

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

MINUTES OF NOVEMBER 30, 2012 MEETING

(Open Session)

Attendees: Authority Board Members: Ralph Rosenberg; Dr. Chuck Lingle; John Hayes; Lamar Reese; Fred Ghiglieri; Dr. John Inman, Jr.; Rev. Eugene Sherman; Legal Counsel: James E. Reynolds, Jr. Also present were: Joel Wernick; Kerry Loudermilk; Joe Austin; Tommy Chambless; Tom Sullivan; Tim Trottier; and, Records, Annette Allen and Mary Barfield.

Absent Authority Members: Dr. Wolinsky and Rev. H. B. Johnson

Call to Order:

The meeting was called to order by Chairman Rosenberg at 7:30 A.M. in the Willson Board Room of Phoebe's Main Campus.

Open Meeting and Establish a Quorum:

Mr. Rosenberg welcomed the Authority and established that a quorum was present, with seven Members being in attendance.

Approval of the Agenda:

The proposed Agenda was reviewed and a motion was made by Dr. Lingle and seconded by Lamar Reese, to adopt the Agenda as presented. The motion was approved by all Authority Members in attendance.

Approval of the Minutes:

The Minutes of the November 8, 2012 meeting having been provided to the Members prior to the meeting, were considered for approval. Dr. Sherman made a motion, seconded by John Hayes to approve the Minutes as previously provided (copy attached). The motion passed unanimously.

Supplemental Resolution for Issuance of Series 2012 Bonds

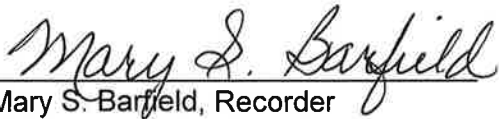
The proposed Bond Resolution pertaining to the issuance of Series 2012 Bonds was reviewed by Kerry Loudermilk and Jay Reynolds. A copy of the Resolution had been previously provided to the Members. Following a motion by Fred Ghiglieri, seconded by Rev. Sherman, all seven Members present voted to approve and adopt the attached Bond Resolution.

Old Business:

Jay Reynolds gave a report on the FTC case. He stated there was no way to predict the outcome of the case, but that Mr. Waxman was very efficient and did a great job representing the Hospital Authority. The time allotment for presentation was 30 minutes to present the case and 5 minutes to rebut, beginning at 10 AM and ending at 11 AM.

Adjournment:

There being no further business, the meeting adjourned at 9:10 A.M.


Mary S. Barfield, Recorder

AGENDA
(OPEN SESSION)

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

Meeting of November 30, 2012
8:30 A.M.
(Willson Board Room)

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| I. | Open meeting and establish quorum | Ralph Rosenberg |
| II. | Consider Approval of Agenda | Ralph Rosenberg |
| III. | Consideration of Open Session Minutes of November 8, 2012 meeting (Draft previously provided to Members) | Ralph Rosenberg |
| IV. | Consideration of Supplemental Resolution for issuance of Series 2012 Bonds | Kerry Loudermilk/
JayReynolds |
| V. | Old Business, if any | Ralph Rosenberg |
| VI. | Adjournment | Ralph Rosenberg |

SUPPLEMENTAL RESOLUTION IN CONNECTION WITH THE ISSUANCE BY THE HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA OF ITS REVENUE ANTICIPATION CERTIFICATES (PHOEBE PUTNEY MEMORIAL HOSPITAL) SERIES 2012 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$107,900,000 TO PROVIDE FUNDS TO FINANCE CERTAIN CAPITAL IMPROVEMENTS FOR PHOEBE PUTNEY MEMORIAL HOSPITAL; AUTHORIZING EXECUTION AND DELIVERY OF CERTAIN INSTRUMENTS, DOCUMENTS AND CERTIFICATES CONTEMPLATED TO BE EXECUTED AND DELIVERED IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2012 CERTIFICATES, AND CERTAIN RELATED MATTERS.

WHEREAS, pursuant to the Hospital Authorities Law (O.C.G.A. Section 31-7-70, et seq., as amended) (the "Act"), the Hospital Authority of Albany-Dougherty County, Georgia (the "Authority") is authorized to issue its revenue anticipation certificates for the purposes provided in the Act, and the Authority has determined that it is necessary and in the public interest for it to issue a series of revenue anticipation certificates for such purposes;

WHEREAS, Phoebe Putney Memorial Hospital, Inc. (the "Hospital") has requested the Authority to issue a series of its revenue anticipation certificates and use the proceeds thereof to provide funds to finance certain capital improvements for the Hospital and to pay the costs of issuance thereof;

WHEREAS, the Authority has found and determined that, in order to continue to provide adequate and improved health care for the citizens of the City of Albany, Georgia and Dougherty County, Georgia and surrounding areas, it is necessary and appropriate for the Authority to provide for the issuance of its Revenue Anticipation Certificates (Phoebe Putney Memorial Hospital) Series 2012 in the aggregate principal amount of \$107,900,000 (the "Series 2012 Certificates") pursuant to the Indenture of Trust dated as of December 1, 2012 (the "Indenture") between the Authority and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, as security for the payment of the Series 2012 Certificates and pursuant to a Series 2012 Supplement to Master Indenture dated as of December 1, 2012 (the "Series 2012 Supplement") among the Hospital, Phoebe Putney Health System, Inc. and U.S. Bank National Association, National Association, as Master Trustee (the "Master Trustee"), supplementing the Master Trust Indenture dated as of March 1, 2002, as amended (the "Master Indenture") between the Hospital and the Master Trustee, the Hospital will execute and deliver to the Authority a promissory note in a principal amount equal to the principal amount of the Series 2012 Certificates issued pursuant to the Master Indenture (the "Series 2012 Obligation"), and the Authority will assign the Series 2012 Obligation to the Trustee pursuant to the Indenture;

WHEREAS, there has been presented to the Authority the following documents (collectively, the "Authority Documents"), copies of which have been made available to the Authority, which when executed will provide for the issuance and sale of the Series 2012 Certificates:

- (1) the form of the Indenture; and
- (2) the form of the Loan Agreement dated as of December 1, 2012 (the "Loan Agreement") between the Authority and the Hospital;

WHEREAS, it appears that each of the Authority Documents is appropriate for the purposes intended;

WHEREAS, upon their issuance and delivery, the Authority desires to sell the Series 2012 Certificates to Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and as representative for Morgan Stanley & Co. LLC and Raymond James & Associates, Inc. (collectively, the "Underwriters"), for resale to the public pursuant to a certificate purchase agreement (the "Certificate Purchase Agreement") among the Authority, the Hospital and the Underwriters;

WHEREAS, in connection with the offering and sale of the Series 2012 Certificates to the public, there has been prepared a Preliminary Official Statement (the "Preliminary Official Statement"), a form of which has been presented to the Authority;

WHEREAS, the Authority previously adopted its resolution on November 8, 2012 (the "Original Resolution") which authorized the issuance of the Series 2012 Certificates and the execution and delivery of the Authority Documents;

NOW, THEREFORE, BE IT RESOLVED BY THE HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA AS FOLLOWS :

Section 1. *Authority for Supplemental Resolution.* This Resolution is adopted pursuant to the provisions of the Act.

Section 2. *Authorization and Execution of Series 2012 Certificates.* To provide the funds necessary to finance the costs of the acquiring, constructing and equipping of the Project (as defined in the Loan Agreement), the issuance of the Series 2012 Certificates in the aggregate principal amount of \$107,900,000 hereby is authorized. The Series 2012 Certificates will bear interest at the rates, will mature on the dates and be subject to mandatory sinking fund redemption as described in the Certificate Purchase Agreement presented at this meeting of the Authority. The execution of the Series 2012 Certificates in the manner provided in the Indenture and, upon their execution, the delivery of the Series 2012 Certificates to the Trustee for proper authentication and delivery to the purchasers thereof with instructions to that effect as provided in the Indenture are hereby authorized. The Chairman or Vice-Chairman of the Authority hereby is authorized to execute the Series 2012 Certificates and the Secretary or any Assistant Secretary of the Authority hereby is authorized to attest the Series 2012 Certificates.

Section 3. *Authorization and Execution of Certificate Purchase Agreement.* The execution, delivery and performance of the Certificate Purchase Agreement are hereby authorized. The Certificate Purchase Agreement will be substantially in the form presented at this meeting of the Authority. The Chairman or Vice-Chairman of the Authority hereby is authorized to execute the Certificate Purchase Agreement and the Secretary or any Assistant Secretary of the Authority hereby is authorized to attest the Certificate Purchase Agreement, and such action will be conclusive evidence of the approval of the Certificate Purchase Agreement.

Section 4. *No Personal Liability.* No stipulation, obligation or agreement herein contained or contained in the Authority Documents or the Certificate Purchase Agreement will be deemed to be a stipulation, obligation or agreement of any officer, commissioner, director, or employee of the Authority, and no such officer, commissioner, director, or employee will be personally liable on the Series 2012 Certificates or be subject to personal liability or accountability by reason of the issuance thereof.

Section 5. *General Authority.* The proper officers, agents and employees of the Authority hereby are authorized to take any and all further actions and execute and deliver any and all other certificates and documents as may be necessary or desirable in connection with the issuance of the Series 2012 Certificates and the execution and delivery of the Authority Documents and the Certificate Purchase Agreement and the carrying out of the purposes and intent of this Resolution and the Original Resolution. From and after the execution and delivery of the documents hereinabove authorized, the proper officers,

agents and employees of the Authority hereby are authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed.

Section 6. *Action Approved and Confirmed.* All acts and doings of the officers, agents and employees of the Authority, including the adoption of the Original Resolution, which are in conformity with the purposes and intent of this Resolution and in the furtherance of the issuance of the Series 2012 Certificates and the execution, delivery and performance of the Authority Documents and the Certificate Purchase Agreement are hereby in all respects approved and confirmed.

Section 7. *Severability of Invalid Provisions.* If any one or more of the agreements or provisions herein contained are held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or for any reason whatsoever are held invalid, then such agreements or provisions will be null and void and will be deemed separate from the remaining agreements and provisions and will in no way effect the validity of any of the other agreements and provisions hereof or of the Series 2012 Certificates authorized hereunder.

Section 8. *Effective Date; Repealer.* This Resolution will become effective immediately upon its adoption and all resolutions in conflict herewith are to the extent of such conflict hereby repealed.

PASSED, ADOPTED AND APPROVED this 30th day of November, 2012.

HOSPITAL AUTHORITY OF ALBANY-
DOUGHERTY COUNTY, GEORGIA

(SEAL)

By: 
Chairman

SECRETARY'S CERTIFICATE

The undersigned Secretary of the Hospital Authority of Albany-Dougherty County, Georgia DOES HEREBY CERTIFY that the foregoing pages of typewritten matter constitute a true and correct copy of a resolution unanimously adopted on November 30, 2012, by the board of directors of the Authority in a meeting duly called and assembled, which was open to the public and at which a quorum was present and acting throughout, and that the original of said resolution appears of record in the minute books of the Authority which is in my custody and control.

Given under my hand and seal of the Authority, this 30th day of November, 2012.

By Eugene D. Sherman, Jr
Secretary



2012 Recapitalization Plan

- The primary components of the 2012 Recapitalization Plan include:
 - Refinancing with long-term committed capital the \$99 million short-term bank loan used to fund the acquisition of Palmyra
 - Paying off Series 1993 bonds, and
 - Converting the Series 2008A&B variable rate demand bonds to “bank mode”
- The following firms worked with us
 - Hammond Hanlon Camp LLC as financial advisor assisting in the design and execution of the overall plan
 - Bank of America Merrill Lynch as lead underwriter, and Morgan Stanley and Raymond James | Morgan Keegan as co-managing underwriters for the 2012 fixed rate bonds
 - Banc of America Public Capital Corp as the purchaser for the variable rate bonds

Strategic Rationale

- The objectives accomplished by the 2012 Recapitalization Plan include:
 - Meeting an aggressive time schedule and entering into the market before the expected year-end rush
 - Taking advantage of the current low interest rate environment
 - Lowering the overall risk of our capital structure, which enhances our credit profile and maintains our strong double-A ratings

Highlights of the Fixed Rate Bond Offering

- Our credit strength remains high: Standard & Poor's Rating Services and Moody's Investors Service affirmed PPHS's ratings of AA- (stable) and AA3 (stable), respectively, for the new issue and direct placement
- Twelve firms competed to act as our underwriter for the fixed rate bonds
- Nearly a dozen investors attended our live Investor Call
- We offered no new or improved covenants or security to the market
- Pre-marketing of our strong credit created tremendous demand for our bonds:
 - Nearly \$500 million in orders for just over \$100 million of bonds
 - Planned two-day marketing period accelerated into day one due to strong demand
 - Our bonds were re-priced to even lower rates as a result of the strong demand
 - Only a modest premium was required in a market that typically has demanded super-premium pricing, resulting in still lower all-in rates
- In the end, we obtained an all-in cost of capital for 30-year bonds of 3.62%



Summary of Orders

Underwriter	Priority Orders	Retail Orders	Member Orders	Total Orders	% of Total
Bank of America Merrill Lynch	393,870	46,670	-	440,540	90 %
Morgan Stanley & Co. LLC	-	3,135	10,000	13,135	3 %
Raymond James & Associates, Inc.	500	6,775	28,185	35,460	7 %
Total	394,370	56,580	38,185	489,135	100 %

Highlights of Variable Rate Remarketing

- We received bids from six banks to buy our Series 2008A&B bonds
- Bank of America offered the lowest bid which we were able to negotiate even lower to 95 bps over 67% of 1-month LIBOR
- We secured a ten year term for the direct placement with no new or improved covenants or security
- We removed the SunTrust and Regions letters of credit
- We also eliminated the weekly put risk associated with variable rate demand bonds

Next Steps

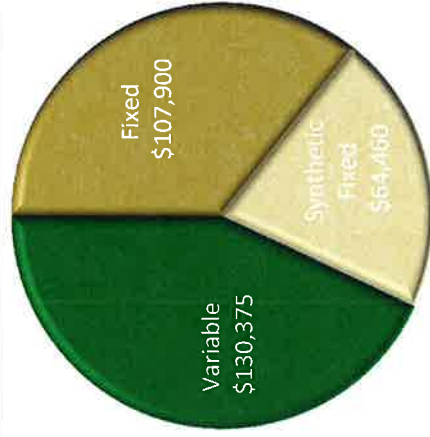
- We locked in the Series 2008A&B bonds on October 18th
- We priced the Series 2012A bonds on November 28th
- The direct placement for the Series 2008A&B is expected to close December 7th
- The Series 2012A is expected to close on December 13th

Current and Pro Forma Debt Service

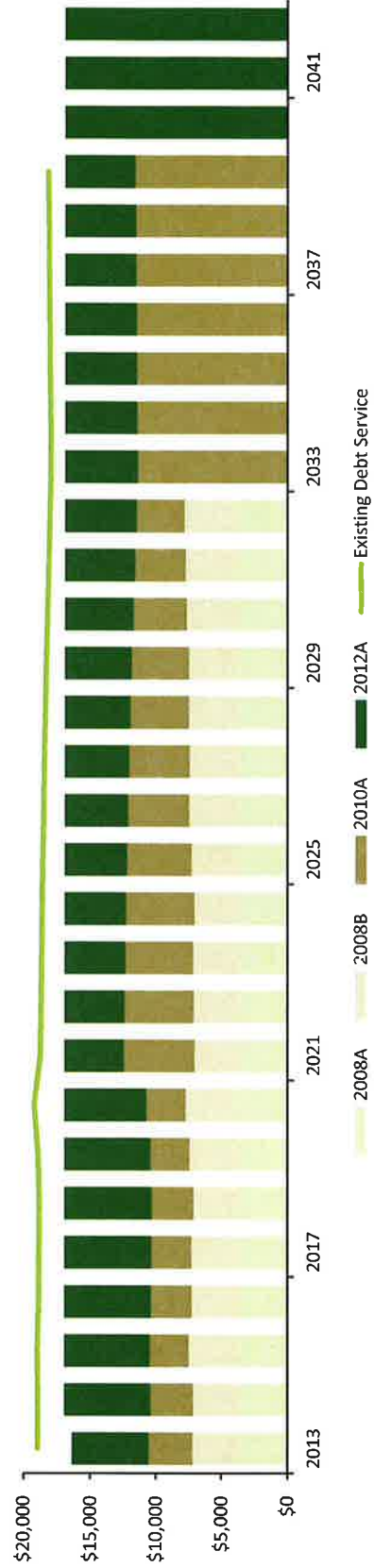
Existing Debt Mix (\$ in thousands)



Pro Forma Debt Mix¹ (\$ in thousands)



Debt Service¹ (\$ in thousands)



(1) Includes the effect of hedging transactions



Series 2012A Scale

Maturity	Amount	Coupon	Yield to Call
12/1/2013	\$ 1,725,000	2.00%	0.28%
12/1/2014	\$ 2,310,000	2.00%	0.55%
12/1/2015	\$ 2,310,000	4.00%	0.82%
12/1/2016	\$ 2,500,000	3.00%	0.97%
12/1/2017	\$ 2,590,000	5.00%	1.19%
12/1/2018	\$ 2,755,000	5.00%	1.34%
12/1/2019	\$ 2,790,000	4.00%	1.56%
12/1/2020	\$ 2,600,000	3.00%	1.80%
12/1/2021	\$ 940,000	5.00%	2.05%
12/1/2022	\$ 1,050,000	4.00%	2.29%
12/1/2023	\$ 1,145,000	5.00%	2.46%
12/1/2024	\$ 1,260,000	5.00%	2.51%
12/1/2025	\$ 1,385,000	5.00%	2.56%
12/1/2026	\$ 1,530,000	4.00%	2.86%
12/1/2027	\$ 1,670,000	5.00%	2.67%
12/1/2028	\$ 1,845,000	3.00%	3.06%
12/1/2029	\$ 2,010,000	5.00%	2.79%
12/1/2030	\$ 2,225,000	3.00%	3.17%
12/1/2031	\$ 2,410,000	3.13%	3.23%
12/1/2032	\$ 2,610,000	3.25%	3.32%
12/1/2037	\$14,720,000	4.00%	3.57%
12/1/2042	\$53,520,000	4.00%	3.62%