

LM 9/26/07
Rem
Res.

COUNTY OF DAUPHIN
PENNSYLVANIA

RESOLUTION NO. 26-2007

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 it is a Pennsylvania not-for-profit corporation and an organization 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, two health care facilities and related real and personal property in Dauphin County, Pennsylvania, known as Harrisburg Hospital and Community General Osteopathic Hospital (collectively, the "Hospitals"); and

WHEREAS, at the request of the Obligated Group, the Authority intends to undertake pursuant to the Act a project consisting of the current refunding of the Authority's outstanding Health System Revenue Bonds, Series of 1997 (Pinnacle Health System Project) (the "1997 Bonds"), the current refunding of a portion of the Authority's outstanding Health System Revenue Bonds, Series of 2004 (Pinnacle Health System Project) (the "2004 Bonds"), the financing of various capital improvements to facilities of the Hospitals, the funding of all or a portion of a debt service reserve fund for the 2007 Bonds, if required, and the payment of all or a portion of the costs of issuing and insuring the 2007 Bonds, hereinafter defined (collectively, the "2007 Project"); and

WHEREAS, the Obligated Group has requested that the Authority issue up to \$70,000,000 in aggregate principal amount of bonds to be designated as its Health System

Revenue Bonds, Series of 2007 (Pinnacle Health System Project) (the "2007 Bonds"), estimated to be sufficient to provide for the 2007 Project; and

WHEREAS, the project facilities being financed or refinanced with the proceeds of the 2007 Bonds are or will be located at the Harrisburg Campus, 111 South Front Street, Harrisburg, Dauphin County, Pennsylvania 17101, and the Community Campus, 4300 Londonderry Road Harrisburg (Lower Paxton Township), Dauphin County, Pennsylvania 17109; 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 acknowledge that the Obligated Group and its health care facilities provide significant and important services in the area, which seek to address 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 2007 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 September 19, 2007; 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 2007 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 2007 Project and the issuance of the 2007 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 relating to the undertaking of the 2007 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 2007 Project financed through the Authority, and the Authority is hereby authorized to undertake the 2007 Project.

3. The County Commissioners hereby approve pursuant to Section 147(f) of the Code the issuance of the 2007 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 2007 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 2007 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

This is to certify that the foregoing Resolution is a true and correct copy of the Resolution adopted by the Board of Commissioners of the County of Dauphin at its meeting held the 26th day of September, 2007.

By: 

Chief Clerk, County of Dauphin

TRANSCRIPT OF HEARING
September 19, 2007

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, H. Michael Liptak, 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 Groups," for financing of a project consisting of the refunding of the Authority's outstanding Health System Revenue Bonds, Series of 1997 (Pinnacle Health System Project), the financing of various capital improvements to facilities of Pinnacle Health Hospitals, and the payment of all or a portion of the costs of issuing and insuring the bonds. In addition, the Authority's Health System Revenue Bonds (Pinnacle Health System Project), Series of 2004 (the "2004 Bonds"), may be restructured and remarketed in a different mode. To the extent such restructuring and remarketing is treated as a current refunding of the 2004 Bonds for federal tax purposes, the maximum amount of such refunding bonds would be \$50,900,000.00.

The Chairman and Mr. Beneventano called upon Fred Fetters, Senior Vice President and Chief Financial Officer of Pinnacle Health System and legal counsel, to describe the project to be undertaken. Mr. Fetters described the project, its purpose and the debt service 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 several, the General Authority Board determined to postpone action on the proposed resolution and requested a review of the project by its financial advisor. 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 9:05 a.m.