Agreement); and (ii) during such time as the Bank Credit Agreement is of no force or effect, "Bank" means Holders or Beneficial Owners owning a majority of the aggregate principal amount of the Bonds then Outstanding.

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

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

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

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

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

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

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

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

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

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

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

"Bank Index" means SIFMA or LIBOR as determined in accordance with the section of the Indenture under the heading "Bank Index Rates; Conversions to Bank Index Rate Periods".

"Bank Purchase Date" means (i) during a Bank Index Rate Period, the date designated by the Obligated Group Representative pursuant to the section of the Indenture under the heading "Bank Index Rates; Conversions to Bank Index Rate Periods", and (ii) the date which is seven calendar days (or if such seventh calendar day is not a Business Day, the next Business Day) after the date on which the Bond Trustee receives written notice from the Bank under a Bank Credit Agreement,

if any, which (x) advises the Bond Trustee of the occurrence and continuance of an "Event of Default" under and as defined in such Bank Credit Agreement, if any, and (y) directs the Bond Trustee to cause a mandatory tender of the Bonds by reason of such "Event of Default."

"Beneficial Owner" shall mean whenever used with respect to a Bond, the Person in whose name such Bond is recorded as the beneficial owner of such Bond by a participant on the records of such participant or such Person's subrogee.

"Bond Counsel" means the law firm of Harris Beach PLLC or an attorney or firm of attorneys designated by the Issuer and having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Documents" means, collectively, the Bonds, this Indenture, the Loan Agreement, the Pledge and Assignment, the Tax Compliance Agreement, the Continuing Disclosure Agreement, any other document or instrument executed in connection therewith to secure the Institution's obligation to repay the Bonds or make the debt service payments due under the Loan Agreement, and any other instrument or document supplemental thereto.

"Bond Trustee" means Manufacturers and Traders Trust Company and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Indenture.

"Bond Year" means a period of twelve (12) consecutive months beginning on November 1 in any calendar year and ending on October 31 of the succeeding calendar year.

"Bondowner" or **"Owner"** or **"Holder"** or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any Bond.

"Bonds" means the Issuer's \$267,540,000 Revenue Bonds (Rochester Regional Health Project), Series 2020, consisting of (A) \$253,040,000 Tax-Exempt Revenue Bonds (Rochester Regional Health Project), Series 2020A and (B) \$14,500,000 Taxable Revenue Bonds (Rochester Regional Health Project), Series 2020B, authorized, issued and secured pursuant to the Indenture.

"Business Day" means any day other than (i) a Saturday or a Sunday; (ii) a day on which the New York Stock Exchange is closed; or (iii) a day on which banking institutions are authorized or required by law or executive order to be closed for commercial banking purposes in New York or Connecticut or such other state where the applicable corporate trust office of the Bond Trustee is located, or where the principal office of the Credit Facility Provider, the Liquidity Facility Provider or the Remarketing Agent is located or in which the documents are required to be delivered to draw upon the Credit Facility or the Liquidity Facility.

"Calculation Agent" means an agent appointed by the Obligated Group Representative to calculate the FRN Rate.

"Call Protection Date" means, with respect to a Tender Period, the date determined pursuant to paragraphs (f), (o) or (w) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode", as applicable.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Consumer Price Index" or "CPI-U" means the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers as released monthly by the U.S. Department of Labor, Bureau of Labor Statistics. If a previously reported CPI-U index rate is revised, the CPI-U will continue to be the previously reported CPI-U for purposes of calculating interest payments. If CPI-U is rebased to a different year during a FRN Rate Period, Bonds using the CPI-U will continue to use the CPI-U based on the base reference year in effect on the first day of such FRN Rate Period. If the applicable methodology for computing the CPI-U in effect on the first day of the then-current FRN Rate Period is discontinued or altered and if the U.S. Treasury, in response to such discontinuance or alteration, substitutes an alternative index, and associated method of application ("Substitute Index and Methodology"), for the CPI-U for purposes of calculation of the inflation adjustment for the Treasury Inflation-Protection Securities, Bonds using the CPI-U will use the Substitute Index and Methodology for calculating the FRN Rate for such Bonds. Typically the CPI-U for a particular month is reported by the last date of the following month. If the CPI-U for a particular month is not reported by the last day of the following month, the U.S. Treasury has indicated it will announce an index number based on the last available twelve-month change in the CPI-U. Any calculations of interest on the Bonds that rely on that month's CPI-U will be based on the index number that the U.S. Treasury has announced. This index number will be used for all subsequent calculations that rely on that month's index number and will not be replaced by the actual CPI-U when it is reported.

"Continuing Disclosure Agreement" means the Agreement to Provide Continuing Disclosure, by and between the Obligated Group Representative and Digital Assurance Certification, L.L.C., dated November 17, 2020, relating to the Bonds, pertaining to disclosure of future material events and annual financial information in accordance with Rule 15c2-12 of the Securities Exchange Commission.

"Conversion" has the meaning set forth in paragraph (b) of the section of the Indenture under the heading "Calculation and Payment of Interest; Change in Interest Rate Mode; Maximum Rate".

"Conversion Date" means with respect to the Bonds in a particular Interest Rate Mode, the day on which the interest rate on the Bonds changes to another Interest Rate Mode or from one Term Rate Period to a Term Rate Period of different duration or to another Fixed Rate Period at the end of the Initial Fixed Rate Period.

"Conversion Notice" means the notice from the Obligated Group Representative to the other Notice Parties of the Obligated Group Representative's intention to change the Interest Rate Mode with respect to the Bonds.

"Cost of Issuance" means all costs and expenses of the Issuer incurred in connection with the authorization, issuance, sale and delivery of the Bonds including, but not limited to, legal fees and expenses, financial advisory fees, Bond Trustee's acceptance fees and expenses under the Indenture and initial (including first annual) fees, fiscal or escrow agent fees, printing fees and travel expenses.

"Cost" or "Costs" means, as applied to the Project (including the refunding of the Prior Bonds and Prior Loans) or any portion thereof financed with the proceeds of bonds issued under the provisions of the Act, as approved by the Issuer, all or any part of the cost of acquisition of the Premises, but shall not include such items which are customarily deemed to result in a current operating charge

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

"Credit Facility Agreement" means any agreement between the Institution and a Credit Facility Provider pursuant to which a Credit Facility is issued, together with any and all supplements to any such agreement.

"Credit Facility Default Purchase Date" shall mean any Business Day specified by the Bond Trustee for mandatory tender of the Bonds that is at least seven (7) and no more than ten (10) days following receipt by the Bond Trustee of written notice from the Credit Facility Provider that an Event of Default has occurred and is continuing under the Credit Facility Agreement and directing the Bond Trustee to call the Bonds for mandatory tender.

"Credit Facility Documents" means the Credit Facility and the Credit Facility Agreement and any and all other documents, pledge agreements or custodian agreements which the Institution or any other party or parties or their representatives, have executed and delivered or may hereafter execute and deliver to evidence or secure the Credit Facility Provider Payment Obligations, or any part thereof, or in connection therewith, together with any and all supplements thereto.

"Credit Facility Expiration Date" means the stated expiration date of the Credit Facility, as extended from time to time.

"Credit Facility Provider Bonds" means any Bond registered in the name of the Credit Facility Provider or its nominee pursuant to the Indenture or otherwise owned by or pledged to the Credit Facility Provider as security for the Credit Facility Provider Payment Obligations.

"Credit Facility Provider Failure" or "Liquidity Facility Provider Failure" means a failure of the Credit Facility Provider or Liquidity Facility Provider, as applicable, to pay a properly presented and conforming draw or request for advance under the Credit Facility or Liquidity Facility, as applicable, or the filing or commencement of any bankruptcy or insolvency proceedings by or against the Credit Facility Provider or Liquidity Facility Provider, as applicable, or the Credit Facility Provider or Liquidity Facility Provider, as applicable, shall declare a moratorium on the payment of its unsecured debt obligations or shall repudiate the Credit Facility or Liquidity Facility, as applicable.

"Credit Facility Provider Payment Obligations" means, with respect to a Credit Facility Provider, any loans, advances, debts, liabilities, obligations, contingent obligations, covenants and duties owing by the Institution to the Credit Facility Provider under the Credit Facility Documents, including, but not limited to, amounts due under the Credit Facility Agreement or with respect to the Credit Facility Provider Bonds. The amount of the Credit Facility Provider Payment Obligations shall be established or calculated by the Credit Facility Provider from time to time and furnished to the Bond Trustee in writing denominating the interest portion of such Credit Facility Provider Payment Obligations and the principal portion of such Credit Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

"Credit Facility Provider Rate" means the rate of interest applicable to the Credit Facility Provider Bonds as may be established pursuant to the Credit Facility Documents.

"Credit Facility Provider" means the commercial bank, savings institution, insurer, pension fund, or other financial institution issuing a Credit Facility or an Alternate Credit Facility.

"Credit Facility Substitution Date" means the effective date on which an Alternate Credit Facility is to be substituted for an existing Credit Facility, which shall be no later than the date that is two (2) days prior to the Credit Facility Termination Date (or if such day is not a Business Day, the Business Day preceding such day) for the Credit Facility then being terminated or expiring and being replaced with the Alternate Credit Facility.

"Credit Facility Termination Date" means the Credit Facility Expiration Date or any earlier date on which the Credit Facility is terminated by the Institution.

"Credit Group" has the meaning set forth in the Master Indenture.

"Credit/Liquidity Enhancement Fee Account" means the account for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Current Mode" has the meaning set forth in clause (i) of paragraph (b) of the section of the Indenture under the heading "Conversion of Interest Rate Modes".

"Daily Mode" means the Interest Rate Mode during which the Bonds bear interest at the Daily Rate.

"Daily Rate" means the per annum interest rate on any Bond in the Daily Mode determined pursuant to paragraph (a) of the section of the Indenture under the heading "Determination of Interest Rates During the Daily Mode and the Weekly Mode".

"Daily Rate Period" means the period during which a Bond in the Daily Mode shall bear interest at a Daily Rate, which shall be from the Business Day upon which a Daily Rate is set to but not including the next succeeding Business Day.

"Debt Service Fund" means the fund so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Defeasance Obligations" means: (i) non-callable direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America; and (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the Bond Trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii) as appropriate, and (d) which are rated "AAA" by Standard & Poor's or "Aaa" by Moody's.

"Delayed Remarketing Period" has the meaning set forth in paragraph (a) of the section of the Indenture under the heading "Insufficient Funds for Tenders".

"Determination of Taxability" means, and shall occur when, (i) the Bond Trustee receives written notice from the Obligated Group Representative or the Issuer, supported by an opinion of Bond Counsel selected and approved by the Obligated Group Representative, that interest on the Bonds is includable in the gross income of Bondholders for federal income tax purposes or (ii) the Bond Trustee receives a copy of a written adverse determination sent to the Issuer or a bondholder by the Internal Revenue Service asserting that interest on the Bonds is includable in the gross income of Bondholders for federal income tax purposes, which adverse determination results in the right to seek administrative appeal before the IRS Office of Appeals; provided, however, that such a claim shall not be deemed a Determination of Taxability unless the Obligated Group Representative and the Issuer are afforded reasonable opportunity (at the Obligated Group's sole expense and for a period not to exceed six months) to pursue any judicial or administrative remedy available to the Members of the Obligated Group or the Issuer with respect to such claim and such judicial or administrative actions have resulted in a final determination that it is taxable.

"DTC" means The Depository Trust Company, New York, New York, a New York State limited purpose trust company, subject to regulation by the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System and the New York State Department of Financial Services, or its successors appointed under the Indenture.

"Earliest Redemption Date" means, with respect to Bank Purchase Rate Bonds, Term Rate Bonds, Fixed Rate Bonds, SIFMA-Based Bonds, and LIBOR-Based Bonds, the earliest date, if any, on which any such Bonds may be called for optional redemption, as specified in the applicable Bond Terms Certificate.

"Electronic Means" means telecopy, telegraph, facsimile transmission, e-mail, or other similar electronic means of communication, including a telephonic communication confirmed in writing or written transmission.

"Eligible Bonds" means any Bonds other than Credit Facility Provider Bonds, Liquidity Facility Bonds or any other Bonds owned by, for the account of, or on behalf of, the Issuer or the Institution.

"Event of Default" means, with respect to the Loan Agreement, any of the events of default set forth in the section of the Loan Agreement under the heading "Events of Default, and, with respect to the Indenture, any of the events of default set forth in the section of the Indenture under the heading "Events of Default".

"Expiration Date," when used with respect to a Liquidity Facility or a Credit Facility, means (i) the date upon which the Liquidity Facility or Credit Facility is scheduled to expire (taking into account any extensions of such Expiration Date by virtue of extensions of a particular Liquidity Facility or Credit Facility, from time to time) in accordance with its terms and (ii) a Liquidity Facility Cancellation Date.

"Facility" means the property of the Institution and the Project Users financed and refinanced with the proceeds of the Bonds.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel addressed to the Issuer, the Institution and the Bond Trustee to the effect that the action proposed to be taken is authorized or permitted by the Indenture and the Act and will not result in the inclusion of interest on the Bonds in gross income for federal income tax purposes.

"Fed Funds Rate" means the rate labeled Federal Funds (effective) as published in the Federal Reserve Bank Publication H.15.

"Fiscal Year" means the fiscal year of the Institution, currently from January 1 to December 31.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Bond Trustee.

"Fixed Rate Bond" means a Bond in the Fixed Rate Mode.

"Fixed Rate Mode" means the Interest Rate Mode during which the Bonds bear interest at the Fixed Rate.

"Fixed Rate Period" means (i) the period from the Conversion Date upon which the Bonds were converted to the Fixed Rate Mode to but not including the earlier to occur of the Conversion Date and the final Maturity Date for the Bonds, and (ii) the Initial Fixed Rate Period.

"Fixed Rate" means the per annum interest rate on any Bond determined pursuant to paragraph (b) of the section of the Indenture under the heading "Determination of Term Rates and Fixed Rates".

"Flexible Index Interest Period" means the period during which a Bond shall bear interest in the Flexible Index Mode, as provided in the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Flexible Index Mode" means the Interest Rate Mode in which the interest rate payable with respect to the Bonds is adjusted pursuant to the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode", and the Tender Period of which does not exceed 270 days.

"Flexible Mode" means the Interest Rate Mode during which the Bonds bear interest at the Flexible Rate.

"Flexible Rate Bond" means a Bond in the Flexible Mode.

"Flexible Rate Period" means the period of a duration of one to 270 calendar days (which period must end on a day preceding a Business Day) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established by the Remarketing Agent pursuant to the section of the Indenture under the heading "Determination of Flexible Rates and Interest Periods During Flexible Mode". The Bonds in the Flexible Mode may be in different Flexible Rate Periods.

"Flexible Rate" means the per annum interest rate on a Bond in the Flexible Mode determined for such Bond pursuant to the section of the Indenture under the heading "Determination of Flexible Rates and Interest Periods During Flexible Mode". The Bonds in the Flexible Mode may bear interest at different Flexible Rates.

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

"FRN Rate Percentage" means, with respect to any Conversion of the Bonds to a FRN Rate Period, the percentage determined by the Remarketing Agent on or prior to the Conversion Date pursuant to paragraph (a) of the section of the Indenture under the heading "FRN Rate and FRN Rate Period".

"FRN Rate Period" means each period during which a FRN Rate is in effect.

"FRN Rate Spread" means, with respect to any Conversion of the Bonds to a FRN Rate Period, the spread determined by the Remarketing Agent on or prior to the Conversion Date pursuant to paragraph (a) of the section of the Indenture under the heading "FRN Rate and FRN Rate Period".

"FRN Rate" means a variable interest rate on the Bonds established in accordance with the section of the Indenture under the heading "FRN Rate and FRN Rate Period".

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

"**Hazardous Substance**" means, without limitation, any flammable, explosive, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum constituents, petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials, pollutants, or toxic pollutants, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. Sections 1251, et seq.), Articles 17 and 27 of the New York State Environmental Conservation Law, or any other applicable Environmental Law and the regulations promulgated thereunder.

"**ICE**" means Intercontinental Exchange, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer determine LIBOR, any other generally recognized LIBOR benchmark determination agency designated by the Obligated Group Representative by notice in writing to the Issuer and the Bond Trustee.

"**Immediate Notice**" means notice by Electronic Means to such address or number, as applicable, as the addressee shall have directed in writing, promptly followed by written notice by first class mail postage prepaid to such address as the addressee shall have directed in writing.

"**Indenture**" means the Trust Indenture, by and between the Issuer and the Bond Trustee, dated as of November 1, 2020, as the same may from time to time be amended or supplemented by a Supplemental Indenture or Indentures.

"**Independent Insurance Consultant**" means a person or firm who is not a director, Bond Trustee, employee or officer of a Member of the Obligated Group or a director, Bond Trustee, employee or member of the Issuer, appointed by an Authorized Officer of a Member of the Obligated Group and satisfactory to the Issuer, qualified to survey risks and to recommend insurance coverage for healthcare facilities and services and organizations engaged in like operations and having a favorable reputation for skill and experience in such surveys and such recommendations, and who may be a broker or agent with whom the Obligated Group transacts business.

"**Index Interest Period**" means the period during which a Bond shall bear interest in the Index Mode, as provided in the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"**Index Mode**" means the Interest Rate Mode in which the interest rate payable with respect to the Bonds is adjusted pursuant to the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Rate Periods".

"**Index Spread**" means a fixed per annum rate determined by the Remarketing Agent in accordance with paragraphs (p) or (x) of the section of the Indenture under the heading

"Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode", as applicable.

"Index Tender Rate" means the rate of interest, determined for any Interest Accrual Period, equal to the sum of (a) the SIFMA Average Index Rate calculated for such Interest Accrual Period and (b) the Index Spread applicable for the related Tender Period.

"Index" means any of (a) One Month LIBOR, (b) Three Month LIBOR, (c) SIFMA, (d) the Consumer Price Index or (e) any other index chosen by the Obligated Group Representative in consultation with the Remarketing Agent.

"Initial Fixed Rate Period" means the Fixed Rate Period commencing on the Date of Issuance and ending the earlier to occur of a Conversion Date or the final Maturity Date of the Bonds.

"Initial Window Spread" means, with respect to any Conversion to a Window Rate Period, the spread determined by the Remarketing Agent on or prior to the Conversion Date pursuant to subparagraph (E) of clause (iii) of paragraph (b) of the section of the Indenture under the heading "Determination of Three Month LIBOR Index Rates".

"Institution" means, collectively, The Rochester General Hospital, The Unity Hospital of Rochester, Newark-Wayne Community Hospital, United Memorial Medical Center and The Clifton Springs Sanitarium Company d/b/a Clifton Springs Hospital & Clinic, each a not-for-profit corporation formed under the laws of the State of New York.

"Institution Documents" means, collectively, the Loan Agreement, the Continuing Disclosure Agreement, the Letter of Representation and Indemnification, any Credit Facility Documents, any Liquidity Facility Documents, the Remarketing Agreement, the Tax Regulatory Agreement, and the Master Indenture including all supplements thereto.

"Institution Purchase Account" means the account by that name created in the section of the Indenture under the heading "Purchase Fund".

"Interest Accrual Date" means with respect to any period during which Bonds bear interest at an Index Tender Rate, the first day of each Tender Period and, thereafter, each Interest Payment Date during that Tender Period.

"Interest Accrual Period" means the period during which a Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the Date of Issuance) to, but not including, (a) the next Interest Payment Date on which interest is to be paid, or (b) any Redemption Date, as applicable. If, at the time of authentication of any Bond, interest is in default or overdue on the Bonds, such Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

"Interest Component" means the maximum amount stated in the Liquidity Facility or Credit Facility, as applicable (as reduced and reinstated from time to time in accordance with the terms

thereof), which may be drawn for the payment of accrued interest on the Bonds, or the portion of the Purchase Price of tendered Bonds corresponding to interest accrued on the tendered Bonds.

"Interest Coverage Rate" means the rate per annum which is used in the Liquidity Facility or Credit Facility, as applicable, to calculate the Interest Component of such Liquidity Facility or Credit Facility, as applicable.

"Interest Payment Date" means each date on which interest is to be paid and is: (i) with respect to the Bonds in the Flexible Mode, each Mandatory Purchase Date applicable thereto; (ii) with respect to the Bonds in the Daily Mode, the Weekly Mode, the Flexible Index Mode, the FRN Rate Mode, the Bank Index Mode, or the Index Mode, the first Business Day of each calendar month, (and with respect to Bonds in a Bank Index Mode, any Conversion Date for such Bonds from the Bank Index Mode); (iii) with respect to the Bonds during the Initial Fixed Rate Period, each June 1 and December 1, commencing June 1, 2021; (iv) with respect to the Bonds in a Term Rate Mode (other than during a Three Month Term Rate Period) or a Fixed Rate Mode (other than during the Initial Fixed Rate Period), the first January 1 or July 1 following the month in which such Term Rate Mode or a Fixed Rate Mode (other than during the Initial Fixed Rate Period) takes effect, and the 15th day of each sixth calendar month thereafter or, upon the receipt by the Bond Trustee of a Favorable Opinion of Bond Counsel, any other six-month interval chosen by the Obligated Group Representative (beginning with the first such day which is at least three months after the Conversion Date) and the final day of the current Interest Period if other than a regular six-month interval; (v) with respect to the Bonds in the Three Month LIBOR Indexed Mode or a Term Rate Mode during a Three Month Term Rate Period, each January 1, April 1, July 1 and October 1 (beginning with the first such day after the applicable Conversion Date) or, with respect to a Three Month Term Rate Period, the first day of such other three calendar month intervals as may be selected by the Obligated Group Representative prior to the first Rate Determination Date applicable to such Three Month Term Rate Period (following a special Three Month Term Rate Period of either two calendar months or four calendar months in duration in order to accommodate the alternate three calendar month intervals selected by the Obligated Group Representative); (vi) with respect to Bonds in the Window Mode, the first Thursday of each calendar month, or if the first Thursday is not a Business Day, the next succeeding Business Day; (vii) (without duplication as to any Interest Payment Date listed above) each Maturity Date, Mandatory Purchase Date and Redemption Date; (viii) each Unscheduled Mandatory Tender Date on which all Outstanding Bonds are purchased as provided in paragraph (y) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode"; (ix) each Scheduled Mandatory Tender Date; (x) with respect to any Liquidity Facility Bonds, the dates set forth in the Reimbursement Agreement; and (xi) with respect to any Bank Index Bonds during the Amortization Period, if any, the dates set forth in the Bank Credit Agreement, if any, and if no Bank Credit Agreement is in effect, the dates described in clause (ii) of this definition.

"Interest Period" means, for the Bonds in a particular Interest Rate Mode, the period of time that the Bonds bear interest at the rate (per annum) which becomes effective at the beginning of such period, and shall include a Flexible Rate Period, a Daily Rate Period, a Weekly Rate Period, a Three Month LIBOR Interest Period, a Term Rate Period, a Fixed Rate Period, a Flexible Index Interest Period, an Index Interest Period, a Bank Index Rate Period, a FRN Rate Period and a Window Rate Period.

"Interest Rate Mode" means, as the context may require, the Flexible Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode, the Fixed Rate Mode, the Three Month LIBOR Indexed Mode, the Flexible Index Mode, the Index Mode, the Bank Index Mode, the FRN Rate Mode or the Window Mode.

"Interest Subaccounts" means the subaccounts so designated, created and established in the Series 2020A Debt Service Account and the Series 2020B Debt Service Account of the Debt Service Fund pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Investment Agreement" means an agreement for the investment of moneys held by the Bond Trustee or the Issuer pursuant to the Indenture with a Qualified Financial Institution (which may include the entity acting as Bond Trustee).

"Issuer" means (i) the Monroe County Industrial Development Corporation, its successors and assigns, and (ii) any local governmental body resulting from or surviving any consolidation or merger to which the Issuer or its successors may be a party.

"Issuer Documents" means, collectively, the Indenture, this Loan Agreement, the Pledge and Assignment and the Tax Compliance Agreement and any other document or instrument to which the Issuer is a party in connection with the Bonds.

"Letter of Representation and Indemnification" means the Letter of Representation and Indemnification of the Institution to the Issuer and the initial underwriter of the Bonds, dated the date of the sale of the Bonds.

"LIBOR" means, on each Bank Index Reset Date, a fluctuating rate of interest per annum equal to the London Interbank Offered Rate, as published on the applicable Bloomberg (or other commercially available source providing such quotations of such rate as selected by the Bank from time to time), as determined by the Bank Index Agent at approximately 11:00 A.M. on the Bank Index Computation Date, for U.S. Dollar deposits (for delivery on the Bank Index Reset Date) with a one-month term; provided that if at any time, for any reason, LIBOR is no longer available or suitable for use by reason of circumstances affecting the Eurodollar market generally, then, immediately upon notice to the Obligated Group Representative, LIBOR shall be a comparable replacement index designed to measure average costs of borrowing by banks (and where feasible on loans from other banks) recommended by the Bank at such time in a commercially reasonable manner, provided that such replacement rate must be based upon an interest index, variations in the value of which reflect contemporaneous variations in the costs of newly-borrowed funds in U.S. dollars. In the event that LIBOR is less than zero on any Bank Index Reset Rate, LIBOR shall be deemed to be zero on such Bank Index Reset Date.

"Liquidity Facility Bonds" means Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) a Liquidity Facility, but excluding Bonds no longer considered to be Liquidity Facility Bonds in accordance with the terms of the Liquidity Facility.

"Liquidity Facility Cancellation Date" means the effective date of the cancellation of a Liquidity Facility pursuant to the section of the Indenture under the heading "Liquidity Facility Not Required in Certain Circumstances".

"Liquidity Facility Provider" means any commercial bank, insurance company, pension fund or other financial institution which provides a Liquidity Facility or Alternate Liquidity Facility for the Bonds.

"Liquidity Facility Purchase Account" means the account by that name created in the section of the Indenture under the heading "Purchase Fund".

"Liquidity Facility" means a line of credit, a standby bond purchase agreement, letter of credit or similar liquidity facility issued by a commercial bank, savings institution, pension fund or other financial institution which, by its terms, shall provide for the payment of the Purchase Price of Bonds tendered and not remarketed, and delivered to the Bond Trustee pursuant to the section of the Loan Agreement under the heading "The Liquidity Facility; Alternate Liquidity Facility", or, in the event of the delivery of an Alternate Liquidity Facility, such Alternate Liquidity Facility.

"Loan Agreement" means the Loan Agreement, by and between the Issuer and the Institution, as acknowledged by the Obligated Group Representative, dated as of November 1, 2020, as the same may from time to time be amended or supplemented by a Supplemental Loan Agreement or Agreements.

"Loan Repayments" means the payments so designated and required to be made by the Obligated Group pursuant to the section of the Loan Agreement under the heading "Payment Obligations".

"Loan Term" means the duration of the loan term created in the Loan Agreement.

"London Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency) in the City of London, United Kingdom.

"Long-Term Mode" means a Three Month LIBOR Indexed Mode, a Term Rate Mode (except during a Three Month Term Rate Period), a FRN Rate Mode or a Fixed Rate Mode.

"Mandatory Purchase Date" means: (i) with respect to a Flexible Rate Bond the first Business Day following the last day of each Flexible Rate Period with respect to such Bond; (ii) for Bonds in the Term Rate Mode or the FRN Rate Mode, the first Business Day following the last day of each Term Rate Period or each FRN Rate Period, as applicable; (iii) any Conversion Date (except a Conversion between the Daily Mode and the Weekly Mode); (iv) any Substitution Date; (v) the fifth Business Day prior to the Expiration Date; (vi) the date specified by the Bond Trustee following the occurrence of an event of default (other than as a result of an Automatic Termination Event) under the Reimbursement Agreement, which date shall be a Business Day selected by the Bond Trustee and shall be the earliest practicable date: (A) not later than the Business Day preceding the termination date specified by the Credit Facility Provider or the Liquidity Facility Provider and (B) not more than 20 days after the Bond Trustee's receipt of notice of such event of default from the Credit Facility Provider or the Liquidity Facility Provider; (vii) the date specified by the Bond Trustee following receipt of notice by the Bond Trustee from the Credit Facility Provider that the Credit Facility will not be reinstated following a drawing to pay interest on the Bonds (other than interest on Bonds no longer Outstanding after such drawing) which date shall be a Business Day not more than five days after the Bond Trustee's receipt of such notice; (viii) for Bonds in the Daily Mode or Weekly Mode, any Business Day specified by the Obligated Group

Representative not less than 20 days after the Bond Trustee's receipt of a notice from the Obligated Group Representative of its intent to exercise the option to cause a mandatory tender of the Bonds and in no event later than the day preceding the Expiration Date; (ix) a Window Mandatory Tender Date; and (x) each Bank Purchase Date.

"Mandatory Tender Date" means each date on which the Bonds are subject to mandatory tender as provided in the section of the Indenture under the heading "Bank Index Rates; Conversions to Bank Index Rate Periods" or the article of the Indenture under the heading "Redemption, Tender and Remarketing of Bonds" and shall include a Bank Purchase Date.

"Mandatory Tender Window" means, during a Window Rate Period, (i) a period of 210 days, beginning on the Business Day a Window Optional Tender Notice is received by the Remarketing Agent, or (ii) a period of such other number of days specified by the Remarketing Agent, with the consent of the Obligated Group Representative, in a written notice to the Issuer, the Bond Trustee, the Tender Agent, the Liquidity Facility Provider (if any) and the Credit Facility Provider (if any). Any change in the Mandatory Tender Window shall become effective only on a Window Mandatory Tender Date or any other Mandatory Purchase Date for all of the Bonds that occurs during such Window Rate Period.

"Market Agent" means any Person appointed by the Obligated Group Representative to serve as market agent in connection with a conversion to a Bank Index Rate Period, which may be the Bank Index Agent (which may include the Original Purchaser or an Original Purchaser Affiliate thereof).

"Master Indenture Obligation" has the meaning of the term "Obligation" as set forth in the Master Indenture.

"Master Indenture" means the Amended and Restated Master Indenture dated as of November 1, 2020, as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

"Master Trustee" means Manufacturers and Traders Trust Company and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Master Indenture.

"Maturity Date" means each of the Maturity Dates established for the Bonds or if established pursuant to clause (v) of paragraph (c) of the section of the Indenture under the heading "Conversion of Interest Rate Modes" upon a change to a new Fixed Rate Mode, any Serial Maturity Date established thereunder.

"Maximum Rate" means (i) with respect to all Bonds other than Liquidity Facility Bonds or Bank Index Bonds, a rate of interest of 12% per annum, or, if lower, the highest rate allowed by law, (ii) with respect to Liquidity Facility Bonds, the rate specified in the Liquidity Facility, and (iii) with respect to the Bank Index Bonds and Unremarketed Bonds, the lesser of (A) the maximum rate permitted by applicable law or (B) 25%.

"Members of the Obligated Group" means, collectively, the Institution and such organizations admitted to the Obligated Group pursuant to the Master Indenture.

"MMI Procedures" means the Securities Depository's Operational Arrangements and the Issuing/Paying Agent General Operating Procedures for Money Market Instruments as the same may be amended and modified from time to time.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Obligated Group Representative by notice in writing to the Issuer and the Bond Trustee.

"New Mode" has the meaning set forth in clause (i) of paragraph (b) of the section of the Indenture under the heading "Conversion of Interest Rate Modes".

"Notice Parties" means the Bond Trustee, the Tender Agent, the Remarketing Agent, the Paying Agent, the Credit Facility Provider, the Liquidity Facility Provider, the Bank, and the Obligated Group Representative.

"Obligated Group" means the Members of the Obligated Group from time to time.

"Obligated Group Representative" means Rochester Regional Hospital or any other Person designated as the "Obligated Group Representative" pursuant to the Master Indenture.

"Obligation" means Obligation No. 4 issued under the Master Indenture and the Supplement.

"Officer's Certificate" means a certificate signed by an Authorized Officer of the Obligated Group Representative.

"Official Statement" means the Official Statement of the Issuer or, as applicable, a Remarketing Memorandum, relating to the Bonds, containing information, data and statistics concerning the Issuer, the Obligated Group, the Credit Group, the Bonds and other information, and the appendices thereto, including a letter from the Obligated Group.

"One Month LIBOR" means the rate for deposits in U.S. dollars with one-month maturity as published by Reuters (or such other service as may be nominated by ICE, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 A.M., London time, on the Rate Determination Date, except that, if such rate is not available on the Rate Determination Date, One Month LIBOR means a rate determined on the basis of the rates at which deposits in U.S. dollars for a one-month maturity and in a principal amount of at least U.S. \$1,000,000 are offered at approximately 11:00 A.M., London time, on the Rate Determination Date, to prime banks in the London interbank market by the Reference Banks (as defined in "Three Month LIBOR" below). The Quotation Agent shall request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, One Month LIBOR will be the arithmetic mean of such quotations. If fewer than two quotations are provided, One Month LIBOR will be the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or one, as applicable) major banks in New York City, selected by the Quotation Agent, at approximately 11:00 A.M., London Time, on the Rate Determination Date for loans in U.S. dollars to leading European banks in a principal amount of at least U.S. \$1,000,000 having a one-month maturity. If none of the banks in New York City selected by the

Quotation Agent is then quoting rates for such loans, then One Month LIBOR will be a replacement rate designed to measure average costs of borrowing by banks (and where feasible on loans from other banks) recommended by the Quotation Agent, provided that such replacement rate must be based upon an interest index, variations in the value of which reflect contemporaneous variations in the costs of newly-borrowed funds in U.S. dollars.

"Operating Expenses" means the total operating expenses of the Obligated Group, as determined in accordance with accounting principles generally accepted in the United States of America, consistently applied.

"Operating Revenues" means the total operating revenues of the Obligated Group less applicable deductions from operating revenues, as determined in accordance with accounting principles generally accepted in the United States of America, consistently applied.

"Opinion of Counsel" means an opinion in writing signed by legal counsel acceptable to the Issuer and who may be an employee of or counsel to the Obligated Group.

"Original Purchaser" means the initial purchaser of the Bonds upon Conversion of the Bonds to a Bank Index Mode.

"Original Purchaser Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Original Purchaser.

"Outstanding" when used in reference to Bonds, means as of a particular date, all Bonds authenticated and delivered under the Indenture except: (i) any Bond canceled by the Bond Trustee at or before such date; (ii) any Bond or portion thereof paid or deemed paid in accordance with the section of the Indenture under the heading "Defeasance"; (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and (iv) any unsurrendered Bond deemed to have been purchased as provided in the Indenture.

"Par Call Date" means, with respect to each FRN Rate Period: (a) for a FRN Rate Period of three years or longer, the date six months prior to the end of the then current FRN Rate Period, or (b) the date specified in a notice to the Bond Trustee delivered in accordance with clause (ii) of paragraph (b) of the section of the Indenture under the heading "FRN Rate and FRN Rate Period", as applicable.

"Parity Debt" means any debt of the Obligated Group evidenced and/or secured by a Master Indenture Obligation.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, any unincorporated organization, a limited liability company, a governmental body or a political subdivision, a municipality, a municipal authority or any other group or organization of individuals.

"Premises" means the Premises of the Members of the Obligated Group described in the Premises Schedule attached to the Loan Agreement.

"Principal Payment Date" means any date upon which the principal amount of Bonds is due hereunder, including each Maturity Date and any Redemption Date, or the date the maturity of any Bond is accelerated pursuant to the terms of the Loan Agreement and otherwise.

"Project Fund" means the fund for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Principal Subaccounts" means the subaccounts so designated, created and established in the Series 2020A Debt Service Account and the Series 2020B Debt Service Account of the Debt Service Fund pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Prior Bonds" means, collectively, the Series 2007 Bonds, the Series 2010 Bonds, the Series 2011 Bonds and the Series 2015 Bonds.

"Prior Loans" means, collectively, the Term Loan – St. Mary's Residence, the Term Loan – UMMC 2010 and the Term Loan – UMMC 2011.

"Project Users" means the Members of the Obligated Group that own and operate portions of the Project Facilities.

"Project" means the healthcare and related facilities acquired, constructed, renovated, equipped, installed or provided for the Project Users, including necessary attendant facilities, equipment, site work and utilities thereof financed or refinanced with proceeds of the Bonds (including the Prior Bonds and the Prior Loans) as set forth on the Project Schedule attached to the Loan Agreement.

"Project Facilities" means, collectively, the Institutions facilities located at 1555 Long Pond Road in the Town of Greece, New York 14626; 1425 Portland Avenue in the City of Rochester, New York 14621; 127 North Street in the City of Batavia, New York 14020; 1200 Driving Park Avenue in the Village of Newark, New York 14513; 20A Volunteer Road in the Town of Geneseo, New York 14454; 2200 Penfield Road in the Town of Penfield, New York 14526 and 89 Genesee Street in the City of Rochester, New York 14611.

"Purchase Contract" means the Bond Purchase Contract with respect to the Bonds by the initial underwriter of the Bonds, with acceptance by the Issuer, the Institution and the Obligated Group Representative.

"Purchase Date" means (i) for a Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the Beneficial Owner of said Bond pursuant to the provisions of the section of the Indenture under the heading "Optional Tenders of Bonds in the Daily Mode or the Weekly Mode", and (ii) any Mandatory Purchase Date.

"Purchase Fund" means the Purchase Fund so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Purchase Price" means: (a) with respect to any Bonds to be purchased on any Purchase Date, Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date which is not an Interest Payment Date, an amount equal to 100% of the principal amount of

any Bonds purchased on such date, plus unpaid accrued interest, if any, to such date; and (b) with respect to any Bonds to be purchased on any Purchase Date, Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date which is an Interest Payment Date, an amount equal to 100% of the principal amount of any Bonds purchased on such date.

"**Purchaser Rate**" has the meaning set forth in the Bank Credit Agreement, if any.

"**Qualified Financial Institution**" means a financial institution that is a domestic corporation, a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a foreign bank acting through a domestic branch or agency which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; provided that for each such entity its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, guarantee, agreement or surety bond issued by any such organization, directly or by virtue of a guarantee of a corporate parent thereof have been assigned a long-term credit rating by any two Nationally Recognized Statistical Rating Organizations ("NRSRO") which is not lower than the two highest ratings then assigned (i.e., at the time an Investment Agreement or Repurchase Agreement is entered into) by such rating service without qualification by symbols "+" or "-" or a numerical notation.

"**Qualified Investments**" means the obligations described below:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself; mortgage pass-through securities, mortgage-backed securities pools, collateralized mortgage obligations and all mortgage derivative securities trusts shall not constitute Qualified Investments):

- 1) Direct obligations of or fully guaranteed certificates of beneficial ownership of the Export Import Bank of the United States,
- 2) Federal Financing Bank,
- 3) Participation certificates of the General Services Administration,
- 4) Guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association, and

5) Project notes, Local Housing Authority Bonds, New Communities Debentures and U.S. public housing notes and bonds fully guaranteed by the U.S. Department of Housing and Urban Development.

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies, provided such agency is rated at least "AA" or equivalent at the time of purchase by at least two of the NRSROs (stripped securities are only permitted if they have been stripped by the agency itself):

- 1) Federal Home Loan Bank System senior debt obligations,
- 2) Participation Certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation,
- 3) Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association, and
- 4) Consolidated system wide bonds and notes of the Farm Credit System Corporation.

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating of "AAA" or equivalent by at least two of the NRSROs.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above, issued by commercial banks, savings and loan associations or mutual savings banks where the collateral is held by a third party and the Bond Trustee or the Issuer has a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC.

G. Unsecured Investment Agreements (subject to approval of the Issuer of any Investment Agreement with a term in excess of thirty (30) days); any Investment Agreement with a term greater than three (3) years must be with an issuer rated at least "AA" or equivalent by at least two of the NRSROs unless a lower rating is consented to by the Issuer and the Obligated Group Representative.

In the event the counterparty is downgraded below either "AA-" or "Aa3" by Standard & Poor's or Moody's, respectively, or equivalent by an NRSRO:

- i. The agreement will be transferred to an acceptable institution that meets the ratings requirement described above, or
- ii. Collateral consisting of securities outlined in (A) or (B) above shall be posted that has a value equal to at least 102% of the principal plus accrued interest, or collateral consisting of securities outlined in (C) above shall be posted that has a value equal to at least 103% of the principal plus accrued interest, or

iii. The agreement must be converted into a Repurchase Agreement (See clause (L) below), or

iv. The agreement shall terminate at par plus accrued interest within ten (10) business days should (i), (ii) or (iii) above not be accomplished.

H. Collateralized Investment Agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) the same collateral requirements as outlined in (G)(ii) are followed and (ii) if the provider is downgraded below "A-" and "A3", or equivalent by at least two NRSROs, the agreement shall terminate at par plus accrued interest.

I. Commercial paper rated "Prime-1" by Moody's and "A-1+" by Standard & Poor's, or equivalent by at least two NRSROs and which matures no more than 270 days from the date of purchase and subject to the following limitations:

a. Only United States issuers of corporate (issued to provide working capital funding) commercial paper including United States issuers with a foreign parent; and

b. Limited-purpose trusts, structured investment vehicles, asset-backed commercial paper conduits, and any other type of specialty finance company, whose purpose is generally limited to acquiring and funding a defined pool of assets that are used to repay obligations, shall not constitute Qualified Investments.

J. Bonds or notes issued by any state or municipality which are rated by any two NRSROs in one of the two highest long-term rating categories assigned by such NRSROs (without qualification by symbols "+" or "-" or a numerical notation).

K. Federal funds or bankers' acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" by Moody's and "A-1" by Standard & Poor's, or equivalent by at least two NRSROs.

L. Repurchase Agreements as defined in the Appendix A to the Loan Agreement.

M. Forward delivery agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) permitted deliverables are limited to securities described in (A), (B) and (C) above and (ii) if the provider is downgraded below "A-" or "A3", or equivalent by an NRSRO, the agreement shall terminate at par plus accrued interest.

N. Any state administered pool investment fund in which the Issuer is statutorily permitted or required to invest, rated at least "AA" or equivalent by one of the NRSROs.

"Quotation Agent" means such quotation agent as may be designated by the Obligated Group Representative to perform the duties enumerated in the Loan Agreement.

"Rate Determination Date" means any date on which the interest rate on Bonds shall be determined, which, (i) in the case of the Flexible Mode, shall be the first day of an Interest Period;

(ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day (which must be a Business Day) the Bonds become subject to the Daily Mode; (iii) in the case of the Weekly Mode, (A) each Wednesday or, if Wednesday is not a Business Day, then the Business Day next succeeding such Wednesday and (B) a day not later than the Business Day preceding a Conversion Date, a Substitution Date or a Mandatory Purchase Date specified in clause (viii) of the definition of Mandatory Purchase Date; (iv) in the case of the Term Rate Mode, shall be a Business Day no earlier than 15 Business Days and no later than the Business Day next preceding the first day of an Interest Period (and with respect to a Three Month Term Rate Period, a Business Day no later than the fifth Business Day preceding the first day of each Three Month Term Rate Period unless (A) the Obligated Group Representative shall have provided to the Rating Agencies written notice of a proposed Three Month Term Rate Period Rate Determination Date that is less than the fifth Business Day before to the first day of the applicable Interest Period and (B) the written notice contemplated by clause (A) above is provided at least 60 days in advance of the proposed Rate Determination Date), as determined by the Remarketing Agent; (v) in the case of the Three Month LIBOR Indexed Mode, shall be a date that is two London Banking Days preceding the first day of each Three Month LIBOR Interest Period; (vi) in the case of the Fixed Rate Mode (other than the Initial Fixed Rate Period), shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Conversion Date; (vii) in the case of the FRN Rate Mode, each Reset Date; (viii) in the case of the Window Mode, each Thursday or if Thursday is not a Business Day, then the Business Day next succeeding such Thursday; (ix) in the case of the Flexible Index Mode and the Index Mode, shall be the date determined according to the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for bonds in Index Mode or Flexible Index Mode"; and (x) in the case of the Bank Index Mode, shall be the Bank Index Computation Date.

"Rating Confirmation Notice" means a notice from Moody's, S&P or Fitch, as appropriate, confirming that the rating on the Bonds will not be lowered or withdrawn (other than a withdrawal of a short-term rating upon a change to a Long-Term Mode) as a result of the action proposed to be taken.

"Record Date" means (i) with respect to Bonds in a Short-Term Mode or the FRN Rate Mode, the last Business Day before an Interest Payment Date; and (ii) with respect to Bonds in a Long-Term Mode other than the FRN Rate Mode, the fifteenth day (whether or not a Business Day) of the month preceding the month in which the Interest Payment Date occurs.

"Refinancing Subaccounts" means the subaccounts for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Reimbursement Agreement" means the agreement between the Members of the Obligated Group and a Credit Facility Provider or Liquidity Facility Provider pursuant to which a Credit Facility or Liquidity Facility is issued, as amended, supplemented or extended from time to time in accordance with the provisions thereof.

"Remarketing Proceeds Account" means the account by that name created in the section of the Indenture under the heading "Purchase Fund".

"Remarketing Window" has the meaning set forth in the section of the Indenture under the heading "Optional and Mandatory Tender During Window Rate Period".

"Reset Date" means the Conversion Date upon which the Bonds begin bearing interest at a FRN Rate, and thereafter during a FRN Rate Period, every Thursday or if any Thursday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day, subject to being changed to a different day of the week as provided in Section 2.15(d).

"Rating Agency" means Standard & Poor's, Moody's, Fitch or any other nationally recognized securities rating agency acceptable to the Issuer and maintaining a credit rating with respect to the Bonds. Except as otherwise provided in the Loan Agreement, if more than one Rating Agency maintains a credit rating with respect to the Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to all such Rating Agencies.

"Rating Category" means one of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier, plus or minus sign, or otherwise.

"Rebate Fund" means the fund for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Rebate Requirement" means the amount of moneys required to be rebated to the United States Department of the Treasury, the method of calculation of which is described in the Tax Regulatory Agreement.

"Redemption Fund" means the fund for the Bonds so designated, created and established pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Redemption Price" when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"Redemption Terms Certificate" means a certificate delivered to the Issuer, the Bond Trustee and the Institution by the Remarketing Agent or another investment banking firm (selected by the Institution and approved by the Issuer) prior to and in connection with a Conversion to any Term Rate Period or a Fixed Rate Period, which certificate shall establish, if applicable, a no-call period, if any, and an Earliest Redemption Date, if any, for the Bonds being converted, and, if applicable, the Redemption Price for the Bonds being converted, all as certified by the Remarketing Agent or such investment banking firm as being, based upon their experience, in their belief, industry standard at the time of such Conversion for tax-exempt bonds of similar remaining maturity, security and ratings as the Bonds.

"Remarketing Agent" means any remarketing agent for the Bonds pursuant to a Remarketing Agreement appointed pursuant to the section of the Indenture under the heading "Appointment of Remarketing Agent", and any successor thereto consented to by the Issuer.

"Remarketing Agreement" means any remarketing agreement by and between the Institution, or another member of the Obligated Group and the Remarketing Agent and consented to by the Issuer,

as the same may from time to time be amended or supplemented, and if the Remarketing Agent has been replaced by a successor Remarketing Agent, any similar agreement between the Institution and such successor Remarketing Agent.

"Repurchase Agreement" means, unless otherwise consented to by the Issuer and the Credit Facility Provider, a written repurchase agreement entered into with a Qualified Financial Institution, a bank acting as a primary dealer or a securities dealer approved by the Issuer which is listed by the Federal Reserve Bank of New York as a "Primary Dealer" and rated "AA" or "Aa2" or better by at least two of the NRSROs (unless a lower rating is consented to by the Issuer) (a "Primary Dealer"), under which securities are transferred from a dealer bank or securities firm for cash with an agreement that the dealer bank or securities firm will repay the cash plus a yield in exchange for the securities on a specified date and under which (i) the Issuer is the real party in interest and has the right to proceed against the obligor on the underlying obligations which must be obligations of, or guaranteed by, the United States of America; (ii) the term of which shall not exceed one hundred eighty (180) days, unless the Issuer and the Credit Facility Provider shall consent to a longer period; (iii) the collateral must be delivered to the Issuer, the Bond Trustee (if the Bond Trustee is not supplying the collateral) or a third party acting as agent for the Bond Trustee (if the Bond Trustee is supplying the collateral) prior to or simultaneous with investment of moneys therein; (iv) such collateral is held free and clear of any lien by the Bond Trustee or an independent third party acceptable by the Issuer, acting solely as agent for the Bond Trustee; and (v) the collateral shall be valued weekly, marked to market at current market prices plus accrued interest; provided that at all times the value of the collateral must at least equal the required percentage of the amount invested in the Repurchase Agreement. If the value of such collateral is less than the amount specified, the Qualified Financial Institution or Primary Dealer must invest additional cash or securities such that the collateral value of the amount invested thereafter at least equals as follows: (a) if collateralized by securities described in clause (A) or (B) of the definition of Qualified Investments, at least 102%, or (b) if collateralized by securities described in clause (C) of the definition of Qualified Investments, at least 103%.

"Resolution of the Issuer" means a resolution duly adopted by the Issuer authorizing the issuance and delivery of the Bonds.

"Revenues" means all amounts paid or payable to the Issuer or to the Bond Trustee for the account of the Issuer (excluding fees and expenses payable to the Issuer and the Bond Trustee, the Unassigned Rights and rights to indemnification of the Bond Trustee) under and pursuant to the Loan Agreement, and as may be further described in a Supplemental Loan Agreement or a Supplemental Indenture.

"Scheduled Mandatory Tender Date" means the date determined pursuant to paragraphs (n) or (v) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode", as applicable.

"Scheduled Mandatory Tender Failure" means the failure of the Obligated Group to pay or provide for the payment of the Purchase Price of all Bonds required to be purchased on a Scheduled Mandatory Tender Date pursuant to paragraph (h) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Scheduled Mandatory Tender" means the mandatory tender for purchase of Bonds in the Index Mode or the Flexible Index Mode pursuant to the provisions of paragraph (h) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode" and excludes any mandatory tender of Bonds in the Index Mode or the Flexible Index Mode pursuant to paragraph (i) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Securities Depository" means the securities depository designated as such in the section of the Indenture under the heading "Depository Trust Company Registration of Bonds" and any successor thereto.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Serial Bonds" means the Bonds maturing on the Serial Maturity Dates, as determined pursuant to clause (v) of paragraph (c) of the section of the Indenture under the heading "Conversion of Interest Rate Modes".

"Serial Maturity Dates" means the dates on which the Serial Bonds mature, as determined pursuant to clause (v) of paragraph (c) of the section of the Indenture under the heading "Conversion of Interest Rate Modes".

"Serial Payments" means, other than with respect to Bonds in the Initial Fixed Rate Period, the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates.

"Series 2007 Bonds" means the Genesee County Industrial Development Agency Civic Facility Revenue Bonds (United Memorial Medical Center Project), Series 2007, issued in the original principal amount of \$14,800,000.

"Series 2010 Bonds" means the Monroe County Industrial Development Corporation's FHA Insured Mortgage Revenue Bonds (The Unity Hospital of Rochester Project), Series 2010, issued in the original principal amount of \$205,250,000.

"Series 2011 Bonds" means, collectively, the Wayne County Civic Facility Development Corporation Revenue Bonds (Newark-Wayne Community Hospital Project), Series 2011A, issued in the original principal amount of \$10,925,000 and the Wayne County Civic Facility Development Corporation Revenue Bonds (Newark-Wayne Community Hospital Project), Series 2011C, issued in the original principal amount of \$5,305,000.

"Series 2015 Bonds" means The Genesee County Funding Corporation's Tax-Exempt Revenue Bonds (United Memorial Medical Center Project), Series 2015, issued in the original principal amount of \$5,850,000 (the "Series 2015 Bonds")

"Series 2020A Bonds" means the Monroe County Industrial Development Corporation \$253,040,000 Tax-Exempt Revenue Bonds (Rochester Regional Health Project), Series 2020A authorized, issued and secured pursuant to the Indenture.

"Series 2020B Bonds" means the Monroe County Industrial Development Corporation \$14,500,000 Taxable Revenue Bonds (Rochester Regional Health Project), Series 2020B authorized, issued and secured pursuant to the Indenture.

"Short-Term Mode" means the Daily Mode, the Weekly Mode, the Flexible Mode, the Flexible Index Mode, the Index Mode, the Bank Index Mode, the Term Rate Mode (during a Three Month Term Rate Period only) or the Window Mode.

"SIFMA Average Index Rate" means, during each Interest Accrual Period, the per annum rate equal to the average of SIFMA in effect for each day in such Interest Accrual Period.

"SIFMA" or **"SIFMA Index"** means, (i) other than for Bonds in the Bank Index Mode, as of any date, the per annum rate published or reported by Municipal Market Data on its SIFMA Municipal Swap Index most recently available, or if the SIFMA Municipal Swap Index is no longer published or reported, the rate per annum published or reported on the S&P Municipal Bond 7 Day High Grade Rate Index, or if neither the SIFMA Municipal Swap Index nor the S&P Municipal Bond 7 Day High Grade Index is published, such alternate interest rate index as the Remarketing Agent shall select as most comparable to the SIFMA Municipal Swap Index, and (ii) for Bonds in the Bank Index Mode, the Securities Industry and Financial Markets Association Municipal Swap Index, which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues reported to the Municipal Securities Rulemaking Board's Short-Term Obligation Rate Transparency system which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day. For Bonds other than Bonds in the Bank Index Mode, if the SIFMA Index is no longer published, then "SIFMA Index" shall mean the S&P Weekly High Grade Index, and if the S&P Weekly High Grade Index is no longer published, then "SIFMA Index" shall mean the prevailing rate determined by the Bank Index Agent, or the Remarketing Agent, as appropriate, for tax-exempt state and local government bonds meeting criteria determined in good faith by the Bank Index Agent, or the Remarketing Agent, as appropriate, to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Index immediately prior to the date on which the Securities and Financial Markets Association ceased publication of the SIFMA Index. For Bonds in the Bank Index Mode, if the SIFMA Index is no longer published, an alternate index shall be calculated (based upon the criteria for the SIFMA Index) by an entity selected by mutual agreement of the Bank and the Institution.

"Sinking Fund Account" means the account so designated, created and established in the Debt Service Fund pursuant to the section of the Indenture under the heading "Establishment of Funds and Accounts".

"Sinking Fund Installment" means the amount of money sufficient to redeem Bonds at the principal amount thereof in the amounts, at the times and in the manner set forth in the Indenture.

"Standard & Poor's" means S&P Global Ratings, a division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a

securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Bond Trustee.

"State" means the State of New York.

"Stated Maturity" shall mean the dates principal becomes due on the Bonds by stated maturity as set forth in the section of the Indenture under the heading "Date, Maturity and Interest Rates of the Bonds"; provided, in any case where the date of maturity of premium of, interest on, or principal of, the Bonds or the date fixed for redemption of any Bonds shall be on a day other than a Business Day, then payment of interest, principal and premium, if any, need not be made on such date but may be made (without additional interest) on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption.

"Substitution Date" means (i) the date upon which an Alternate Credit Facility or Alternate Liquidity Facility is scheduled to be substituted for the Credit Facility or Liquidity Facility then in effect, or (ii) the effective date of a Credit Facility or Liquidity Facility issued or delivered with respect to Bonds not then covered by a Credit Facility or Liquidity Facility.

"Supplemental Indenture" means any indenture of the Issuer modifying, altering, amending, supplementing or confirming the Indenture for any purpose, in accordance with the terms thereof.

"Supplemental Loan Agreement" means any agreement between the Issuer and the Institution amending or supplementing the Loan Agreement in accordance with the terms of the Indenture.

"Supplemental Master Indenture" means the Supplemental Master Trust Indenture for Obligation No. 4, dated as of November 1, 2020, by and between the Obligated Group Representative and the Master Trustee, and when amended or supplemented, such Supplemental Master Indenture, as amended or supplemented.

"Tax Regulatory Agreement" means the Tax Compliance Agreement, by and among the Issuer, the Institution, and the Project Users named therein, including all appendices, certificates and attachments thereto, executed on the date of issuance and delivery of the Series 2020A Bonds, as it may be amended from time to time.

"Taxable Date" has the meaning set forth in the Bank Credit Agreement, if any.

"Tender Agent" means the commercial bank, trust company or other entity which may from time to time be appointed to serve as Tender Agent hereunder. Until such time as an alternate Tender Agent is appointed, the Tender Agent shall be the Bond Trustee.

"Tender Notice Deadline" means (i) during the Daily Mode, 11:00 A.M. on any Business Day and (ii) during the Weekly Mode, 5:00 P.M. on the Business Day seven days prior to the applicable Purchase Date.

"Tender Notice" means a notice delivered by Electronic Means or in writing that states (i) the principal amount of such Bond to be purchased pursuant to the section of the Indenture under the heading "Optional Tenders of Bonds in the Daily Mode or the Weekly Mode", (ii) the Purchase

Date on which such Bond is to be purchased, (iii) applicable payment instructions with respect to the Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase.

"Tender Period Standard Date" means, with respect to any Tender Period, during a Flexible Index Mode or an Index Mode, the date which is six months prior to the Scheduled Mandatory Tender Date for such Tender Period.

"Tender Period" means, with respect to Bonds bearing interest in a Flexible Index Mode, a period determined pursuant to paragraph (d) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Term Loan – St. Mary's Residence" a certain term loan, incurred in the original principal amount of \$13,102,400 to The Rochester St. Mary's Residence Facility, LLC.

"Term Loan – UMMC 2010" means a certain term loan provided by The Bank of Castile to the UMMC pursuant to a certain credit facility agreement, dated as of July 1, 2010, by and among the The Bank of Castile, UMMC and Genesee Memorial Hospital Group, Inc., incurred in the original principal amount of \$11,500,000.

"Term Loan – UMMC 2011" means a certain term loan provided by the United States Department of Agriculture to UMMC, evidenced by a promissory note, dated November 30, 2011, incurred in the original principal amount of \$1,383,390.

"Term Rate Mode" means the Interest Rate Mode during which the Bonds bear interest at the Term Rate.

"Term Rate Period" means the period from (and including) the Conversion Date or the Date of Issuance of the Bonds, as applicable, to (but excluding) the last day of the first period that the Bonds shall be in the Term Rate Mode as established by the Obligated Group Representative for the Bonds pursuant to clause (i) of paragraph (b) of the section of the Indenture under the heading "Conversion of Interest Rate Modes" and, thereafter, the period from (and including) the beginning date of each successive Interest Period selected for the Bonds by the Obligated Group Representative pursuant to paragraph (a) of the section of the Indenture under the heading "Determination of Term Rates and Fixed Rates" while it is in the Term Rate Mode to (but excluding) the commencement date of the next succeeding Interest Period, including another Term Rate Period. Except as otherwise provided in the Indenture (including during a Three Month Term Rate Period), an Interest Period for the Bonds in the Term Rate Mode must be at least 180 days in length.

"Term Rate" means the per annum interest rate for the Bonds in the Term Rate Mode determined pursuant to paragraph (a) of the section of the Indenture under the heading "Determination of Term Rates and Fixed Rates".

"Three Month LIBOR Index Rate" means the per annum interest rate borne by the Bonds during each Three Month LIBOR Interest Period determined in accordance with the section of the Indenture under the heading "Determination of Three Month LIBOR Index Rates".

"Three Month LIBOR Indexed Mode" means the Interest Rate Mode during which the Bonds bear interest at the Three Month LIBOR Index Rate.

"Three Month LIBOR Interest Period" means, during the Three Month LIBOR Indexed Mode, the period from (and including) the Conversion Date or the date of issuance of the Bonds, as applicable, to (but not including) the first Interest Payment Date and thereafter means the period from (and including) an Interest Payment Date to but not including the following Interest Payment Date (regardless of whether or not such Interest Payment Dates are Business Days).

"Three Month LIBOR" means the rate for deposits in U.S. dollars with a three-month maturity that appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by ICE, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 A.M., London time, on the Rate Determination Date, except that, if such rate does not appear on such page on the Rate Determination Date, Three Month LIBOR means a rate determined on the basis of the rates at which deposits in U.S. dollars for a three-month maturity and in a principal amount of at least U.S. \$1,000,000 are offered at approximately 11:00 A.M., London time, on the Rate Determination Date, to prime banks in the London interbank market by four major banks in the London interbank market (herein referred to as the "Reference Banks") selected by the Quotation Agent. The Quotation Agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, Three Month LIBOR will be the arithmetic mean of such quotations. If fewer than two quotations are provided, Three Month LIBOR will be the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or one, as applicable) major banks in New York City, selected by the Quotation Agent, at approximately 11:00 A.M. on the Rate Determination Date, for loans in U.S. dollars to leading European banks in a principal amount of at least U.S. \$1,000,000 having a three-month maturity. If none of the banks in New York City selected by the Quotation Agent is then quoting rates for such loans, then Three Month LIBOR will be a replacement rate designed to measure average costs of borrowing by banks (and where feasible on loans from other banks) recommended by the Quotation Agent, provided that such replacement rate must be based upon an interest index, variations in the value of which reflect contemporaneous variations in the costs of newly-borrowed funds in U.S. dollars.

"Three Month Term Rate Period" means each Term Rate Period with a duration of three calendar months (except under the circumstances contemplated in the definition of Interest Payment Date or in the event that fewer than three calendar months remain to the applicable Maturity Date, Mandatory Purchase Date or Redemption Date).

"U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading U.S. government securities.

"Unassigned Rights" means:

- (i) the right of the Issuer in its own behalf to receive all opinions of counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under the Loan Agreement;
- (ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement;
- (iii) the right of the Issuer to require any indemnity from any Person; and
- (iv) the right of the Issuer in its own behalf to declare an Event of Default under the Loan Agreement or with respect to any of the Issuer's Unassigned Rights.

"Undelivered Bond" means any Bond which constitutes an Undelivered Bond under the provisions of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode" or paragraph (b) of the section of the Indenture under the heading "No Book-Entry System".

"Unremarketed Bonds" means Bank Index Bonds which, on the applicable Bank Purchase Date, have not been successfully converted to another Interest Rate Mode or remarketed to a party other than the Bank.

"Unscheduled Mandatory Tender Date" means a date for the mandatory tender of Bonds in the Index Mode or the Flexible Index Mode pursuant to paragraph (i) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode".

"Unscheduled Mandatory Tender" means any mandatory tender for purchase of Bonds in the Index Mode or the Flexible Index Mode pursuant to the provisions of paragraph (i) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode" and excludes any mandatory tender of Bonds in the Index Mode or the Flexible Index Mode pursuant to paragraph (h) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode" or any mandatory tender of the Bonds bearing interest in an Interest Rate Mode other than a Flexible Index Mode or an Index Mode.

"Upfront Fee" means the administrative fee payable by the Institution to the Issuer, upon the issuance of the Bonds.

"Variable Rate Mode" means a Short-Term Mode or the Term Rate Mode.

"Weekly Mode" means the Interest Rate Mode during which the Bonds bear interest at the Weekly Rate.

"Weekly Rate Period" means the period during which a Bond in the Weekly Mode shall bear a Weekly Rate, which shall be the period commencing on Thursday of each week to and including Wednesday of the following week, except (i) if the Bonds are issued in the Weekly Mode, in which

case the first Weekly Rate Period shall be from the Date of Issuance to and including the Wednesday of the following week; (ii) in connection with a Conversion to the Weekly Rate, in which case the first Weekly Rate Period shall be from the Conversion Date to and including the Wednesday of the following week; (iii) in the case of a Substitution Date or Mandatory Purchase Date specified in clause (viii) of the definition of Mandatory Purchase Date, in which case the Weekly Rate Period prior to the Substitution Date or such Mandatory Purchase Date shall end on the day before the Substitution Date or such Mandatory Purchase Date and a new Weekly Rate Period shall commence on the Substitution Date or such Mandatory Purchase Date and end on the Wednesday of the following week; and (iv) in connection with a Conversion from the Weekly Mode, the last Weekly Rate Period shall end on the day next preceding the Conversion Date.

"Weekly Rate" means the per annum interest rate on the Bonds determined pursuant to Section paragraph (b) of the section of the Indenture under the heading "Determination of Interest Rates During the Daily Mode and the Weekly Mode".

"Window Calculation Agent" means the agent appointed by the Obligated Group Representative to calculate the Window Rate.

"Window Mandatory Tender Date" means the date specified for the mandatory purchase of a Bond in the Window Mode pursuant to Section 4.15 of the Indenture.

"Window Mode" means the Interest Rate Mode during which the Bonds bear interest at the Window Rate.

"Window Optional Tender Date" means the date specified for the purchase of a Bond in the Window Mode upon optional tender pursuant to the section of the Indenture under the heading "Optional and Mandatory Tender During Window Rate Period".

"Window Optional Tender Notice" has the meaning set forth in the section of the Indenture under the heading "Optional and Mandatory Tender During Window Rate Period".

"Window Rate Period" means the period during which a Bond in the Window Mode shall bear interest at a Window Rate, which shall be the period commencing on Thursday of each week to and including Wednesday of the following week, except (i) if the Bonds are issued in the Window Mode, in which case the first Window Rate Period shall be from the Date of Issuance to and including the Wednesday of the following week, (ii) in connection with a Conversion to the Window Rate, in which case the first Window Rate Period shall be from the Conversion Date to and including the Wednesday of the following week, (iii) in the case of a Substitution Date or Mandatory Purchase Date specified in clause (ix) of the definition of Mandatory Purchase Date, in which case the Window Rate Period prior to the Substitution Date or such Mandatory Purchase Date shall end on the day before the Substitution Date or such Mandatory Purchase Date and a new Window Rate Period shall commence on the Substitution Date or such Mandatory Purchase Date and end on the Wednesday of the following week and (iv) in connection with a Conversion from the Window Mode, the last Window Rate Period shall end on the day next preceding the Conversion Date.

"Window Rate" means the per annum interest rate on the Bonds in the Window Mode determined pursuant to the section of the Indenture under the heading "Determination of Window Rates".

"Window Spread" means, during a Window Rate Period, (i) the Initial Window Spread, or (ii) a revised spread determined by the Remarketing Agent pursuant to paragraph (b) of the section of the Indenture under the heading "Determination of Window Rates".

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following description of certain provisions of the Indenture is only a brief outline of some of the provisions thereof, and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Indenture for details of the provisions thereof.

Bonds Authorized

Upon the execution and delivery of the Indenture, the Issuer shall execute the Bonds and deliver them to the Bond Trustee for authentication. At the direction of the Issuer, the Bond Trustee shall authenticate the Bonds and deliver them to the purchasers thereof. *(Section 2.2)*

Optional Redemption of Flexible Rate Bonds

Except as provided in the section of the Indenture under the heading "Optional Redemption from Insurance and Condemnation Proceeds", Bonds in the Flexible Mode are not subject to optional redemption prior to their respective Purchase Dates. Bonds in the Flexible Mode shall be subject to redemption at the option of the Issuer at the direction of the Obligated Group Representative in whole or in part on their respective Purchase Dates at the applicable Redemption Price without premium. *(Section 4.1)*

Optional Redemption of Bonds in the Index Mode, the Flexible Index Mode, the FRN Rate Mode, the Daily Mode, the Weekly Mode, or the Window Mode; Optional Redemption During Delayed Remarketing Period

(a) The Bonds in the Index Mode or the Flexible Index Mode are subject to redemption at the option of the Issuer at the direction of the Obligated Group Representative in whole, or in part in Authorized Denominations, during any Tender Period, on any Business Day on or after the Call Protection Date for such Tender Period at the applicable Redemption Price without premium plus accrued and unpaid interest.

(b) While any FRN Rate is in effect, the Bonds shall be subject to redemption prior to their stated maturity, at the option of the Issuer at the direction of the Obligated Group Representative, in whole or in part, in Authorized Denominations on any date on or after the Par Call Date, if any, and on any date such Bonds are subject to mandatory tender at the Redemption Price, without premium plus accrued and unpaid interest.

(c) Bonds in the Daily Mode, the Weekly Mode, or the Window Mode are subject to optional redemption at the option of the Issuer at the direction of the Obligated Group Representative, in whole or in part, in Authorized Denominations on any Business Day, at the Redemption Price, without premium plus accrued and unpaid interest.

(d) During a Delayed Remarketing Period, the Bonds shall be subject to redemption at the option of the Issuer at the direction of the Obligated Group Representative as provided in paragraph (d) of the section of the Indenture under the heading "Insufficient Funds for Tenders". *(Section 4.2)*

Optional Redemption of Bonds During the Initial Fixed Rate Period

During the Initial Fixed Rate Period, the Series 2020A Bonds maturing after December 1, 2030 shall be subject to optional redemption prior to their respective stated maturities, at the option of the Issuer at the direction of the Obligated Group Representative, from any source of available funds on any date on or after December 1, 2030, as a whole or in part, selected by lot from such maturities bearing a particular interest rate as are designated by the Obligated Group Representative (or if the Obligated Group Representative fails to so designate, in inverse order of maturity, beginning with Series 2020A Bonds of each such maturity bearing interest at the highest stated rate), at the applicable Redemption Price, without premium plus accrued and unpaid interest.

The Series 2020B Bonds are subject to redemption prior to their stated maturity, by the Issuer upon the written direction of the Obligated Group Representative, as a whole or from time to time in part on any Business Day, at a Redemption Price equal to the Make-Whole Redemption Price, together with the interest, if any, accrued thereon from the most recent Interest Payment Date to which interest has been paid or duly provided for upon the date fixed for redemption. For purposes of this paragraph, the following definitions shall apply:

"Comparable Treasury Issue" shall mean the United States Treasury security or securities selected by a Designated Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Series 2020B Bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Series 2020B Bonds.

"Comparable Treasury Price" shall mean, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations for such redemption date or, if the Designated Investment Banker obtains only one Reference Treasury Dealer Quotation, such Reference Treasury Dealer Quotation.

"Designated Investment Banker" shall mean one of the Reference Treasury Dealers appointed by the Obligated Group Representative.

"Make-Whole Redemption Price" shall mean the greater of: (i) 100% of the principal amount of any Series 2020B Bonds being redeemed; or (ii) the sum of the present values of the remaining unpaid scheduled payments of principal and interest on any Series 2020B Bonds being redeemed (exclusive of interest accrued to the date of redemption) to the maturity date of such Series 2020B Bond, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 45 basis points.

"Reference Treasury Dealer" shall mean one or more entities, as designed by the Obligated Group Representative, or its respective affiliates which are primary U.S. government securities dealers, and their respective successors; provided that if any of them shall cease to be a primary U.S. government securities dealer (a "Primary Treasury Dealer"), the Obligated Group Representative shall substitute therefore another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" shall mean, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker,

of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

"**Treasury Rate**" shall mean, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Make-Whole Redemption Price shall be determined by an independent accounting firm or financial advisor retained by the Obligated Group Representative. *(Section 4.3)*

Optional Redemption of Bonds in the Term Rate Mode or a Fixed Rate Mode Other Than During the Initial Fixed Rate Period

(a) Bonds in a Term Rate Mode shall be subject to redemption, in whole or in part, on their individual Mandatory Purchase Dates, at the direction of the Obligated Group Representative, at the applicable Redemption Price, without premium plus accrued and unpaid interest.

(b) Bonds in the Term Rate Mode are subject to redemption in whole or in part on any date commencing on the Interest Payment Date next following the tenth anniversary of the change to the Term Rate Mode at the applicable Redemption Price, without premium plus accrued and unpaid interest. If the length of the Term Rate Period is less than ten years, then the Bonds shall not be subject to redemption during such Term Rate Period.

(c) Bonds in the Fixed Rate Mode other than during the Initial Fixed Rate Period are subject to redemption in whole or in part on any date following the tenth anniversary of the change to the Fixed Rate Mode at the applicable Redemption Price, without premium plus accrued and unpaid interest. If the length of the Fixed Rate Period is less than ten years, then the Bonds shall not be subject to redemption during such Fixed Rate Period.

(d) The Obligated Group Representative, in connection with a change to a Long-Term Mode, may waive or otherwise alter its rights to direct the redemption of any such Bonds so changed to a Long-Term Mode at any time without premium; provided that the notice describing the waiver or alteration shall be submitted to the Paying Agent, the Bond Trustee and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

(e) If a Credit Facility is then in effect and the Redemption Price includes any premium, the right of the Obligated Group Representative to direct an optional redemption is subject to the condition that the Bond Trustee has received, prior to the date on which notice of redemption is required to be given to Owners, either Available Moneys or written confirmation from the Credit Facility Provider that it can draw under the Credit Facility on the proposed redemption date in an aggregate amount sufficient to cover the Redemption Price. *(Section 4.4)*

Optional Redemption of Bonds in the Three Month LIBOR Indexed Mode

Bonds in the Three Month LIBOR Indexed Mode are subject to redemption prior to their stated maturity, at the option of the Issuer at the direction of the Obligated Group Representative, in whole or in part, in such amounts as may be specified by the Obligated Group Representative on any Interest Payment Date on and after the fifth anniversary of the first day of the Three Month LIBOR Indexed Mode at the applicable Redemption Price without premium plus accrued and unpaid interest. (*Section 4.5*)

Redemption of Bank Index Bonds

(a) In the event the Bank or any Bondholder has notified the Obligated Group Representative that it is not willing to continue to hold the Bonds beyond the Bank Purchase Date (except as otherwise provided in paragraph (b) of this summarized section), the Bonds shall be subject to mandatory purchase on the Bank Purchase Date in accordance with the section of the Indenture under the heading "Mandatory Purchase on Mandatory Purchase Date" and if the Bank or such Bondholder has not received the Purchase Price on the Bank Purchase Date, the Obligated Group shall, subject to paragraph (b) of this summarized section, cause the Unremarketed Bonds to be redeemed on the Bank Purchase Date. The Obligated Group also agrees to pay to the Bank or such Bondholder interest on the unpaid principal amount of the Unremarketed Bonds as provided in paragraph (h) of the section of the Indenture under the heading "Bank Index Rates; Conversions to Bank Index Rate Periods".

(b) Notwithstanding the foregoing and anything to the contrary in the Indenture, in the event the Bonds are not purchased or remarketed or redeemed on the Bank Purchase Date and if the Bank Credit Agreement provides for an Amortization Period and all conditions precedent to any Amortization Period, if any, set forth in the Bank Credit Agreement, if any, are satisfied, then the Bonds shall not be subject to mandatory purchase or redemption on the Bank Purchase Date, and shall be payable on the following terms: (i) the Bonds shall bear interest, payable on each Interest Payment Date, at the Purchaser Rate, unless an Event of Default (as defined in the Bank Credit Agreement, if any) shall have occurred and be continuing, in which case the Bonds shall bear interest at the Bank Default Rate, and (ii) principal shall be payable on each Amortization Payment Date, if any, and in full on the Amortization End Date. No Event of Default shall occur under the Indenture for failure to purchase or remarket or redeem the Bonds on the Bank Purchase Date if the conditions precedent to any Amortization Period set forth in the Bank Credit Agreement, if any, are satisfied. In the event the Bonds are not purchased or remarketed or redeemed on the Bank Purchase Date and all conditions precedent to any Amortization Period, if any, set forth in the Bank Credit Agreement, if any, are not satisfied, an Event of Default shall occur under the Indenture, and the Bonds shall bear interest at the Bank Default Rate. In the event the Bonds are not purchased or remarketed or redeemed on the Bank Purchase Date and the Bank Credit Agreement does not provide for an Amortization Period, an Event of Default shall occur under the Indenture, and the Bonds shall bear interest at the Bank Default Rate.

(c) Bonds in the Bank Index Mode are subject to redemption prior to their stated maturity, at the direction of the Obligated Group Representative, in whole or in part, in such amounts as may be specified by the Obligated Group Representative on any Interest Payment Date

at the applicable Redemption Price, without premium, but subject to payment of any fees set forth in the Bank Credit Agreement. *(Section 4.6)*

Optional Redemption from Insurance and Condemnation Proceeds

The Bonds are subject to redemption prior to their respective stated maturities, at the option of the Obligated Group Representative (which option shall be exercised upon request of the Obligated Group Representative given to the Bond Trustee at least 45 days prior to the date fixed for redemption (or such fewer number of days as is acceptable to the Bond Trustee)) in whole or in part (in such amounts as may be specified by the Obligated Group Representative) on any date, from hazard insurance or condemnation proceeds received with respect to the facilities of any of the members of the Credit Group and deposited in the Special Redemption Account of the Redemption Fund, at the applicable Redemption Price without premium. *(Section 4.28)*

Purchase in Lieu of Redemption

The provision of this summarized section shall not apply if the Obligated Group Representative has given notice requesting a mandatory tender pursuant to the section of the Indenture under the heading "Mandatory Tender of Fixed Rate Bonds Upon Request of Obligated Group Representative". Unless otherwise provided in a Supplemental Indenture, whenever Bonds are subject to redemption, they may instead be purchased at the direction of the Obligated Group Representative at a purchase price equal to the Redemption Price. The Obligated Group Representative shall give written notice thereof and of the Bonds and maturity to be so purchased to the Bond Trustee. The Bond Trustee shall select the particular Bonds and maturity to be so purchased in the same manner as provided in the sections of the Indenture under the headings "Optional Redemption of Bonds in the Index Mode, the Flexible Index Mode, the FRN Rate Mode, the Daily Mode, the Weekly Mode, or the Window Mode; Optional Redemption During Delayed Remarketing Period", "Optional Redemption of Bonds in the Term Rate Mode or a Fixed Rate Mode Other Than During the Initial Fixed Rate Period", and "Selection of Bonds for Redemption" for the selection of Bonds to be redeemed in part. Promptly thereafter, the Bond Trustee shall give notice of the purchase of such Bonds at the times and in the manner provided in the section of the Indenture under the heading "Notice of Redemption" for notice of redemption. The Bond Trustee shall not give such notice unless prior to the date such notice is given the Issuer has caused to be delivered to the Bond Trustee the written consent to such purchase of the Issuer. All such purchases may be subject to conditions to the Issuer's obligation to purchase such Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required above, then, if sufficient money to pay the purchase price of such Bonds is held by the Bond Trustee, the purchase price of the Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase, upon presentation and surrender of such Bonds to be purchased at the office or offices specified in such notice, and, in the case of Bonds presented by other than the Owner, together with a written instrument of transfer duly executed by the Owner or his duly authorized attorney. Payment of the purchase price of such Bonds shall be made, upon the request of the Owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be so purchased, by wire transfer to such Owner at the wire transfer address in the continental United States to which such Owner has prior to the purchase date directed in writing the Bond Trustee to wire such purchase price. No purchased Bond shall be considered to be no longer

Outstanding by virtue of its purchase and each such purchased Bond shall be registered in the name or at the direction of the Obligated Group Representative. So long as a Credit Facility is in effect with respect to any Bonds, the purchase price of any such Bonds purchased in lieu of redemption shall be paid from a draw on such Credit Facility. *(Section 4.30)*

Establishment of Funds and Accounts

The following funds and separate accounts within funds are established, held and maintained by the Bond Trustee pursuant to the Indenture: (I) the Project Fund, within which there shall be two (2) accounts: (a) the Series 2020A Project Account, within which there shall be four (4) subaccounts: (i) the Construction Subaccount, (ii) the Refinancing Subaccount, (iii) the Cost of Issuance Subaccount and (iv) the Capitalized Interested Subaccount and (b) the Series 2020B Project Account, within which there shall be two (2) subaccounts: (i) the Refinancing Subaccount and (ii) the Cost of Issuance Subaccount; (II) the Debt Service Fund, within which there shall be two (2) accounts: (a) the Series 2020A Debt Service Account, within which there shall be two (2) subaccounts: (i) the Interest Subaccount and the (ii) the Principal Subaccount and (b) the Series 2020B Debt Service Account, within which there shall be two (2) subaccounts: (i) the Interest Subaccount and (ii) the Principal Subaccount; (III) the Purchase Fund, within which there shall be three (3) accounts: (a) the Institution Purchase Account, (b) the Remarketing Proceeds Account and (c) the Liquidity Facility Purchase Account; (IV) the Redemption Fund, within which there shall be two (2) accounts: (a) the Series 2020A Redemption Account and the Series 2020B Redemption Account and (V) the Rebate Fund. *(Section 5.1)*

Application of Bond Proceeds and Allocation Thereof

All moneys received by the Issuer from the sale of the Bonds and from equity funds of the Institution shall be simultaneously disbursed in such amounts and in such manner and to such funds and accounts as directed in writing by an Authorized Officer of the Issuer delivered upon issuance of the Bonds.

The proceeds of the sale of the Bonds shall be and constitute trust funds for the purposes provided in the Indenture and there is created a lien upon such moneys, until so applied, in favor of the Bond Trustee for the benefit of the Owners of the Bonds. The Issuer, at the direction of the Institution, and subject to the limitations set forth in the Tax Regulatory Agreement, may transfer funds between (i) with respect to the Series 2020A Project Account, the Cost of Issuance Subaccount, the Refinancing Subaccount, the Capitalized Interest Subaccount and the Construction Subaccount and (ii) with respect to the Series 2020B Project Account, the Refinancing Subaccount and the Cost of Issuance Subaccount. *(Section 5.2)*

Application of Moneys in the Project Fund

(a) As soon as practicable after the delivery of the Bonds, the Issuer shall pay from the applicable Cost of Issuance Subaccount to the firms, corporations or Persons entitled thereto the Cost of Issuance of the Issuer relating to the issuance of such Bonds solely from moneys (which shall include, with respect to the payment of Cost of Issuance for the Bonds, moneys paid to the Issuer by the Institution) deposited in the applicable Cost of Issuance Subaccounts with the Bond Trustee. Amounts on deposit in the various Cost of Issuance Subaccounts shall also be

applied, as soon as practicable following delivery of the Bonds, to the payment to the Issuer of the Upfront Fee. Any moneys remaining on hand in the various Cost of Issuance Subaccounts upon payment of all Costs of Issuance shall be transferred to either the Series 2020A Debt Service Account or the Series 2020B Service Account of the Debt Service Fund, as applicable, and credited against the next due payment of debt service from the Institution (provided the amount in the Debt Service Fund may not exceed the amount of debt service due on the Bonds during the next twelve months) or to either the Series 2020A Redemption Account or the Series 2020B Redemption Account of the Redemption Fund, as applicable, and applied by the Bond Trustee to the purchase or redemption of the Series 2020A Bonds or the Series 2020B Bonds, as applicable. The Bond Trustee is authorized and directed to disburse from the Capitalized Interest Subaccount of the Series 2020A Project Account of the Project Fund on the Business Day prior to an Interest Payment Date for the Series 2020A Bonds, for deposit into the Series 2020A Debt Service Account of the Debt Service Fund, such amount, together with amounts already available as is sufficient to pay the interest on the Series 2020A Bonds coming due on such Interest Payment Date (or, if insufficient funds are then on deposit, the balance of such Capitalized Interest Subaccount).

(b) Except as otherwise provided in the article of the Indenture under the heading "Bond Proceeds, Funds, Accounts, Revenues and Application and Disbursement Thereof" or in any Supplemental Indenture, any moneys deposited in an Account or Subaccount within the Project Fund shall be used only to pay the Costs of or relating to the Project to which the Indenture, or a project defined in such Supplemental Indenture, relates, including reimbursement to the Institution for such Costs paid by the Institution in connection with the Project and approved by the Bond Trustee; provided, however, that to the extent an Event of Default described in paragraphs (a) or (b) of the section of the Indenture under the heading "Events of Default" shall have occurred and be continuing and no other moneys are available under the Indenture to cure such Event of Default, moneys on deposit in the Project Fund shall be applied in accordance with the section of the Indenture under the heading "Priority of Payments After Default".

(c) Payments pursuant to paragraph (a) of this summarized section shall be made in accordance with a requisition submitted to the Bond Trustee by the Institution signed by an Authorized Officer of the Institution stating the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment. Payments pursuant to paragraph (b) of this summarized section shall be made in accordance with a requisition submitted to the Bond Trustee by the Institution signed by an Authorized Officer of the Institution, substantiated by a certificate filed with the Bond Trustee describing in reasonable detail the purpose for which such moneys were used and the amount thereof, and further stating the opinion that such purposes constitute a necessary part of such Cost of the Project to which such certificate relates, such substantiating certificate to be signed by: (i) the architect for the Project or, if acceptable to the Bond Trustee, an Authorized Officer of the Institution, in the case of payments for constructing the Project; or (ii) an Authorized Officer of the Institution in the case of the acquisition or refinancing of, or equipping the Project and other expenses and reimbursements; or (iii) an Authorized Officer of the Institution if for payment of interest on the Bonds.

(d) Upon completion of the Project as evidenced in accordance with the next succeeding paragraph, or if the Project is deemed complete, the Bond Trustee shall transfer the balance in the Series 2020A Project Account of the Project Fund to the Interest Subaccount or the Principal Subaccount of the Series 2020A Debt Service Account of the Debt Service Fund or to

the Series 2020A Redemption Account of the Redemption Fund, as the Institution shall direct in writing. Such payment if deposited in the Series 2020A Debt Service Account of the Debt Service Fund shall be applied as a credit against the next due payment of the principal or interest portion of debt service from the Institution or, if deposited in the Series 2020A Redemption Account of the Redemption Fund, shall be applied either to the purchase or redemption of the Series 2020A Bonds, as provided in the section of the Indenture under the heading "Application of Moneys in the Redemption Fund".

(e) Completion of the Project shall be determined by a certificate signed by an Authorized Officer of the Institution and delivered after the date of completion to the Bond Trustee and the Issuer. Such certificate signed by an Authorized Officer of the Institution shall state that the Project has been completed, describe it in terms sufficient for identification, and specify the date of completion. In the case of the acquisition of the Project or any part thereof, completion of such acquisition shall be evidenced by a certificate signed by an Authorized Officer of the Institution and delivered within ten (10) days after the date of completion of such acquisition to the Issuer and to the Bond Trustee. (*Section 5.3*)

Deposit of Revenues and Allocation Thereof

The Revenues received pursuant to the Loan Agreement and any other moneys required by any of the provisions of the Indenture to be paid or transferred to the Bond Trustee, shall be promptly paid or transferred to the Bond Trustee.

The Bond Trustee shall deposit the payments received under the Loan Agreement or other money set forth below in the Debt Service Fund and credit the Accounts and Subaccounts, as applicable, set forth below in the order set forth below:

The Institution shall deposit, or cause to be deposited, the following in immediately available funds with the Bond Trustee as the payments become due under the Loan Agreement unless sufficient amounts are then available in such Accounts to make the required payments therefrom:

(a) Into the Debt Service Fund for credit to (i) the Interest Subaccount of the Series 2020A Debt Service Account an aggregate amount of immediately available funds required for the payment of the interest payable on the Outstanding Series 2020A Bonds on such Interest Payment Date and (ii) the Interest Subaccount of the Series 2020B Debt Service Account an aggregate amount of immediately available funds required for the payment of the interest payable on the Outstanding Series 2020B Bonds on such Interest Payment Date.

(b) Into the Debt Service Fund for credit to (i) the Principal Subaccount of the Series 2020A Debt Service Account an aggregate amount of immediately available funds required for the payment of the principal payable on the Outstanding Series 2020A Bonds on their applicable Stated Maturity and (ii) the Principal Subaccount of the Series 2020B Debt Service Account an aggregate amount of immediately available funds required for the payment of the principal payable on the Outstanding Series 2020B Bonds on their applicable Stated Maturity.

(c) Into the Debt Service Fund for credit to (i) the Series 2020A Redemption Account of the Redemption Fund the amount required to pay principal of and premium, if any,

and accrued and unpaid interest on any Series 2020A Bonds called for redemption and (ii) the Series 2020B Redemption Account of the Redemption Fund the amount required to pay principal of and premium, if any, and accrued and unpaid interest on any Series 2020B Bonds called for redemption.

Each installment of payments under the Loan Agreement shall be increased as may be necessary to make up any previous deficiency in any of the required payments.

If other monies are received by the Bond Trustee as advance payments of payments under the Loan Agreement to be applied to the redemption of all or a portion of the Bonds, such monies shall be deposited in the applicable Account of the Redemption Fund.

Notwithstanding any other provisions of the Indenture, moneys received by the Bond Trustee as an optional prepayment pursuant to the section of the Loan Agreement under the heading "Optional Prepayment" shall be transferred to the applicable Account of the Redemption Fund if the Bonds are then subject to redemption, or otherwise in the applicable Account or Subaccount of the Debt Service Fund for payment of the next due principal of or interest on the Bonds.

Subject to the prior paragraph of this summarized section, moneys paid or transferred to the Bond Trustee shall on or before the next Business Day after receipt thereof (but in no event later than the date on which due) be applied as follows and in the following order of priority:

FIRST: To the (i) Interest Subaccount of the Series 2020A Debt Service Account, the amount equal to all of the interest becoming due on the Outstanding Series 2020A Bonds on the next Interest Payment Date for the Series 2020A Bonds after taking into account any amounts on deposit therein available for the payment thereof and (ii) Interest Subaccount of the Series 2020B Debt Service Account, the amount equal to all of the interest becoming due on the Outstanding Series 2020B Bonds on the next Interest Payment Date for the Series 2020B Bonds after taking into account any amounts on deposit therein available for the payment thereof;

SECOND: To the (i) Principal Subaccount of the Series 2020A Debt Service Account, the amount equal to all of the principal amount becoming due on the Series 2020A Bonds on their applicable Stated Maturity (other than pursuant to a tender), after taking into account any amounts on deposit therein available for the payment thereof and (ii) Principal Subaccount of the Series 2020B Debt Service Account, the amount equal to all of the principal amount becoming due on the Series 2020B Bonds on their applicable Stated Maturity (other than pursuant to a tender), after taking into account any amounts on deposit therein available for the payment thereof;

THIRD: To the Purchase Fund, the amount, if any, necessary to make the amount on deposit therein equal to the purchase price of any Bonds tendered or deemed tendered for purchase; and

FOURTH: To the Rebate Fund to the extent required, amounts necessary in any year so as to meet the Rebate Requirement of the Rebate Fund, as directed in writing by the Issuer to the Bond Trustee; and

FIFTH: To the Issuer, unless otherwise paid, such amounts as are payable to the Issuer for: (i) any expenditure of the Issuer and fees and expenses of the Bond Trustee, all as required by the Indenture and not otherwise paid or caused to be paid or provided for by the Institution; (ii) all other expenditures reasonably and necessarily incurred by the Issuer in connection with the loan to the Institution and the issuance of the Bonds, including penalties for late payments and all expenses incurred by the Issuer to compel full and punctual performance of all the provisions of the Loan Agreement in accordance with the terms thereof; and (iii) any other amounts due and payable by the Institution to the Issuer pursuant to the Loan Agreement - but only upon receipt by the Bond Trustee from the Issuer of a certificate signed by an Authorized Officer of the Issuer, stating in reasonable detail the amounts payable to the Issuer pursuant to this paragraph FIFTH.

After making the payments required by paragraphs FIRST, SECOND, THIRD, FOURTH and FIFTH above, any balance remaining shall be paid, as the Issuer may direct, at the written direction of the Institution, to the Debt Service Fund and credited against the next due payment of debt service from the Institution (provided the amount in the Debt Service Fund may not exceed the amount of debt service due on the Bonds during the next twelve months) or to the Redemption Fund and applied by the Bond Trustee to the purchase or redemption of Bonds. (*Section 5.4*)

Application of Moneys in the Debt Service Fund

The Bond Trustee shall transfer moneys out of the various Interest Subaccounts on each Interest Payment Date for the payment of interest then due on the Bonds. The Bond Trustee shall pay out of such Interest Subaccounts any amounts required for the payment of accrued interest upon any redemption or purchase of the Bonds.

The Bond Trustee shall transfer moneys out of the various Principal Subaccounts on their applicable Stated Maturity for the payment of the principal amount of the Bonds then due.

The Bond Trustee shall transfer moneys out of the Purchase Fund on each date that the purchase price of Bonds tendered, deemed tendered or required to be tendered becomes due. (*Section 5.5*)

Application of Moneys in the Redemption Fund

(a) Moneys in the various Accounts of the Redemption Fund derived from optional prepayment of the loan pursuant to the section of the Loan Agreement under the heading "Optional Prepayment" shall, at the written direction of the Issuer, at the direction of the Institution, be applied to payment of the Redemption Price of Bonds, plus accrued interest, if any, thereon to the date set for redemption.

(b) Moneys in the various Accounts of the Redemption Fund derived from insurance or condemnation proceeds pursuant to the section of the Loan Agreement under the heading "Application of Property Insurance and Condemnation Proceeds" or transfers from the various Accounts and Subaccounts Project Fund pursuant to the section of the Indenture under the heading "Application of Moneys in the Project Fund" shall be applied to payment of the Redemption Price of Bonds, plus accrued interest on any Interest Payment Date, if any, thereon to the date set for redemption, in accordance with the section of the Indenture under the heading "Optional Redemption from Insurance and Condemnation Proceeds".

(c) Subject to the provisions of paragraphs (a) and (b) of this summarized section, moneys in the various Accounts of the Redemption Fund may be applied to the purchase of Bonds at purchase prices not exceeding the Redemption Price applicable to the Bonds to be purchased plus accrued interest due, in such manner as the Issuer may direct, at the written direction of the Institution. Bonds so purchased shall be canceled by the Bond Trustee. If forty-five (45) days prior to any Interest Payment Date on which Bonds are subject to optional redemption, moneys in excess of \$25,000 shall then remain on deposit in such applicable Account of the Redemption Fund, the Bond Trustee shall apply such moneys to the redemption of such Bonds as provided in the article of the Indenture under the heading "Redemption, Tender and Remarketing of Bonds", at the Redemption Prices specified in the article of the Indenture under the heading "Redemption, Tender and Remarketing of Bonds" with respect to the Bonds. (*Section 5.6*)

Application of Moneys in the Rebate Fund

All amounts to be deposited into the Rebate Fund and all amounts on deposit in the Rebate Fund shall be paid, as necessary, to the United States Department of the Treasury at the times and in the amounts required by the Tax Regulatory Agreement as shall be directed in writing or by Electronic Means by the Issuer to the Bond Trustee. Upon the Final Computation Date, if the Rebate Amount (as such terms are defined in the Tax Regulatory Agreement), as certified to the Bond Trustee by the Issuer, is less than the amount on deposit in the Rebate Fund, the Bond Trustee shall withdraw from the Rebate Fund and transfer to the Institution an amount, as directed by the Issuer, not to exceed the amount in the Rebate Fund in excess of the Rebate Amount. (*Section 5.7*)

Investment of Moneys

Any moneys held in any of the Funds, Accounts or Subaccounts established under the Indenture shall be invested by the Bond Trustee, as directed by the Institution, in a written order signed by an Authorized Officer thereof, or by the Issuer, but only as follows:

(a) Moneys in the Debt Service Fund only in Qualified Investments, except those listed in items C, I, K, M and N of the definition thereof, maturing in such amounts and on such dates as may be necessary to provide moneys to meet the payments from such Fund;

(b) Moneys in the Redemption Fund only in Qualified Investments, except those listed in items C, I, K, M and N of the definition thereof, maturing or redeemable at the option of the owner not later than the next succeeding date on which the Bonds are subject to redemption; and

(c) Notwithstanding anything to the contrary in the Indenture, moneys in the Rebate Fund only in Qualified Investments listed in items A, D, E, F and L of the definition thereof maturing or redeemable at the option of the owner not later than the date the next payment of rebate is due and only in accordance with the Tax Regulatory Agreement.

Notwithstanding any other provisions of the Indenture concerning the requirement that all investment instructions shall be given to the Bond Trustee or any depository by the Institution, in the event that the Bond Trustee has not received instructions from the Institution to invest any moneys remaining in any Fund or Account under the Indenture, the Bond Trustee or any such

depository shall daily deposit such moneys in Qualified Investments listed in item D of the definition thereof.

The Bond Trustee is authorized, in making or disposing of any investment permitted by this summarized section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Bond Trustee or for any third person or dealing as principal for its own account.

Any securities or investments held by the Bond Trustee shall be transferred by the Bond Trustee, if requested in writing by an Authorized Officer of the Institution, from any of the Funds or Accounts mentioned in this summarized section to any other of the Funds or Accounts mentioned in this summarized section at the then current market value thereof without having to be sold and purchased or repurchased; provided, however, that after any such transfer or transfers the investments in each such Fund or Account shall be in accordance with the provisions as stated in this summarized section.

Unless otherwise directed by the Institution, interest earned, profits realized and losses suffered by reason of any investment shall be credited or charged, as the case may be, to the Fund, Account or Subaccount for which such investment shall have been made.

Notwithstanding the foregoing, the Issuer reserves the right to direct the transfer of arbitrage interest earned on Series 2020A Bond proceeds to the Rebate Fund, which amounts shall be applied in accordance with the section of the Indenture under the heading "Application of Moneys in the Rebate Fund".

The Bond Trustee may sell or redeem any obligations in which moneys shall have been invested, to the extent necessary to provide cash in the respective Funds, Accounts or Subaccounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys, securities or investments between various Funds, Accounts and Subaccounts as may be required or permitted from time to time pursuant to the provisions of the article of the Indenture under the heading "Bond Proceeds, Funds, Accounts, Revenues and Application and Disbursement Thereof".

The Bond Trustee shall not be liable for any depreciation in the value of any obligations in which moneys of the Funds or Accounts shall be invested, as aforesaid, or for any loss arising from any investment permitted under the Indenture. (*Section 5.8*)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Indenture, if at any time the amounts held in the various Accounts of the Debt Service Fund and the various Accounts of the Redemption Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accruing on such Bonds to the next date when all such Bonds are redeemable, the Bond Trustee shall so notify the Issuer and the Institution. Upon receipt of such notice, the Issuer may request the Bond Trustee to redeem all such Outstanding Bonds. The Bond Trustee shall, upon receipt of such request in writing by the Issuer, proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by the Indenture, and in such event all provisions of the section of the Indenture under the heading "Defeasance" shall be operative. (*Section 5.9*)

The Loan Agreement; Amendment and Execution

The Loan Agreement may be amended or supplemented without Bondowner consent provided such amendment or supplement does not cause the Issuer to violate any of its covenants and agreements under the Indenture. The Issuer agrees not to enter into any amendment or supplement to the Loan Agreement, which amendment or supplement would materially prejudice the rights and interests of the Owners of the Bonds, without the consent of the Owners, obtained as provided in the section of the Indenture under the heading "Consent of Bondowners", of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby; provided, however, that no such amendment or supplement which would change the amount or time as to which loan payments are required to be paid under the Loan Agreement shall be entered into without the consent of the Owners of all of the then Outstanding Bonds who would be affected by such amendment. Notwithstanding the foregoing, the Issuer reserves the right to waive any provision of the Loan Agreement provided such waiver does not cause the Issuer to violate any of its covenants or agreements under the Indenture. The Issuer covenants not to enter into any amendment or modification of the Loan Agreement without filing an executed copy thereof with the Bond Trustee. (*Section 6.5*)

Events of Default

Each of the following events is declared an "Event of Default" under the Indenture:

(a) Payment of the principal, Redemption Price, or Purchase Price of any of the Bonds, shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or upon tender or otherwise; provided, however, a failure to pay Purchase Price under paragraph (z) of the section of the Indenture under the heading "Determination of Index Tender Rates and Interest Accrual Periods for Bonds in Index Mode or Flexible Index Mode", "Mandatory Tender of Fixed Rate Bonds Upon Request of Obligated Group Representative" or paragraph (c) of the section of the Indenture under the heading "Optional and Mandatory Tender During Window Rate Period" or as may otherwise be provided under the Indenture with respect to Bank Index Bonds shall not be an Event of Default; or

(b) Payment of an installment of interest on any Bonds, or the purchase price therefor, shall not be made when the same shall become due and payable; or

(c) Any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Revenues; or

(d) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture on the part of the Issuer to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Bond Trustee, which may give such notice in its discretion; or

(e) An Event of Default shall have occurred under the Loan Agreement or under any other Institution Document (other than the Continuing Disclosure Agreement). (*Section 8.1*)

Acceleration of Maturity

Upon the happening of any Event of Default specified in the section of the Indenture under the heading "Events of Default", the Bond Trustee may, and shall upon the written request of the owners of not less than a majority in principal amount of the Outstanding Bonds, declare an acceleration of the payment of principal on the Bonds. All such declarations shall be by a notice in writing to the Issuer and the Institution, declaring the principal of and accrued interest on all of the Outstanding Bonds to be due and payable immediately. Upon the giving of notice of such declaration of acceleration such principal shall become and be immediately due and payable, and if principal of the Bonds is so paid in full upon acceleration, all interest on the Bonds shall cease to accrue, anything in the Bonds or in the Indenture to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Bond Trustee may, with the written consent of the Owners of not less than a majority in principal amount of the Bonds not then scheduled to be due by their terms and then Outstanding and by written notice to the Issuer, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of principal and interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date and the principal of such Bonds then due only because of a declaration under this summarized section); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Bond Trustee; (iii) all other amounts then payable by the Issuer under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Bond Trustee; and (iv) every other default known to the Bond Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this summarized section) shall have been remedied to the satisfaction of the Bond Trustee or waived pursuant to the section of the Indenture under the heading "Waiver and Non Waiver". No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon. (*Section 8.2*)

Enforcement of Remedies

Upon the happening and continuance of any Event of Default specified in the section of the Indenture under the heading "Events of Default", then and in every such case, the Bond Trustee may proceed, and upon the written request of the Owners of not less than a majority in principal amount of the Outstanding Bonds shall proceed (subject to the provisions of the section of the Indenture under the heading "Obligation of Trustee"), to protect and enforce its rights and the rights of the Owners of the Bonds under the laws of the State of New York or under the Indenture, the Bonds or the Loan Agreement or by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Indenture or in aid or execution of any power granted in the Indenture, or for the enforcement of the Loan Agreement, or for an accounting against the Issuer as if the Issuer were the trustee of an express trust, or for

the enforcement of any proper legal or equitable remedy as the Bond Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Indenture, the Bond Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Issuer for principal or interest or otherwise under any of the provisions of the Indenture or of the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under such Bonds, without prejudice to any other right or remedy of the Bond Trustee or of the Owners of such Bonds, and to recover and enforce any judgment or decree against the Issuer but solely as provided in the Indenture and in such Bonds, for any portion of such amounts remaining unpaid, with interest, cost and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable. *(Section 8.3)*

Priority of Payments After Default

If at any time the moneys held by the Bond Trustee under the Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of the section of the Indenture under the heading "Acceleration of Maturity"), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the article of the Indenture under the heading "Events of Default" or otherwise, shall be applied (after payment of all amounts owing to the Bond Trustee from moneys under the Indenture other than from moneys in the Rebate Fund or any irrevocable trust or escrow fund established with respect to any defeased Bonds) as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest on any of the Bonds then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption or contracted to be purchased for the payment of which moneys are held pursuant to the provisions of the Indenture) with interest upon such Bonds from the respective dates upon which they shall have become due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular due date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference; and

THIRD: To the payment of the interest on and the principal of the Bonds as the same become due and payable.

(b) If the principal of all the Bonds shall have become due and payable, either by their terms or by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Bond Trustee pursuant to the provisions of this summarized section, such moneys shall be applied by the Bond Trustee at such times, and from time to time, as the Bond Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Bond Trustee, and the Bond Trustee shall incur no liability whatsoever to the Issuer, to any Bondowner, or to any other person for any delay in applying any such moneys, so long as the Bond Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Bond Trustee. Whenever the Bond Trustee shall exercise such discretion in applying such moneys it shall fix the date (which shall be an Interest Payment Date unless the Bond Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Bond Trustee shall not be required to make payment to the Owner of any unpaid interest or any Bond unless such Bond shall be presented to the Bond Trustee for appropriate endorsement. (*Section 8.4*)

Restriction Upon Action by Individual Bondowners

No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture or for any other remedy under the Indenture unless such Owner previously shall have given to the Bond Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than a majority in principal amount of all Outstanding Bonds shall have made written request to the Bond Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Bond Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Bond Trustee security and indemnity as required by the section of the Indenture under the heading "Obligation of Trustee" against the costs, expenses, and liabilities to be incurred therein or thereby, and the Bond Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Bond Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or for any other remedy under the Indenture. It is understood and intended that no one or more Owners of the Bonds secured by the Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in

the manner provided in the Indenture and for the benefit of all Owners of the Outstanding Bonds. *(Section 8.7)*

Supplemental Indentures Without Consent of Bondowners

Notwithstanding any other provisions of the article of the Indenture under the heading "Consents to Supplemental Indentures", the Issuer and the Bond Trustee may at any time or from time to time enter into a Supplemental Indenture supplementing the Indenture or any Supplemental Indenture so as to modify or amend such indentures, without the consent of any Bondowners, for one or more of the following purposes:

(a) To add to the covenants and agreements of the Issuer contained in the Indenture or any Supplemental Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, reconstruction, renovation, equipment, operation, maintenance, development or administration of any project under the Act or relative to the application, custody, use and disposition of the proceeds of the Bonds; or

(b) To confirm, as further assurance, any pledge under and the subjection to any lien on or pledge of the Revenues created or to be created by the Indenture or a Supplemental Indenture; or

(c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; or

(d) To grant to or confer on the Bond Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority, or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect, including, but not limited to, providing liquidity support or credit support or both for the Bonds; or

(e) To amend any provisions of the Indenture if, prior to the execution of any such amendment there shall be delivered to the Bond Trustee an Opinion of Bond Counsel to the effect that such amendment will not have a material adverse effect on the security, remedies or rights of the Bondholders. *(Section 10.1)*

Supplemental Indentures with Consent of Bondowners

(a) At any time or from time to time but subject to the conditions or restrictions contained in the Indenture and each Supplemental Indenture, a Supplemental Indenture may be entered into by the Issuer and the Bond Trustee amending or supplementing the Indenture, any Supplemental Indenture or any of the Bonds or releasing the Issuer from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained. However, no such Supplemental Indenture shall be effective unless such Supplemental Indenture is approved or consented to by the Owners, obtained as provided in the section of the Indenture under the heading "Consent of Bondowners", of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby. In computing any such required percentage there shall be excluded from such consent, and from such Outstanding Bonds, any such Outstanding Bonds owned or held by or for the account of the Issuer or the Institution.

(b) Notwithstanding the provisions of paragraph (a) of this summarized section to the contrary, except as provided in the section of the Indenture under the heading "Supplemental Indentures by Unanimous Action", no such modification changing any terms of redemption of Bonds, due date of principal of or interest on Bonds or making any reduction in principal or Redemption Price of and interest on any Bonds shall be made without the consent of the affected Bondowner.

(c) Notwithstanding any other provisions of this summarized section to the contrary, no Supplemental Indenture shall be entered into by the Issuer and the Bond Trustee, except as provided in the section of the Indenture under the heading "Supplemental Indentures by Unanimous Action", reducing the percentage of consent of Bondowners required for any modification of the Indenture or any Supplemental Indenture or diminishing the pledge of the Revenues securing the Bonds.

(d) The provisions of paragraph (a) of this summarized section shall not be applicable to Supplemental Indentures adopted in accordance with the provisions of the section of the Indenture under the heading "Supplemental Indentures Without Consent of Bondowners".
(Section 10.2)

Defeasance

(a) If the Issuer shall pay or cause to be paid, or there shall be otherwise paid, to the Owners of all or any of the Bonds then Outstanding, the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein and in the Indenture and any Supplemental Indenture, and all fees and expenses of the Bond Trustee and the Issuer, then the pledge of any Revenues or other moneys and securities pledged to such Bonds and all other rights granted to such Bonds shall be discharged and satisfied. In such event, the Bond Trustee shall, upon the request of the Issuer, execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction and the Bond Trustee or other fiduciary shall pay or deliver to the Issuer all moneys or securities held by it pursuant to the Indenture and any Supplemental Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to be used by the Issuer in any lawful manner including distribution to the Institution.

(b) Any Bonds for which moneys shall then be held by a trustee, which may be the Bond Trustee (through deposit by the Issuer or the Institution of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in this summarized section. Any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this summarized section if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Bond Trustee, in form satisfactory to the Bond Trustee, irrevocable instructions to give notice of redemption on such date of such Bonds; (ii) there shall have been deposited with the Bond Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Bond Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable,

and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (iii) there shall have been filed with the Bond Trustee and the Issuer (x) a report of a firm of certified public accountants, acceptable to the Issuer, confirming the arithmetical accuracy of the computations showing the cash or Defeasance Obligations, the principal of and interest on which, together with cash, if any, deposited at the same time will be sufficient to pay when due, the principal or Redemption Price, if applicable, and interest due or to become due on such Bonds, on and prior to the redemption date or maturity date thereof, as the case may be and (y) an Opinion of Bond Counsel, acceptable to the Issuer, to the effect that upon provision for the payment of the principal or Redemption Price, if applicable, of, and interest due or to become due on such Bonds, the pledge of Revenues and other moneys and securities under the Indenture and the grant of all rights to the Owners of such Bonds hereunder shall be discharged and satisfied; and (iv) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall have given the Bond Trustee, in form satisfactory to the Bond Trustee, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (ii) above has been made with the Bond Trustee and that such Bonds are deemed to have been paid in accordance with this summarized section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds. Neither Defeasance Obligations deposited with the Bond Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than the payment of the principal or Redemption Price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Bond Trustee, if not then needed for such purpose, may, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Issuer to be used by it in any lawful manner including a distribution to the Institution provided all amounts owing to the Issuer and the Bond Trustee have been satisfied, free and clear of any trust, lien or pledge. Nothing in this paragraph (b) shall be, or be deemed to be, a restriction on the Issuer's ability to provide for Defeasance Obligation substitutions or restructuring provided that the Defeasance Obligations shall at all times be in compliance with clause (ii) above, as evidenced by a report of a firm of certified public accountants in compliance with clause (iii)(x) above; and if the interest on Bonds which have been defeased pursuant to this paragraph (b) is excludable from gross income for federal income tax purposes, the Issuer shall provide an Opinion of Bond Counsel that the substitution or restructuring will not adversely affect such exclusion. Notwithstanding any provision of the Indenture to the contrary, the Bond Trustee shall have no right of set off against any moneys and securities deposited under this paragraph (b).

(c) Anything in the Indenture to the contrary notwithstanding, any moneys held by the Bond Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when all of the Bonds have become due and payable either at their stated maturity dates or by a call for earlier redemption, if such moneys were held by the Bond Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Bond Trustee after such date when all of the Bonds become due and payable, shall, at the written request of the Issuer, be repaid by the Bond Trustee to the Issuer as its absolute property and free from trust (to the extent permitted by law) to be used by the Issuer in any lawful

manner including a distribution to the Institution, and the Issuer and the Bond Trustee shall thereupon be released and discharged of its obligations with respect to the Bonds; provided, however, that, before being required to make any such payment to the Issuer, the Bond Trustee shall mail to the Bondowners a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than forty (40) nor more than ninety (90) days after the date of mailing of such notice, the balance of such moneys then unclaimed shall be returned to the Issuer to be used by the Issuer in any lawful manner including a distribution to the Institution. *(Section 12.1)*

Holidays

If the date for making any payment or the last date for performance of any act or the exercising of any right as provided in the Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture, and no interest shall accrue for the period after such nominal date. *(Section 14.14)*

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following description of certain provisions of the Loan Agreement is only a brief outline of some of the provision thereof, and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Loan Agreement for details of the provisions thereof.

The Loan; Issuance of Bonds and Application of Proceeds

The Issuer agrees, upon the delivery of the Bonds, to loan to the Institution the amount of \$267,540,000 to provide funds to pay a portion of the Costs of the Project, and to pay costs related to the issuance of the Bonds upon the terms and conditions set forth or referred to in the Loan Agreement. The Institution agrees to borrow and the Institution agrees to repay such loan upon the terms and conditions set forth or referred to in the Loan Agreement. The Loan Agreement shall constitute a general obligation of the Institution. To provide funds to finance the loan to the Institution, the Issuer agrees to use its best efforts to issue the Bonds in accordance with the Indenture. The Institution agrees that the proceeds of the Bonds to be made available to finance the loan to the Institution shall be deposited with the Bond Trustee and applied as provided in the Indenture. The Institution acknowledges and agrees that it shall have no interest in the proceeds of the Bonds equal to or greater than that of the Bondowners who shall have a first and prior beneficial interest in such money until it is applied in accordance herewith and with the Indenture. *(Section 2.1)*

Payment Obligations

(a) General. Notwithstanding any provision of the Loan Agreement or any other Institution Documents, as and for repayment of the loan made to the Institution by the Issuer pursuant to the section of the Loan Agreement under the heading "The Loan; Issuance of Bonds and Application of Proceeds", the Institution shall pay to the Bond Trustee for the account of the Issuer the amounts, including, without limitation, the amounts described in paragraphs (b) and (c)

below, required at all times for the payment of the principal of, and premium if any, and interest on the Bonds when due, whether at maturity, upon redemption, by acceleration or otherwise and including the Purchase Price upon any tender; provided, however, that the obligation of the Institution to make any such payment under the Loan Agreement shall be reduced by any amount held by the Bond Trustee in the various Accounts and Subaccounts of the Debt Service Fund for such payment of the Bonds pursuant to the terms of the Indenture (other than any amount drawn under the Insurance Policy). All amounts received by the Bond Trustee pursuant to paragraphs (a), (b) or (c) of this summarized section shall be deposited into the applicable Account and Subaccount of the Debt Service Fund.

(b) **Principal Payments.** The Institution shall repay the principal of the loan not later than the second Business Day preceding each December 1, commencing December 1, 2021, in an amount equal to the principal or Sinking Fund Installment, as the case may be, of the Bonds becoming due on such December 1, as the case may be, after crediting to such amount becoming due any amount in the applicable Principal Subaccount or the Sinking Fund Account, as the case may be, prior to such December 1 available for the payment of such principal or Sinking Fund Installment. To the extent such payments on the Bonds are made with funds provided by the Credit Facility Provider pursuant to a drawing upon the Credit Facility, payments made by the Institution to the Bond Trustee pursuant to this paragraph shall be transferred by the Bond Trustee to the Credit Facility Provider in reimbursement for any such drawing.

(c) **Interest Payments.** The Institution shall pay the interest on the loan on the second Business Day preceding each Interest Payment Date in an amount equal to 100% of the interest coming due on the Bonds after crediting to such amount becoming due any amount in the applicable Interest Subaccount available for the payment of such interest (provided, however, in all events, the payment due immediately prior to each Interest Payment Date shall provide for sufficient funds necessary to make payment in full of the interest becoming due on the Bonds on such next succeeding Interest Payment Date). To the extent such payments on the Bonds are made with funds provided by the Credit Facility Provider or the Liquidity Facility Provider pursuant to a drawing upon a Credit Facility, payments made by the Institution to the Bond Trustee pursuant to this paragraph shall be transferred by the Bond Trustee to the Credit Facility Provider in reimbursement for any such drawing.

(d) **Purchase Price.** The Institution agrees that (i) if a Liquidity Facility is not in effect (as permitted under the section of the Indenture under the heading "Liquidity Facility Not Required in Certain Circumstances" and the section of the Loan Agreement under the heading "The Liquidity Facility; Alternate Liquidity Facility"), then the Obligated Group shall be obligated to deposit amounts into the Institution Purchase Account sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account are insufficient therefor, except on a Window Optional Tender Date, in connection with an Unscheduled Mandatory Tender in an Index Mode or a Flexible Index Mode, in connection with a mandatory tender of Fixed Rate Bonds pursuant to the section of the Indenture under the heading "Mandatory Tender of Fixed Rate Bonds Upon Request of Obligated Group Representative" and except as may otherwise be provided with respect to Bank Index Bonds in paragraph (b) of the section of the Indenture under the heading "Redemption of Bank Index Bonds" or the Bank Credit Agreement, and (ii) if a Liquidity Facility is in effect, then the Obligated Group may, but shall not be obligated to, deposit amounts into the Institution Purchase Account sufficient to pay the Purchase Price to the extent

that amounts on deposit in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account are insufficient therefor. Each such payment by the Members of the Obligated Group to the Tender Agent pursuant to this summarized shall be in immediately available funds and paid to the Tender Agent at its Designated Office by 2:30 P.M., in the case of payments made pursuant to paragraph (a)(i) of this summarized section, and by 2:45 P.M., in the case of payments made pursuant to paragraph (a)(ii) of this summarized section, on each date upon which a payment is to be made pursuant to the section of the Indenture under the heading "Source of Funds for Purchase of Bonds".

(e) Reimbursement of Issuer. The Institution agrees to pay to the Issuer an amount equal to the sum of the following two (2) items: (i) any expenditures of the Issuer, and fees and expenses of the Bond Trustee, all as required by the Indenture and not otherwise paid or provided for by the Institution; and (ii) all other expenditures reasonably and necessarily incurred by the Issuer with respect to the loan to the Institution and the issuance of the Bonds, including Cost of Issuance to the extent amounts on deposit in the various Cost of Issuance Subaccounts are insufficient for the payment thereof and also including interest on overdue payments at the rate or rates of interest specified in the Bonds, penalties for late payments and all expenses incurred by the Issuer to compel full and punctual performance of all the provisions of the Loan Agreement, any other Institution Document, and each other document executed by the Institution in connection with the Issuer's loan to the Institution or the issuance of the Bonds, in accordance with the terms of the Loan Agreement and thereof. Any expenditures of the Issuer made pursuant to items (i) and (ii) of this paragraph shall be billed by the Issuer to the Institution in writing as soon as practicable and shall be paid or caused to be paid by the Institution within thirty (30) days of each request for payment.

(f) Rebate Fund. The Institution agrees to provide amounts that shall be sufficient to meet the Rebate Requirement of the Rebate Fund. The Institution agree that this obligation of the Institution shall survive the payment in full of the Series 2020A Bonds or the refunding and defeasance of the Series 2020A Bonds pursuant to the provisions of the section of the Indenture under the heading "Defeasance".

(g) Other Obligations. The Institution agrees to provide, at all times required under the Indenture, such additional amounts as are required to fund or make up any deficiency in the Debt Service Fund on any date on which principal of or interest on the Bonds is due or any deficiency in the Purchase Fund or any account established therein in the event and to the extent that the remarketing proceeds and moneys drawn under a Credit Facility or a Liquidity Facility are insufficient to pay the Purchase Price of Bonds tendered for purchase on a Purchase Date. In the event of any such deficiency in the Debt Service Fund or the Purchase Fund, the Bond Trustee shall notify the Issuer and the Institution of such deficiency and the Institution shall pay the amount of any such deficiency to the Bond Trustee by no later than 2:30 p.m. (New York City time) on the date on which principal of, Purchase Price of, or interest on, the Bonds is due.

(h) Manner of Payment. The Institution agrees to pay to the Issuer or to such party as the Issuer shall direct in writing the payments required by the Loan Agreement from its general funds or any other moneys legally available to the Institution in the manner and at the times provided by the Loan Agreement.

(i) Survival. The payment obligations of the Institution pursuant to paragraphs (a), (b), (c), (d), (e) (i) and (ii), (f) and (g), except to the extent paid from any defeasance escrow for the Bonds, shall survive the expiration of the Loan Agreement. (*Section 2.2*)

The Project

The Institution covenants to carry out the Project by causing the proceeds of the Bonds to be applied to the refinancing of the Project, and that the Premises and the use thereof by the Project Users have been and will be in full compliance with the Indenture, the Loan Agreement and all other Institution Documents as well as the laws of the State of New York. The Institution acknowledges that any review of any such actions heretofore or hereafter taken by the Issuer's staff or counsel has been or will be solely for the protection of the Issuer. Neither such review nor any action taken by the Issuer shall stop the Issuer from enforcing the foregoing covenant. The Issuer makes no representations whatsoever in connection with the condition of the Premises, or the improvements, fixtures or equipment thereof, and the Issuer shall not be liable for latent or patent defects therein. Subject to the rights of the Issuer under the Loan Agreement, the Institution shall have sole and exclusive control of, possession of and responsibility for (i) such Premises; (ii) the operation of such Premises and supervision of the activities conducted therein or in connection with any part thereof; and (iii) the maintenance, repair and replacement of such Premises. (*Section 3.1*)

Insurance

(a) The Institution shall maintain or cause to be maintained at its sole cost and expense, insurance, with financially sound and reputable insurers (which may be self-insurance with affiliates) with respect to their Property, including the Premises, the operation thereof and their business against such casualties, contingencies and risks as may customarily be carried or maintained under similar circumstances by institutions of established reputation engaged in similar businesses or in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as are customary for Institutions similarly situated in the industry and as are determined to be consistent with reasonably prudent business practices, which determination shall be based upon the advice of an Independent Insurance Consultant, except to the extent that their governing body determines in good faith that such annual advice is unreasonable and delivers an Officer's Certificate to the Issuer and Bond Trustee setting forth the reasons for such determination.

(b) The Institution shall furnish to the Issuer and Bond Trustee annually, within 120 days of each fiscal year end, an Officer's Certificate stating that the insurance coverage maintained by the Institution adequately protects the Institution, its property and operations and is in accordance with paragraph (a) of this summarized section. All policies of insurance (except automobile, worker's compensation, fiduciary and D&O) shall include the Issuer and Bond Trustee as additional insureds, as their interests may appear and as a loss payee and mortgagee as required.

(c) If the Issuer shall so request in writing, the Institution shall provide to the Issuer and Bond Trustee summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Issuer.

(d) The Issuer, in its sole discretion, reserves the right to waive or amend any provision of this summarized section without the consent of the Bond Trustee or the Bondowners. *(Section 4.1)*

Application of Property Insurance and Condemnation Proceeds

In case the whole or any part of the Project or the Premises is taken by eminent domain or damaged or destroyed or is otherwise rendered incapable of being used to its fullest extent for the purposes of the Institution or any Project User or to meet the Institution's obligations under the Loan Agreement and the other Institution Documents by any cause whatsoever, then and in such event, but subject to the provisions of the Master Indenture:

A. Except as provided in paragraph (B), the Institution shall proceed to replace or restore or cause to be replaced or restored such part of the Project or the Premises, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible or with such changes and modifications as would not have an adverse effect on the operations of the Institution. The moneys required for such replacement or restoration shall be paid from the proceeds of insurance or any award or payment in connection with the condemnation of the Project or the Premises received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution.

B. If no decision for the restoration or replacement of all or such part of the Project or the Premises shall be reached by the Institution within 120 days after such damage or taking, or if the Institution fails to proceed with due diligence to restore or replace such part of the Project or the Premises, all respective insurance or condemnation proceeds (after giving appropriate recognition to any similar requirements with respect to any Indebtedness ranking on a parity with the Bonds) shall be paid to the Bond Trustee for deposit in the applicable Account of the Redemption Fund for application to the purchase or redemption of Bonds in accordance with the Indenture or used as otherwise agreed to by the Issuer and the Institution.

Notwithstanding any such taking, or other injury to, or decrease in the value of the Project or the Premises, the Institution shall continue to pay interest on the principal payable under the Loan Agreement and under the other Institution Documents as provided in the Loan Agreement and therein, and to make any and all other payments required by the Loan Agreement and by the other Institution Documents. Any reduction in the principal payable under the Loan Agreement and under the other Institution Documents resulting from the application by the Issuer of such award or payment to the redemption of Bonds shall be deemed to take effect only on the date of such application. *(Section 4.2)*

Obligation Absolute

The obligation of the Institution to make payments to the Issuer or on its order to the Bond Trustee under the Loan Agreement and the Obligation is absolute and unconditional and shall not be subject to setoff, recoupment or counterclaim. The Institution agrees that payments required by the Loan Agreement and the Obligation shall be paid when due by the Institution to the Bond Trustee for deposit in the Debt Service Fund whether or not any patient, occupant or user of the Institution are delinquent in the payment of his or her charges, rentals or other charges owed to the

Institution, whether or not any patient, user or occupant receives either partial or total reimbursement as a credit against such payment, and whether or not the Institution receive either partial or total reimbursement as a credit against such payment.

The agreements, covenants, representations and indemnifications of the Institution in the Loan Agreement and the other Institution Documents executed and delivered in connection with the Loan Agreement shall be a full faith and credit obligation of the Institution. *(Section 5.2)*

Maintenance and Modifications of Facility by Institution

(a) The Institution shall not abandon (or cause to be abandoned by any Member of the Obligated Group or other affiliate thereof) the Facility or cause or permit any waste to the Improvements. During the Loan Term, neither the Institution nor any Member of the Obligated Group shall remove any part of the Facility outside of the jurisdiction of the Issuer and shall (i) keep (or cause to be kept) the Facility in as reasonable safe condition as its operations shall permit; (ii) make (or cause to be made) all necessary repairs and replacements to the Facility (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); and (iii) operate (or cause to be operated) the Facility in a sound and economic manner.

(b) With the written consent of the Issuer, which shall not be unreasonably withheld, delayed or conditioned, the Institution, from time to time, may make (or cause to be made) any material structural additions, modifications or improvements to the Facility or any part thereof, provided (i) such actions do not adversely affect the structural integrity of the Facility or (ii) such actions do not materially impair the use of the Facility or materially decrease their value. All such additions, modifications or improvements made by the Institution or any Member of the Obligated Group, as applicable, shall become a part of the Facility. *(Section 5.13)*

Taxes, Assessments and Utility Charges

(a) The Institution agrees to pay (or cause to be paid), as the same become due and before any fine, penalty, interest (except interest which is payable in connection with legally permissible installment payments) or other cost may be added thereto or become due or be imposed by operation of law for the non-payment thereof, (i) all taxes, payments in lieu of taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Facility and any machinery, equipment or other Property installed or brought by the Institution therein or thereon, including, without limiting the generality, of the foregoing, any sales or use taxes imposed with respect to the Facility or any part or component thereof or the rental or sale of the Facility or any part thereof and any taxes levied upon or with respect to the income or revenues of the Issuer from the Facility; (ii) all utility and other charges, including service charges, incurred or imposed for or with respect to the operation, maintenance, use, occupancy, upkeep and improvement of the Facility; and (iii) all assessments and charges of any kind whatsoever lawfully made by any governmental body for public improvements; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Institution shall be obligated under the Loan Agreement to pay (or cause to be paid) only such installments as are required to be paid during the Loan Term.

(b) The Institution may, in good faith, contest any such taxes, assessments and other charges. In the event of any such proceedings, the Institution shall pay such taxes, assessments or other charges so contested, or, at its option, allow the same to remain unpaid during the period of such proceedings and any appeal therefrom, provided, however, that (i) neither the Facility nor any part thereof or interest therein would be in any immediate danger of being sold, forfeited or lost by reason of such proceedings, and (ii) the Institution shall have set aside on its books adequate reserves with respect thereto and shall have furnished such security, if any, as may be required in such proceedings or reasonably requested by the Issuer or the Bond Trustee.

(c) The Issuer agrees that if the Institution contests any taxes, assessments or other charges as provided for in paragraph (b) of this summarized section, that the Institution shall be entitled to retain all such amounts received as a result thereof. (*Section 5.15*)

Notice of Default

The Institution shall notify the Issuer and the Bond Trustee promptly of any condition, event, action or failure to take any action which constitutes an Event of Default under the Loan Agreement or the Master Indenture or a default or violation of any of the agreements of the Institution contained in the other Institution Documents. (*Section 6.1*)

Events of Default

As used in the Loan Agreement an "Event of Default" exists if any of the following occurs and is continuing:

(a) Principal, Interest, Premium, etc. Failure by the Institution to make when due any payment required under paragraph (a), (b) or (c) of the section of the Loan Agreement under the heading "Payment Obligations" or failure by the Institution to pay in full any payment of principal of or interest on the Obligation when due; or

(b) Other Payments. Failure by the Institution to pay when due any amount required to be paid under the Loan Agreement (other than any amount referred to in paragraph (a), (b) or (c) of the section of the Loan Agreement under the heading "Payment Obligations" or any amount of principal of or interest due on the Obligation), which failure continues for a period of ten (10) days; or

(c) Covenants, Representations, etc. Failure by the Institution to observe and perform any covenant, condition or agreement set forth in the Institution Documents (other than the Continuing Disclosure Agreement or under the section of the Loan Agreement under the heading "Continuing Disclosure", and other than any failure to observe or perform any covenant, condition or agreement of the Institution set forth in the Tax Regulatory Agreement that would not cause the Institution to lose its status as a tax-exempt organization under Section 501(c)(3) of the Code or would not cause the loss of the tax-exempt status of interest on the Series 2020A Bonds) on its part to be observed or performed, or failure of any representation made by the Institution in the Institution Documents (other than the Continuing Disclosure Agreement or under the section of the Loan Agreement under the heading "Continuing Disclosure") to be correct in all material respects, which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Institution by the Bond

Trustee or to the Institution and the Bond Trustee by the Issuer; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 60-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, in the sole judgment of the Issuer, the Institution shall in good faith commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(d) Bankruptcy, Insolvency, etc. If the Institution shall make an assignment for the benefit of creditors or be generally unable to pay its debts as they become due; or a decree or order appointing a receiver, custodian or trustee for the Institution or any Project User, for the Premises, or for substantially all of the Institution's properties shall be entered and, if entered without its consent, remain in effect for more than sixty (60) days; or the Institution shall commence a voluntary case under any law relating to bankruptcy, insolvency, reorganization or other relief of debtors or any such case of an involuntary nature is filed against it and is consented to by it or, if not consented to, is not dismissed within sixty (60) days; or

(e) Undischarged Final Judgment. Final judgment for the payment of money in an aggregate amount at least equal to two percent (2%) of the Operating Revenues of the Obligated Group at the end of the most recent Fiscal Year, shall be rendered against the Institution and at any time after sixty (60) days from the entry thereof, (a) such judgment shall not have been discharged, or (b) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and have caused the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal; or

(f) Liquidation, etc. The Institution shall liquidate or dissolve any of its affairs, or dispose of or transfer all or substantially all of its assets; or

(g) Default Under Other Agreements. An event of default shall have occurred under the Master Indenture, or under any agreement or lease (after the expiration of any applicable grace periods) to which the Issuer and the Institution are parties; or

(h) Indenture Event of Default. An Event of Default (as defined in the Indenture) shall have occurred under the Indenture; or

(i) Default With Respect to Other Indebtedness. The Institution shall default in the payment of any other Indebtedness (other than the Obligation), whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument, under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, whether such Indebtedness now exists or shall hereafter be created, shall occur, which default in payment or event of default shall be in respect of (a) any Parity Debt or (b) any Indebtedness in an aggregate principal amount of at least two percent (2%) of the Operating Revenues of the Obligated Group at the end of the most recent Fiscal Year, where the effect of such default is to accelerate the maturity of such Indebtedness (or with respect to Parity Debt, the effect of such default is to permit

the holders thereof (or a Bond Trustee on behalf of such holders) to cause such Indebtedness to become due prior to its stated maturity); provided, however that such default shall not constitute an Event of Default within the meaning of this summarized section if within the time allowed for service of a responsive pleading in any proceeding to enforce payment of such Indebtedness under the laws of Connecticut or New York or other laws governing such proceeding (i) the Institution in good faith commences proceedings to contest the existence or payment of such Indebtedness, (ii) sufficient moneys are escrowed with a bank or trust corporation for the payment of such Indebtedness, and (iii) the Institution delivers an Officer's Certificate to the Issuer and the Bond Trustee certifying that the Institution has complied with clauses (i) and (ii); or

(j) Liens, etc. Except as consented to by the Issuer in writing, any lien, encumbrance or other charge (other than a Permitted Encumbrance) is created, granted or suffered by the Institution against the Premises of the Institution, including statutory and other liens of mechanics, workers, contractors, subcontractors, suppliers, or taxing authorities; provided, however, that tax or other liens shall not constitute an Event of Default under the Loan Agreement (a) if either of the Institution is contesting the imposition of such tax or lien in good faith and in accordance with law, and the Institution delivers an Officer's Certificate to the Issuer and the Bond Trustee so certifying; or (b) if the amounts secured by any such lien for taxes or special assessments, is not then delinquent. (*Section 8.1*)

Remedies

(a) Upon the occurrence and continuance of any Event of Default under the Loan Agreement and further upon the condition that, in accordance with the terms of the Indenture, the Bonds shall have been declared to be immediately due and payable pursuant to any provision of the Indenture, the loan payments required by paragraphs (a), (b), (c) and (d) of the section of the Loan Agreement under the heading "Payment Obligations" and the payments required by the Obligation shall, without further action, become and be immediately due and payable.

(b) Upon the occurrence and continuance of any Event of Default under the Loan Agreement, the Issuer may, and shall at the direction of the Credit Facility Provider but only with respect to the Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Bond Trustee shall at the direction of the Issuer or the Credit Facility Provider, subject to the terms of the Indenture, take any action at law or in equity to collect any payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Institution under the Loan Agreement or to protect the interests securing the same, and the Issuer may, and shall at the direction of the Credit Facility Provider but only with respect to the Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Bond Trustee shall at the direction of the Issuer or the Credit Facility Provider, without limiting the generality of the foregoing, exercise any or all rights and remedies given by the Loan Agreement or available under the Loan Agreement and may take any action at law or in equity to collect any payments then due or thereafter to become due, or to enforce performance of any obligation, agreement or covenant of the Institution under the Loan Agreement or under the Obligation.

(c) Any amounts collected from the Institution pursuant to this summarized section shall be applied in accordance with the Indenture.

(d) The Issuer and the Institution agree that, upon the occurrence of an Event of Default, while the Issuer does not have the right of foreclosure, the Issuer may pursue any such remedies as are available to it under the Loan Agreement and under New York law.

(e) Upon the occurrence and continuance of any Event of Default under the Loan Agreement, any and all amounts due under the Loan Agreement may be declared by the Issuer to be immediately due and payable whether or not the Bonds shall have been declared to be due and payable; provided that if the Bonds have been declared to be due and payable in accordance with the terms of the Indenture, the amounts due under the Loan Agreement under paragraphs (a), (b), (c) and (d) of the section of the Loan Agreement under the heading "Payment Obligations" shall, as provided in paragraph (a) of this summarized section, without further action, become and be immediately due and payable. (*Section 8.2*)

Remedies Not Exclusive

All rights and remedies given in the Loan Agreement or granted to the Issuer are cumulative, non-exclusive and in addition to any and all rights and remedies that the Issuer may have or be given by reason of any law, statute, ordinance or otherwise. (*Section 8.3*)

Indemnification

The Institution agrees to indemnify and hold harmless the Issuer, the Bond Trustee and any member, director, officer, official, employee, counsel, consultant and agent of the Issuer or the Bond Trustee (each called an "Indemnified Party" and collectively called the "Indemnified Parties"), against any and all losses, claims, damages, suits, actions, demands, liabilities or expenses (or actions in respect thereof) that are caused by, arise out of or are based upon any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in (i) the Official Statement or any amendment thereof or supplement thereto (except, as to the Issuer only, for information therein relating solely to and provided by the Issuer contained in the section entitled "The Issuer" or (ii) any information to be provided by the Institution pursuant to the article of the Loan Agreement under the heading "Information and Reporting Requirements" or that are caused by, arise out of or are based upon any omission or alleged omission from (i) such Official Statement or any amendment thereof or supplement thereto or (ii) any information to be provided by the Institution pursuant to the article of the Loan Agreement under the heading "Information and Reporting Requirements" of any material fact required to be stated therein or necessary in order to make the statements made therein in the light of the circumstances under which they were made, not misleading (except, as to the Issuer only, for information in the Official Statement or omitted therefrom relating solely to and provided by the Issuer contained in the section entitled "The Issuer". In case any action shall be brought against one or more of the Indemnified Parties based upon (i) the Official Statement or any amendment thereof or supplement thereto or (ii) the information to be provided by the Institution pursuant to paragraph (a) of the section of the Loan Agreement under the heading "Inspection" (except, as to the Issuer only, for information in the Official Statement or omitted therefrom relating solely to and provided by the Issuer contained in the section entitled "The Issuer" and in respect of which indemnity may be sought against the Institution, the Indemnified Party shall promptly (and in any event not later than thirty days after knowledge of such action) notify the Institution in writing, and the Institution shall promptly assume the defense thereof, including the employment of

counsel, the payment of all reasonable expenses and the right to negotiate and consent to settlement and the Indemnified Parties shall cooperate with the Institution in asserting such defense. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless the employment of such counsel has been specifically authorized in writing by the Institution, which authorization shall not be unreasonably withheld, or unless by reason of conflict of interest, in the reasonable judgment of any Indemnified Party, it is advisable for it to be represented by separate counsel, in which case the fees and expenses of such separate counsel shall be borne by the Institution. The Institution shall not be liable for any settlement of any such action effected without its written consent, but if settled with the written consent of the Institution or if there be a final judgment for the plaintiff in any such action with or without such consent, the Institution agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment. *(Section 9.1)*

Assignment, Leasing and Subleasing

(a) The Loan Agreement may not be assigned, in whole or in part, and except in the ordinary course of the operations of the Institution or any Member of the Obligated Group, as applicable, the Facility may not be leased, in whole or in part, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld, delayed or conditioned, in each instance except as provided in the Tax Regulatory Agreement, with respect to the Series 2020A Bonds. Any permitted assignment or lease (requiring the Issuer's consent) shall be on the following conditions:

(i) no assignment or lease shall relieve the Institution from primary liability for any of its obligations under the Loan Agreement or under any other of the Institution Documents;

(ii) the assignee (in the discretion of the Issuer) shall assume the obligations of the Institution under the Loan Agreement to the extent of the interest assigned or leased, shall be jointly and severally liable with the Institution for the performance thereof and shall be subject to service of process in the State of New York;

(iii) the Institution shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Issuer and to the Bond Trustee a true and complete copy of such assignment or lease and the instrument of assumption;

(iv) neither the validity nor the enforceability of the Bonds, the Indenture, nor any Bond Documents shall be adversely affected thereby;

(v) the exclusion of the interest on the Bonds from gross income for Federal income tax purposes will not be adversely affected; and

(vi) the assignee shall utilize the Facility substantially in the same manner pursuant to Article 28 of the New York Public Health Law.

Notwithstanding the foregoing, as specifically permitted by the Master Indenture, the Institution, and Members of the Obligated Group, as applicable, may lease or license or timeshare portions of the Facility.

(b) If the Bond Trustee or the Issuer shall so request, as of the purported effective date of any assignment or lease pursuant to paragraph (a) of this summarized section, the Institution, at its sole cost, shall furnish the Bond Trustee or the Issuer, as appropriate, with, in form and substance satisfactory to the Bond Trustee or the Issuer, as appropriate, (i) an Opinion of Bond Counsel, and (ii) an Opinion of Counsel, as to such matters as the Bond Trustee and the Issuer shall reasonably request. (*Section 10.8*)

Amendment

The Issuer reserves the right, together with the Institution, with the consent of the Bond Trustee (given at the direction of the Issuer, but the Bond Trustee need not consent if the Bond Trustee's duties, obligations or liabilities are affected thereby) and the Credit Facility Provider and to the extent permitted by the section of the Indenture under the heading "The Loan Agreement; Amendment and Execution": (i) to amend or modify the terms of the Loan Agreement, and the Obligation in any respect consistent with the Act, (ii) to extend the term of the Loan Agreement or the Obligation or the time for making any payment under the Loan Agreement or thereunder, or (iii) to continue to make construction advances after the initial completion date for the Project; provided, however, the Issuer shall have the unilateral right to amend or modify any provision of the section of the Loan Agreement under the heading "Insurance". The Institution covenants and agrees to send a copy of each amendment or modification of the Loan Agreement and the Obligation to the Bond Trustee, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any. Nothing in this summarized section shall be construed to require the consent of the Bond Trustee for any amendment, waiver, consent or action by the Issuer that is expressly permitted by the Loan Agreement to be at the sole discretion of the Issuer. (*Section 11.2*)

Term of Loan Agreement

The Loan Agreement shall remain in full force and effect from the effective date of the Loan Agreement, which shall be the date of delivery of the Bonds authorized under the Indenture, until the date on which the principal of and redemption premium, if any, and interest on the Bonds and any other costs of the Issuer, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any, and the Bond Trustee with respect to the Bonds shall have been fully paid or provision for the payment thereof shall have been made as provided by the Indenture, at which time the Issuer shall release and cancel the Loan Agreement and the Obligation. The foregoing shall not affect the validity and continuing effectiveness of any of the provisions of the Loan Agreement which by their terms survive the expiration of the Loan Agreement. (*Section 11.4*)

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FORM OF THE AMENDED AND RESTATED MASTER INDENTURE

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AMENDED AND RESTATED MASTER TRUST INDENTURE

ROCHESTER GENERAL HOSPITAL,
UNITED MEMORIAL MEDICAL CENTER,
NEWARK-WAYNE COMMUNITY HOSPITAL,
THE UNITY HOSPITAL OF ROCHESTER,
CLIFTON SPRINGS SANITARIUM COMPANY,

AND

SUCH OTHER ORGANIZATIONS AS FROM TIME TO
TIME ARE MEMBERS OF THE
OBLIGATED GROUP HEREUNDER

AND

ROCHESTER REGIONAL HEALTH,
AS OBLIGATED GROUP REPRESENTATIVE

AND

MANUFACTURERS AND TRADERS TRUST COMPANY,
AS MASTER TRUSTEE

Dated as of November 1, 2020

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AMENDED AND RESTATED MASTER TRUST INDENTURE

THIS AMENDED AND RESTATED MASTER TRUST INDENTURE, dated as of September 1, 2020 (the “Master Indenture”), between ROCHESTER GENERAL HOSPITAL, a not-for-profit corporation incorporated under the laws of the State of New York (“RGH”), UNITED MEMORIAL MEDICAL CENTER, a not-for-profit corporation incorporated under the laws of the State of New York (“UMMC”), NEWARK-WAYNE COMMUNITY HOSPITAL, a not-for-profit corporation incorporated under the laws of the State of New York (“NWCH”), THE UNITY HOSPITAL OF ROCHESTER, a not-for-profit corporation incorporated under the laws of the State of New York (“Unity”), CLIFTON SPRINGS SANITARIUM COMPANY D/B/A CLIFTON SPRINGS HOSPITAL AND CLINIC, a not-for-profit corporation incorporated under the laws of the State of New York (“CSHC”), ROCHESTER REGIONAL HEALTH, a not-for-profit corporation incorporated under the laws of the State of New York (the “Corporation”), and MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation duly organized and existing under the laws of the United States of America and being qualified to accept and administer the trusts hereby created (as more specifically defined herein, the “Master Trustee”) amends and restates in its entirety The Rochester General Hospital Obligated Group Master Trust Indenture dated as of February 1, 2013 (as supplemented thereafter, collectively, the “Original Master Indenture”). Upon the execution and delivery of this Master Indenture, the Original Master Indenture shall have no force or effect except for those provisions that survive, if any, thereunder.

WITNESSETH:

WHEREAS, the Obligated Group (as then constituted) formed an obligated group pursuant to the Original Master Indenture for the purpose of providing for the issuance from time to time of Obligations (as defined herein) hereunder to provide for the financing or refinancing of health care facilities or for other lawful and proper corporate purposes; and

WHEREAS, the Obligated Group wishes to amend and restate the Original Master Indenture in its entirety in order to simplify and enhance the clarity of the Original Master Indenture, and provide additional operational flexibility to the Members of the Obligated Group, consistent with the current and evolving business conditions, and the Original Master Indenture is permitted to be amended and restated effective on the Effective Date as defined herein to provide for the continued issuance of Obligations of the Members of the Obligated Group; and

WHEREAS, all acts and things necessary to make and to constitute this Master Indenture a valid indenture and agreement according to its terms have been done and performed, and the execution of the Master Indenture has in all respects been duly authorized, and the Members of the Obligated Group, in the exercise of the legal rights and powers vested in them, execute this Master Indenture and the Members of the Obligated Group may make, execute, issue and deliver one or more Obligations secured hereunder;

WHEREAS, the Obligated Group has previously issued Obligations under the Existing Master Indenture that are Outstanding (as defined in the Existing Master Indenture) (collectively, the “Existing Obligations”), which Existing Obligations are described in Exhibit A hereto; and

WHEREAS, pursuant to the Original Master Indenture, the Current Member (as defined therein) is currently the sole Member of the Obligated Group; and

WHEREAS, it is the desire of the Current Member and the New Members (as defined herein) that the New Members join as Members of the Obligated Group under this Master Indenture; and

WHEREAS, pursuant to Section 6.02(a) of the Existing Master Indenture, the holders of not less than 51% in aggregate principal amount of the Obligations then outstanding shall have the right, subject to certain limitations described therein, to approve the execution of a Supplement (as defined therein) for the purpose of modifying the Existing Master Indenture; and

WHEREAS, the parties hereto, by execution of this Master Indenture, acknowledge and agree that this Master Indenture constitutes such a Supplement for purposes of Section 6.02(a) of the Existing Master Indenture; and

WHEREAS, the Members of the Obligated Group and the Master Trustee are authorized under Section 6.02(a) of the Existing Master Indenture to enter into this Master Indenture for the purpose of amending and restating in its entirety the Existing Master Indenture, with the consent of the holders of not less than 51% in aggregate principal amount of the Obligations which are Outstanding under the Existing Master Indenture at the time of the execution of this Master Indenture; and

WHEREAS, the Current Member is authorized and deems it necessary and desirable to enter into this Master Indenture for the purpose of providing for the issuance from time to time of Obligations hereunder to provide for the financing or refinancing of the acquisition, construction, equipping or improvement of health care or other facilities, or for other lawful and proper corporate purposes; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of the Obligations issued hereunder by the Holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which such Obligations are to be issued, authenticated, delivered and accepted by all Persons who shall from time to time be or become Holders thereof, the Current Member covenants and agrees with the Master Trustee for the equal and proportionate benefit of the respective Holders from time to time of Obligations issued hereunder, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Master Indenture and of any supplemental indenture issued hereafter and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, equally applicable to both singular and plural forms of any of the terms herein defined.

“Accountant” means any independent certified public accountant or firm of such accountants selected by the Obligated Group Representative.

“Affiliated Person” means any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with a Credit Group Member.

“Annual Debt Service” means for each Fiscal Year the sum (without duplication) of the aggregate amount of scheduled principal and interest due and payable in such Fiscal Year on all Long-Term Indebtedness of the Credit Group then Outstanding, whether by scheduled maturity, acceleration, mandatory redemption or otherwise, but not including purchase price becoming due as a result of mandatory or optional tender or put, less any amounts of such principal or interest paid during such Fiscal Year from (a) the proceeds of Indebtedness or (b) moneys or Government Obligations subject to an Irrevocable Deposit for the purpose of paying such principal or interest; provided that if an Identified Financial Product Agreement has been entered into by any Member with respect to Long-Term Indebtedness and the counterparty thereto has not defaulted in payment obligations thereunder, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments under an Identified Financial Product Agreement payable in such Fiscal Year minus any Financial Product Receipts under an Identified Financial Product Agreement receivable in such Fiscal Year; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service.

“Authorized Representative” means with respect to each Credit Group Member and the Obligated Group Representative, its chair or vice chair of the board, president, chief executive officer, chief financial officer, or any other person designated as an Authorized Representative of such Credit Group Member by a certificate of that Credit Group Member signed by its chair or vice chair of the board, president, chief executive officer, or chief financial officer and filed with the Master Trustee.

“Balloon Indebtedness” means Long-Term Indebtedness, twenty-five percent (25%) or more of the principal of which (calculated as of the date of issuance) becomes due during any period of twelve (12) consecutive months if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption prior to such 12-month period.

“Bond Index” means, as selected by the Obligated Group Representative, either (i) the Bond Buyer thirty (30) year “Revenue Bond Index,” as then published most recently by *The Bond Buyer*, New York, New York or a comparable index, if such index is no longer available, or (ii) the Securities Industry and Financial Markets Association (SIFMA) Index, or (iii) such other interest rate or interest rate index as may be certified in writing to the Master Trustee as appropriate to the situation by the Obligated Group Representative.

“Book Value” means, when used in connection with Property, Plant and Equipment or other Property of any Credit Group Member, the value of such Property, net of accumulated depreciation, as it is carried on the books of the Credit Group Member and in conformity with

GAAP, and when used in connection with Property, Plant and Equipment or other Property of the Credit Group, means the aggregate of the values so determined with respect to such Property of each Credit Group Member determined in such a way that no portion of such value of Property of any Credit Group Member is included more than once.

“Code” means the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

“Collateral” means any and all of the following, whether currently owned or hereafter acquired by any Member: all current and future interests of each Member in the Gross Receivables, and other Property of any Member in which a Lien has expressly been granted to secure all Obligations issued hereunder from time to time in Related Supplements, and the proceeds thereof.

“Completion Indebtedness” means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness or Interim Indebtedness has theretofore been incurred in accordance with the provisions hereof, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was incurred, and in accordance with the general plans and specifications for such facility as prepared in connection with said Long-Term Indebtedness or Interim Indebtedness as certified by an Officer’s Certificate.

“Controlling Member” means the Obligated Group Member designated by the Obligated Group Representative to establish and maintain control over a Designated Affiliate.

“Corporate Trust Office” means the office of the Master Trustee at which its corporate trust business is conducted, which at the date hereof is located at One M&T Plaza - 7th Floor, Buffalo, New York 14203, Attention: Corporate Trust Department.

“Corporation” means Rochester Regional Health, a not-for-profit corporation duly organized and existing under the laws of the State of New York, or any corporation that is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under this Master Indenture.

“Credit Group” or “Credit Group Members” means all Obligated Group Members and Designated Affiliates.

“Credit Group Financial Statements” has the meaning set forth in Section 3.13 hereof and as set forth therein and, upon the satisfaction of Section 1.04(c) hereof, may be the consolidated financial statements of the Corporation and its affiliates.

“Current Member” means The Rochester General Hospital.

“Debt Service Coverage Ratio” means, for any period of time, the ratio determined by dividing Income Available for Debt Service of the Credit Group by Maximum Annual Debt Service of the Credit Group.

“Default” means an event that, with the passage of time or the giving of notice or both, would become an Event of Default.

“Designated Affiliate” means any Person that has been so designated by the Obligated Group Representative in accordance with Section 3.03 hereof so long as such Person has not been further designated by the Obligated Group Representative as no longer being a Designated Affiliate in accordance with Section 3.03 hereof.

“Electronic Means” has the meaning set forth in Section 5.02(j) hereof.

“Event of Default” means any of the events specified in Section 4.01 hereof.

“Extraordinary Items” means the after-tax financial impact of significant events, transactions, or activities that are both unusual in nature and infrequent in occurrence. Such extraordinary events, transactions or activities include, but are not limited to, the following: (i) natural disasters (tornado, flood, fire, pandemic), (ii) affiliation or asset acquisitions activities, including direct expenses incurred related to pre-affiliation or acquisition activities, such as, without limitation, legal fees, consultant fees and due diligence costs, as well as post affiliation or acquisition adjustments and (iii) insurance settlements.

“Fair Market Value,” when used in connection with Property, means the fair market value of such Property as determined by:

(a) an appraisal of the portion of such Property that is real property made within five (5) years of the date of determination by a “Member of the Appraisal Institute” and by an appraisal of the portion of such Property that is not real property made within five (5) years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall be performed by an Independent Consultant, adjusted for the period, not in excess of five (5) years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer’s Certificate delivered to the Master Trustee; or

(b) a bona fide offer for the purchase of such Property made on an arm’s length basis within six months of the date of determination, as established by an Officer’s Certificate; or

(c) an Authorized Representative of the Obligated Group Representative (whose determination shall be made in good faith and set forth in an Officer’s Certificate filed with the Master Trustee) if the fair market value of such Property is less than or equal to the greater of \$10,000,000 or 2.5% of cash and equivalents as shown on the Credit Group Financial Statements.

“Financial Product Agreement” means any interest rate exchange agreement, hedge or similar arrangement, including, *inter alia*, an interest rate swap, asset swap, a constant maturity swap, a forward or futures contract, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, direct funding transaction or other derivative, however denominated and whether entered into on a current or forward basis.

“Financial Product Extraordinary Payments” means any payments required to be paid to a counterparty by a Credit Group Member pursuant to a Financial Product Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payments or indemnification obligations to be paid to a counterparty by a Credit Group Member under a Financial Product Agreement, and which payments are not Financial Product Payments.

“Financial Product Payments” means regularly scheduled payments required to be paid to a counterparty by a Credit Group Member pursuant to a Financial Product Agreement.

“Financial Product Receipts” means regularly scheduled payments required to be paid to a Credit Group Member by a counterparty pursuant to a Financial Product Agreement.

“Fiscal Year” means the period beginning on January 1 of each year and ending on the next succeeding December 31, or any other twelve-month period hereafter designated by the Obligated Group Representative as the fiscal year of the Credit Group.

“GAAP” means accounting principles generally accepted in the United States of America, consistently applied.

“Governing Body” means, when used with respect to any Credit Group Member, its board of directors, board of trustees or other board or group of individuals in which all of the powers of such Credit Group Member are vested, except for those powers reserved to the corporate membership of such Credit Group Member by the articles of incorporation or bylaws of such Credit Group Member.

“Government Issuer” means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Conduit Issuer Bonds hereunder.

“Government Obligations” means: (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America; (b) obligations issued or guaranteed by any agency, department or instrumentality of the United States of America if the obligations issued or guaranteed by such entity are rated in one of the two highest Rating Categories of a Rating Agency; (c) certificates that evidence ownership of the right to the payment of the principal of and interest on obligations described in the preceding clause (a), in the preceding clause (b) or in both clauses, provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (d) obligations the interest on which is excluded from gross income for

purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, and the timely payment of the principal of and interest on which is fully provided for by the deposit in trust of cash and/or obligations described in one or more of preceding clauses (a), (b) and (c).

“Government Restriction” means federal, state or other applicable governmental laws or regulations or general industry standards or general industry conditions affecting any Credit Group Member and its health care facilities or other licensed facilities placing restrictions and limitations on the (a) fees and charges to be fixed, charged or collected by any Credit Group Member, (b) the timing of the receipt of such revenues or (c) health care services to be provided by any Credit Group Member.

“Gross Receivables” means all of the accounts, chattel paper, instruments and payment intangibles (all as defined in the UCC) of each Obligated Group Member, as are now in existence or as may be hereafter acquired and the proceeds thereof; excluding, however, all Restricted Moneys.

“Guaranty” means any obligation of any Credit Group Member guaranteeing directly any obligation of any other Person that would, if such other Person were a Credit Group Member, constitute Indebtedness.

“Holder” means the registered owner of any Obligation in registered form or the bearer of any Obligation in coupon form that is not registered or is registered to bearer or the party or parties to any contractual obligation designated to be an Obligation set forth in a Related Supplement and identified therein as the party to whom payment is due thereunder or the “holder” thereof.

“Identified Financial Product Agreement” means a Financial Product Agreement identified to the Master Trustee in an Officer’s Certificate of the Obligated Group Representative as having been entered into by an Obligated Group Member with a Qualified Provider with respect to Indebtedness (that is either then-Outstanding or to be issued after the date of such Officer’s Certificate) identified in such Officer’s Certificate, with a notional amount not in excess of the principal amount of such Indebtedness.

“Immaterial Affiliates” means Persons that are not Members of the Credit Group and whose Total Revenues, as shown on their audited financial statements for their most recently completed fiscal year for which audited financial statements are available, aggregated less than thirty percent (30%) of (i) the Total Revenues of the Credit Group as shown on the Credit Group Financial Statements for the most recent Fiscal Year, plus (ii) the Total Revenues of such Persons as if they were Members of the Credit Group for such period.

“Income Available for Debt Service” means, unless the context provides otherwise, with respect to the Credit Group as to any period of time, or excess of revenues over expenses (excluding income from all Irrevocable Deposits) before depreciation, amortization, taxes, and interest expense (including Financial Product Payments and Financial Product Receipts on Identified Financial Product Agreements), as determined in accordance with GAAP and as shown on the Credit Group Financial Statements, expressly including any Delivery System

Reform Incentive Payment (DSRIP) income or grants or other funds from federal or state government agencies; provided, that no determination thereof shall take into account:

- (a) Restricted Moneys;
- (b) the net proceeds of insurance (other than business interruption insurance) and condemnation awards;
- (c) any gain or loss resulting from the extinguishment of Indebtedness;
- (d) any gain or loss resulting from the sale, exchange or other disposition of assets not in the ordinary course of business; provided, however, that, at the Obligated Group Representative's election, gain from a sale-leaseback under GAAP may be taken into account;
- (e) any gain or loss resulting from any discontinued operations;
- (f) any gain or loss resulting from pension terminations, settlements or curtailments;
- (g) any unusual charges for employee severance;
- (h) adjustments to the value of assets or liabilities resulting from changes in GAAP;
- (i) unrealized gains or losses, including, without limitation, "other than temporary" declines in Book Value of investments;
- (j) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract (including Financial Product Agreements);
- (k) any Financial Product Extraordinary Payments or similar payments on any hedging, derivative, interest rate exchange or similar contract that does not constitute a Financial Product Agreement;
- (l) unrealized gains or losses from the write-down, reappraisal or revaluation of assets;
- (m) other nonrecurring items of any nature that do not involve the receipt, expenditure or transfer of assets; or
- (n) any gains or losses that are Extraordinary Items and any expenses that are Extraordinary Items.

provided, however, at the option of the Obligated Group Representative, net realized gains and losses from the sale of investments may be included in the computation of Income Available for Debt Service on the basis of the average annual amount of those gains and losses for the three (3) Fiscal Years immediately preceding the computation date (rather than including the actual amount of net realized gains and losses from the sale of investments for the period for which a computation is being made).

“Indebtedness” means any obligation of any Credit Group Member (a) for repayment of borrowed money, (b) with respect to capital or finance leases, or (c) under installment sale agreements, and any Guaranty (other than any Guaranty by any Credit Group Member of Indebtedness of any other Credit Group Member); provided, however, that if more than one Credit Group Member shall have incurred or assumed a Guaranty of a Person other than a Credit Group Member, or if more than one Credit Group Member shall be obligated to pay any other Indebtedness, for purposes of any computations or calculations under this Master Indenture such Guaranty or other Indebtedness shall be included only one time. Financial Product Agreements and physician income guaranties shall not constitute Indebtedness. For purposes of determining Indebtedness, no lease obligations, other than capital leases, shall be deemed to be Indebtedness, whether or not those lease obligations are shown as a liability on the Credit Group Financial Statements.

“Independent Consultant” means a firm (but not an individual) that (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in any Credit Group Member (other than the agreement pursuant to which such firm is retained), (c) is not connected with any Credit Group Member as an officer, employee, promoter, trustee, partner, director or person performing similar functions and (d) is qualified to pass upon questions relating to the financial affairs of organizations similar to the Credit Group or facilities of the type or types operated by the Credit Group and having the skill and experience necessary to render the particular opinion or report required by the provisions hereof in which such requirement appears.

“Industry Restrictions” means federal, state or other applicable governmental laws or regulations, including conditions imposed specifically on the Credit Group Members or the Credit Group Members’ facilities, or general industry standards or general industry conditions placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by the Credit Group Members.

“Insurance Consultant” means an independent Person or firm which is selected by the Obligated Group Representative or an Obligated Group Member, as the case may be, and acceptable to the Master Trustee and qualified to survey risks and to recommend insurance coverage for hospitals, health-related facilities and services and organizations engaged in such operations.

“Interim Indebtedness” means Indebtedness with an original maturity not in excess of five (5) years, the proceeds of which are to be used to provide interim financing for capital improvements in anticipation of the issuance of Long-Term Indebtedness. Interim Indebtedness shall be considered Long-Term Indebtedness for purposes of this Master Indenture.

“Irrevocable Deposit” means the irrevocable deposit in trust of cash in an amount, or Government Obligations, or other securities permitted for such purpose pursuant to the terms of the documents governing the payment of or discharge of Indebtedness, the principal of and interest on which will be an amount, and under terms sufficient to pay all or a portion of the principal of, premium, if any, and interest on, as the same shall become due, any such Indebtedness that would otherwise be considered Outstanding. The trustee of such deposit may

be the Master Trustee, a Related Bond Trustee or any other trustee or escrow agent authorized to act in such capacity.

“Lien” means any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property of a Credit Group Member (a) that secures any Indebtedness or any other obligation of such Credit Group Member or (b) that secures any obligation of any Person other than a Credit Group Member, and excluding liens applicable to Property in which a Credit Group Member has only a leasehold interest unless the lien secures Indebtedness of that Credit Group Member.

“Long-Term Indebtedness” means Indebtedness other than Short-Term Indebtedness. Classification of Indebtedness as long-term under GAAP shall not be controlling.

“Master Indenture” means this Amended and Restated Master Trust Indenture, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms hereof.

“Master Trustee” means Manufacturers and Traders Trust Company, a banking corporation organized under the laws of New York, and, subject to the limitations contained in Section 5.07 hereof, any other corporation or association that may be co-trustee with the Master Trustee, and any successor or successors to said trustee or co-trustee in the trusts created hereunder.

“Material Credit Group Members” means the Credit Group Members whose combined or consolidated total assets, as shown on their financial statements for their most recently completed fiscal year for which audited financial statements are available, were equal to or greater than 80% of the combined or consolidated total assets of the entire Credit Group as shown on the Credit Group Financial Statements for the most recently completed Fiscal Year of the Credit Group for which audited financial statements are available.

“Maximum Annual Debt Service” means the aggregate maximum Annual Debt Service payments (including mandatory sinking fund redemption requirements) of the Credit Group on Long-Term Indebtedness (excluding any Long-Term Indebtedness of any entities not in the Credit Group) for any succeeding Fiscal Year. Such amount may be calculated as set forth in either (a) or (b) below:

(a) *Projection Based on Adjusted Annual Payments.* Maximum Annual Debt Service may be projected based on adjusted annual payments, determined as follows:

(i) Annual Debt Service requirements on Long-Term Indebtedness, or portions thereof, shall not be included in the computation of the Maximum Annual Debt Service (A) until the Fiscal Year in which such Annual Debt Service, or portions thereof, first become payable, only to the extent that it shall be payable, from sources other than amounts deposited in trust, escrowed or otherwise set aside for the payment thereof at the time of incurrence of Indebtedness (including without limitations, so as to prevent the double-counting of any Indebtedness in the computation of the Maximum Annual Debt Service, capitalized interest and accrued interest so deposited into trust, escrowed or otherwise set aside) with the Master Trustee,

a Related Bond Trustee or another Person approved by the Master Trustee; and (B) to the extent that an Irrevocable Deposit sufficient to pay such Annual Debt Service has been made;

(ii) the principal amount of any Long-Term Indebtedness required to be redeemed in any Fiscal Year shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of its stated maturity; provided, however, that if a Financial Product Agreement has been entered into that in effect provides for payment of a variable interest rate for any portion of such Indebtedness, the Obligated Group may treat the related portion of such Indebtedness as Variable Rate Indebtedness for the term of the Financial Product Agreement and calculate or project the interest rate payable as a result of the Financial Product Agreement pursuant to the provisions of clause (iii) below;

(iii) the amount of interest on Variable Rate Indebtedness during any period prior to the date of calculation shall be calculated on the basis of actual interest paid on such Indebtedness during such prior periods, and the amount of interest on Variable Rate Indebtedness for periods subsequent to the date of calculation shall be calculated as if the interest rate on such Indebtedness was (A) if such Indebtedness was Outstanding during the entire twelve months immediately preceding such determination, the average rate of interest thereon for that twelve-month period, (B) if such Indebtedness was Outstanding for only a portion of such immediately preceding twelve-month period, the average rate of interest which would have been in effect if such Indebtedness had been Outstanding during the entire period, or (C) if such Indebtedness was not Outstanding during such immediately preceding twelve-month period, the rate of interest such Indebtedness bears on the date of the calculation of the Debt Service Coverage Ratio; provided, however, that the Obligated Group may project the interest payments on the related portion of such Indebtedness by using the fixed rate payable on a related Identified Financial Product Agreement;

(iv) Annual Debt Service on Balloon Indebtedness and any Interim Indebtedness, shall be projected assuming (A) that the principal balance of such Indebtedness on the date of determination is refinanced on the date of determination over a term equal to the greater of thirty (30) years or the date of maturity of such Indebtedness, (B) that such principal balance will bear interest at the Bond Index, and (C) that Annual Debt Service on such Indebtedness after the date of determination will be payable in equal annual installments sufficient to pay both principal and interest;

(v) Annual Debt Service on Indebtedness arising from any Guaranty shall be taken into account as follows: (A) equal to twenty (20%) of the Annual Debt Service on the obligation guaranteed, so long as no Obligated Group Member has made any payments pursuant to such Guaranty within the eighteen (18) months preceding the date of calculation; and (B) otherwise shall be calculated as equal to one hundred percent (100%) of the Annual Debt Service on the obligation guaranteed;

(vi) there shall be excluded from Long-Term Indebtedness: (i) any obligation owed by one Credit Group Member to another Credit Group Member and (ii) any Subordinated Indebtedness or Nonrecourse Indebtedness incurred by any Credit Group Member;

(vii) any periodic fees payable to any Person providing a credit facility for any Long-Term Indebtedness incurred by any Credit Group Member shall be included as payments of interest on such Long-Term Indebtedness; and

(viii) the terms of any reimbursement obligation to any Person providing a credit facility for any such Long-Term Indebtedness shall be excluded from Long-Term Indebtedness, except to the extent and for periods during which payments have been required to be made pursuant to such reimbursement obligation to such Person advancing funds and not being reimbursed; or

(b) *Projection Based on Assumed Level Annual Payments.* Maximum Annual Debt Service may be projected based on assumed level annual payments, determined as follows:

(i) The amount of principal and interest payable during each year on such Indebtedness after the date of determination shall be projected assuming (A) that the principal balance of such Indebtedness (after adjustment as provided in paragraph (b)(ii) of this definition) on the date of determination will be refinanced, (B) that such principal balance will be payable over a term of thirty (30) years, (C) that such principal balance will bear interest at the Bond Index, and (D) that Annual Debt Service on such Indebtedness will be payable in equal annual installments sufficient to pay both principal and interest.

(ii) If the Obligated Group has paid, directly or indirectly, any principal or interest on Indebtedness arising from any Guaranty at any time during the 18-month period next preceding such determination, one hundred percent (100%) of the principal balance of such Indebtedness shall be included in the projection. If the Obligated Group has not paid, directly or indirectly, any principal or interest on Indebtedness arising from any Guaranty at any time during the 18-month period next preceding such determination, only twenty percent (20%) of the principal balance on such Indebtedness shall be included in the projection.

(iii) If an Irrevocable Deposit shall have been made in respect of Indebtedness, then such Indebtedness (or any portion thereof) and the interest thereon as it comes due, such principal (or portion thereof), as the case may be, shall not be included in such projection.

“Merger Transaction” has the meaning set forth in Section 3.08 hereof.

“New Master Indenture” has the meaning set forth in Section 3.15 hereof.

“New Master Trustee” has the meaning set forth in Section 3.15 hereof.

“New Members” means UMMC, NWCH, Unity and CSHC.

“New Obligated Group” has the meaning set forth in Section 3.15 hereof.

“Nonrecourse Indebtedness” means any Indebtedness that is not a general obligation and that is secured by a Lien on Property, Plant and Equipment acquired or constructed with the proceeds of such Indebtedness, liability for which is effectively limited to the Property, Plant and Equipment subject to such Lien with no recourse, directly or indirectly, to any other Property of any Credit Group Member.

“Obligated Group” means all Obligated Group Members.

“Obligated Group Member” or “Member” means each Person that is obligated hereunder from and after the date upon which such Person joins the Obligated Group, but excluding any Person that withdraws from the Obligated Group to the extent and in accordance with the provisions of Section 3.10 hereof, from and after the date of such withdrawal.

“Obligated Group Representative” means Rochester Regional Health or an Obligated Group Member (or Obligated Group Members acting jointly) as may have been designated pursuant to written notice to the Master Trustee executed by the Corporation or a successor Obligated Group Representative.

“Obligation” means any obligation of the Obligated Group issued pursuant to Section 2.02 hereunder, as a joint and several obligation of each Obligated Group Member, that may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, Financial Product Agreements or leases. Reference to a Series of Obligations or to Obligations of a Series means Obligations or Series of Obligations issued pursuant to a single Related Supplement.

“Officer’s Certificate” means a certificate meeting the requirements of Section 1.04 hereof signed by an Authorized Representative of the Obligated Group Representative.

“Opinion of Bond Counsel” means a written opinion signed by an attorney or firm of attorneys experienced in the field of public finance whose opinions are generally accepted by purchasers of bonds issued by or on behalf of a Government Issuer.

“Opinion of Counsel” means a written opinion signed by a reputable and qualified attorney or firm of attorneys who may be counsel for the Obligated Group Representative.

“Outstanding,” when used with reference to Indebtedness or Obligations, means, as of any date of determination, all Indebtedness or Obligations theretofore issued or incurred and not paid and discharged other than (a) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation or otherwise deemed paid in accordance with the terms hereof, (b) Obligations in lieu of which other Obligations have been authenticated and delivered or that have been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser, (c) any Obligation held by any Credit Group Member and (d) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more Obligations that constitute Indebtedness represent the same underlying Obligation (as when an Obligation secures an issue of Related Conduit Issuer Bonds and another Obligation secures repayment obligations to a bank under a letter of credit that secures such Related Conduit Issuer Bonds) for purposes of calculating compliance with the various financial covenants contained herein, but only for such purposes, only one of such Obligations shall be deemed Outstanding and the Obligation so deemed to be Outstanding shall be that Obligation which produces the greatest amount of Annual Debt Service to be included in the calculation of such covenants.

“Parity Financial Product Extraordinary Payments” means Financial Product Extraordinary Payments that (a) are with respect to a Financial Product Agreement secured or evidenced by an Obligation and (b) have been specified to be payable on a parity with Financial Product Payments in the Related Supplement authorizing the issuance of such Obligation.

“Permitted Liens” means and include:

(a) any judgment lien or notice of pending action against any Credit Group Member so long as the judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such Property or materially and adversely affect the Value thereof, or (B) purchase, condemn, appropriate or recapture, or designate a purchase of, such Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, that are not delinquent, or the amount or validity of which are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due and payable or that are not delinquent, or the amount or validity of which, are being contested or, with respect to liens of mechanics, materialmen and laborers, have been due for less than sixty (60) days, or the amount or validity of which are being contested; (iii) easements, rights-of-way, water, mineral and oil and gas rights, servitudes, waivers, reservations of abutter’s rights, governmental requirements, and defects, encumbrances, and irregularities in the title to any Property that do not materially impair the use of such Property or materially and adversely affect the Value thereof; (iv) condominium plans, condominium maps, tract maps, lot splits or lot line adjustment maps affecting such Property; and (v) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the Value thereof;

(c) any Lien existing on the date of execution hereof as set forth in Appendix B hereto, or as exists upon addition of a Credit Group Member with respect to Liens existing on the Property of such additional Credit Group Member, provided that no such Lien may be increased, extended, renewed or modified to apply to any Property of any Credit Group Member not subject to such Lien on such date and the principal amount of Indebtedness secured thereby may not be increased, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien;

(d) any Lien in favor of the Master Trustee securing all Outstanding Obligations equally and ratably;

(e) Liens arising by reason of good faith deposits with any Credit Group Member in connection with leases of real estate, bids or contracts (other than contracts for the payment of

money), deposits by any Credit Group Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(f) any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Credit Group Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements, and any Lien granted to a bank or similar entity providing a letter or line of credit to secure any obligation of the kind referred to in this clause (f);

(g) any Lien arising by reason of any escrow or reserve fund established to pay debt service with respect to Indebtedness;

(h) any Lien in favor of a creditor or a trustee on the proceeds of Indebtedness and any earnings thereon prior to the application of such proceeds and such earnings;

(i) Liens on moneys deposited by patients or residents or others with any Credit Group Member as security for or as prepayment for the cost of patient or residential care;

(j) Liens on Property received by any Credit Group Member through gifts, grants, bequests or research grants, such Liens being due to restrictions on such gifts, grants, bequests or research grants or the income thereon;

(k) rights of the United States of America, including, without limitation, the Federal Emergency Management Agency ("FEMA"), or the State of New York, or its agency or instrumentality, by reason of FEMA and other federal, and State of New York funds made available to any Credit Group Member under federal, or State of New York statutes or municipal codes, including without limitation funds from the New York State Office of Alcoholism and Substance Abuse Services;

(l) Liens on Property securing Indebtedness incurred to refinance Indebtedness previously secured by a Lien on such Property, provided that (i) the amount of such new Indebtedness does not exceed the amount of such refinanced Indebtedness, and (ii) the Property securing such Indebtedness is not increased;

(m) Liens granted by a Credit Group Member to another Credit Group Member;

(n) Liens securing Nonrecourse Indebtedness incurred pursuant to the provisions hereof;

(o) Liens consisting of purchase money security interests (as defined in the UCC) and lessors' interest in capitalized leases, and proceeds of casualty insurance relating to the Property that is the subject of such purchase money security interest or capitalized leases;

(p) Liens on the Credit Group Members' accounts receivable and proceeds thereof securing Indebtedness (including Guaranties) in an amount not to exceed 30% of such accounts receivable and proceeds thereof net of bad debt, as shown as patients accounts receivable, less allowances for uncollectible accounts, on the most recent Credit Group Financial Statements at the time such Indebtedness (or Guaranty) is incurred;

(q) Liens on revenues constituting rentals in connection with any other Lien permitted hereunder on the Property from which such rentals are derived;

(r) the lease or license of the use of a part of the Credit Group Members' facilities for use in performing professional or other services necessary for the customary and economical operation of such facilities in accordance with customary business practices in the industry, including, without limitation, office space for physicians, health care and educational institutions, food service facilities, gift shops and radiology or other hospital-specialty services, pharmacy and similar departments;

(s) Liens created on amounts deposited by a Credit Group Member pursuant to a security annex or similar document to collateralize obligations of such Credit Group Member under a Financial Product Agreement;

(t) Liens junior to Liens in favor of the Master Trustee;

(u) Liens in favor of banking or other depository institutions encumbering the deposits of any Credit Group Member held in the ordinary course of business by such banking institution (including any right of setoff or statutory bankers' liens) so long as such deposit account is not established or maintained for the purpose of providing such Lien, right of setoff or bankers' lien;

(v) UCC financing statements filed with the Secretary of State of the State (or such other office maintaining such records) in connection with an operating lease entered into by any Credit Group Member in the ordinary course of business so long as such financing statement does not evidence the grant of a Lien other than a Permitted Lien;

(w) rights of tenants under leases or rental agreements pertaining to Property, Plant and Equipment owned by any Credit Group Member so long as the lease arrangement is in the ordinary course of business of the Credit Group Member;

(x) leases for Fair Market Value, not exceeding in the aggregate at any time more than 10% of the net square footage of the Credit Group's real property;

(y) deposits of Property by any Credit Group Member to meet regulatory requirements for a governmental workers' compensation, unemployment insurance or social security program, other than any Lien imposed by the Employee Retirement Income Security Act of 1974 (ERISA);

(z) deposits to secure the performance of another party with respect to a bid, trade contract, statutory obligation, surety bond, appeal bond, performance bond or lease, and other similar obligations incurred in the ordinary course of business of a Credit Group Member;

(aa) Liens resulting from deposits to secure bids from or the performance of another party with respect to contracts incurred in the ordinary course of business of a Credit Group Member (other than contracts creating or evidencing an extension of credit to the depositor or otherwise for the payment of Indebtedness);

(bb) present or future zoning laws, ordinances or other laws or regulations restricting the occupancy, use or enjoyment of Property, Plant and Equipment of any Credit Group Member;

(cc) any Lien on inventory that does not exceed twenty-five percent (25%) of the Value thereof;

(dd) any Lien on Property due to the rights of third-party payors for recoupment or offset of amounts paid to any Credit Group Member and escrows therefor;

(ee) any Lien on Property to secure Indebtedness incurred under Section 3.12(g) hereof;

(ff) any Liens which are pre-existing prior to a Person's becoming an Obligated Group Member pursuant to Section 3.09 hereof or a merger, consolidation, sale or conveyance pursuant to Section 3.08;

(gg) any Liens arising from a Credit Group Member's participation in an accountable care organization or other similar health care delivery organization (collectively, a "Provider Group Arrangement") pursuant to which the Credit Group Member is responsible for its own or one or more other health care provider's escrow funds, withhold, deductible, shared savings, or other payments due with respect to contractual arrangements with governmental or third party payors, and Liens on revenues held by such Credit Group Member on behalf of other participants to a Provider Group Arrangement;

(hh) any Lien existing for not more than ten (10) days after the Credit Group Member shall have received notice thereof;

(ii) any Lien on Property to secure an Obligation issued under a Related Supplement, so long as such Lien secures all Outstanding Obligations equally and ratably;

(jj) leases, licenses or similar rights existing as of the date of the initial execution and delivery of this Master Indenture to use Property owned on such date by any Person who was a Credit Group Member on such date, and any renewal extensions thereof; and any leases, licenses or similar rights to use Property whereunder a Credit Group Member is lessee, licensee or the equivalent thereof; and

(kk) any Lien on Property with a Value that does not, together with the Value of Property subject to other Liens incurred under this clause (kk), exceed ten percent (10%) of the Value of all Property of the Credit Group Members as of the most recently available Credit Group Financial Statements preceding the date of incurrence of such Lien.

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Property” means any and all rights, titles and interests in and to any and all assets of any Credit Group Member, whether real or personal, tangible or intangible and wherever situated, other than Restricted Moneys as determined in accordance with GAAP. For purposes of performing calculations under this Master Indenture, the Obligated Group Representative may treat “total assets” as shown on the Credit Group Financial Statements as the Book Value of the Credit Group’s Property.

“Property, Plant and Equipment” means all Property of any Credit Group Member that is considered property, plant and equipment of such Credit Group Member under GAAP.

“Qualified Provider” means any financial institution or insurance company or corporation that is a party to a Financial Product Agreement if (a) the unsecured long-term debt obligations of such provider (or of the parent or a subsidiary of such provider if such parent or subsidiary guarantees or otherwise assures the performance of such provider under such Financial Product Agreement), or (b) obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such provider (or such guarantor or assuring parent or subsidiary), are rated in one of the three highest Rating Categories of a Rating Agency at the time of the execution and delivery of the Financial Product Agreement.

“Rating Agency” means Fitch Inc., Moody’s Investors Service, Inc., S&P Global Ratings, a division of The McGraw-Hill Companies, any successor thereof and any other national rating agency then rating Obligations or Related Conduit Issuer Bonds.

“Rating Category” means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier, outlook or otherwise.

“Related Conduit Issuer Bonds” means the revenue bonds or other obligations issued by any Government Issuer, the proceeds of which are loaned or otherwise made available to a Credit Group Member in consideration of the execution, authentication and delivery of an Obligation or Obligations to or for the order of such Government Issuer.

“Related Bond Indenture” means any indenture, bond resolution, trust agreement or other comparable instrument pursuant to which a series of Related Conduit Issuer Bonds are issued.

“Related Bond Issuer” means the Government Issuer of any issue of Related Conduit Issuer Bonds.

“Related Bond Trustee” means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

“Related Supplement” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

“Replacement Note” has the meaning set forth in Section 3.15 hereof.

“Required Payment” means any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including, without limitation, Financial Product Payments, Financial Product Extraordinary Payments and the purchase price of Related Conduit Issuer Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Obligated Group Member pursuant to any Related Supplement or any Obligation.

“Responsible Officer” means, with respect to the Master Trustee, any vice president, any senior associate, any associate, or any other officer of the Master Trustee customarily performing functions similar to those performed by the persons above designated or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Master Indenture.

“Restricted Moneys” means (a) the proceeds of any grant, gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived from the investment of such proceeds), and (b) any income and gains and the proceeds thereof of a Member that is a captive insurance company; to the extent in each case as restricted by law or its terms to an object or purpose inconsistent with their use for the payment of Required Payments.

“Short-Term Indebtedness” means all Indebtedness (other than Interim Indebtedness) having an original maturity less than or equal to one (1) year and not renewable at the option of a Credit Group Member for a term greater than one (1) year from the date of original incurrence or issuance, or Indebtedness with a maturity greater than one (1) year or renewable at the option of a Credit Group Member for a term greater than one (1) year, if by the terms of such Indebtedness, for a period of at least twenty (20) consecutive days during each calendar year no Indebtedness is permitted to be Outstanding thereunder. For purposes of this definition, (a) only the stated maturity of Indebtedness (and not any tender or put right of the holder of such Indebtedness) shall be taken into account in determining if such Indebtedness constitutes Short-Term Indebtedness hereunder and (b) classification of Indebtedness as current or short-term under GAAP shall not be controlling. Interim Indebtedness shall not constitute Short-Term Indebtedness for any purpose under this Master Indenture.

“State” means the State of New York.

“Subordinated Indebtedness” means Long-Term Indebtedness specifically subordinated as to payment and security to the payment of all Required Payments and other obligations of the Credit Group Members under this Master Indenture.

“Surviving Entity” has the meaning set forth in Section 3.08 hereof.

“Tax-Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof that is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501 (a) of the Code (other than the tax on unrelated business income under Section 511 of the Code), or corresponding provisions of federal income tax laws from time to time in effect.

“Total Revenues” means, for the period of calculation in question, the sum of total unrestricted revenue and other support (including net patient service revenue), other operating revenue, and net assets released from restrictions, as shown on the Credit Group Financial Statements for the most recent Fiscal Year.

“Transaction Test” means, with respect to any specified transaction, that (a) no Event of Default or Default would exist; and (b) following such transaction, the Obligated Group could satisfy the conditions for the issuance of additional Long-Term Indebtedness equal to \$1.00 set forth in Section 3.12(a) hereof, assuming that such transaction occurred at the start of the most recent Fiscal Year preceding such transaction for which Credit Group Financial Statements are available and taking into account any other action taken by the Credit Group in reliance upon the Transaction Test within the then current Fiscal Year.

“UCC” means the Uniform Commercial Code of the State, as amended from time to time.

“Value,” when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Obligated Group Representative, at either its Fair Market Value or its Book Value.

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

Section 1.02. Interpretation.

(a) Any reference herein to any officer of a Credit Group Member shall include those succeeding to the functions, duties or responsibilities of such officer pursuant to or by operation of law or who are lawfully performing the functions of such officer.

(b) Unless the context otherwise indicates, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The singular shall include the plural and vice versa.

(c) Headings of Articles and Sections herein and the table of contents hereto are solely for convenience of reference, and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(d) Provisions calling for the redemption of Obligations do not mean or include the payment of Obligations at their stated maturity.

Section 1.03. References to Master Indenture. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, used in this Master Indenture refer to this Master Indenture.

Section 1.04. Contents of Certificates and Opinions; Use of GAAP.

(a) Any such certificate or opinion provided for herein with respect to compliance with any provision hereof made or given by an officer of a Credit Group Member or the Master Trustee may be based, insofar as it relates to legal, accounting or health care matters, upon a

certificate or opinion or representation of counsel, an Accountant or Independent Consultant unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or opinion may be based, as aforesaid, is erroneous. Any such certificate, opinion or representation made or given by counsel, an Accountant or an Independent Consultant, may be based, insofar as it relates to factual matters (with respect to which information is in the possession of any Credit Group Member) upon the certificate or opinion of, or representation by an officer of any Credit Group Member unless such counsel, Accountant or Independent Consultant knows that the certificate, opinion of or representation by such officer, with respect to the factual matters upon which such Person's certificate or opinion may be based, is erroneous. The same officer of any Credit Group Member or the same counsel or Accountant or Independent Consultant, as the case may be, need not certify as to all the matters required to be certified under any provision hereof, but different officers, counsel, Accountants or Independent Consultants may certify as to different matters.

(b) Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or of any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the requirements hereof or of such agreement, document or certificate, in which case such agreement, document or certificate shall state that it was not done in accordance with GAAP in effect as of, in the sole discretion of the Obligated Group Representative, (i) the date such determination or computation is made for any purpose of this Master Indenture, or (ii) the date of execution and delivery of this Master Indenture if the Obligated Group Representative delivers an Officer's Certificate to the Master Trustee explaining the basis for such treatment (including, but not limited to, to exclude the effect of "FASB ASC Topic 842, Leases" relating to the treatment of leases formerly classified as operating leases under GAAP); provided, however, that intercompany balances and liabilities among the Credit Group Members shall be disregarded.

(c) Notwithstanding the foregoing and as provided in Section 3.13 herein, if Immaterial Affiliates constitute not more than thirty percent (30%) of Total Revenues as set forth in the consolidated financial statements delivered pursuant to Section 3.13(a) herein, all calculations, ratios, covenants and other provisions of the Master Indenture shall be calculated based on such consolidated financial statements.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF MASTER INDENTURE OBLIGATIONS

Section 2.01. Authorization of Obligations. Each Obligated Group Member hereby authorizes to be issued from time to time Obligations or Series of Obligations, without limitation as to amount, except as provided herein or as may be limited by law, and subject to the terms, conditions and limitations established herein and in any Related Supplement.

Section 2.02. Issuance of Obligations. From time to time when authorized by this Master Indenture and subject to the terms, limitations and conditions established in this Master Indenture or in a Related Supplement, the Obligated Group Representative may authorize the issuance of an Obligation or a Series of Obligations by entering into a Related Supplement. The Obligation or the Obligations of any such Series may be issued and delivered to the Master Trustee for authentication upon compliance with the provisions hereof and of any Related Supplement.

Each Related Supplement authorizing the issuance of an Obligation or a Series of Obligations shall specify (a) the purposes for which such Obligation or Series of Obligations are being issued; (b) the form, title, designation, manner of numbering or denominations, if applicable, of such Obligations; (c) the date or dates of maturity or other final expiration of the term of such Obligations; the date of issuance of such Obligations; and (d) any other provisions deemed advisable or necessary by the Obligated Group Representative. Each Related Supplement authorizing the issuance of an Obligation shall also specify and determine the principal amount of such Obligation (if any) for purposes of calculating the percentage of Holders of Obligations required to take actions or give consents pursuant to this Master Indenture (which, if such Obligation does not evidence or secure Indebtedness, shall be equal to zero, except with respect to any action that requires the consent of all of the Holders of Obligations or actions of the Holders pursuant to Article IV hereof). The designation of zero as a principal amount of an Obligation shall not in any manner affect the obligation of the Members of the Obligated Group to make Required Payments with respect to such Obligation.

Section 2.03. Appointment of Obligated Group Representative. Each Obligated Group Member, by becoming an Obligated Group Member, irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants full power to the Obligated Group Representative (a) to execute (i) Related Supplements authorizing the issuance of Obligations or Series of Obligations, (ii) Obligations and (iii) all security-related agreements, certificates, disclosure documents, filings, registrations and other instruments ancillary to the issuance of Obligations and in furtherance of their purposes, and (b) to bind such Obligated Group Member by making covenants or agreements on behalf of such Obligated Group Member.

Section 2.04. Execution and Authentication of Obligations.

(a) All Obligations shall be executed by an Authorized Representative of the Obligated Group Representative for and on behalf of the Obligated Group as provided in the

Related Supplement authorizing such Obligation. The signatures of such Authorized Representative may be mechanically or photographically reproduced on the Obligations. If any Authorized Representative whose signature appears on any Obligation ceases to be such Authorized Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Each Obligation shall be manually authenticated by an authorized signatory of the Master Trustee, and no Obligation shall be entitled to the benefits hereof without such authentication.

(b) The form of Certificate of Authentication to be printed on each Obligation and manually executed by an authorized signatory of the Master Trustee shall be as follows:

[FORM OF MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

The undersigned Master Trustee hereby certifies that this Obligation No. ___ is one of the Obligations described in the within mentioned Master Indenture.

Dated: _____

[Name of Master Trustee],
as Master Trustee

By _____

Authorized Signatory

Section 2.05. Conditions to the Issuance of Obligations. The issuance, authentication and delivery of any Obligation or Series of Obligations shall be subject to the following specific conditions:

(a) The Obligated Group Representative and the Master Trustee shall have entered into a Related Supplement providing for the terms and conditions of such Obligations and the repayment thereof; and

(b) The Master Trustee receives an Officer's Certificate to the effect that:

(i) each Obligated Group Member is in full compliance with all warranties, covenants and agreements set forth in this Master Indenture and in any Related Supplement; and

(ii) neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred and is continuing or would occur upon issuance of such Obligations under this Master Indenture or any Related Supplement; and

(iii) all requirements and conditions, if any, to the issuance of such Obligations set forth in the Related Supplement have been satisfied.

(c) The Master Trustee receives an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that:

(i) such Obligations and Related Supplement have been duly authorized, executed and delivered by the Obligated Group Representative on behalf of the Obligated Group and constitute valid and binding obligations of the Obligated Group, enforceable in accordance with their terms; and

(ii) such Obligations are not subject to registration under the Securities Act of 1933, as amended, and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that any such registration, if required, has occurred); and

(d) The Obligated Group Representative shall have delivered or caused to be delivered to the Master Trustee such opinions, certificates, proceedings, instruments and other documents as the Master Trustee may (but is not obligated to) reasonably request.

(e) If such Obligation constitutes or secures Indebtedness, the requirements of Section 3.12 hereof are satisfied.

ARTICLE III

PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP COVENANTS

Section 3.01. Payment of Required Payments.

(a) Each Obligated Group Member jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on or before the dates and in the manner provided herein or in any Related Supplement or Obligation. Each Obligated Group Member acknowledges that the time of such payment and performance is of the essence of the Obligations hereunder. Each Obligated Group Member further covenants to faithfully observe and perform all of the conditions, covenants and requirements of this Master Indenture, any Related Supplement and any Obligation.

The obligation of each Obligated Group Member with respect to Required Payments shall not be abrogated, prejudiced or affected by:

(i) the granting of any extension, waiver or other concession given to any Obligated Group Member by the Master Trustee or any Holder or by any compromise, release, abandonment, variation, relinquishment or renewal of any of the rights of the Master Trustee or any Holder or anything done or omitted or neglected to be done by the Master Trustee or any Holder in exercise of the authority, power and discretion vested in them by this Master Indenture, or by any other dealing or thing that, but for this provision, might operate to abrogate, prejudice or affect such obligation; or

(ii) the liability of any other Obligated Group Member under this Master Indenture ceasing for any cause whatsoever, including the release of any other Obligated Group Member pursuant to the provisions of this Master Indenture or any Related Supplement; or

(iii) any Obligated Group Member's failing to become liable as, or losing eligibility to become, an Obligated Group Member with respect to an Obligation; or

(iv) the validity or sufficiency of consideration given to support the obligations of the Obligated Group Members under this Master Indenture.

Subject to the provisions of Section 3.10 hereof permitting withdrawal from the Obligated Group, the obligation of each Obligated Group Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid or deemed paid in full in accordance with Article VII hereof. All moneys from time to time received by the Obligated Group Representative or the Master Trustee to reduce liability on Obligations, whether from or on account of the Obligated Group Members or otherwise, shall be regarded as payments in gross without any right on the part of any one or more of the Obligated Group Members to claim the benefit of any moneys so received until the whole of the amounts owing on Obligations has been paid or satisfied and so that in the event of any such Obligated Group Member's filing a bankruptcy petition, the Obligated Group Representative or the Master Trustee shall be entitled

to prove up the total indebtedness or other liability on Obligations Outstanding as to which the liability of such Obligated Group Member has become fixed.

Each Obligation shall be a primary obligation of the Obligated Group Members and shall not be treated as ancillary to or collateral with any other obligation and shall be independent of any other security so that the covenants and agreements of each Obligated Group Member hereunder shall be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Obligated Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement of each Obligated Group Member hereunder and to enforce the making of Required Payments. Each Obligated Group Member hereby authorizes each of the Obligated Group Representative and the Master Trustee to enforce or refrain from enforcing any covenant or agreement of the Obligated Group Members hereunder or under any other contract or agreement pursuant to which the Obligated Group Representative has made covenants by or on behalf of any such Obligated Group Member and to make any arrangement or compromise with any Obligated Group Member or Obligated Group Members as the Obligated Group Representative or the Master Trustee may deem appropriate, consistent with this Master Indenture and any Related Supplement. Each Obligated Group Member hereby waives in favor of the Obligated Group Representative and the Master Trustee all rights against the Obligated Group Representative, the Master Trustee and any other Obligated Group Member, insofar as is necessary to give effect to any of the provisions of this Section.

Section 3.02. Transfers from Designated Affiliates. Each Controlling Member hereby covenants and agrees that it shall cause each of its Designated Affiliates to pay, loan or otherwise transfer to the Obligated Group Representative such amounts as are necessary to enable the Obligated Group Members to comply with the provisions of this Master Indenture, including, without limitation, the provisions of Section 3.01 hereof; provided, however, that nothing herein shall be construed to require any Controlling Member to cause its Designated Affiliate to pay, loan or otherwise transfer to the Obligated Group Representative any amounts that constitute Restricted Moneys.

Section 3.03. Designation of Designated Affiliates.

(a) The Obligated Group Representative by resolution of its Governing Body may from time to time designate Persons as Designated Affiliates. In connection with such designation, the Obligated Group Representative shall designate for each Designated Affiliate an Obligated Group Member to serve as the Controlling Member for such Designated Affiliate. The Obligated Group Representative shall at all times maintain an accurate and complete list of all Persons designated as Designated Affiliates (and of the Controlling Members for such Designated Affiliates). When, as and if the complement of Designated Affiliates changes, the Obligated Group Representative shall file notice thereof and file such list with the Master Trustee (and any Related Bond Issuer that shall request such list in writing) within thirty (30) days of such change.

(b) Each Controlling Member shall cause each of its Designated Affiliates to provide to the Obligated Group Representative a resolution of its Governing Body accepting such Person's designation as a Designated Affiliate and acknowledging the provisions of this Master

Indenture that affect the Designated Affiliates. So long as such Person is designated as a Designated Affiliate, the Controlling Member of such Designated Affiliate shall either (i) maintain, directly or indirectly, control of such Designated Affiliate to the extent necessary to cause such Designated Affiliate to comply with the terms of this Master Indenture, whether through the ownership of voting securities, by contract, corporate membership, reserved powers or the power to appoint corporate members, trustees or directors, or otherwise, or (ii) execute and have in effect such contracts or other agreements that the Obligated Group Representative and the Controlling Member, in the judgment of their respective Governing Bodies, deem sufficient for the Controlling Member to cause such Designated Affiliate to comply with the terms of this Master Indenture as they relate to Designated Affiliates.

(c) Each Controlling Member hereby covenants and agrees that it will, to the extent permitted by law, cause each of its Designated Affiliates to comply with any and all directives of the Controlling Member given pursuant to the provisions of this Master Indenture applicable to a Designated Affiliate.

(d) Any Person may cease to be a Designated Affiliate (and thus not subject to the terms of this Master Indenture) provided that prior to such Person ceasing to be a Designated Affiliate the Master Trustee receives:

(i) a resolution of the Governing Body of the Obligated Group Representative declaring such Person no longer a Designated Affiliate; and

(ii) an Officer's Certificate to the effect that immediately following such Person ceasing to be a Designated Affiliate neither a Default nor an Event of Default would exist by reason of such Person ceasing to be a Designated Affiliate.

Section 3.04. Covenants of Corporate Existence, Maintenance of Properties, Etc. Each Obligated Group Member agrees, and each Controlling Member agrees to cause each of its Designated Affiliates:

(a) Except as otherwise expressly provided herein, to preserve its corporate or other legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and to be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualification; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or useful in the conduct of its business or affairs.

(b) At all times to cause its Property, Plant and Equipment to be maintained, preserved and kept in good repair, working order and condition, reasonable wear and tear excepted, and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this subsection shall be construed to (i) prevent it from ceasing to operate any immaterial portion of its Property, Plant and Equipment, (ii) prevent it from ceasing to operate any material portion of its Property, Plant and Equipment if in its judgment it is advisable not to operate the same, or (iii) obligate it to retain, preserve, repair, renew or replace any Property, Plant and Equipment no longer used or useful in the conduct of its business.

(c) To procure and maintain all necessary licenses and permits necessary, in the judgment of its Governing Body, to the operation of its health care Property and the status of its health care Property (other than that not currently having such status or not having such status on the date a Person becomes a Credit Group Member) as providers of health care services eligible for payment under those third party payment programs that its Governing Body determines are appropriate; provided, however, that it need not comply with this subsection if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Indebtedness when due.

Section 3.05. Gross Receivables Pledge.

(a) To secure their obligation to make Required Payments hereunder and their other obligations, agreements and covenants to be performed and observed hereunder, each New Member of Obligated Group hereby grants to the Master Trustee, and the Current Member of the Obligated Group hereby confirms its grant to the Master Trustee of, a security interest in the Gross Receivables.

(b) This Master Indenture shall be deemed a “security agreement” for purposes of the UCC.

(c) The Master Trustee’s security interest in the Gross Receivables shall be perfected, to the extent that such security interest may be so perfected, by the filing of financing statements that comply with the requirements of the UCC. Each Member (or the Obligated Group Representative on such Member’s behalf) shall cause to be filed, in accordance with the requirements of the UCC, financing statements; and, from time to time thereafter, shall execute and deliver such other documents (including, but not limited to, continuation statements as required by the UCC) as may be necessary or reasonably requested by the Master Trustee in order to perfect or maintain perfected such security interests or give public notice thereof.

(d) Upon written request from the Obligated Group Representative, the Master Trustee shall take all procedural steps necessary to effect the subordination of its security interest in the Gross Receivables granted herein to security interests constituting Permitted Liens.

(e) Each Obligated Group Member shall notify the Master Trustee of any change of name and change of address of its chief executive office to enable a new appropriate financing statement or an amendment to be filed in accordance with the requirements of the UCC, in order to maintain the perfected security interest granted herein.

Section 3.06. Against Encumbrances.

(a) Each Member has granted security interests in the Gross Receivables. Each Obligated Group Member agrees to execute and deliver such other agreements as may be necessary from time to time to grant to the Master Trustee a security interest in the Gross Receivables, subject only to Permitted Liens.

(b) Each Obligated Group Member agrees that it will not, and will cause its Designated Affiliates (if such Obligated Group Member is a Controlling Member) to not, create

or suffer to be created or permit the existence of any Lien upon the Gross Receivables and Property now owned or hereafter acquired by it other than Permitted Liens. Each Obligated Group Member, respectively, further covenants and agrees that if such a Lien (other than a Permitted Lien) is nonetheless created by someone other than an Obligated Group Member and is assumed by any Obligated Group Member, the Obligated Group Representative will make or cause to be made effective a provision whereby all Obligations will be secured prior to any such Indebtedness or other obligation secured by such Lien.

(c) Upon written request of the Obligated Group Representative, the Master Trustee shall execute and deliver such releases, subordinations, requests for reconveyance, termination statements or other instruments as may be reasonably requested by the Obligated Group Representative in connection with (i) the disposition of Property in accordance with the provisions of Section 3.11 and the applicable provisions of any Related Supplement, (ii) the withdrawal of a Member pursuant to Section 3.10 and the applicable provisions of any Related Supplement and (iii) the granting by a Credit Group Member of any Lien which constitutes a Permitted Lien hereunder, as certified to the Master Trustee in writing by the Obligated Group Representative.

Section 3.07. Debt Service Coverage.

(a) Each Obligated Group Member agrees that the Debt Service Coverage Ratio shall be not less than 1.10:1.00 for each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021, provided that an Event of Default shall occur only if (i) the Obligated Group fails to reasonably comply with the requirements of subsections (b) through and including (d) below, or (ii) the Debt Service Coverage Ratio for any two consecutive Fiscal Years is less than 1.00:1.00.

(b) If the Debt Service Coverage Ratio at the end of any Fiscal Year is less than 1.10:1.00, the Obligated Group Representative covenants to retain an Independent Consultant to make recommendations to increase Income Available for Debt Service for subsequent Fiscal Years to the levels required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. The Obligated Group Representative agrees to transmit a copy thereof to the Master Trustee within twenty (20) days of the receipt of such recommendations. Each Obligated Group Member, respectively, agrees that it will, to the extent permitted by law, substantially follow the recommendations of the Independent Consultant or file with the Master Trustee its reasons for not following the recommendations. In no event may the Debt Service Coverage Ratio for any two consecutive Fiscal Years be less than 1.00:1.00.

(c) If the Credit Group substantially complies with the recommendations of the Independent Consultant, as applicable under Section 3.07(b) hereof, respectively, hereof, the Credit Group will be deemed to have complied with the covenants set forth in this Section for such Fiscal Year, notwithstanding that the Debt Service Coverage Ratio shall be less than 1.10:1.00; provided, however, that the Debt Service Coverage Ratio shall not be reduced to less than 1.00:1.00 for any two consecutive Fiscal Years. Notwithstanding the foregoing, the Credit Group Members shall not be excused from taking any action or performing any duty required

under this Master Indenture and no other Event of Default shall be waived by the operation of the provisions of this subsection (c).

(d) If a report of the Obligated Group Representative or an Independent Consultant is delivered to the Master Trustee and the Related Bond Issuers, which report shall state that Government Restrictions or Industry Restrictions have been imposed that make it impossible for the Income Available for Debt Service to satisfy the requirement of Section 3.07(a) hereof, then the required amount of Income Available for Debt Service shall be reduced to the maximum coverage permitted by such Government Restrictions or Industry Restrictions but in no event less than an amount to pay the Annual Debt Service on all Indebtedness of the Credit Group for such Fiscal Year; but in no event may the Debt Service Coverage Ratio for any two consecutive Fiscal Years be less than 1.00:1.00.

(e) Notwithstanding the foregoing, an Obligated Group Member may permit the rendering of services or the use of its Property without charge or at reduced charges, at the discretion of the Governing Body of such Obligated Group Member, to the extent necessary for maintaining its tax-exempt status or the tax-exempt status of its Property, Plant and Equipment or its eligibility for grants, loans, subsidies or payments from governmental entities, or in compliance with any recommendation for free services or services for advanced fees that may be made by an Independent Consultant.

Section 3.08. Merger, Consolidation, Sale or Conveyance. Each Obligated Group Member covenants that it will not merge or consolidate with any other Person that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member (a “Merger Transaction”) unless:

- (a) After giving effect to the Merger Transaction,
 - (i) the successor or surviving entity (hereinafter, the “Surviving Entity”) is an Obligated Group Member, or
 - (ii) the Surviving Entity shall:
 - (A) be a corporation or other entity organized and existing under the laws of the United States of America or any state thereof, and
 - (B) prior to or simultaneously with the merger, become an Obligated Group Member pursuant to Section 3.09 hereof and, pursuant to the Related Supplement required by Section 3.09(b) hereof, shall expressly assume in writing the due and punctual payment of all Required Payments of the disappearing Obligated Group Member hereunder and its joint and several obligation with respect to Obligations;
- (b) The Master Trustee receives an Officer’s Certificate to the effect that the Transaction Test is satisfied in connection with the Merger Transaction;
- (c) So long as any Related Conduit Issuer Bonds that are tax-exempt obligations are Outstanding, the Master Trustee receives an Opinion of Bond Counsel to the effect that, under then existing law, the consummation of the Merger Transaction, in and of itself, would not result

in the inclusion of interest on such Related Conduit Issuer Bonds in gross income for purposes of federal income taxation;

(d) The Master Trustee receives an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that (i) all conditions in this Section 3.08 relating to the Merger Transaction have been complied with; (ii) the Surviving Entity meets the conditions set forth in this Section 3.08 and in all Obligations then Outstanding; (iii) the Merger Transaction will not adversely affect the validity of any Obligations then Outstanding and such Obligations then Outstanding are enforceable against the Surviving Entity in accordance with their respective terms; and (iv) the Merger Transaction will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and

(e) The Surviving Entity shall be substituted for its predecessor in interest in all Obligations and agreements then in effect that affect or relate to any Obligation, and the Surviving Entity shall execute and deliver to the Master Trustee appropriate documents in order to effect the substitution.

From and after the effective date of such substitution (as set forth in the above-mentioned documents), the Surviving Entity shall be treated as an Obligated Group Member and shall thereafter have the right to participate in transactions hereunder relating to Obligations to the same extent as the other Obligated Group Members. All Obligations issued hereunder on behalf of a Surviving Entity shall have the same legal rank and benefit under this Master Indenture as Obligations issued on behalf of any other Obligated Group Member.

Section 3.09. Membership in Obligated Group. Additional Obligated Group Members may be added to the Obligated Group from time to time, provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Obligated Group Member that authorizes the execution and delivery of a Related Supplement and compliance with the terms of this Master Indenture; and

(b) a Related Supplement executed by the Obligated Group Representative, the new Obligated Group Member and the Master Trustee pursuant to which the proposed new Obligated Group Member:

(i) agrees to become an Obligated Group Member, and

(ii) agrees to be bound by the terms of this Master Indenture, the Related Supplements and the Obligations, and

(iii) irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants to the Obligated Group Representative the requisite power and authority to execute Related Supplements authorizing the issuance of Obligations or Series of Obligations and to execute and deliver Obligations, and

(c) an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that (i) the proposed new Obligated Group Member has taken all necessary action to become an Obligated Group Member, and upon execution of the Related Supplement, such proposed new Obligated Group Member will be bound by the terms of this Master Indenture, (ii) the addition of such Obligated Group Member would not adversely affect the validity of any Obligation then Outstanding and (iii) the addition of such Obligated Group Member will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and

(d) an Officer's Certificate to the effect that immediately after the addition of the proposed new Obligated Group Member, the Transaction Test would be satisfied; and

(e) so long as any Related Conduit Issuer Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel to the effect that the addition of the proposed new Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Conduit Issuer Bonds in gross income for purposes of federal income taxation.

Section 3.10. Withdrawal from Obligated Group. RGH may not withdraw from the Obligated Group. Any Obligated Group Member may withdraw from the Obligated Group and be released from further liability or obligation under the provisions of this Master Indenture, provided that prior to such withdrawal the Master Trustee receives:

(a) an Officer's Certificate to the effect that the Obligated Group Representative has approved the withdrawal of such Obligated Group Member;

(b) an Officer's Certificate to the effect that immediately following the withdrawal of such Obligated Group Member, the Transaction Test would be satisfied; and

(c) an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that (i) the withdrawal of such Obligated Group Member would not adversely affect the validity of any Obligation then Outstanding and (ii) the withdrawal of such Obligated Group Member will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended.

Upon compliance with the conditions contained in this Section 3.10, the Master Trustee shall execute any documents reasonably requested by the withdrawing Obligated Group Member to evidence the termination of such Obligated Group Member's obligations hereunder, under all Related Supplements and under all Obligations, and shall execute and deliver such releases, subordinations, requests for reconveyance, termination statements or other instruments as may be reasonably requested by the Obligated Group Representative pursuant to Section 3.06(c) hereof.

Section 3.11. Limitation on Disposition of Assets.

(a) Each Obligated Group Member covenants that it will not, and each Controlling Member agrees that it will not permit its Designated Affiliates to, sell, lease or otherwise dispose of any part of its Property in any Fiscal Year (other than (A) in the ordinary course of business or in compliance with the requirements imposed on any asset upon its acquisition, or (B) as part of

a disposition of all or substantially all of its assets as permitted by Section 3.08 hereof, or (C) to another Obligated Group Member or Designated Affiliate), with a value in excess of five percent (5%) of the Property of the Obligated Group, unless:

(i) such Property is inadequate, obsolete, unsuitable, undesirable or unnecessary for the operation and functioning of the primary health care operations of the Credit Group Members; or

(ii) the disposition is for Fair Market Value; or

(iii) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is being transferred to a Person who is not an Obligated Group Member but such Person shall become a Member pursuant to Section 3.09 hereof coincidental to such transfer; or

(iv) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the Property transferred pursuant to this subsection (iv) was transferred at fair and reasonable terms, no less favorable to the Credit Group Member, which could have been attained in a comparable arms-length transaction; or

(v) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the transaction would constitute and be treated as a true sale-leaseback under GAAP; or

(vi) the transfer is to any affiliate physician group practice and is used solely to support commercially reasonable salary and benefits of physician employees of such group practice; or

(vii) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is being transferred to an entity controlled by, under common control with, or contractually affiliated with, one or more Credit Group Members for establishing, capitalizing, and maintaining a program of insurance that provides insurance coverage to one or more Credit Group Members, provided that prior to such transfer, an Insurance Consultant shall have issued a report stating that the establishment of such insurance and the proposed funding thereof are consistent with reasonable insurance practices; which transferee entity may be organized under the laws of any jurisdiction or nation and which may include an entity providing insurance to entities other than Credit Group Members.

(b) Notwithstanding the foregoing, nothing shall prohibit any disposition of assets among Credit Group Members nor shall prohibit any Credit Group Member from: (i) making loans, including, without limitation, employee relocation loans, physician recruitment loans or other credit/funding extensions, provided that such loans or other credit/funding extensions are in writing and (x) such loans are in furtherance of the exempt purposes of the Credit Group Member (if it is a Tax-Exempt Organization) or (y) the Credit Group Member reasonably expects such loans to be repaid and such loans bear interest at a reasonable rate of interest and on commercially reasonable terms; or (ii) transferring gifts restricted to a purpose inconsistent with their use for the payment of debt service on Obligations or operating expenses to a Person that has the purpose to receive and use or disburse such restricted gifts.

Section 3.12. Limitation on Indebtedness. Each Obligated Group Member covenants that it will not, and each Controlling Member covenants that it will not permit its Designated Affiliates to, incur any Indebtedness except that the Obligated Group Members and Designated Affiliates may incur the following Indebtedness:

(a) Long-Term Indebtedness, if prior to the date of incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee an Officer's Certificate to the effect that:

(i) the Debt Service Coverage Ratio for the most recent Fiscal Year for which Credit Group Financial Statements are available with respect to all Long-Term Indebtedness then Outstanding at the time of such certification and the additional Long-Term Indebtedness to be incurred, but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred, was not less than 1.20:1.00; or

(ii) (A) the Debt Service Coverage Ratio for the most recent Fiscal Year (excluding the additional Long-Term Indebtedness to be incurred) was not less than 1.20:1.00 and (B) the Debt Service Coverage Ratio for the Fiscal Year beginning with the Fiscal Year commencing after the estimated completion of the facilities to be financed by the Indebtedness to be incurred with respect to all Long-Term Indebtedness projected to be outstanding (including the additional Long-Term Indebtedness to be incurred but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred), is projected to be not less than 1.35:1.00. Notwithstanding the foregoing, if the Master Trustee receives a report of an Independent Consultant to the effect that Government Restrictions or Industry Restrictions prevent the Credit Group Members from generating the required levels of Income Available for Debt Service sufficient to result in a Debt Service Coverage Ratio of not less than 1.35:1.00, the 1.35:1.00 ratio requirement described in this subsection (a)(ii) shall be reduced to a ratio of not less than 1.00:1.00; or

(iii) the forecasted Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred, for the first complete Fiscal Year succeeding the date on which the proposed Long-Term Indebtedness is to be incurred, is not less than 1.30:1.00, as shown by forecasted statements of revenues and expenses for each such Fiscal Year, accompanied by a statement of the relevant assumptions upon which such forecasted statements are based.

(b) Completion Indebtedness without limitation provided that an Officer's Certificate is delivered to the Master Trustee stating that the Obligated Group Representative reasonably expected the aggregate principal amount of Long-Term or Interim Indebtedness originally issued to finance the construction or equipping of the project for which such Completion Indebtedness is being incurred, together with other funds reasonably anticipated to be available for such purposes, to be fully sufficient to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was originally incurred, and in accordance with the general plans and specifications for such facility as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the provisions of the documents pursuant to which the related financing was undertaken.

(c) Short-Term Indebtedness provided that the provisions described in subsection (a) above are satisfied calculated as if such Short-Term Indebtedness was Long-Term Indebtedness or an Officer's Certificate is delivered to the Master Trustee stating that:

(i) the total amount of such Short-Term Indebtedness shall not exceed twenty percent (20%) of Total Revenues; and

(ii) In every Fiscal Year, there shall be at least a consecutive twenty (20) day period when the balances of such Short-Term Indebtedness (excluding Short-Term Indebtedness consisting of commercial paper that is intended to be refinanced with additional commercial paper) is reduced to an amount that shall not exceed five percent (5%) of Total Revenues.

(d) Nonrecourse Indebtedness without limitation.

(e) Long-Term Indebtedness, if such Long-Term Indebtedness is issued or incurred to refund Long-Term Indebtedness and the Master Trustee receive an Officer's Certificate to the effect that the issuance of such Long-Term Indebtedness would not increase Maximum Annual Debt Service by more than ten percent (10%).

(f) Subordinated Indebtedness without limitation.

(g) Reimbursement or other repayment obligations under reimbursement agreements or similar agreements relating to credit facilities and/or liquidity facilities that provide credit support and/or liquidity for Indebtedness or for Financial Products Agreements.

(h) Indebtedness incurred in connection with (i) the \$253,040,000 Monroe County Industrial Development Corporation Tax-Exempt Revenue Bonds (Rochester Regional Health Project), Series 2020A and \$14,500,000 Monroe County Industrial Development Corporation Taxable Revenue Bonds (Rochester Regional Health Project), Series 2020B.

(i) Indebtedness to any Credit Group Member.

(j) Pre-existing Indebtedness of a Member assumed in connection with Section 3.08.

(k) Indebtedness incurred for the purpose of funding a debt service reserve fund established in connection with any series of Related Conduit Issuer Bonds or any other Obligation.

(l) Any other Indebtedness, provided that an Officer's Certificate is delivered to the Master Trustee stating that the aggregate principal amount of such Indebtedness, together with the aggregate principal amount of Indebtedness incurred pursuant to the provisions of subsection (c) of this Section 3.12, does not, as of the date of incurrence, exceed ten percent (10%) of Total Revenues.

Indebtedness incurred pursuant to any one of the subsections of this Section 3.12 may be reclassified as Indebtedness incurred pursuant to any other of such subsections if the tests set

forth in the subsection to which such Indebtedness is to be reclassified are met at the time of such reclassification.

Section 3.13. Filing of Financial Statements, Certificate of No Default, Other Information.

(a) The Obligated Group Representative covenants and agrees that it will furnish to the Master Trustee financial statements:

(i) As soon as practicable, but in no event more than 165 days after the last day of each Fiscal Year, one or more financial statements that, in the aggregate, shall include the Material Credit Group Members. Such annual financial statements:

(A) may, at the election of the Obligated Group Representative, consist either of (1) consolidated or combined financial results of the Credit Group Members and prepared in accordance with GAAP or (2) similarly prepared special purpose financial statements including only Credit Group Members;

(B) shall be audited by an Accountant as having been prepared in accordance with GAAP (except in the case of special purpose financial statements);

(C) shall include a consolidated or combined balance sheet, statement of operations and changes in net assets; and

(D) if more than one financial statement is delivered to the Master Trustee pursuant to this subsection (a)(i), or if a single financial statement is delivered that includes Persons other than Credit Group Members and Immaterial Affiliates and such other Credit Group Members and Immaterial Affiliates represent more than thirty percent (30%) of the Total Revenues of the entities included in such financial statements (considered in aggregate), then each such financial statement shall contain, as “other financial information,” a combining or consolidating schedule from which financial information relating to the Credit Group Members and Immaterial Affiliates may be derived.

(ii) At the time of the delivery of the Credit Group Financial Statements, an Officer’s Certificate of the Obligated Group Representative, stating that no event that constitutes an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken to cure such Event of Default.

(b) Notwithstanding the foregoing, the results of operations and financial position of Immaterial Affiliates need not be excluded from financial statements delivered to the Master Trustee pursuant to this Section, and such results of operation and financial position may be considered as if they were a portion of the results of operation and financial position of the Credit Group Members for all purposes of this Master Indenture upon satisfaction of Section 1.04(c) hereof.

(c) The Master Trustee shall have no duty to review, verify or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the

Holders. The Master Trustee shall not be deemed to have notice of any information contained in such financial statements or event of default that may be disclosed therein in any manner.

Section 3.14. Entry into the Obligated Group.

(a) UMMC, Unity, NWCH and CSHC each agree to become a Member of the Obligated Group under this Master Indenture and agree to become subject to compliance with all provisions of this Master Indenture including the performance and observance of all covenants and obligations of a Member of the Obligated Group under this Master Indenture.

(b) UMMC, Unity, NWCH and CSHC agree unconditionally and irrevocably agree to jointly and severally make payments upon each Obligation at the times and in the amounts provided in each such Obligation under this Master Indenture.

Section 3.15. Substitution of Master Trust Indenture.

Notwithstanding anything in this Master Indenture to the contrary, each then-Outstanding Obligation may, upon the request of the Obligated Group Representative (and without the consent of any Holder) and the satisfaction of all terms and conditions described below, be substituted with an original replacement note or notes or similar obligations (collectively, a “Replacement Note”) issued by an obligated issuer or group of obligated issuers or other obligated entities (collectively, the “New Obligated Group”) under and pursuant to and secured by a master trust indenture or another agreement or agreements pursuant to which entities may become jointly and severally liable on specified obligations and which provide that financial and operational covenants be measured on the basis of the results of the entities that are party to such agreement or agreements (the “New Master Indenture”) executed by the New Obligated Group and an independent corporate trustee (the “New Master Trustee”), upon receipt by the Master Trustee of the following:

(a) if the Master Trustee receives written confirmation from each Rating Agency then rating each series of Related Conduit Issuer Bonds that, upon consummation of the proposed transaction, the ratings on each such series of Related Conduit Issuer Bonds (without regard to any credit enhancement of each such series of Related Conduit Issuer Bonds) by each Rating Agency then rating each series of Related Conduit Issuer Bonds will be no less than “BBB+” or its equivalent as a result of the execution of the New Master Indenture and the substitution of each then-Outstanding Obligation with a Replacement Note, then an Officer’s Certificate certifying that (A) after giving effect to each such Replacement Note and assuming that the New Obligated Group constituted the Obligated Group under the original Master Indenture, the New Obligated Group could demonstrate compliance with the Transaction Test, assuming the incurrence of \$1.00 of additional Indebtedness and (B) the New Master Indenture contains a pledge of Gross Receivables substantially similar to the pledge of Gross Receivables under the original Master Indenture as of the date thereof;

(b) an original executed counterpart of the New Master Indenture;

(c) an original Replacement Note for each then-Outstanding Obligation issued by or on behalf of the New Obligated Group under and pursuant to and secured by the New Master

Indenture, which Replacement Note has been duly authenticated by the New Master Trustee under the terms of the New Master Indenture;

(d) an Opinion of Counsel addressed to the Master Trustee to the effect that: (1) the New Master Indenture has been duly authorized, executed and delivered by each member of the New Obligated Group, each Replacement Note has been duly authorized, executed and delivered by or on behalf of the New Obligated Group and the New Master Indenture and each Replacement Note are each a legal, valid and binding obligation of each member of the New Obligated Group, subject in each case to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity and to any other exceptions set forth in the original Master Indenture; (2) all requirements and conditions to the issuance of each Replacement Note set forth in the New Master Indenture have been complied with and satisfied; and (3) registration of each Replacement Note under the Securities Act of 1933, as amended, is not required; and

(e) an Opinion of Bond Counsel to the effect that the surrender of each Obligation and the acceptance of each Replacement Note will not adversely affect the validity of any series of Related Conduit Issuer Bonds or any exemption for the purposes of federal income taxation to which interest on each series of Related Conduit Issuer Bonds would otherwise be entitled.

Upon receipt of the items described above, the Master Trustee will mail to each Holder notice that the requirements described above have been satisfied and that each Obligation has been replaced with a Replacement Note, and direct such Holder to surrender the applicable Obligation to the Master Trustee for cancellation in exchange for a Replacement Note. Upon receipt of such notice from the Master Trustee, the Holders of all Obligations are required to surrender the Obligations to the Master Trustee for cancellation in exchange for a Replacement Note. Following the surrender of the Obligations, and satisfaction of the conditions set forth above in this Section 3.15, and receipt of security and indemnity satisfactory to the Master Trustee, the Master Trustee shall cancel the Obligations and this Master Indenture shall terminate. Then and thereafter, Holders shall no longer be entitled to any rights and remedies under this Master Indenture, but shall have all of the rights and remedies granted under the New Master Indenture. Upon the release of this Master Indenture, the Master Trustee shall provide written notice thereof to the Holders of all Obligations.

ARTICLE IV

DEFAULTS

Section 4.01. Events of Default. Each of the following events shall be an Event of Default hereunder:

(a) Failure on the part of the Obligated Group Members to make due and punctual payment of the principal of, redemption premium, if any, interest on or any other Required Payment on any Obligation

(b) Failure on the part of the Obligated Group Members to attain a Debt Service Coverage Ratio of at least 1.00:1.00 for any two consecutive Fiscal Years.

(c) Any Obligated Group Member shall fail to observe or perform any other covenant or agreement under this Master Indenture (including covenants or agreements contained in any Related Supplement or Obligation) and shall not have cured such failure within sixty (60) days after the date on which written notice of such failure, requiring the failure to be remedied, shall have been given to the Obligated Group Representative by the Master Trustee or to the Obligated Group Representative and the Master Trustee by the Holders of 25% in aggregate principal amount of Outstanding Obligations (provided that if such failure can be remedied but not within such sixty (60) day period, such failure shall not become an Event of Default for so long as the Obligated Group Representative or Obligated Group Members shall diligently proceed to remedy the failure).

(d) Any Obligated Group Member shall default in the payment of Indebtedness (other than (i) Subordinated Indebtedness, (ii) Nonrecourse Indebtedness, and (iii) Indebtedness secured by an Obligation, which shall be governed by subsection (a) of this Section) in an aggregate outstanding principal amount equal to the greater of one percent (1%) of the aggregate principal amount of Total Revenues of the Credit Group, and any grace period for such payment shall have expired; provided, however, that such default shall not constitute an Event of Default within the meaning of this Section if, within sixty (60) days or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, (x) any Obligated Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, and (y) sufficient moneys are deposited in escrow with a bank or trust company or a bond acceptable to the Master Trustee is posted for the payment of such Indebtedness.

(e) A court having jurisdiction shall enter a decree or order for relief in respect of any Obligated Group Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of the Property of any Obligated Group Member, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days.

(f) Any Obligated Group Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

(g) An event of default shall exist under any Related Bond Indenture.

Section 4.02. Acceleration; Annulment of Acceleration.

(a) Upon the occurrence and during the continuation of an Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations shall, by notice to the Obligated Group Representative, declare all Outstanding Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Obligations shall be immediately due and payable. If the terms of any Related Supplement give a Person the right to consent to acceleration of the Obligations issued pursuant to such Related Supplement, the Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the aggregate principal amount of all Outstanding Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, that accrues on such principal and interest to the date of payment, and all other amounts due thereunder, shall be due and payable on the Obligations.

(b) At any time after the Obligations have been declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, the Master Trustee may annul such declaration and its consequences if:

(i) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Obligations (other than payments then due only because of such declaration); and

(ii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all fees and expenses of the Master Trustee then due; and

(iii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all other amounts then payable by the Obligated Group hereunder; and

(iv) every Event of Default (other than a default in the payment of the principal or other payments of such Obligations then due only because of such declaration) has been remedied.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right with respect to any subsequent Event of Default.

Section 4.03. Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations (and upon indemnification of the Master Trustee to its satisfaction for any such request), shall, proceed to protect and enforce its rights and the rights of the Holders hereunder by such proceedings as may be deemed expedient, including but not limited to:

(i) Enforcement of the right of the Holders to collect amounts due or becoming due under the Obligations;

(ii) Civil action upon all or any part of the Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders of Obligations;

(iv) Civil action to enjoin any acts that may be unlawful or in violation of the rights of the Holders of Obligations;

(v) Civil action against any Obligated Group Member or Controlling Member, or against any officer or member of the Governing Body of any Obligated Group Member or Controlling Member to compel performance of any act specifically required by this Master Indenture or any Obligation;

(vi) Exercise any and all remedies with respect to Collateral; and

(vii) Enforcement of any other right or remedy of the Holders conferred by law or hereby.

(b) Regardless of the occurrence of an Event of Default, if requested in writing by the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations (and upon indemnification of the Master Trustee to its satisfaction for any such request), the Master Trustee shall institute and maintain such proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts that may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders. However, the Master Trustee shall not comply with any such request or institute and maintain any such proceeding that is in conflict with any applicable law or the provisions hereof or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not making such request. Nothing herein shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Obligations or the rights of any Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Section 4.04. Application of Moneys After Default. During the continuance of an Event of Default, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article (after payment of the costs of the proceedings resulting in the collection of such moneys and payment of all fees, expenses and other amounts owed to the Master Trustee) shall be applied as follows:

(a) Unless all Outstanding Obligations have become or have been declared due and payable (or if any such declaration is annulled in accordance with the terms of this Article):

First: To the payment of all Required Payments then due on the Obligations (including Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by an Obligation and Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Required Payments due on the same date, then to the payment thereof ratably, according to the amount Required Payments due on such date, without any discrimination or preference;

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by an Obligation (other than Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Financial Product Extraordinary Payments due on the same date, then to the payment thereof ratably, according to the amounts of Financial Product Extraordinary Payments due on such date, without any discrimination or preference.

(b) If all Outstanding Obligations have become or have been declared due and payable (and such declaration has not been annulled under the terms of this Article):

First: To the payment of all Required Payments then due on the Obligations (including (i) Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by an Obligation and (ii) Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full the whole amount then due and unpaid, then to the payment thereof ratably, without preference or priority, according to the amounts due respectively, without any discrimination or preference; and

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by an Obligation (other than Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full all such Financial

Product Extraordinary Payments, then to the payment thereof ratably, without any discrimination or preference.

Such moneys shall be applied at such times as the Master Trustee shall determine, having due regard for the amount of moneys available and the likelihood of additional moneys becoming available in the future. Upon any date fixed by the Master Trustee for the application of such moneys to the payment of principal, interest on the amounts of principal to be paid on such date shall cease to accrue. The Master Trustee shall give such notices as it may deem appropriate of the deposit with it of such moneys or of the fixing of such dates. The Master Trustee shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation (and all unmatured interest coupons, if any) is presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations have been paid under the terms of this Section and all fees and expenses of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive such balance. If no other Person is entitled thereto, then the balance shall be paid to the Members of the Obligated Group or to such Person as a court of competent jurisdiction may direct.

Section 4.05. Remedies Not Exclusive. No remedy granted by the terms of this Master Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity.

Section 4.06. Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any proceeding relating thereto. Any proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining any Holders as plaintiffs or defendants. Subject to the provisions of Section 4.04 hereof, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Obligations.

Section 4.07. Master Trustee to Represent Holders. The Master Trustee is hereby irrevocably appointed as trustee and attorney in fact for the Holders for the purpose of exercising on their behalf the rights and remedies available to the Holders under the provisions of this Master Indenture, the Obligations, any Related Supplement and applicable provisions of law, in each case subject to the provisions of Section 4.08. The Holders, by taking and holding the Obligations, shall be conclusively deemed to have so appointed the Master Trustee.

Section 4.08. Holders' Control of Proceedings. If an Event of Default has occurred and is continuing, notwithstanding anything herein to the contrary, the Holders of at least a majority in aggregate principal amount of Outstanding Obligations shall have the right (upon the indemnification of the Master Trustee to its satisfaction) to direct the method and/or place of conducting any proceeding to be taken in connection with the enforcement of the terms hereof. Such direction must be in writing, signed by such Holders and delivered to the Master Trustee. However, the Master Trustee shall not follow any such direction that is in conflict with any applicable law or the provisions hereof or is unduly prejudicial to the interests of the Holders not joining in such direction. Nothing in this Section shall impair the right of the Master Trustee to

take any other action authorized by this Master Indenture that it may deem proper and that is not inconsistent with such direction by Holders.

Section 4.09. Termination of Proceedings. In case any proceeding instituted by the Master Trustee with respect to any Event of Default is discontinued or abandoned for any reason or is determined adversely to the Master Trustee or the Holders, then the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder. All rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

Section 4.10. Waiver of Event of Default.

(a) No delay or omission of the Master Trustee or of any Holder to exercise any right with respect to any Event of Default shall impair such right or shall be construed to be a waiver of or acquiescence to such Event of Default. Every right and remedy given by this Article to the Master Trustee and the Holders may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default that in its opinion has been remedied before the entry of a final judgment or decree in any proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Upon the written request of the Holders of at least a majority in aggregate principal amount of Outstanding Obligations, the Master Trustee shall waive any Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.02 hereof, the failure to pay the principal of, premium, if any, or interest on any Obligation when due may not be waived without the written consent of the Holders of all Outstanding Obligations.

(d) In case of any waiver by the Master Trustee of an Event of Default, the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights. No waiver shall extend to, or impair any right with respect to, any other Event of Default.

Section 4.11. Appointment of Receiver. Upon the occurrence and continuance of any Event of Default, the Master Trustee shall be entitled (a) without declaring the Obligations to be due and payable, (b) after declaring the Obligations to be due and payable, or (c) upon the commencement of any proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group Members (without the necessity of notice to any Obligated Group Member or any other Person), with such powers as the court making such appointment shall confer. Each Obligated Group Member consents, subject to the imposition on the receiver of any applicable Government Restriction, and will if requested by the Master Trustee, consent at the time of application by the Master Trustee for appointment of a receiver, to the appointment of such receiver and agrees that such receiver may be given the right, to the extent the right may lawfully be given, to take possession of, operate and deal with such Property and the revenues, profits and proceeds

therefrom, with the same effect as the Obligated Group Member could, and to borrow money and issue evidences of indebtedness as such receiver.

Section 4.12. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law or any Government Restriction. All the provisions of this Article are intended to be limited to the extent necessary so that they will not render any provision hereof invalid or unenforceable under the provisions of any applicable law or inconsistent with any Government Restriction.

Section 4.13. Notice of Default. Within thirty (30) days after a Responsible Officer of the Master Trustee has actual knowledge or has received written notice of the occurrence of an Event of Default, the Master Trustee shall mail notice of such Event of Default to all Holders, unless such Event of Default has been cured before the giving of such notice (the term “Event of Default” for the purposes of this Section being limited to the events specified in Section 4.01). Except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Obligations and the Events of Default specified in subsections (f) and (g) of Section 4.01, the Master Trustee shall be protected in withholding such notice if and so long as the Master Trustee in good faith determines that the withholding of such notice is in the best interest of the Holders.

ARTICLE V

THE MASTER TRUSTEE

Section 5.01. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default:

(i) The Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenant or obligation shall be read into this Master Indenture against the Master Trustee; and

(ii) In the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any certificate or opinion specifically required by the provisions hereof to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine such certificate or opinion to determine whether or not it conforms to the requirements of this Master Indenture on its face.

(b) In case an Event of Default has occurred and is continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(c) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Master Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Master Trustee was negligent in ascertaining the pertinent facts;

(iii) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders given in accordance with Section 4.08;

(iv) no provision of this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured; and

(v) in no event shall the Master Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Master Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Master Trustee will keep on file at its office a list of the names and addresses of the last known Holders of all Obligations and the serial numbers of such Obligations held by each of such Holders. At reasonable times and under reasonable regulations established by the Master Trustee, said list may be inspected and copied by the Obligated Group Members, any Obligation Holder or the authorized representative thereof, provided that the ownership of such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

(d) Every provision of this Master Indenture relating to the conduct of, affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section.

Section 5.02. Certain Rights of Master Trustee. Subject to Section 5.01 hereof:

(a) The Master Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Obligated Group Representative mentioned herein shall be sufficiently evidenced by an Officer's Certificate. Any action of the Governing Body of any Obligated Group Member shall be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Obligated Group Member to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

(c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, allowing or omitting any action hereunder, the Master Trustee may (in the absence of bad faith on its part and unless other evidence is specifically prescribed by this Master Indenture) request and conclusively rely upon an Officer's Certificate.

(d) The Master Trustee may consult with counsel of its selection, and any opinion of such counsel shall be full and complete authorization and protection with respect to any action taken, allowed or omitted by it hereunder in good faith and in reliance thereon. In addition, the Master Trustee shall have the right to rely upon any order or decree of a court of competent jurisdiction.

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Master Trustee reasonable security or indemnity satisfactory to the Master Trustee against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(f) The Master Trustee shall not be bound to make any investigation into the facts stated in any document delivered to it hereunder, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts as it may see fit. If the Master Trustee determines to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of any Credit Group Member (excluding specifically donor records, patient records and personnel records), personally or by agent or attorney, during regular business hours and after reasonable notice.

(g) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, custodians, or nominees. The Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodian, or nominee appointed by it with due care.

(h) The Master Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Master Indenture.

(i) The Master Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Master Trustee has actual knowledge thereof or unless written notice of any event that is in fact such a default is received by the Master Trustee at the Corporate Trust Office of the Master Trustee, and such notice references this Master Indenture.

(j) The Master Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Master Indenture or a Related Supplement and delivered using Electronic Means; provided, however, that the Obligated Group Representative shall provide to the Master Trustee an incumbency certificate listing officers with the Obligated Group Representative to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Obligated Group Representative whenever a person is to be added or deleted from the listing. If the Obligated Group Representative elects to give the Master Trustee Instructions using Electronic Means and the Master Trustee in its discretion elects to act upon such Instructions, the Master Trustee’s understanding of such Instructions shall be deemed controlling. The Obligated Group Representative understands and agrees that the Master Trustee cannot determine the identity of the actual sender of such Instructions and that the Master Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Master Trustee have been sent by such Authorized Officer. The Obligated Group Representative shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Master Trustee and that the Obligated Group Representative and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Obligated Group Representative. The Master Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Obligated Group Representative agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Master Trustee, including,

without limitation, the risk of the Master Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Master Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Obligated Group Representative; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Master Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. “Electronic Means” for purposes of this Section shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Master Trustee, or another method or system specified by the Master Trustee as available for use in connection with its services hereunder.

(k) The Master Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Master Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(l) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Master Trustee shall not be answerable for other than its negligence or willful misconduct. The Master Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(m) The Master Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Obligations, except for any information provided by the Master Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Obligations.

(n) The Master Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Master Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility; it being understood that Master Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances.

(o) If any conflict, disagreement or dispute arises between, among, or involving any of the parties hereto concerning the meaning or validity of any provision hereunder or concerning any other matter relating to the Master Indenture or the Obligations, or the Master

Trustee is in doubt as to the action to be taken hereunder, the Master Trustee may, at its option, after sending written notice of the same to the parties, refuse to act until such time as it (i) receives a final non-appealable order of a court of competent jurisdiction directing delivery of the Collateral or (ii) receives a written instruction, executed by each of the parties involved in such disagreement or dispute, in a form reasonably acceptable to the Master Trustee, directing delivery of the Collateral. Master Trustee will be entitled to act on any such written instruction or final, non-appealable order of a court of competent jurisdiction without further question, inquiry or consent. The Master Trustee may file an interpleader action in a state or federal court, and upon the filing thereof, Master Trustee will be relieved of all liability as to the Collateral and will be entitled to recover reasonable and documented out-of-pocket attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action.

Section 5.03. Right to Deal in Obligations and Related Conduit Issuer Bonds. The Master Trustee may buy, sell or hold and deal in any Obligations and Related Conduit Issuer Bonds with the same effect as if it were not the Master Trustee. The Master Trustee may commence or join in any action that a Holder or holder of a Related Conduit Issuer Bond is entitled to take with the same effect as if the Master Trustee were not the Master Trustee.

Section 5.04. Removal and Resignation of the Master Trustee.

(a) The Master Trustee may be removed with thirty (30) days' notice by an instrument or instruments in writing signed by (i) the Holders of not less than a majority of the principal amount of Outstanding Obligations or (ii) (unless an Event of Default has occurred and is then continuing) the Obligated Group Representative.

(b) The Master Trustee may at any time resign by giving written notice of such resignation to the Obligated Group Representative.

(c) No such resignation or removal shall become effective unless and until a successor Master Trustee has been appointed and has assumed the trusts created hereby. Written notice of removal of the predecessor Master Trustee and/or appointment of the successor Master Trustee shall be given by the successor Master Trustee within ten (10) days of the successor's acceptance of appointment to the Obligated Group Members and to each Holder at the addresses shown on the books of the Master Trustee. A successor Master Trustee may be appointed at the direction of the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations, or, if the Master Trustee has resigned or has been removed by the Obligated Group Representative, by the Obligated Group Representative. In the event a successor Master Trustee has not been appointed and qualified within sixty (60) days of the date notice of resignation or removal is given, the Master Trustee, any Obligated Group Member or any Holder may apply at the expense of the Obligated Group Members to any court of competent jurisdiction for the appointment of an interim successor Master Trustee to act until such time as a permanent successor is appointed.

(d) Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined

capital, surplus, undivided profits and reserves aggregating at least \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(e) Every successor Master Trustee shall execute and deliver to its predecessor and to each Obligated Group Member a written instrument accepting such appointment. Upon the delivery of such acceptance, the successor Master Trustee shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor. The predecessor shall execute and deliver to the successor Master Trustee a written instrument transferring to the successor Master Trustee all the rights, powers and trusts of the predecessor. The predecessor Master Trustee (upon payment of all amounts owed to it) shall execute any documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Section 5.05. Compensation and Reimbursement. Subject to the provisions of any specific agreement between the Obligated Group Representative and the Master Trustee relating to the compensation of the Master Trustee, each Obligated Group Member agrees:

(a) To pay the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(b) Except as otherwise expressly provided herein, to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith.

(c) To indemnify each of the Master Trustee and its officers, directors, agents and employees and any predecessor Master Trustee for, and to hold it and them harmless against, any and all loss, liability, damages, claim or expense, including taxes (other than taxes based on the income of the Master Trustee) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including, without limitation, legal fees and expenses and the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

When the Master Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 4.01(e) or (f), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive the termination of this Master Indenture and the removal or resignation of the Master Trustee.

Section 5.06. Recitals and Representations. The recitals, statements and representations contained herein or in any Obligation (excluding the Master Trustee's authentication on the Obligations) shall be taken and construed as made by and on the part of the Obligated Group Members, and not by the Master Trustee. The Master Trustee assumes no responsibility for the correctness of such statements.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency of this Master Indenture or of the Obligations. The Master Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys that shall be released or withdrawn in accordance with the provisions hereof.

Section 5.07. Separate or Co-Master Trustee. At any time, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee may appoint one or more Persons either to act as co-master trustee with the Master Trustee, or to act as separate master trustee, and to vest in such Persons or Persons, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section, provided that doing so shall not impose a material burden on the Obligated Group Members (financial or otherwise).

Every co-master trustee or separate master trustee shall, to the extent permitted by law, be appointed subject to the following terms:

- (a) The Obligations shall be authenticated and delivered solely by the Master Trustee.
- (b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed as shall be provided in the instrument appointing such co-master trustee or separate master trustee, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee is incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-master trustee or separate master trustee.
- (c) Any request in writing by the Master Trustee to any co-master trustee or separate master trustee to take or to refrain from taking any action hereunder shall be sufficient for the taking, or the refraining from taking, of such action by such Person.
- (d) Any co-master trustee or separate master trustee may, to the extent permitted by law, delegate to the Master Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.
- (e) The Master Trustee may at any time, by an instrument in writing, accept the resignation of or remove any co-master trustee or separate master trustee appointed under this Section. Upon the request of the Master Trustee, the Obligated Group Members shall join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.
- (f) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, nor will the act or omission of any trustee hereunder be imputed to any other trustee.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Master Trustee shall be deemed to have been delivered to each such co-master trustee or separate master trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-master trustee or separate master trustee hereunder shall be turned over to the Master Trustee immediately.

Upon the acceptance in writing of such appointment by any co-master trustee or separate master trustee, such Person shall be vested with such rights, powers, duties or obligations as are specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-master trustee or separate master trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-master trustee or separate master trustee may, at any time by an instrument in writing, constitute the Master Trustee its attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its behalf and in its name.

In case any co-master trustee or separate master trustee shall become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of such Person shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-master trustee or separate master trustee shall be appointed in the manner herein provided.

Section 5.08. Merger or Consolidation. Any company into which the Master Trustee may be merged or converted, or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it is a party, or any company to which the Master Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 5.04) shall be the successor to the Master Trustee without the execution or filing of any paper or any further act.

ARTICLE VI

SUPPLEMENTS AND AMENDMENTS

Section 6.01. Supplements Not Requiring Consent of Holders. The Obligated Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Related Supplements for any of the following purposes:

- (a) To correct any ambiguity or formal defect or omission in this Master Indenture;
- (b) To correct or supplement any provision that may be inconsistent with any other provision, or to make any other provision with respect to matters or questions arising hereunder and that does not materially and adversely affect the interests of the Holders;
- (c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Obligated Group Members;

(d) To qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect;

(e) To create and provide for the issuance of an Obligation or Series of Obligations as permitted hereunder;

(f) To obligate a successor to any Obligated Group Member as provided in Section 3.07;

(g) To add a new Obligated Group Member as provided in Section 3.08;

(h) To make any change necessary or advisable to preserve the intent or effect of any provision hereof affected by amendment or replacement of the Code; or

(i) To make any other change that does not materially and adversely affect the interests of the Holders.

In entering into any Related Supplement, the Master Trustee may rely on an Opinion of Counsel as described in Section 6.03(a) hereof.

Section 6.02. Supplements Requiring Consent of Holders.

(a) Other than Related Supplements referred to in Section 6.01 hereof and subject to the terms contained in this Article, the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations shall have the right to consent to and approve the execution by the Obligated Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee of such Related Supplements as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding any of the terms contained herein; provided, however, that nothing in this Section shall permit or be construed as permitting a Related Supplement that would:

(i) Extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or the redemption premium or rate of interest or change the method of calculating interest payable on or reduce any other Required Payment on any Obligation without the consent of the Holder of such Obligation;

(ii) Modify, alter, amend, add to or rescind any of the terms or provisions contained in Section 3.01 or Article IV hereof so as to affect the right of the Holders of any Obligations in default as to payment to compel the Master Trustee to declare the principal of all Obligations to be due and payable, or the priority of payment of Obligations, without the consent of the Holders of all Outstanding Obligations; or

(iii) Reduce the aggregate principal amount of Outstanding Obligations the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Obligations then Outstanding.

(b) The Master Trustee may execute a Related Supplement (in substantially the form delivered to it as described below) without liability or responsibility to any Holder (whether or

not such Holder has consented to the execution of such Related Supplement) if the Master Trustee receives:

- (i) a request of the Obligated Group Representative to enter into such Related Supplement; and
- (ii) a certified copy of the resolution of the Governing Body of the Obligated Group Representative approving the execution of such Related Supplement; and
- (iii) the proposed Related Supplement; and
- (iv) an instrument or instruments executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) for the Related Supplement in question which instrument or instruments shall refer to the proposed Related Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee.

(c) Any such consent shall be binding upon the Holder of the Obligation giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Related Supplement, such revocation and, if such Obligation or Obligations are transferable by delivery, proof that such Obligations are held by the signer of such revocation. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall file a written statement to that effect with the Obligated Group Representative. Such written statement shall be conclusive evidence that such consents have been so filed.

(d) If the Holders of the required principal amount or number of the Outstanding Obligations have consented to the execution of such Related Supplement, no Holder shall have any right to object to the execution thereof, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof or to enjoin or restrain the Master Trustee or the Obligated Group Representative from executing such Related Supplement or from taking any action pursuant to the provisions thereof.

Section 6.03. Execution and Effect of Supplements.

(a) In executing any Related Supplement permitted by this Article, the Master Trustee shall be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Related Supplement is authorized or permitted hereby. The Master Trustee may (but shall not be obligated to) enter into any Related Supplement that materially and adversely affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Related Supplement in accordance with this Article, the provisions of this Master Indenture shall be deemed modified in accordance therewith. Such Related Supplement shall form a part hereof for all purposes and every Holder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Related Supplement in accordance with this Article may, and, if required by the Obligated Group Representative or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Related Supplement. If the Obligated Group Representative or the Master Trustee shall so determine, new Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of the Obligated Group Representative to any such Related Supplement may be prepared and executed by the Obligated Group Representative and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Obligations then Outstanding.

Section 6.04. Amendment of Related Supplements. Any Related Supplement may provide that the provisions thereof may be amended without the consent of or notice to any of the Holders, or pursuant to such terms and conditions as may be specified in such Related Supplement. If a Related Supplement does not contain provisions relating to the amendment thereof, the amendment of such Related Supplement shall be governed by the provisions of Section 6.01 and Section 6.02 hereof.

ARTICLE VII

SATISFACTION AND DISCHARGE

Section 7.01. Satisfaction and Discharge of Master Indenture. This Master Indenture shall cease to be of further effect (except for Section 5.05 hereof, which shall survive) if:

(a) all Obligations previously authenticated (other than any Obligations that have been mutilated, destroyed, lost or stolen and that have been replaced or paid as provided in any Related Supplement) and not cancelled are delivered to the Master Trustee for cancellation; or

(b) all Obligations not previously cancelled or delivered to the Master Trustee for cancellation are paid; or

(c) an Irrevocable Deposit is made in trust with the Master Trustee (or with one or more banks, national banking associations or trust companies acceptable to the Master Trustee pursuant to one or more agreements between an Obligated Group Member and such national banking associations or trust companies in form acceptable to the Master Trustee) in cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Obligations not previously cancelled or delivered to the Master Trustee for cancellation, including principal and interest or other payments (including Financial Product Payments and Financial Product Extraordinary Payments evidenced by an Obligation) due or to become due to such date of maturity, redemption date or payment date, as the case may be; and all other sums payable hereunder by the Obligated Group Members are also paid. The Master Trustee, on demand of the Obligated Group Representative and at the cost and expense of the Obligated Group Members, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture and authorizing the Obligated Group Representative to file such terminations and releases as may be necessary to evidence the termination of the Master Trustee's security interest in the Gross Receivables. The Master Trustee shall be entitled to receive a verification report of an independent accounting firm in connection with the discharge of Obligations pursuant to this subsection (c).

The Obligated Group Members shall pay and indemnify the Master Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to this Section 7.01 or the principal and interest received in respect thereof other than any such tax, fee or other charge that by law is for the account of the Holders of Outstanding Obligations.

Section 7.02. Payment of Obligations After Discharge of Lien. Notwithstanding the discharge of the lien of this Master Indenture as provided in this Article, the Master Trustee shall retain such rights, powers and duties as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and for the registration, transfer, exchange and replacement of Obligations. Any moneys held by the Master Trustee for the payment of the principal of, premium, if any, or interest or other Required Payment on any Obligation remaining unclaimed for one year after the principal of all Obligations has become due and payable,

whether at maturity, upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Obligated Group Members. The Holders of any Obligations or coupons not previously presented for payment shall thereafter be entitled to look only to the Obligated Group Members for payment thereof as unsecured creditors and all liability of the Master Trustee with respect to such moneys shall thereupon cease.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Obligations is intended or shall be construed to give to any Person other than each Obligated Group Member, the Master Trustee, the Related Conduit Issuer Bonds Issuers and the Holders any legal or equitable right, remedy or claim under or with respect to this Master Indenture. This Master Indenture and all of the covenants, conditions and provisions hereof are intended to be and are for the sole and exclusive benefit of the parties mentioned in this Section.

Section 8.02. Severability. If any part of this Master Indenture is for any reason held invalid or unenforceable, no other part shall be invalidated or deemed unenforceable.

Section 8.03. Holidays. Except to the extent a Related Supplement or an Obligation provides otherwise:

(a) Subject to subsection (b), when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day on which banking institutions in the State or in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day that is not a day on which banking institutions in such jurisdiction are authorized by law to remain closed, with the same effect as if done on the day or within the time period named.

(b) When the date on which principal of or interest or premium on any Obligation is due and payable is a day on which banking institutions at the place of payment are authorized by law to remain closed, payment may be made on the next ensuing day on which banking institutions at such place are not authorized by law to remain closed with the same effect as if payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

Section 8.04. Credit Enhancer Deemed Holder of Obligation. Except to the extent a Related Supplement or an Obligation provides otherwise, any credit enhancer of Related Conduit Issuer Bonds shall be deemed the Holder of the related Obligation for purposes of this Master Indenture for so long as the credit enhancement is in effect and the credit enhancer is not in default thereunder. If the credit enhancement is applicable to a portion of Related Conduit Issuer Bonds, such related Obligation shall be treated as if such related Obligation were two Obligations, one in the principal amount of the Related Conduit Issuer Bonds for which the credit enhancement is applicable and another in the principal amount of the remainder of the Related Conduit Issuer Bonds.

Section 8.05. Governing Law. This Master Indenture and the Obligations are contracts made under the laws of the State, and shall be governed by and construed in accordance with such laws applicable to contracts made and performed in said State.

Section 8.06. Counterparts. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 8.07. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of any Obligated Group Member that is a corporation, whether directly or indirectly. All liability of any such individual is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Obligations.

Section 8.08. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon each Obligated Group Member, the Master Trustee and their respective successors and assigns, subject to the limitations contained herein.

Section 8.09. No Third Party Beneficiary. This Master Indenture is not intended for the benefit of, and shall not be construed to create, rights in parties other than the Obligated Group, the Obligated Group Representative, the Master Trustee, and the Holders.

Section 8.10. Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be in writing and shall be deemed sufficiently given or served if given: (i) by facsimile or electronic mail with prompt telephonic confirmation of receipt; (ii) personally by hand; (iii) by overnight delivery service; or (iv) by first class mail, postage prepaid and addressed as follows:

(i) If to the Obligated Group Representative, addressed to it at: Rochester Regional Health, 100 Kings Highway, Rochester, New York 14617, Attention: Chief Financial Officer;

(ii) If to the Master Trustee, addressed to it at the Corporate Trust Office; or

(iii) If to the registered Holder of an Obligation, addressed to such Holder at the address shown on the books of the Master Trustee.

(b) The Obligated Group Representative or the Master Trustee may from time to time designate a different address or addresses for notice by notice in writing to the others and to the Holders.

Section 8.11. Effective Date and Effectiveness.

(a) This Master Indenture shall be effective on November __, 2020 (the "Effective Date").

(b) Pursuant to Section 6.02 of the Existing Master Indenture, the amendments and restatement of the Existing Master Indenture set forth in this Master Indenture shall be effective upon (a) receipt of the consent and approval of the holders of not less than 51% in aggregate

principal amount of the Obligations which are outstanding under the Master Indenture (the “Required Consents”), (b) the execution by the Obligated Group Representative on behalf of itself and the Members of the Obligated Group and the Master Trustee of this Master Indenture as shall be deemed necessary and desirable by the Members of the Obligated Group for the purpose of amending and restating any of the terms or provisions contained in the Existing Master Indenture and (c) upon receipt by the Master Trustee of a certification from the Credit Group Representative that the required consents of the Holders of the Obligations have been obtained and that all conditions required in Section 6.02 of the Existing Master Indenture have been satisfied.

IN WITNESS WHEREOF, ROCHESTER GENERAL HOSPITAL, UNITED MEMORIAL MEDICAL CENTER, NEWARK-WAYNE COMMUNITY HOSPITAL, THE UNITY HOSPITAL OF ROCHESTER AND CLIFTON SPRINGS SANITARIUM COMPANY have each caused this Amended and Restated Master Indenture to be signed in its name by its duly authorized officer, and to evidence its acceptance of the trusts and agreements hereby created, all as of the day and year first above written. ROCHESTER REGIONAL HEALTH has caused this Amended and Restated Master Indenture to be signed in its name by its duly authorized officer, all as of the day and year first above written. MANUFACTURERS AND TRADERS TRUST COMPANY has caused this Amended and Restated Master Indenture to be signed in its name by its duly authorized officer, all as of the day and year first above written.

ROCHESTER GENERAL HOSPITAL

By _____
Authorized Representative

UNITED MEMORIAL MEDICAL CENTER

By _____
Authorized Representative

NEWARK-WAYNE COMMUNITY HOSPITAL

By _____
Authorized Representative

THE UNITY HOSPITAL OF ROCHESTER

By _____
Authorized Representative

CLIFTON SPRINGS SANITARIUM COMPANY

By _____
Authorized Representative

ROCHESTER REGIONAL HEALTH,
as Obligated Group Representative

By _____
Authorized Representative

MANUFACTURERS AND TRADERS
TRUST COMPANY, as Master Trustee

By _____
Authorized Representative

APPENDIX A TO MASTER INDENTURE

EXISTING PERMITTED LIENS

[TO BE PROVIDED]

EXHIBIT A

EXISTING OBLIGATIONS

1. Obligation No. 1 dated February 27, 2013 from The Rochester General Hospital, on behalf of itself and on behalf of the Obligated Group, to Manufacturers and Traders Trust Company, as trustee for the holders of Monroe County Industrial Development Corporation Tax-Exempt Revenue Bonds (The Rochester General Hospital Project), Series 2013A and Tax-Exempt Revenue Bonds (The Rochester General Hospital Project), Series 2013B.
2. Obligation No. 2 dated May 18, 2017 from The Rochester General Hospital, on behalf of itself and on behalf of the Obligated Group, to Manufacturers and Traders Trust Company, as trustee for the holders of Monroe County Industrial Development Corporation Tax-Exempt Revenue Bonds (The Rochester General Hospital Project), Series 2017.
3. Obligation No. 3 dated April 21, 2020 from The Rochester General Hospital, on behalf of itself and on behalf of the Obligated Group, to JPMorgan Chase Bank, N.A.

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PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

November __, 2020

Monroe County Industrial Development Corporation
50 West Main Street
Rochester, New York 14614

Re: \$267,540,000 Monroe County Industrial Development Corporation Revenue Bonds (Rochester Regional Health Project), Series 2020 consisting of: \$253,040,000 Tax-Exempt Revenue Bonds (Rochester Regional Health Project), Series 2020A and \$14,500,000 Taxable Revenue Bonds (Rochester Regional Health Project), Series 2020B

Ladies and Gentlemen:

We have examined the record of proceedings in connection with the issuance by the Monroe County Industrial Development Corporation (the "Issuer") of its \$267,540,000 Revenue Bonds (Rochester Regional Health Project), Series 2020 consisting of: (i) \$253,040,000 Tax-Exempt Revenue Bonds (Rochester Regional Health Project), Series 2020A (the "Series 2020A Bonds") and (ii) \$14,500,000 Taxable Revenue Bonds (Rochester Regional Health Project), Series 2020B (the "Series 2020B Bonds", and collectively with the Series 2020A Bonds, the "Bonds"). The Bonds are authorized to be issued pursuant to (i) Section 1411 of the Not-for-Profit Corporation Law ("N-PCL") of the State of New York (the "State"), as amended (hereinafter collectively called the "Act"), (ii) Resolution 288 of 2009 of the Monroe County Legislature (the "County Resolution"), and pursuant to its Restated Certificate of Incorporation, filed on October 2, 2020, (iii) a bond resolution adopted by the Board of Directors of the Issuer on September 9, 2020 (the "Bond Resolution"), and (iv) an Indenture of Trust, dated as of November 1, 2020 (the "Indenture"), by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the "Trustee") for the purpose of financing a Project (defined herein) being undertaken by The Rochester General Hospital ("RGH"), The Unity Hospital of Rochester ("Unity"), Newark-Wayne Community Hospital ("NWCH"), United Memorial Medical Center ("UMMC") and The Clifton Springs Sanitarium Company d/b/a Clifton Springs Hospital & Clinic ("CSHC"; and, together with RGH, Unity, NWCH and UMMC, collectively referred to hereinafter as, the "Institution") and Rochester Regional Health, as the Obligated Group Representative ("Rochester Regional" or the "Obligated Group Representative"), each 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, and regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code").

The Bonds are being issued for the purpose of financing or refinancing capital improvement projects at the Institution's facilities, as more particularly described below

(collectively, the "Project"), located at 1555 Long Pond Road in the Town of Greece, New York 14626 (the "Unity Campus"); 1425 Portland Avenue in the City of Rochester, New York 14621 (the "RGH Campus"); 127 North Street in the City of Batavia, New York 14020 (the "UMMC Campus"); 1200 Driving Park Avenue in the Village of Newark, New York 14513 (the "Newark-Wayne Campus"); 20A Volunteer Road in the Town of Geneseo, New York 14454 (the "Geneseo Campus"); 2200 Penfield Road in the Town of Penfield, New York 14526 (the "Penn Fair Campus") and 89 Genesee Street in the City of Rochester, New York 14611 (the "St. Mary's Campus"). The proceeds of the Bonds will be used to finance all or a portion of the costs associated with the qualifying portions of the Project, and to provide funds for all or a portion of the costs of issuing the Bonds, credit enhancement fees relating to the Bonds, if any, funding a debt service reserve fund, if any, and capitalized interest, if any.

The Project consists of the Unity Project, the RGH Project, the UMMC Project, the Newark-Wayne Project, the Geneseo Project, the Penn Fair Project and the St. Mary's Project, each as described below:

The Unity Project consists of: (A) the acquisition and installation in and around the existing approximately 620,000 square foot, 351 bed hospital (the "Unity Hospital") located on the Unity Campus, of certain equipment, including (i) magnetic resonance imaging, computerized tomography and other imagery equipment and (ii) certain items of routine capital equipment and other tangible personal property (collectively, the "Unity Facility"); and (B) the refunding of the outstanding principal amount of, and the associated redemption or prepayment premium or penalty, if any, on the Issuer's FHA-Insured Mortgage Revenue Bonds (The Unity Hospital of Rochester Project), Series 2010, issued in the original principal amount of \$205,250,000 (the "Series 2010 Bonds"). The proceeds of the Series 2010 Bonds were applied to finance certain improvements to the Unity Facility, including, (A) (i) the renovation and construction of patient rooms, cafeteria, cardiology unit, nursing stations, central pharmacy, administrative offices, materials management and maintenance areas and rehabilitation gym; (ii) the renovation, demolition and reconstruction of the 68,000 square foot facility located adjacent to Unity's main building, to house administrative functions of the Unity's Long Term Care support team, dialysis and other functions, 32 medical/surgical beds and 25 physical medicine and rehabilitation beds; (iii) the construction of a new gastro-intestinal unit, (iv) the construction of a connector from the main hospital building to an adjacent building; (v) site work improvements; (vi) acquisition and installation of certain machinery, equipment and other tangible personal property; and (B) the refunding of the Dormitory Authority of the State of New York Park Ridge Hospital, Inc. Revenue Bonds, Series 2005, issued in the original principal amount of \$48,000,000, the proceeds of which were applied to finance (i) the construction and equipping of a four one-story additions and one two-story additions containing in the aggregate approximately 51,000 square feet and the related renovation and equipping of approximately 23,000 square feet of existing space housing an expanded and reorganized emergency department, an expanded and reorganized radiology department, expanded and reorganized operating room areas, including an additional operating room, the addition of a new 28-bed special care unit, renovated and relocated space for the department of medicine, and related ancillary services and infrastructure improvements, (ii) construction of an approximately 1,300 square foot grounds and maintenance building, (iii) expansion and reconfiguration of driveway

and parking areas, which added approximately 130 parking spaces, (iv) replacement of equipment in catheterization laboratory, the purchase of computerized tomography equipment, a computerized tomography scanner and other equipment, (v) the refunding of a portion of the New York State Medical Care Facilities Agency Hospital and Nursing Home Project Bonds, 1975 Series A and the New York State Medical Care Facilities Finance Agency Hospital and Nursing Home Project Bonds, 1979 Series A, the proceeds of which financed the construction and equipping of certain facilities of Unity and (vi) the refinancing of a taxable loan used to finance certain capital improvements and equipment at Unity's facilities.

The RGH Project consists of: the acquisition and installation in and around the existing approximately 1.42 million square foot, 528 bed hospital (the "RGH Hospital") located on the RGH Campus, of certain equipment, including (i) magnetic resonance imaging, computerized tomography and other imagery equipment, (ii) equipment for the neonatal intensive care unit, operating and postpartum rooms and (iii) certain items of routine capital equipment and other tangible personal property (collectively, the "RGH Facility").

The UMMC Project consists of: (A) (i) the acquisition and installation in and around the existing approximately 170,000 square-foot, 131-bed hospital (the "UMMC Hospital") located on the UMMC Campus, of certain equipment, including (a) the acquisition and implementation of system-wide integrated electronic medical record software system, to replace existing software systems, (b) equipment to increase chiller capacity, generators, morgue facility and patient access improvements, (c) magnetic resonance imaging, computerized tomography and other imagery equipment and (d) certain items of routine capital equipment and other tangible personal property (collectively, the "UMMC Facility"); (B) the refunding or refinancing of the respective outstanding principal amounts of, and the associated redemption or prepayment premiums or penalty on, (i) The Genesee County Funding Corporation's Tax-Exempt Revenue Bonds (United Memorial Medical Center Project), Series 2015, issued in the original principal amount of \$5,850,000 (the "Series 2015 Bonds"), (ii) a certain term loan from the United States Department of Agriculture, incurred in the original principal amount of \$1,383,390 (the "USDA Term Loan"); (iii) a certain term loan, incurred in the original principal amount of \$11,500,000 (the "2010 Term Loan") and (iv) the Genesee County Industrial Development Agency Civic Facility Revenue Bonds (United Memorial Medical Center Project), Series 2007, issued in the original principal amount of \$14,800,000 (the "Series 2007 Bonds"). The proceeds of the Series 2015 Bonds were applied to finance the construction and equipping of an approximately 10,000 square-foot cancer treatment center and related site work improvements on the UMMC Campus. The USDA Term Loan was incurred to finance the construction and equipping of a six-story addition to the UMMC Hospital, including, a surgical area, wound care area, sterile processing department, supply distribution center and print shop. The 2010 Term Loan was incurred to finance the construction of a new surgical center and related improvements on the UMMC Campus. The proceeds of the Series 2007 Bonds were applied to (A) refinance certain taxable indebtedness of UMMC, the proceeds of which were used to finance or refinance improvements to the UMMC Facility; (B) the construction of an outpatient diagnostic center, consisting of outpatient radiology, laboratory and cardiology services and the primary care, corporate health services units; and (C) the acquisition and installation of certain items of machinery, equipment, furniture and other tangible personal property.

The Newark-Wayne Project consists of: the refunding or refinancing of all or a portion of the outstanding principal amounts of, and the associated redemption or prepayment premiums or penalty on (A) the Wayne County Civic Facility Development Corporation Revenue Bonds (Newark-Wayne Community Hospital Project), Series 2011A, issued in the original principal amount of \$10,925,000 (the "Series 2011A Bonds") and (B) the Wayne County Civic Facility Development Corporation Revenue Bonds (Newark-Wayne Community Hospital Project), Series 2011C, issued in the original principal amount of \$5,305,000 (the "Series 2011C Bonds"; and, together with the Series 2011A Bonds, the "Series 2011 Bonds"). The Series 2011 Bonds were used to finance (A) (i) the expansion and modernization of two procedure rooms in the existing 220,000 square-foot, 120-bed hospital (the "Newark-Wayne Facility") located on the Newark-Wayne Campus, (ii) the construction of an expanded emergency department, (iii) the construction of a patient access center, (iv) the infilling of the courtyard between NWCH's main lobby and emergency department and (v) the construction of a main entrance with waiting room; (B) the acquisition and installation in of certain items machinery, equipment and other tangible personal property; and (C) the refinancing of certain outstanding long-term indebtedness.

The Geneseo Project consists of: (i) the construction of an approximately 50,000 square-foot medical facility on the Geneseo Campus, to be used for primary care, cardiology, ear, nose and throat care, urology, imaging, laboratory services and shell space for future growth and (ii) the acquisition and installation in and around such improvements of certain items of machinery, equipment and other tangible personal property (collectively, the "Geneseo Facility").

The Penn Fair Project consists of: (i) the construction of an approximately 30,000 square-foot medical facility on the Penn Fair Campus, to be used for primary care, pediatrics, urgent care and laboratory services (the "Penn Fair Improvements") and (ii) the acquisition and installation in and around such improvements of certain items of machinery, equipment and other tangible personal property (collectively, the "Penn Fair Facility").

The St. Mary's Project consists of: the refinancing of all or a portion of the outstanding principal amount of, and the associated redemption or prepayment premium or penalty on a certain term loan, incurred in the original principal amount of \$13,102,400 (the "2013 Term Loan") by The Rochester St. Mary's Residence Facility, LLC. The 2013 Term Loan was used to refinance the outstanding principal amount of and associated redemption premium, if any, on the Village of East Rochester Housing Authority Revenue Bonds (GNMA Security – The Rochester St, Mary's Residence Facility, LLC Project), Series 2002A issued in the original principal amount of \$15,415,000, and the Village of East Rochester Housing Authority Taxable Revenue Bonds (GNMA Security – The Rochester St, Mary's Residence Facility, LLC Project), Series 2002B issued in the original principal amount of \$5,240,000, the proceeds of which were applied to finance or refinance costs incurred in connection with the reconstruction, renovation and equipping of the skilled nursing, rehabilitation and long-term psychiatric care facilities located on the St. Mary's Campus (the "St. Mary's Facility"; and, together with the Unity Facility, the RGH Facility, the UMMC Facility, the Geneseo Facility, the Newark-Wayne Facility and the Penn Fair Facility, the "Facility").

The Bonds are being purchased by BofA Securities, Inc., on behalf of itself and as representative (the "Representative") of Cain Brothers, a division of KeyBanc Capital Markets, J.P. Morgan Securities LLC, Piper Sandler & Co. and UBS Financial Services Inc. (collectively with the Representative, the "Underwriters"), pursuant to a certain Bond Purchase Contract, dated October 21, 2020, by and among the Issuer, the Underwriter and the Obligated Group Representative, which is acting on behalf of itself and in its capacity as Obligated Group Representative of the Institution (the "Bond Purchase Contract").

Under the terms of a certain Loan Agreement, dated as of November 1, 2020 (the "Loan Agreement"), by and between the Issuer and the Institution, as acknowledged by the Obligated Group Representative, the Issuer has made a loan to the Institution in an amount equal to the net proceeds of the Bonds, and the Institution has agreed to make loan payments in such amounts and at such times as will be sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable and to make certain other payments with respect to the Bonds as described therein.

As security for the Institution's obligations under the Loan Agreement, the Obligated Group Representative, on behalf of the Obligated Group will execute and deliver Obligation No. 4, of the Obligated Group, dated November __, 2020, pursuant to and in accordance with the Amended and Restated Master Trust Indenture, dated as of November 1, 2020, by and among the Institution, the Obligated Group Representative and Manufacturers and Traders Trust Company, in its capacity as master trustee, as amended by the Supplemental Indenture for Obligation No. 4, dated as of November 1, 2020, by and between the Obligated Group Representative, on behalf of the Obligated Group, and Manufacturers and Traders Trust Company, in its capacity as master trustee.

In order to provide a source of payment and additional security for the Bonds, which are special obligations of the Issuer payable only from amounts payable under the Loan Agreement, the Issuer has, among other things, assigned all of its right, title and interest (other than Unassigned Rights, as such term is defined in Schedule A to the Loan Agreement) in and to the Loan Agreement to the Trustee, pursuant to a certain Pledge and Assignment, dated as of November 1, 2020 (the "Pledge and Assignment"), from the Issuer to the Trustee, with an acknowledgment by the Institution and the Obligated Group Representative.

With respect to the Series 2020A Bonds, the Issuer, the Institution and the Obligated Group Representative have executed and delivered a certain Tax Compliance Agreement, dated as of the date hereof (the "Tax Compliance Agreement"), in which the Issuer and the Institution have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Code.

The Bonds are dated as of their date of issuance and bear interest from that date on the unpaid principal amount at the rates set forth in, and pursuant to the terms of, the Indenture and the Bonds. The Bonds are subject to prepayment or redemption prior to maturity, in whole or in

part, at such time or times, or under such circumstances and in such manner as are set forth in the Bonds and the Indenture, respectively.

As Bond Counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity and due execution of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have relied upon, and assumed the accuracy and truthfulness of, the aforesaid instruments, certificates and documents, without having conducted any independent investigation.

In rendering the opinions set forth below, we have relied upon the opinions of Hodgson Russ LLP, counsel to the Institution and Rochester Regional, and Bond, Schoeneck & King, PLLC, counsel to the Trustee, each of even date herewith, as to the matters set forth in each of such opinions without making any independent investigation of the factual basis therefor or the legal conclusions set forth therein.

All capitalized terms, not otherwise defined herein, shall have the meaning ascribed to such terms in Appendix A attached to the Loan Agreement.

Based upon and in reliance upon the foregoing, and subject to the limitations hereafter set forth, it is our opinion that:

(a) The Issuer is a local development corporation created pursuant to the Not-For-Profit Corporation Law of the State of New York and is duly organized and validly existing under the laws of the State of New York.

(b) The Issuer is duly authorized and entitled by law and the County Resolution to issue, execute, sell and deliver the Bonds for the purpose of financing the Project and to execute and deliver the Issuer Documents.

(c) The Bond Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect, and is valid and legally binding upon the Issuer in accordance with its terms.

(d) The Bonds have been duly authorized, executed and delivered, have been duly issued for value by the Issuer and are valid and legally binding special obligations of the Issuer payable in accordance with their terms and are entitled to the benefit and security of the Indenture in accordance with its terms.

(e) The Bonds do not constitute a debt of Monroe County, New York or the State of New York, and neither Monroe County, New York nor the State of New York will be liable thereon.

(f) Under statutes, regulations, administrative rulings and court decisions existing as of the date hereof, interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and is not an "item of tax preference" for purposes of computing the federal alternative minimum tax imposed on individuals.

(g) Under existing law, for so long as interest on the Series 2020A Bonds is and remains excluded from gross income for federal income tax purposes, such interest is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof.

(h) Under existing law, interest on the Series 2020B Bonds is included in gross income for federal income purposes and is subject to personal income taxes imposed by the State of New York and any political subdivision thereof.

In rendering the opinions set forth in paragraphs (f) and (g) above, we have relied upon, among other things, certain representations and covenants of (i) the Issuer in the Indenture, the Loan Agreement, the Tax Compliance Agreement and the General Certificate of the Issuer, dated the date hereof and (ii) the Institution and the Obligated Group Representative in the Loan Agreement, the Tax Compliance Agreement and the General Certificates of RGH, Unity, UMMC, NWCH, CSHC and the Obligated Group Representative, dated the date hereof. We call your attention to the fact that there are certain requirements contained in the Code with which the Issuer and the Institution must comply from and after the date of issuance of the Series 2020A Bonds in order for the interest thereon to be and remain excluded from gross income for federal income tax purposes, and consequently to remain exempt from personal income taxes imposed by the State of New York or any political subdivision thereof. The Issuer, the Institution or any other Person, by failing to comply with such requirements, may cause interest on the Series 2020A Bonds to become includable in gross income for federal income tax purposes and therefore subject to personal income taxes imposed by the State of New York and any political subdivision thereof, in each case, retroactive to the date of issuance of the Series 2020A Bonds. We render no opinion as to any federal, state or local tax consequences with respect to the Series 2020A Bonds, or the interest thereon, if any change occurs or action is taken or omitted by the Issuer, the Institution or any other Person under the Indenture, the Loan Agreement or the Tax Compliance Agreement, or any other relevant documents without the advice or approval of, or upon the advice or approval of any Bond Counsel other than, Harris Beach PLLC.

Except for the opinions as set forth in paragraphs (f) and (g) above, we express no opinion regarding any federal, state or local income tax consequences arising with respect to the purchase or ownership of the Bonds.

The foregoing opinions are qualified to the extent that the enforceability of the Bond Resolution, the Bonds, any of the Issuer Documents and any other document executed in connection therewith may be limited by any applicable bankruptcy, insolvency or other similar law or equitable principle now or hereafter enacted by the State of New York or the federal government or pronounced by a court having proper jurisdiction, affecting the enforcement of creditors' rights generally.

We express no opinion as to (i) the title to the Facility; (ii) the sufficiency of the description of the Facility in the Indenture, the Loan Agreement or any other document; or (iii) the perfection or priority of any liens, charges or encumbrances on the Facility. Further, we have not been requested to examine and have not examined any documents or information relating to the Issuer or the Institution other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial information, or the adequacy thereof, which has been or may be supplied to the Trustee, the Underwriter or any other person.

This opinion is given as of the date hereof, and we disclaim any obligation to update this opinion letter for events occurring after the date of this opinion letter. We express no opinion herein except as to the laws of the State of New York and the federal laws of the United States.

Very truly yours,

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is dated November 1, 2020 by Rochester Regional Health (the “Obligated Group Representative” or “RRH”) on behalf the Members of the Obligated Group (as defined herein) (the “Obligated Group”), and Digital Assurance Certification, L.L.C. (the “Dissemination Agent”) with respect to the bonds listed in EXHIBIT B hereto (the “Bonds”). Capitalized terms used in this Disclosure Agreement which are not otherwise defined in the Indenture (as defined below) shall have the respective meanings specified in Section 2 hereof.

The proceeds of the Bonds are being loaned by the Issuer to the Obligated Group pursuant to a Loan Agreement dated as of November 1, 2020 by and among, the Members of the Obligated Group and the Issuer, as acknowledged by the Obligated Group Representative (the “Loan Agreement”). Pursuant to the Indenture (as defined herein), the Obligated Group Representative, on behalf of itself and the Members of the Obligated Group, and the Dissemination Agent, covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Obligated Group Representative and the Dissemination Agent for the benefit of the Beneficial Owners (as defined below) of the Bonds and in order to assist the Participating Underwriters (as defined below) in complying with the Rule (as defined below). The Obligated Group Representative and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement, and the Issuer shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. The terms set forth below shall have the following meanings in this Disclosure Agreement, unless the context clearly indicates otherwise.

“Annual Report” shall mean any Annual Report provided by the Obligated Group Representative pursuant to and containing the information described in Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds, including persons holding such Bonds through nominees, depositories or other intermediaries.

“Bond Trustee” shall mean Manufacturers and Traders Trust Company.

“Credit Group Financial Statements” shall have the meaning set forth in the Master Indenture.

“Disclosure Representative” shall mean the Chief Financial Officer of the Obligated Group Representative or his or her designee, or such other officer or employee as the Obligated Group Representative shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean the initial Dissemination Agent (as named above), acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Obligated Group Representative and which has filed with the Bond Trustee and the Issuer a written acceptance of such designation.

“Final Official Statement” shall mean the Official Statement(s) filed with the MSRB with respect to the Bonds.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule, which definition, subject to certain exceptions, as of the date hereof defines Financial Obligation to mean (A) a debt obligation, (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (C) a guarantee of a financial obligation described in (A) or (B) of this clause. The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Holder” shall mean any registered owner of any Bond and any other person included in the definition of “Holder” in any Indenture.

“Indenture” shall mean the Trust Indenture, dated as of November 1, 2020, between the Issuer and the Bond Trustee, relating to the Bonds.

“Issuer” shall mean the Monroe County Industrial Development Corporation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Master Indenture” shall mean the Amended and Restated Master Trust Indenture, dated as of November 1, 2020, by and among the Members of the Obligated Group, the Obligated Group Representative and Manufacturers and Traders Trust Company, as master trustee.

“Members of the Obligated Group” shall mean initially Rochester General Hospital, United Memorial Medical Center, Newark-Wayne Community Hospital, The Unity Hospital of Rochester and Clifton Springs Sanitarium Company d/b/a Clinton Springs Hospital & Clinic, and thereafter, any Person (as defined in the Master Indenture) which shall become a Member of the Obligated Group in accordance with the Master Indenture and not including any Person which shall have withdrawn from the Obligated Group in accordance with the Master Indenture.

“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.

“Participating Underwriters” shall mean BofA Securities, Inc., J.P. Morgan Securities LLC, Cain Brothers, a division of KeyBanc Capital Markets, Inc., Piper Sandler & Co. and UBS Financial Services, Inc., the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Quarterly Report” shall mean any Quarterly Report provided by the Obligated Group Representative pursuant to and as described in Sections 3 and 4 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as in effect on the date of this Disclosure Agreement, including any official interpretations thereof issued either before or after the effective date of this Disclosure Agreement which are applicable to this Disclosure Agreement.

SECTION 3. Provision of Annual Reports and Quarterly Reports.

(a) The Obligated Group Representative shall, or shall cause the Dissemination Agent to, not later than 165 days after the end of the Obligated Group's Fiscal Year (which currently is December 31), commencing with the report for the Fiscal Year ending December 31, 2020, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the Credit Group Financial Statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if such Credit Group Financial Statements are not available by that date. If the Obligated Group's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event.

(b) Not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Obligated Group Representative shall provide the Annual Report to the Dissemination Agent and the Bond Trustee (if the Bond Trustee is not the Dissemination Agent). If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Disclosure Representative and determine if the Obligated Group is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached hereto as EXHIBIT A.

(d) The Dissemination Agent shall, upon providing the Annual Report to the MSRB, file a report with the Disclosure Representative and, if the Dissemination Agent is not the Bond Trustee, the Bond Trustee, certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

(e) The Obligated Group Representative shall, or shall cause the Dissemination Agent to, not later than 60 days after the end of the first three fiscal quarters of the Credit Group and not later than 75 days after the end of the fourth fiscal quarter of the Credit Group of each fiscal year, commencing with the fiscal quarter ending December 31, 2020, provide to the MSRB a Quarterly Report. On or prior to said filing date (except that in the event the Obligated Group Representative elects to have the Dissemination Agent file such Quarterly Report, five (5) business days prior to such date) such Quarterly Report shall be provided by the Obligated Group Representative to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Quarterly Report with the MSRB, or (ii) a certificate stating that the Obligated Group Representative has provided the Quarterly Report to the MSRB and the date on which such Quarterly Report was provided. In each case, the Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement. The unaudited financial information shall include a consolidated balance sheet and year-to-date statement of operations, presented on a basis substantially consistent with the form of the Credit Group Financial Statements.

SECTION 4. Content of Annual Reports and Quarterly Reports. (a) The Annual Report shall contain or include by reference the following:

- (1) The Credit Group Financial Statements; and

(2) Information and data for such preceding Fiscal Year, prepared from the records of the Credit Group, which shall include annual or year-end information as described in Appendix A of the Final Official Statement, including, but not limited to the following:

- (i) information and data of the type set forth under the headings “HOSPITALS UTILIZATION”, “MAXIMUM ANNUAL DEBT SERVICE COVERAGE”, and “PAYOR MIX”; and
- (ii) information and data of the type set forth under the subheading “LIQUIDITY AND INVESTMENTS - Days Cash on Hand”

together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of such financial and operating data; provided, however, that the references above to specific section headings of Appendix A of the Official Statement as a means of identification shall not prevent the Obligated Group Representative from reorganizing such material in subsequent official statements.

(b) The Quarterly Report shall contain or include by reference the following information, prepared from the records of the Credit Group, for each such preceding quarter:

- (i) quarterly unaudited Credit Group Financial Statements (which shall include consolidated balance sheet and consolidated statement of operations and changes in net assets), prepared in conformity with generally accepted accounting principles (the extent applicable) , as in effect from time to time; and
- (ii) information and data of the type included in Appendix A of the Final Official Statement (a) under the headings “HOSPITALS UTILIZATION” and “PAYOR MIX”, and (b) under the subheading “LIQUIDITY AND INVESTMENTS - Days Cash on Hand.”

together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of such financial and operating data; provided, however, that the references above to specific section headings of Appendix A of the Official Statement as a means of identification shall not prevent the Obligated Group Representative from reorganizing such material in subsequent official statements.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including financial statements provided under (a)(1) or (b) above, the Official Statement, or other official statements of debt issues with respect to which the Obligated Group Representative is an “obligated person” (as defined by the Rule), which have been (i) made available to the public on the MSRB’s Electronic Municipal Markets Access (EMMA) System, the current internet web address of which is www.emma.msrb.org, or (ii) filed with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Obligated Group Representative shall clearly identify each such other document so incorporated by reference.

(d) If for any reason the Credit Group Financial Statements are not available by the time the Annual Report is required to be filed pursuant to subsection 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement and the Credit Group Financial Statements shall be filed in the same manner as the Annual Report when they become available.

(e) The descriptions contained above of financial information and operating data to be included in the Annual Report and the Quarterly Report are of general categories of financial information

and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Report or Quarterly Report containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Obligated Group shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, within ten (10) business days after such occurrence:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of Bondholders, 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 an obligated person (as defined in the Rule);

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for a Member of the Obligated Group in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of such Member of the Obligated Group, or if such

jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of such Member of the Obligated Group;

13. the consummation of a merger, consolidation or acquisition involving an obligated person (as defined in the Rule) or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. the appointment of a successor or additional trustee, or the change in the name of trustee, if material;
15. incurrence of a Financial Obligation of a Member of the Obligated Group, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of a Member of the Obligated Group, any of which affect Bondholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of a Member of the Obligated Group, any of which reflect financial difficulties.

(b) In the occurrence of a Listed Event, the Dissemination Agent, on behalf of the Obligated Group Representative, shall file or cause to be filed with the MSRB a notice within ten (10) business days after such occurrence. If the Disclosure Representative determines that the Obligated Group Representative failed to give notice as required by this Section, it shall promptly direct the Dissemination Agent to file a notice of such occurrence in the same manner.

(c) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

SECTION 6. Termination of Reporting Obligation. (a) The Obligated Group's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs before the final maturity of the Bonds, the Obligated Group shall give notice of such termination in the same manner as for a Listed Event. If the Obligated Group Representative's obligations under the Loan Agreement are assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Obligated Group Representative, and thereupon the original Obligated Group Representative shall have no further responsibility hereunder. The obligations set forth in this Disclosure Agreement of any Obligated Group Member shall be terminated if such Obligated Group Member shall no longer have any legal liability for any obligation or relating to repayment of the Bonds. Such Obligated Group Member shall give notice of such termination in a timely manner to the Disclosure Representative and the Dissemination Agent who shall provide notice thereof in a timely manner to the MSRB.

(b) This Disclosure Agreement, or any provision hereof, shall be null and void in the event that (1) the Obligated Group Representative delivers to the Bond Trustee and the Dissemination Agent an

opinion of counsel, addressed to the Obligated Group Representative, the Issuer and the Bond Trustee, to the effect that those portions of the Rule which require this Disclosure Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Dissemination Agent delivers copies of such opinion to (i) the MSRB, (ii) the Issuer, (iii) the Bond Trustee, and (iv) the Participating Underwriters. The Dissemination Agent shall deliver such opinion within one business day after receipt by the Dissemination Agent.

SECTION 7. Dissemination Agent. The Obligated Group Representative may discharge the Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by giving 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 Dissemination Agent, the Bond Trustee, if it shall agree, shall serve as the Dissemination Agent until such time as a new Dissemination Agent is designated and if the Bond Trustee shall not so agree, the Obligated Group Representative shall serve as the Dissemination Agent.

SECTION 8. Amendment. (a) Notwithstanding any other provision of this Disclosure Agreement, the Obligated Group Representative and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Obligated Group Representative or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Obligated Group Representative shall have delivered an opinion of counsel, addressed to the Issuer, the Obligated Group Representative, the Dissemination Agent and the Bond Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Obligated Group Representative shall have delivered to the Issuer, the Bond Trustee and the Dissemination Agent an opinion of counsel unaffiliated with the Obligated Group (such as bond counsel) and acceptable to the Obligated Group Representative, to the effect that the amendment does not materially impair the interests of the Holders of the Bonds or (ii) the Holders of the Bonds consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Holders of the Bonds pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the Obligated Group Representative shall have delivered copies of such opinion(s) and amendment to the Issuer, the Bond Trustee and the MSRB. The Dissemination Agent may rely and act upon such opinions.

(b) To the extent any amendment to this Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to this Disclosure Agreement, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(c) If an amendment is made pursuant to (a) hereof to the accounting principles to be followed by the Obligated Group Representative in preparing the Obligated Group's financial statements, the Annual Report for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Group 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 any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligated Group chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Obligated Group shall have no 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 10. Default. In the event of a failure of the Obligated Group or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of a Participating Underwriter or the Holders of at least 25% in aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Obligated Group or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, the Loan Agreement or the Master Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Obligated Group or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Current Compliance with the Rule. The Obligated Group Representative represents and warrants to the Participating Underwriters that, as of the date hereof, it is in compliance, in all material respects, with any undertaking entered into by it prior to the date hereof with respect to any other outstanding issue of obligations subject to the Rule. The Obligated Group Representative represents that in the previous five years, except as disclosed in the Final Official Statement, no Member of the Obligated Group has failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Group has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notices made or given pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Obligated Group and shall not be deemed to be acting in any fiduciary capacity for the Obligated Group, Holders or Beneficial Owners of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Obligated Group's failure to report a Listed Event to the Dissemination Agent. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Obligated Group has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the Obligated Group and the Obligated Group Representative at all times.

THE OBLIGATED GROUP AGREES TO INDEMNIFY AND SAVE THE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF

DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Group under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) Each of the Disclosure Representative, the Obligated Group Representative or the Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and none of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Group.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

<i>To the Obligated Group</i>	Rochester Regional Health
<i>or</i>	100 Kings Highway
<i>any Member, in care of:</i>	Rochester, New York 14617
	Phone: 585-872-2988
	Attention: Chief Financial Officer

<i>To the Dissemination Agent:</i>	Digital Assurance Certification, L.L.C.
	315 E. Robinson Street, Suite 300
	Orlando, Florida 32801
	Phone: 888-824-2663
	Attention: DAC Client Services

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 14. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) System, the current internet web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. 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>.)

SECTION 15. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Obligated Group, the Disclosure Representative, the Dissemination Agent, the Participating Underwriters, the Holders and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 16. 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), and by applicable federal laws.

SECTION 17. Additional Disclosure Obligations. The Obligated Group acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10(b)(5) promulgated under the Securities Exchange Act of 1934, may apply to the Obligated Group and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Obligated Group under such laws.

SECTION 18. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, this Disclosure Agreement has been executed on behalf of the Obligated Group and the Dissemination Agent by their duly authorized representatives as of the date first written above.

ROCHESTER REGIONAL HEALTH
as Obligated Group Representative,
on behalf of the Members of the Obligated Group

By: _____
Name: Thomas Crilly
Title: Chief Financial Officer and
Executive Vice President

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

FORM OF NOTICE TO MSRB OF FAILURE TO FILE ANNUAL OR QUARTERLY REPORT

Name of Issue:

\$267,540,000
MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION
issue consisting of:
\$253,040,000 \$14,500,000
Tax-Exempt Revenue Bonds Taxable Revenue Bonds
(Rochester Regional Health (Rochester Regional Health
Project), Series 2020A Project), Series 2020B

Date of Issuance: November 17, 2020

NOTICE IS HEREBY GIVEN that Rochester Regional Health (the “Obligated Group Representative”), has not provided [an Annual Report] [a Quarterly Report] with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Agreement dated as of November 1, 2020. The Obligated Group anticipates that the [Annual Report] [Quarterly Report] will be filed by _____.

Dated: _____

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By [form only; no signature required]

EXHIBIT B
THE BONDS

\$267,540,000
MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION
issue consisting of:

\$253,040,000	\$14,500,000
Tax-Exempt Revenue Bonds (Rochester Regional Health Project), Series 2020A	Taxable Revenue Bonds (Rochester Regional Health Project), Series 2020B

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ROCHESTER REGIONAL HEALTH

