

GAVIN AND LAVIGNE INCORPORATED

HUD HEALTHCARE CAPITAL FINANCING SPECIALISTS
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October 24, 2017

Louis Aiello
Senior Vice President and Chief Financial Officer
Mohawk Valley Health System
1656 Champlin Avenue
Utica, NY 13502

Re: Mortgage Financing – Hospital Replacement Project

Dear Mr. Aiello:

By this letter, Gavin and LaVigne, Inc. expresses its interest in arranging an FHA-insured mortgage for the proposed replacement hospital project for Mohawk Valley Health System.

We understand you need a mortgage loan in the approximate amount of \$150 million or such other amount as may be approved by the Department of Health and HUD. If placed today, interest on that loan, would approximate 4.25% during the construction term and 4.25% during the amortization period, with a twenty-five-year amortization commencing after the construction term. However, to protect against market fluctuations, we recommend that you include 5.00% in your Certificate of Need Application.

In today's market, we would use taxable GNMA securities for the loan's placement. It is possible that changes in market conditions could make tax-exempt bond financing a more cost effective means of loan placement. We will evaluate both methods of placement as the deal progresses and select the option that provides the greatest benefit to the Hospital.

Very truly yours,



Mary C. Gavin
President