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COUNTY OF DAUPHIN
PENNSYLVANIA

RESOLUTION NO. 14-2016

APPROVING THE FINANCING OF CERTAIN PINNACLE HEALTH SYSTEM HEALTH CARE FACILITIES LOCATED IN DAUPHIN COUNTY, PENNSYLVANIA; AND 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 hospital or other health care facilities and related real and personal property in Dauphin County, Pennsylvania, known as Harrisburg Hospital Campus ("Harrisburg Hospital Campus"), Community General Osteopathic Hospital Campus ("Community General Osteopathic 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 (collectively, the "2016 Project") to: (A) refund all or a portion of the outstanding principal amount of prior bonds issued for the benefit of Hospitals (collectively, the "Prior Bonds"), including (i) the Authority's Health System Revenue Bonds, Series A of 2009 (Pinnacle Health System Project) and (ii) the Authority's Health System Revenue Bonds, Series A of 2011 (Pinnacle Health System Project); (B) finance all or a portion of the costs of a project consisting of one or more of the following (i) the modernization, renovation, expansion, construction and development of capital improvements to facilities of Hospitals on the Community General Osteopathic Hospital Campus (at the address listed below), consisting of a build-out of the currently shelled 21,734 square feet CG-5 Unit for Oncology/Medical-Surgical services and reconfiguration of patient room facilities to create approximately 32 new private patient rooms, as well as related infrastructure work and other capital improvements and acquisitions; (ii) the modernization, renovation, construction, expansion and improvements to the Women and Babies Health Center located on Hospitals' Harrisburg Campus (at the address listed below), consisting of improvements and expansions of approximately 57,000 square feet of new construction and 82,150 square feet of renovated space in the maternity, newborn, neo-natal intensive care related services and facilities, as well as related infrastructure work and other capital improvements or acquisitions and (iii) various capital expenditures at the facilities of Hospitals at the addresses listed below; (C) fund any

required debt service reserve funds and pay capitalized interest; and (D) pay all or a portion of the costs of issuing the Bonds ; and

WHEREAS, the Obligated Group has requested that the Authority issue up to \$330,000,000 in aggregate principal amount of bonds in one or more series (collectively, the “2016 Bonds”), estimated to be sufficient to provide for the 2016 Project; and

WHEREAS, the project facilities being financed or refinanced with the proceeds of the 2016 Bonds are or will be located at the Harrisburg Hospital Campus, 111 South Front Street, Harrisburg, Dauphin County, Pennsylvania 17101, the Community General Osteopathic Hospital Campus, 4300 Londonderry Road, Harrisburg (Lower Paxton Township), Dauphin County, Pennsylvania 17109 and the Polyclinic Campus, 2601 North Third Street, Harrisburg, Dauphin County, 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 the region; and

WHEREAS, the Authority has conducted a public hearing (the “TEFRA Hearing”) on behalf of itself, as the issuer of the 2016 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 April 20, 2016; 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 2016 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 2016 Project and the issuance of the 2016 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 2016 Project by the Authority.

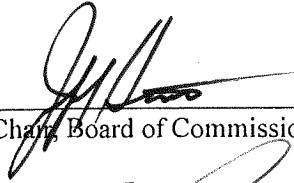
2. It is hereby declared desirable for the health, safety and welfare of the people in the area served by the health care facilities of the Obligated Group to have the 2016 Project financed through the Authority, and the Authority is hereby authorized to undertake the 2016 Project.

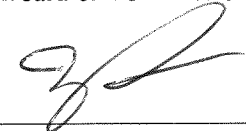
3. The County Commissioners hereby approve pursuant to Section 147(f) of the Code the financing of the 2016 Project and costs related thereto in connection with the issuance of the 2016 Bonds proposed by the Authority.

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 2016 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 2016 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

Dated: May 4, 2016

TRANSCRIPT OF HEARING

April 20, 2016

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 Vice Chairman of the Authority, David W. Shannon, opened the Hearing at 8:00 a.m. and appointed the Authority Solicitor Guy P. Beneventano, Esquire, as hearing examiner. Mr. Beneventano stated that the purpose of the hearing was to hear and consider a plan of finance for the proposed issuance by the Authority of its tax-exempt revenue bonds in one or more series (the "Bonds") in the aggregate principal amount of up to \$330,000,000 for the benefit of Pinnacle Health Hospitals ("Hospitals"), Pinnacle Health System, and Pinnacle Health Medical Services, each a Pennsylvania not-for-profit corporation and collectively, the "Obligated Group". The proceeds of the Bonds will be applied to projects (collectively, the "Projects") to (A) refund all or a portion of the outstanding principal amount of prior bonds issued for the benefit of Hospitals (collectively, the "Prior Bonds"); (B) finance all or a portion of the costs of a project consisting of one or more of the following, (i) the modernization, renovation, expansion, construction and development of capital improvements to facilities of Hospitals on the Community General Osteopathic Hospital Campus, (ii) the modernization, renovation, construction, expansion and improvements to the Women and Babies Health Center located on Hospitals' Harrisburg Campus, and (iii) various capital expenditures at the facilities of Hospitals; (C) fund any required debt service reserve funds and pay capitalized interest; and (D) pay all or a

portion of the costs of issuing the Bonds. The Projects financed or refinanced with proceeds of the Bonds as described above are or will be located in Dauphin County, Pennsylvania.

The Vice Chairman and Mr. Beneventano called upon Richard Baum, Vice President of Corporate Finance and Assistant Treasurer of Pinnacle Health System, and legal counsel to further describe the Projects to be undertaken. Mr. Baum further described the Projects, the Projects' purposes, and the debt service savings to be realized by the Obligated Group through the Projects.

The Vice Chairman and Mr. Beneventano called for questions from the members of the Authority. There being none, the Vice Chairman and Mr. Beneventano called for questions from the members of the public present. There being none, the hearing was closed by the Authority at approximately 8:17 a.m.