

WS 6/15/11
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COUNTY OF DAUPHIN
PENNSYLVANIA

RESOLUTION NO. 116-2011

APPROVING THE FINANCING OF CERTAIN PINNACLE HEALTH SYSTEM HEALTH CARE FACILITIES LOCATED IN DAUPHIN COUNTY, PENNSYLVANIA; DECLARING THAT IT IS DESIRABLE FOR THE HEALTH, SAFETY AND WELFARE OF THE PEOPLE IN THE AREA TO BE SERVED BY SUCH FACILITIES TO HAVE SUCH FACILITIES PROVIDED BY, OR FINANCED THROUGH, THE DAUPHIN COUNTY GENERAL AUTHORITY

WHEREAS, the Dauphin County General Authority (the "Authority") is a body corporate and politic organized under the Pennsylvania Municipality Authorities Act, 53 Pa. Cons. Stat. §§ 5601-5622 (2005) (the "Act") by the Board of Commissioners (the "County Commissioners") of the County of Dauphin, Pennsylvania (the "County"), for the purpose of undertaking projects of the kind and character contemplated by law for a general purpose authority, as authorized and permitted by, and also as limited by, provisions of the Act; and

WHEREAS, Pinnacle Health Hospitals (the "Corporation") and Pinnacle Health System, the sole member of the Corporation (the "System") and Pinnacle Health Medical Services ("Services," and together with the Corporation and the System, the "Obligated Group"), have each represented to the Authority that they are Pennsylvania not-for-profit corporations and organizations described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended; and

WHEREAS, the Corporation owns and operates, among other facilities, three health care facilities and related real and personal property in Dauphin County, Pennsylvania, known as Harrisburg Hospital ("Harrisburg Hospital"), Community General Hospital Campus ("Community General Hospital Campus") and Polyclinic Campus ("Polyclinic Campus"); and

WHEREAS, at the request of the Obligated Group, the Authority intends to undertake pursuant to the Act a project consisting of (A) the current refunding of the Authority's Revenue Note (Pinnacle Health System Project) Series B of 2009; (B) the financing of the costs for the acquisition, construction, renovation and equipping of various capital improvements to the campuses and facilities of the Obligated Group; (C) the funding of any required capitalized interest; and (D) the payment of all or a portion of the costs of issuing the 2011 Bonds (collectively, the "2011 Project"); and

WHEREAS, the Obligated Group has requested that the Authority issue up to \$100,000,000 in aggregate principal amount of bonds to be designated as its Health System Revenue Bonds, Series A of 2011 (Pinnacle Health System Project) (the "2011 Bonds"), estimated to be sufficient to provide for the 2011 Project; and

WHEREAS, the project facilities being financed or refinanced with the proceeds of the 2011 Bonds are or will be located at the Harrisburg Hospital, Harrisburg Campus, 111 South Front Street, Harrisburg, Dauphin County, Pennsylvania 17101, the Community General Hospital Campus, 4300 Londonderry Road Harrisburg (Lower Paxton Township), Dauphin County, Pennsylvania 17109 and Polyclinic Campus, 2601 North Third Street, Harrisburg, Pennsylvania 17110; and

WHEREAS, the Act permits an authority to undertake the financing of hospital or health care projects with loans to public hospitals, non-profit corporation health centers or non-profit hospital corporations serving the public, provided that a declaration is made by the municipality which organized an authority for such a project that it is desirable for the health, safety and welfare of the people in the area to be served by the facilities to have such facilities provided by, or financed through, an authority; and

WHEREAS, the County Commissioners have determined that the Obligated Group and its health care facilities provide significant and important services in the area, which seek to promote the health, safety and welfare of the people of the County; and

WHEREAS, the Authority has conducted a public hearing (the "TEFRA Hearing") on behalf of itself, as the issuer of the 2011 Bonds, and on behalf of the County, as the governmental unit on behalf of which the Authority acts, as required by and in accordance with Section 147(f) of the United States Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the TEFRA Hearing, after due and proper advertisement thereof being duly given according to law, was held on June 15, 2011; and

WHEREAS, minutes of the TEFRA Hearing were taken and a transcript thereof is attached hereto and has been provided to the County Commissioners in order for the County to issue its approval of the 2011 Bonds as required by the Code;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSIONERS OF THE COUNTY OF DAUPHIN, PENNSYLVANIA, as follows:

1. The 2011 Project and the issuance of the 2011 Bonds to finance the costs thereof are hereby approved, it being understood that such approval shall not, directly or indirectly, obligate the taxing power of the County or otherwise obligate the County in any way whatsoever. Such approval is given for the purpose of complying with the provisions of the Act and the Code relating to the undertaking of the 2011 Project by the Authority.

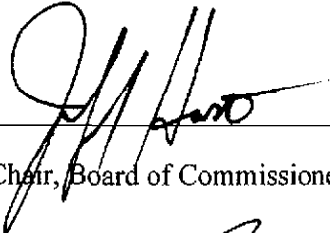
2. It is hereby declared desirable for the health, safety and welfare of the people in the area served by the health care facilities of the Obligated Group to have the 2011 Project financed through the Authority, and the Authority is hereby authorized to undertake the 2011 Project.


3. The County Commissioners hereby approve pursuant to Section 147(f) of the Code the issuance of the 2011 Bonds proposed by the Authority.


4. The County Commissioners hereby ratify and approve the undertaking by the Authority of the TEFRA Hearing on behalf of itself as the issuer of the 2011 Bonds, and on behalf of the County. The County Commissioners hereby acknowledge and confirm that a transcript of the TEFRA Hearing has been provided to this Board for the record.

5. The proper officers and representatives of the County are hereby authorized, directed and empowered on behalf of the County to execute any and all documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the purposes of this Resolution, including, but not limited to, the approval of the issuance of the 2011 Bonds.

RESOLVED BY THE BOARD OF
COMMISSIONERS, COUNTY OF DAUPHIN,
PENNSYLVANIA

By:  _____
Chair, Board of Commissioners

By:  _____
Vice Chairman, Board of Commissioners

By:  _____
Secretary, Board of Commissioners

TRANSCRIPT OF HEARING
June 15, 2011

Dauphin County General Authority

Hearing by the Authority pursuant to the notice and hearing requirements of the Federal Tax Equity and Fiscal Responsibility Act of 1986, as amended, and regulations of the United States Department of Treasury promulgated thereunder.

The Chairman of the Authority, Barbara A. Zemlock, opened the Hearing at 8:30 a.m. and appointed the Authority Solicitor, Guy P. Beneventano, Esquire, as hearing examiner. Mr. Beneventano stated that purpose of the hearing was to hear and consider the request by Pinnacle Health Hospitals, Pinnacle Health System, and Pinnacle Health Medical Services, each a Pennsylvania not for profit corporation and, collectively, the "Obligated Group," for financing of a project consisting of (1) refunding all or part of the \$70,000,000 outstanding principal amount of the Authority's Health System Revenue Note, Series B of 2009 (Pinnacle Health System Project), the proceeds of which were used, among other things, to renovate the Emergency Department at Harrisburg Hospital and construct a new outpatient cancer diagnostic and treatment center located at the Community General Hospital on the Community Campus (collectively, the "2009 Project"); (2) finance approximately \$30,000,000 for additional costs related to the 2009 Projects and the costs of routine capital improvements to, and equipping of, the campuses and facilities of the Obligated Group (collectively, the "Projects"); and (3) pay all or a portion of the costs of issuing the General Bonds.

The Chairman and Mr. Beneventano called upon William H. Pugh, Senior Vice President, Chief Financial Officer and Treasurer of Pinnacle Health System and legal counsel, to

describe the project to be undertaken. Mr. Pugh described the project, its purpose and the debt savings to be realized by Pinnacle through the refunding project.

The Chairman and Mr. Beneventano called for questions from the members of the Authority. There being none, the Chairman and Mr. Beneventano called for questions from members of the public present. There being none, the hearing was closed by the Authority at approximately 8:40 a.m.