

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY

MINUTES OF THE OCTOBER 4, 2018 CALLED MEETING

(Open Session)

Attendees:

Authority Board Members: Fred Ghiglieri, John Hayes, Dr. Kathy Hudson, Dr. Michael Laslie, Ferrell Moultrie, and Nyota Tucker

Authority Legal Counsel: Tommy Coleman

Those Present on Behalf of Phoebe Putney Memorial Hospital, Inc.: Dawn Benson, Brian Church, Felicia Lewis, Joel Wernick

Absent Authority Members: Joel Callins and Dr. Tania Smith

Open Meeting and Establish a Quorum:

Chair Ghiglieri called the meeting to order at 7:31am in Conference Rooms B & C at Phoebe Northwest. Mr. Ghiglieri thanked all Members for their attendance and participation and he observed that a quorum was present.

Approval of the Agenda:

The proposed Agenda had been previously provided to the Authority Members and a motion to adopt the proposed Agenda for the meeting was made by Dr. Kathy Hudson and seconded by Ms. Nyota Tucker. A copy of the Agenda as adopted is attached.

Bond Refinancing:

Mr. Brian Church presented information on the Series 2018 A&B Variable Rate Direct Purchase Bonds. After conducting a highly successful RFP process in which 15 banks received the request, SunTrust offered the most competitive proposal. Mr. Church reviewed the projected interest rate savings and noted that Phoebe could save a cumulative future value total of approximately \$4.5 million over the next 7 to 10 years. He also reported, that under the proposed structure, Phoebe would reduce the number of banks on Direct Purchase facilities from three (3) to one (1). Additionally, the number of outstanding bond issues would be consolidated from four (4) to two (2). Under SunTrust's proposal, Debt to Capitalization and Days Cash on Hand covenant requirements are eliminated, which affords Phoebe with a greater degree of financial flexibility in the future.

Discussion ensued.

Mr. Church stated approval of the bond refinancing is required by the Phoebe boards as well as the Hospital Authority due to the Lease Agreement.

Mr. Tommy Coleman read into the minutes the following Resolution:

“Resolution in connection with the issuance by the Hospital Authority of Albany-Dougherty County, Georgia of its Refunding Revenue Anticipation Certificates (Phoebe Putney Memorial Hospital), Series 2018A in the aggregate principal amount of \$76,100,000 and its Refunding Revenue Anticipation Certificates (Phoebe Putney Memorial Hospital), Series 2018B in the aggregate principal amount of \$96,765,000 to provide funds to refund certain revenue anticipation certificates previously issued to finance or refinance 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 2018A Certificates and the Series 2018B Certificates, and certain related matters.”

Mr. Coleman further reported a validation procedure in Dougherty County courts would take place after all documents are signed and notices will be placed in the Albany Herald.

A motion was made by Mr. Ferrell Moultrie, seconded by Dr. Hudson to approve the Bond Resolution allowing Phoebe to move forward with the refinancing of the Series 2008A & B and Series 2010 A-1 & A-2 Bonds.

Chair Ghiglieri polled each individual Authority Member present with respect to his or her vote on the motion and the vote of each of the Members is shown below, with no Member opposing:

Fred Ghiglieri	Yes
Dr. Michael Laslie	Yes
Dr. Kathy Hudson	Yes
John Hayes	Yes
Nyota Tucker	Yes
Ferrell Moultrie	Yes

The motion passed.

Adjournment:

There being no further business the meeting was adjourned.

AGENDA

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

(OPEN SESSION)

**CALLED Meeting of October 4, 2018
(Phoebe Northwest Conference Rooms)**

- | | | |
|-------------|---|---------------------|
| I. | Open meeting and establish quorum | Chair |
| II. | Consider Approval of Agenda (draft previously provided to Members) | Chair |
| III. | Bond Refinancing | Brian Church |
| IV. | Adjournment | |



Series 2018 A&B Variable Rate Direct Purchase Bonds

October 4, 2018



Corporate Tax Reform Results in Increased Interest Expense for Phoebe

Interest expense on the 2008A and 2010A-1 Bonds increases by almost 0.50%, which equates to roughly \$470,000 annually

Margin Rate Factor Basics

What is the Margin Rate Factor (“MRF”)? A provision included in loan documents that **allows the lender to adjust the interest rate upward** to recoup the tax-exempt benefit lost should the corporate tax rate decrease

Why does the MRF Matter to Phoebe? The Series 2008A, 2008B, 2010A-1 and 2010A-2 variable rate direct purchase bond documents include the MRF provision which has been activated on approximately \$100 million of outstanding par (2008A and 2010A-1). Although Regions Bank has not activated the MRF on the Series 2008B and 2010A-2 Bonds, a reissuance will be required due to the recently reduced tax rate

How will Phoebe mitigate the increased interest expense? After testing the current variable rate direct purchase bond market, Phoebe management together with H2C, determined that **refinancing the bonds is the best option** to mitigate the MRF impact

Calculating the MRF

The Margin Rate Factor:	$(1 - \text{Corporate Tax Rate}) * 1.53846$	
Prior Tax Factor:	$(1 - 0.35) * 1.53846 = 1.000$	
Post Tax-Reform Factor:	$(1 - 0.21) * 1.53846 = 1.215$	← <i>Impact of lower corporate tax rates</i>
Variable Rate Calculation:	$((67\% * 1\text{-Month LIBOR}) + \text{Credit Spread}) * \text{Margin Rate Factor}$	
Prior Interest Rate ⁽¹⁾ :	$((67\% * 2.13\%) + 0.80\%) * 1.000 = 2.23\%$	
MRF-Adjusted Interest Rate ⁽¹⁾ :	$((67\% * 2.13\%) + 0.80\%) * 1.215 = 2.71\%$	
Delta:	$+ 0.48\%$	← <i>Increase in variable rates⁽¹⁾</i>

⁽¹⁾ Based on existing Series 2008A terms for illustrative purposes as of September 12, 2018



The MRF Adjustment Could Increase Phoebe's Annual Interest Expense by as much as **\$800,000**

- As of September 12, 2018, Bank of America and SunTrust have formally engaged the MRF adjustment, which beginning October 1, 2018, will have the following impact on interest owed by Phoebe Putney*:
 - Interest rate on 2008A Bonds increases by 48 bps or an **additional annual expense of \$190,000**
 - Interest rate on 2010A-1 Bonds increases by 47 bps or an **additional annual expense of \$280,000**
- Regions Bank has not engaged the MRF as of September 12, 2018 for the Series 2008B and 2010A-2 Bonds, but not exercising the provision could trigger a reissuance of those bonds requiring Phoebe to pay today's interest rates, which will include the lower tax rate
 - **Regions has the right to apply the MRF at any point.** Below is a table comparing the total interest expense increase assuming the MRF adjustment was applied to each series of direct purchase bonds and no refinancing opportunities were pursued

Interest Rate Comparison* (\$ in thousands)

Series	Outstanding Par	Pre-MRF Interest Rate	MRF-Adjusted Rate	Additional Annual Interest Expense
2008A	\$38,080	67% of 1ML + 0.80% = 2.23%	(67% of 1ML + 0.80%) * 1.215 = 2.71%	+ 0.48% (\$190)
2008B ⁽¹⁾	\$38,020	67% of 1ML + 0.60% = 2.03%	(67% of 1ML + 0.60%) * 1.215 = 2.47%	+ 0.44% (\$167)
2010A-1	\$59,737	67% of 1ML + 0.75% = 2.18%	(67% of 1ML + 0.75%) * 1.215 = 2.65%	+ 0.47% (\$280)
2010A-2 ⁽¹⁾	\$37,027	67% of 1ML + 0.60% = 2.03%	(67% of 1ML + 0.60%) * 1.215 = 2.47%	+ 0.44% (\$163)
Total	\$172,865	2.13%⁽²⁾	2.59%⁽²⁾	+ 0.46% (\$800)

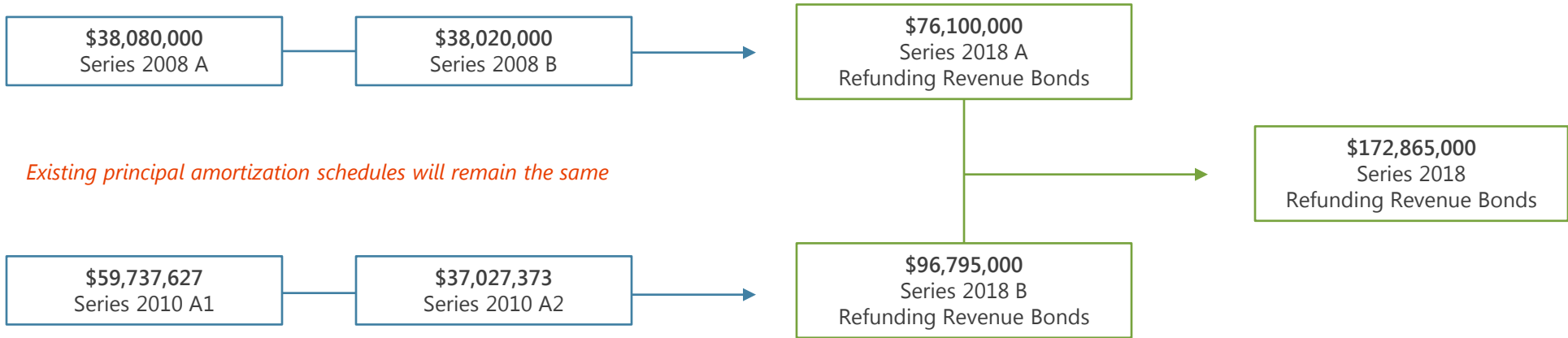
* Rates quoted assume 1M LIBOR spot rate as of September 12, 2018; all \$ amounts are future values (no discount applied)

⁽¹⁾ Regions has not exercised the MRF provision as of September 12, 2018, but rate increases assume MRF is applied as the bank could choose to exercise it at any time

⁽²⁾ Weighted Average Interest Rate



Series 2018 Refinancing Summary



SunTrust will hold all of the direct purchase bonds and has eliminated the Days Cash on Hand and Debt to Capitalization covenants

Refunded Bonds

	2008 A	2008 B	2010 A1	2010 A2
Final Maturity	2032	2032	2039	2039
Call Date	Anytime	Anytime	Anytime	Anytime
Bondholder	BAML	Regions	SunTrust	Regions
Tenor	10 years (2025)	5 years (2020)	7 years (2022)	5 years (2020)
MADS Coverage	1.1x	1.1x	1.0x	1.1x
DCOH	75 days	75 days	60 days	75 days
Debt to Cap	65.0%	65.0%	65%	65%
Min. Rating	Baa1/BBB+	Baa1/BBB	Baa1/BBB+	Baa1/BBB+

+

Refunding Bonds

	2018 A	2018 B
Final Maturity	2032	2039
Call Date	Anytime	Anytime
Bondholder	SunTrust	SunTrust
Tenor	7 years (2025)	10 years (2028)
MADS Coverage	1.0x	1.0x
DCOH	N/A	N/A
Debt to Cap	N/A	N/A
Min. Rating	Baa1/BBB+	Baa1/BBB+












Summary of Bank Proposals Received

SunTrust offered the most competitive proposal with prices that are 9 bps - 13 bps lower than the cover bid

Summary of Observations

- After conducting a highly successful RFP process in which **15 banks received the request** and **9 banks responded**, H2C requested that each bank submit a revised “best and final” proposal
- Of the 9 banks that initially responded to the RFP, **7 submitted revised proposals** or ideas (see table)
- SunTrust, Regions and JP Morgan’s submitted the most competitive final proposals in terms of the refinancing objectives:
 - Competitive pricing relative to the bank market
 - Matches or improves upon existing covenants, terms and conditions
 - Eliminates administrative burden of moving ancillary banking business (treasury management, credit cards, etc.)
- **4 banks formally passed** on the opportunity
 - Citigroup
 - Commerce Bank
 - PNC Bank
 - Wells Fargo
- **No response from 2 banks:** Fifth Third Bank and U.S. Bank

RFP Notable Results⁽¹⁾

Bank	Initial Proposal	Revised Proposal
	Most competitive proposal for all tenors offered (5, 7, 10 & 14 years); eliminated 2 financial covenants	Further reduced spreads by 5 - 7 bps for all tenors resulting in highly competitive outlier pricing
	Competitive rates for 5, 7 and 10 year tenors	Reduced spreads by 2 - 5 bps
	Competitive rates for 5, 7 & 10 year tenors); Eliminated Debt to Cap covenant	N/A (did not feel they could compete without requiring additional business)
	Proposed 5, 7, 10 and 14 year tenor options, and 3, 5 or 7 year Direct Pay Line of Credit	Second most competitive rates after reducing spreads by 10 - 15 bps; lowered MADS Coverage covenant
	81.5% of 1mL (highest tax multiplier proposed due to different rate calculation)	Reduced spreads by 6 - 8 bps on all tenors (including 14 year)
	Least competitive rates proposed for all tenors (5, 7 & 10 years)	N/A (did not feel they could compete)
	Proposed 5, 7, 10 and 14 year tenor options	Reduced spreads by 2 - 7 bps, lowered DCOH covenant and bank legal fees
	Only bank to offer 21 year tenor	Reduced spread by roughly 2 bps, added 5-year tenor proposal
	Proposed long-term public bond offering to refund 2008A&B Bonds	Extend and increase swaps to hedge 2010 bonds instead of 2008s, convert 2008s to fixed rate

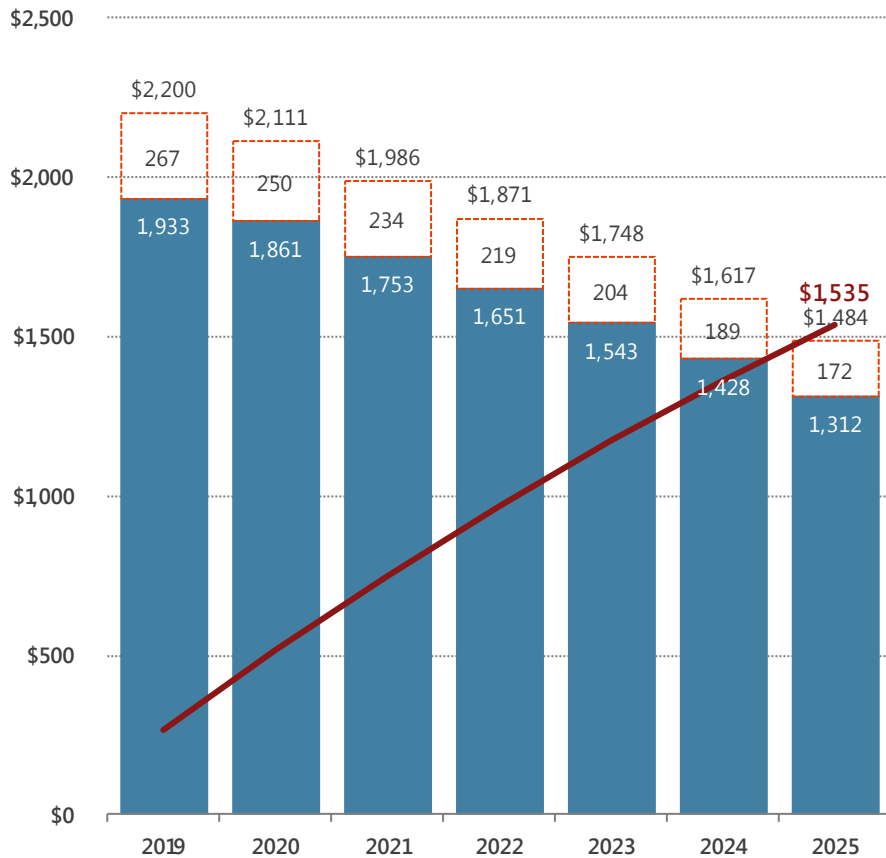
(1) Detailed comparison of proposals received can be found in the Appendix



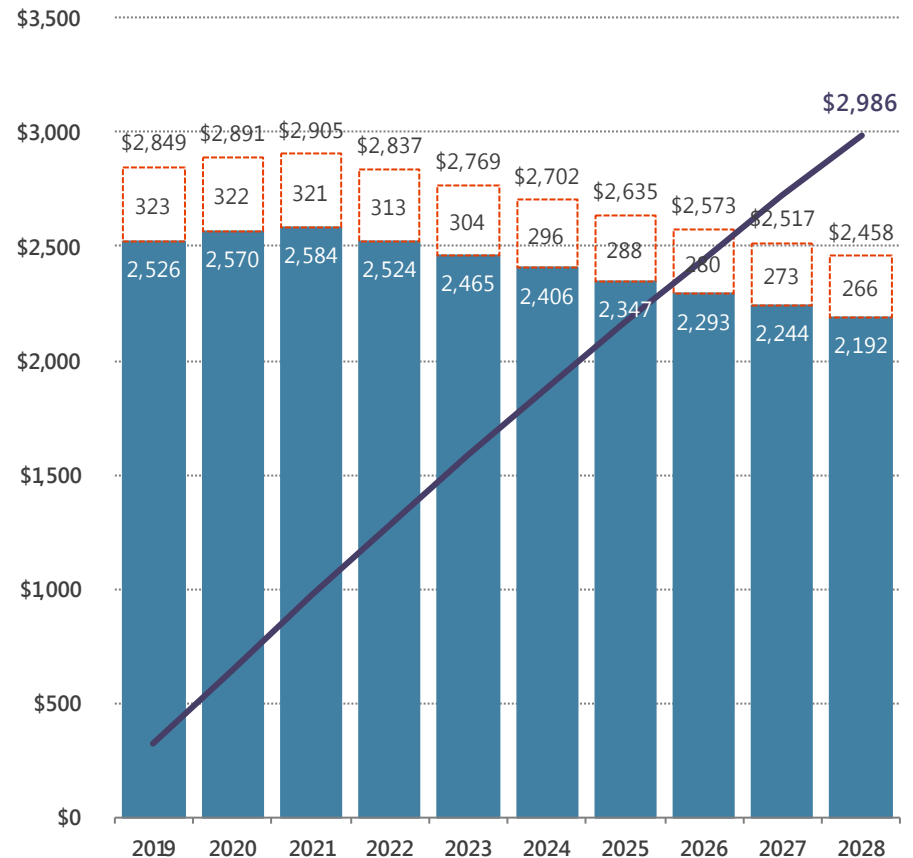
Projected Interest Rate Savings

By pursuing a refinancing today, Phoebe could save a cumulative future value total of approximately \$4.5 million over the next 7 to 10 years⁽¹⁾

2018A Projected Interest Expense (\$ in thousands)



2018B Projected Interest Expense (\$ in thousands)



■ Projected Series 2018 Interest Expense
 Interest Saved
 — 2018A Cumulative Interest Savings
 — 2018B Cumulative Interest Savings

(1) Future value savings based on forward 1-month LIBOR curve over the new bank tenor (7 and 10 years for Series 2018A and 2018B, respectively)



Management's Recommendation

Approve the Bond Resolution allowing Phoebe to move forward with the refinancing of the Series 2008 A & B and Series 2010 A-1 & A-2 Bonds.

The recommendation is based on:

Interest Expense Savings. Phoebe is projected to save a cumulative future value of approximately \$4.5 million of total interest expense over the next 7 to 10 years

Simplification of Debt Structure. Under the proposed structure, Phoebe would reduce the number of banks on Direct Purchase facilities from three (3) to one (1). Additionally, the number of outstanding bond issues would be consolidated from four (4) to two (2)

Improved Covenants. Under SunTrust's proposal, Debt to Capitalization and Days Cash on Hand covenant requirements are eliminated, which affords Phoebe with a greater degree of financial flexibility in the future

Next Step... A Motion to Approve the Bond Resolution.

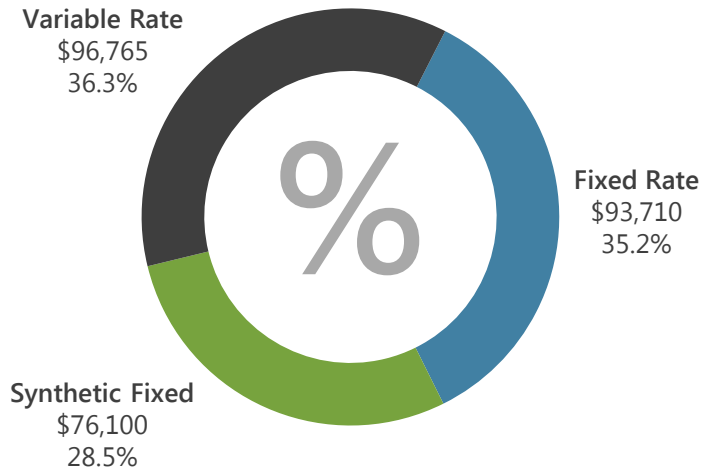


Appendix

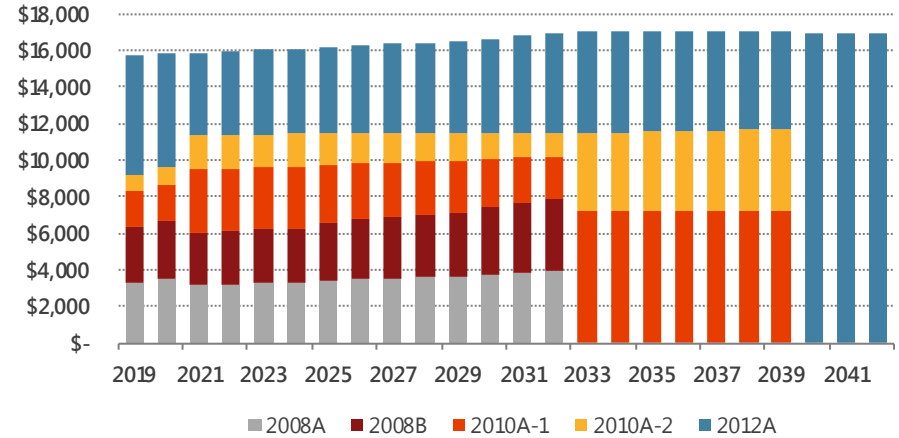


Current Debt Profile

Debt Mix (\$ in thousands)



Aggregate Debt Service (\$ in thousands)



Series	Par Outstanding	Interest Rate Mode	Interest Rate	Average Coupon ⁽¹⁾	Current Coupon ⁽²⁾	Final Maturity	Next Call Date	Average Life	Bond Owner	DP Expiration
2008A	\$38,080,000	Variable ⁽³⁾	(67% 1ML + 80bps) * 1.215	4.69%	2.71%	9/1/2032	Anytime	8.3	BAML	2025
2008B	\$38,020,000	Variable ⁽³⁾	67% 1ML + 60bps	3.89%	2.03%	9/1/2032	Anytime	8.3	Regions	2020
2010A-1	\$59,737,627	Variable	(67% 1ML + 75bps) * 1.215	3.35%	2.65%	9/1/2039	Anytime	15.5	Suntrust	2022
2010A-2	\$37,027,373	Variable	67% 1ML + 60bps	2.61%	2.03%	9/1/2039	Anytime	15.5	Regions	2020
2012A	\$93,710,000	Fixed	3.00% - 5.00%	3.97%	4.00%	12/1/2042	9/1/2022 @ 100% Par	17.7	Multiple	-
Total:	\$266,575,000			3.67%	2.96%			14.2		

Note: Series 2008A and 2008B average rates are adjusted to reflect the effective rates inclusive of the net pay / receive rate of the fixed payor and constant maturity swaps

(1) Average based on 1-month forward LIBOR curve as of 9/10/2018

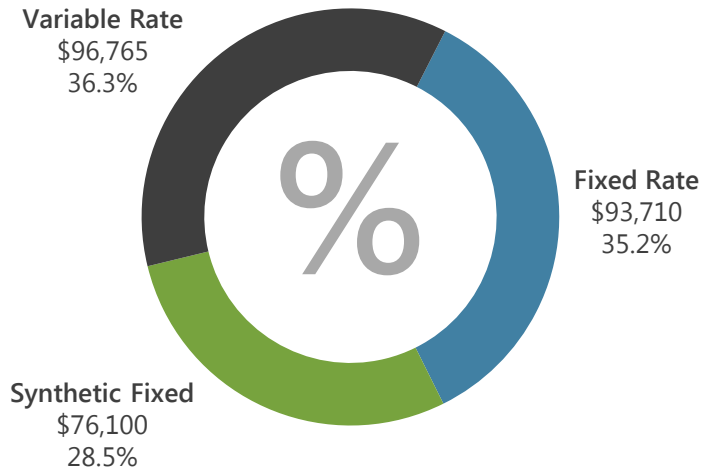
(2) Spot rate as of 9/10/2018; 2008A and 2010A-1 adjusted for MRF

(3) Swapped to fixed rate

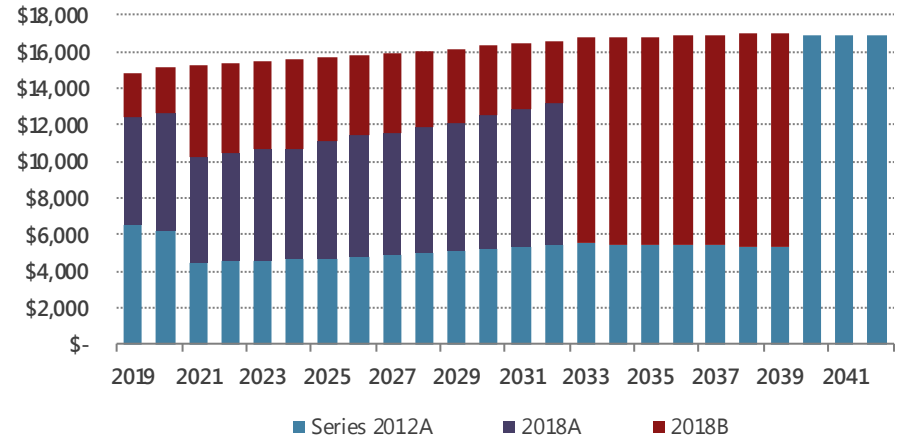


ProForma Debt Profile

Debt Mix (\$ in thousands)



Aggregate Debt Service (\$ in thousands)



Series	Par Outstanding	Interest Rate Mode	Interest Rate	Average Coupon ⁽¹⁾	Current Coupon ⁽²⁾	Final Maturity	Next Call Date	Average Life	Bond Owner	DP Expiration
Series 2012A	\$93,710,000	Fixed	3.00% - 5.00%	3.97%	4.00%	12/1/2042	9/1/2022 @ 100% Par	17.7	Multiple	-
2018A	\$76,100,000	Variable ⁽³⁾	79% 1ML + 30bps	3.90%	2.01%	9/1/2032	Anytime	8.2	Suntrust	2025
2018B	\$96,765,000	Variable	79% 1ML + 37bps	2.74%	2.08%	9/1/2039	Anytime	15.5	Suntrust	2028
Total:	\$266,575,000			3.27%	2.28%			14.2		

Note: Series 2018A average rate is adjusted to reflect the effective rates inclusive of the net pay / receive rate of the fixed payor and constant maturity swaps




(1) Average based on 1-month forward LIBOR curve as of 9/10/2018

(2) Spot rate as of 9/10/2018

(3) Swapped to fixed rate







Summary of All Direct Purchase Bond Proposals (Part 1)

				
Offer Expiration	N/A	N/A	8/30/2018	N/A
Amount (Up To)	\$176,755,000	\$113,127,372	\$120,000,000	\$140,000,000 \$173,000,000
Final Maturity	2032 / 2039	2032 / 2039	2032 / 2039	2032 / 2039
Amortization	Mirrors Existing	Mirrors Existing	Mirrors Existing	Mirrors Existing
Tax Exempt Variable Rate Pricing:				
Index	1M LIBOR	1M LIBOR	1M LIBOR	1M LIBOR
Multiplier	79.0%	79.0%	79.0%	79.0%
Credit Spread (2008s / 2010s)				
5 Year Term	32 bps 25 bps	45 bps 40 bps / 41 bps	45 bps	49 bps 39 bps (3 series) 34 bps (4 series)
7 Year Term	37 bps 30 bps	55 bps 50 bps / 53 bps	55 bps	58 bps 48 bps (3 series) 43 bps (4 series)
10 Year Term	42 bps 37 bps	79 bps / 72 bps 70 bps / 77 bps	70 bps	66 bps 56 bps (3 series) 51 bps (4 series)
12 Year Term	47 bps 42 bps	-	-	-
14 Year Term (2008s)	52 bps 47 bps	-	-	85 bps
21 Year Term (2010As)	-	-	-	-
Prepayment	Prepayment accepted anytime without penalty	Prepayment accepted anytime without penalty	Prepayment accepted anytime without penalty	Prepayment accepted anytime without penalty
Financial Covenants:				
MADS Coverage	1.00x	1.10x / 1.00x	1.10x / 1.00x	1.10x 1.00x
Days Cash on Hand	-	75 days	75 days	75 days (springing)
Debt to Capitalization	-	-	Eliminated	65% (springing)



Summary of All Direct Purchase Bond Proposals (Part 1) *(continued)*

				
Minimum Rating	Maintain minimum rating of Baa1 / BBB+	-	Minimum Rating Maintenance added (A1 / A+)	Maintain A1 / A+ rating or springing covenants activate
Other Covenants	Yield Maintenance Most Favored Nation	Most Favored Lender Yield Protection	-	Interest Rate Clawback Yield Protection
Downgrade Pricing	A2 / A: +5bps A3 / A-: +10bps Baa1 / BBB+ or worse: +15bps	-	+10 bps for each notch change downgrade	+10 bps for each notch change downgrade
Ancillary Banking Relationship	-	Existing ancillary business to remain in place. If commitment increases, must move additional banking services as mutually agreed	No change required	If 10-year or 14-year tenor option is selected: one or more other meaningful Banking Services. If "combined four series option" is selected, borrower would be expected to maintain its primary banking relationship with JPMorgan
Legal Fees	not to exceed \$40,000	TBD	\$30,000	\$45,000






Summary of All Direct Purchase Bond Proposals (Part 2)

	TD Bank	BBVA	BMO	BB&T
Offer Expiration	N/A	8/31/2018	8/29/2018	8/31/2018
Amount (Up To)	\$176,755,000	\$60,000,000	\$172,856,000	\$176,755,000
Final Maturity	2032 / 2039	2032 / 2039	2032 / 2039	2032 / 2039
Amortization	Mirrors Existing	Mirrors Existing	Mirrors Existing	Mirrors Existing
Tax Exempt Variable Rate Pricing:				
Index	1M LIBOR	1M LIBOR	1M LIBOR	1M LIBOR
Multiplier	81.5% ⁽¹⁾	79.0%	79.0%	79.0%
Credit Spread (2008s / 2010s)				
5 Year Term	58 bps / 59 bps 52 bps / 53 bps	77 bps	55 bps / 65 bps 55 bps / 58 bps	43.5 bps
7 Year Term	77 bps / 81 bps 70 bps / 74 bps	82 bps	60 bps / 70 bps 57.5 bps / 63 bps	51.4 bps
10 Year Term	81 bps / 84 bps 73 bps / 76 bps	98 bps	65 bps / 75 bps 60 bps / 68 bps	59.3 bps
12 Year Term	-	-	-	-
14 Year Term (2008s)	86 bps 78 bps	-	70 bps 68 bps	61.6 bps
21 Year Term (2010As)	-	-	-	79 bps 77.4 bps
Prepayment	Prepayment accepted anytime without penalty	Prepayment accepted anytime without penalty	Prepayment accepted anytime without penalty	Prepayment accepted anytime without penalty
Financial Covenants:				
MADS Coverage	1.10x / 1.00x	1.10x	1.10x	1.10x / 1.00x
Days Cash on Hand	75 days	75 days	75 days 60 days (springing)	60-75 days (springing)
Debt to Capitalization	-	-	-	65% (springing)



Summary of All Direct Purchase Bond Proposals (Part 2) *(continued)*

				
Minimum Rating	Maintain minimum of Baa2 / BBB	N/A	Maintain underlying stand-alone bond rating of no less than Baa3 / BBB-/BBB-	Springing covenants activate if rating falls below A1
Other Covenants	Most Favored Nation Margin Rate Factor Yield Protection	-	Term Out Provision Yield Protection Springing Covenants at ratings < A1/A+/A+	
Downgrade Pricing	Based on grid but generally 5-10 bps per notch downgrade	+10 bps for each notch change downgrade	+10 bps for each notch change downgrade	-
Ancillary Banking Relationship	14 year option: Depository minimum of \$15MM Facilities totaling > \$120MM: Depository relationship minimum of \$20MM	Maintenance of commercial card program with minimum of \$20MM annual spend, or some other similar revenue-producing business	"Meaningful amount of non-credit business, at a level proportionate with overall credit amount and commitment periods" is expected	If purchaser of all bonds, then must establish and maintain primary banking relationship
Legal Fees	not to exceed \$45,000	not to exceed \$40,000	\$40,000 - \$45,000 \$30,000	\$65,000



Terms and Conditions

Comparison of Key Terms and Conditions

Term	Current Terms ⁽¹⁾	Series 2018 A&B Updated Terms
Default Pricing	Bank rate plus 4.00%	No change
Default Definition	<ul style="list-style-type: none"> a) Default in the due and punctual payment of interest on any Bond b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond c) Default in the due and punctual payment of the Purchase Price of any Bond at the time required d) Event of Default ("EOD") e) At any time other than during a Credit Facility Period, the occurrence of a Default under the Agreement f) At any time other than during a Credit Facility Period, default in any other of the covenants, agreements or conditions g) The occurrence of an EOD under the CCA 	<p>Substantially the same, except:</p> <ul style="list-style-type: none"> g) At any time during the Bank Rate Period, <u>notification by the Purchaser to the Trustee</u> that an "Event of Default" has occurred
Periodic Reporting Requirement	<ul style="list-style-type: none"> a) Annual Audit: 150 days following fiscal year end b) Quarterly, Unaudited: 60 days following quarter end c) No-default & Covenant Compliance: with delivery of a) and b) d) Utilization, payor mix, and operating/capital budget: Delivery with a) e) Utilization statistics <u>only</u>: delivery with b) 	No change
Definition of Indebtedness	<ul style="list-style-type: none"> a) All obligations for borrowed money b) Bonds, debentures, notes, or similar instruments c) Obligations in respect of deferred purchase price of property or services d) Conditional sale or other title retention agreement related to property acquisition e) Capital lease obligations f) Letters of credit g) Guarantees h) Third party liens i) Obligations to purchase, redeem, retire or acquire common stock j) Off-balance sheet liabilities k) All hedging obligations 	<p>Amended Master Indenture for e) capital lease definition:</p> <p>"...means any lease of real or personal property that, under generally accepted accounting principles in effect on November 1, 2018, must be capitalized on the lessee's balance sheet."</p>



Terms and Conditions (cont'd)

Comparison of Key Terms and Conditions

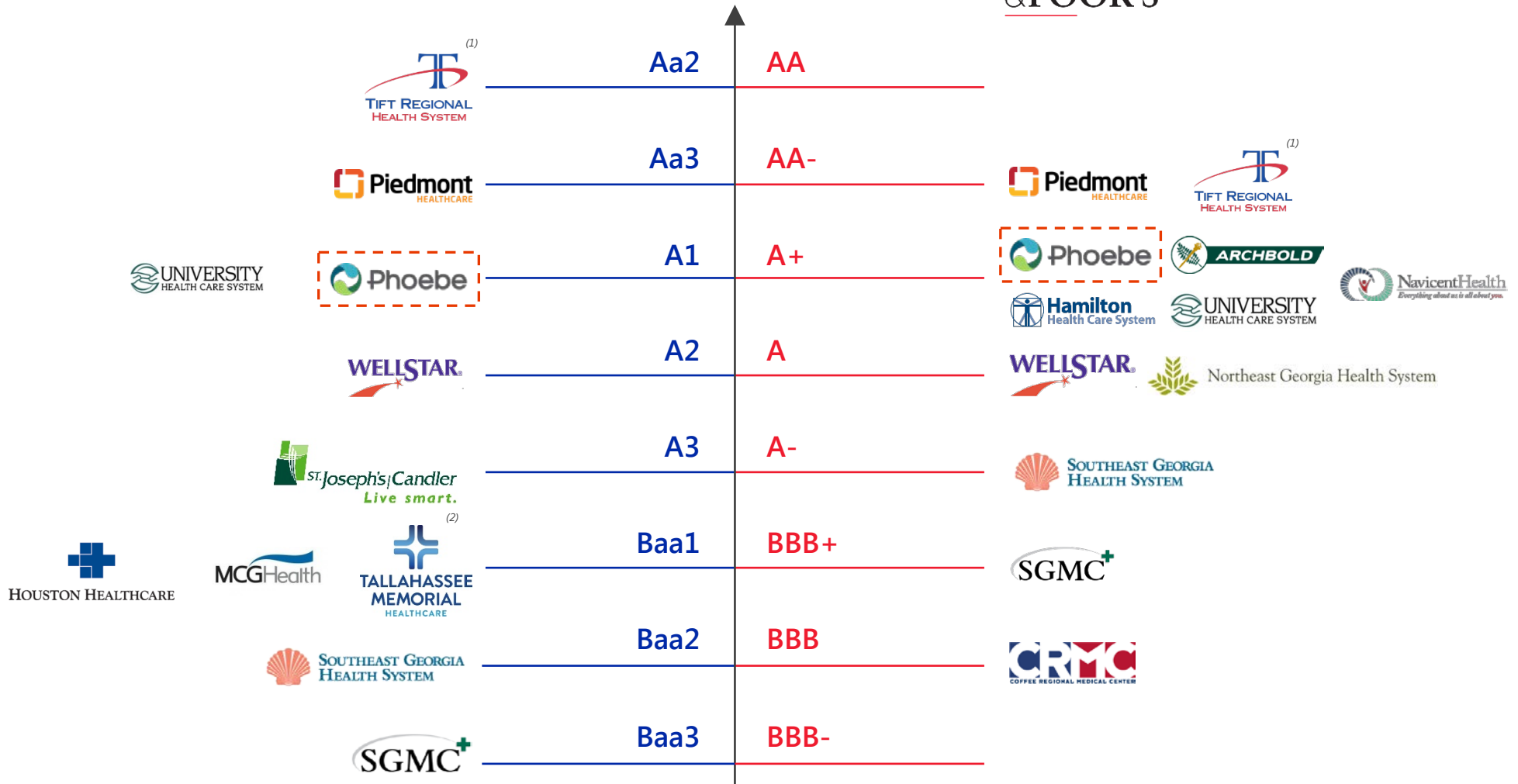
Term	Current Terms ⁽¹⁾	Series 2018 A&B Updated Terms
LIBOR Definition (Alternative Benchmark Included)	If, for any reason, such rate is not available, the term "LIBOR" will mean a variable rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by the Bank to be the average rates per annum at which deposits in dollars are offered to major banks in the London Interbank market in London, England	If, for any reason, such rate is not available, the term "LIBOR" will mean a variable rate per annum equal to the sum of the Federal Funds Rate plus 0.50% , unless the Hospital consents to another market based rate or index selected by the Purchaser
Financial Covenant Calculation(s)	<ul style="list-style-type: none"> a) Debt to Capital: 0.65:1.00. Measured Quarterly b) Maximum Annual Debt Service Coverage Ratio: 1.00:1.00. Measured Quarterly. c) Days Cash on Hand: 60 days. Measured Semi-Annually 	Eliminated Debt to Capitalization and Days Cash on Hand financial covenants
Yield Maintenance	100% of principal plus accrued interest	No change
Margin Rate Factor	Greater of: (i) 1.0 (ii) $(1 - \text{Maximum Federal Corporate Tax Rate}) \times (1 / (1 - \text{Maximum Federal Corporate Tax Rate}))$	Same calculation, but updated language that allows Phoebe to benefit if tax rates increase, "The Margin Rate Factor shall be 0.79/0.79 or 1.0 so long as the Maximum Federal Corporate Tax Rate shall be 21%, and thereafter shall increase (or decrease) from time to time effective as of the effective date of any decrease (or increase) in the Maximum Federal Corporate Tax Rate. "
Minimum Rating	BBB+/Baa1/BBB+	Baa1/BBB+



Georgia Hospital and Health Systems' Rating Landscape

MOODY'S

STANDARD & POOR'S



(1) Rating associated with General Obligation ("GO") Bonds.

(2) Located in Tallahassee, Florida.

Source: Moody's, Standard & Poor's

RESOLUTION IN CONNECTION WITH THE ISSUANCE BY THE HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA OF ITS REFUNDING REVENUE ANTICIPATION CERTIFICATES (PHOEBE PUTNEY MEMORIAL HOSPITAL), SERIES 2018A IN THE AGGREGATE PRINCIPAL AMOUNT OF \$76,100,000 AND ITS REFUNDING REVENUE ANTICIPATION CERTIFICATES (PHOEBE PUTNEY MEMORIAL HOSPITAL), SERIES 2018B IN THE AGGREGATE PRINCIPAL AMOUNT OF \$96,765,000 TO PROVIDE FUNDS TO REFUND CERTAIN REVENUE ANTICIPATION CERTIFICATES PREVIOUSLY ISSUED TO FINANCE OR REFINANCE 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 2018A CERTIFICATES AND THE SERIES 2018B 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 "Issuer") is authorized to issue its revenue anticipation certificates for the purposes provided in the Act, and the Issuer 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 that the Issuer issue two series of its revenue anticipation certificates and use the proceeds thereof to provide funds to currently refund all of the Series 2008A Certificates, the Series 2008B Certificates, the Series 2010A-1 Certificates and the Series 2010A-2 Certificates (each as defined in the hereinafter defined Indenture) previously issued by the Issuer to finance and refinance certain capital improvements for the Hospital and to pay the costs of issuance thereof;

WHEREAS, the Issuer 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 Issuer to provide for the issuance of its Refunding Revenue Anticipation Certificates (Phoebe Putney Memorial Hospital), Series 2018A in the aggregate principal amount of \$76,100,000 and its Refunding Revenue Anticipation Certificates (Phoebe Putney Memorial Hospital), Series 2018B in the aggregate principal amount of \$96,865,000 (collectively, the "Series 2018 Certificates") pursuant to the Indenture of Trust dated as of November 1, 2018 (the "Indenture") between the Issuer and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, as security for the payment of the Series 2018 Certificates and pursuant to a Series 2018 Supplement to Master Indenture dated as of November 1, 2018 (the "Series 2018 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 Issuer a promissory note in the principal amount of \$172,865,000 issued pursuant to the Master Indenture (the "Series 2018 Obligation"), and the Issuer will assign the Series 2018 Obligation to the Trustee pursuant to the Indenture;

WHEREAS, there has been presented to the Issuer the following documents (collectively, the "Issuer Documents"), copies of which have been made available to the Issuer, which when executed will provide for the issuance and sale of the Series 2018 Certificates:

- (1) the form of the Indenture; and
- (2) the form of the Loan Agreement dated as of November 1, 2018 (the "Loan Agreement") between the Issuer and the Hospital;

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

WHEREAS, upon their issuance and delivery, the Issuer desires to sell the Series 2018A Certificates and the Series 2018B Certificates to STI Institutional & Government, Inc. (the "Purchaser") for a purchase price equal to the par amount of the Series 2018 Certificates; and

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

Section 1. *Receipt of the Instruments.* The Issuer hereby acknowledges receiving the Issuer Documents.

Section 2. *Authorization of Project.* The Issuer hereby determines and declares that the refunding of all of the Series 2008A Certificates, the Series 2008B Certificates, the Series 2010A-1 Certificates and the Series 2010A-2 Certificates with the proceeds of the Series 2018 Certificates is a lawful and valid public purpose and will further the public purpose intended to be achieved by the Act.

Section 3. *Authorization and Execution of Series 2018 Certificates.* To provide the funds necessary to refund all of the Series 2008A Certificates, the Series 2008B Certificates, the Series 2010A-1 Certificates and the Series 2010A-2 Certificates, the issuance of the Series 2018 Certificates in the aggregate principal amount of \$76,100,000 with respect to the Series 2018A Bonds and \$96,765,000 with respect to the Series 2018B Bonds hereby is authorized. The Series 2018 Certificates will bear interest at variable rates not to exceed 25% per annum, will mature not later than September 1, 2032 with respect to the Series 2018A Bonds and September 1, 2039 with respect to the Series 2018B Bonds, will be issued in such denominations, be subject to such rights of exchangeability and transfer, be subject to redemption prior to maturity, be payable, be in the form and be executed and authenticated, all on the terms set forth in the Indenture. The maximum aggregate principal and interest on the Series 2018A Certificates in any year will not exceed \$23,200,000, and the maximum aggregate principal and interest on the Series 2018B Certificates in any year will not exceed \$27,300,000. The execution of the Series 2018 Certificates in the manner provided in the Indenture and, upon their execution, the delivery of the Series 2018 Certificates to the Trustee for proper authentication and delivery to the Purchaser with instructions to that effect as provided in the Indenture are hereby authorized. The Chair or Vice-Chair of the Issuer hereby is authorized to execute the Series 2018 Certificates and the Secretary or any Assistant Secretary of the Issuer hereby is authorized to attest the Series 2018 Certificates.

Section 4. *Approval, Execution and Delivery of the Issuer Documents.* In order to provide for the issuance of and to secure the payment of the principal of and the interest on the Series 2018 Certificates herein authorized according to their tenor, purport and effect, and in order to secure the performance and observance of all of the covenants, agreements and conditions in the Series 2018 Certificates, the execution and delivery of the Issuer Documents are hereby authorized. The forms of the Issuer Documents as submitted to the Issuer at this meeting of the Issuer are hereby approved, subject to such changes, insertions and deletions as may be approved and made in such form of the Issuer Documents by the Chair or Vice Chair and Secretary or Assistant Secretary of the Issuer executing the same, such execution to be conclusive evidence of such approval.

Section 5. *Approval of Other Documents.* The form and substance of the Master Indenture, the Series 2018 Supplement and the Series 2018 Obligation are hereby approved in substantially the

forms submitted to the Issuer with such changes, corrections, insertions, deletions, variations, additions, or omissions as may be acceptable to the parties thereto, the execution of the Issuer Documents by the Chair or Vice Chair of the Issuer to be conclusive evidence of the approval thereof by the Issuer.

Section 6. *Validation.* The Chair or the Vice Chair of the Issuer is authorized to cause the commencement of proceedings to validate the Series 2018 Certificates as required by the Act and the Revenue Bond Law of the State of Georgia, O.C.G.A. Section 36-82-60 *et seq.*, including the inclusion of a waiver of any performance audit or performance review (as such terms are described in Section 36-82-100, Official Code of Georgia Annotated) with respect to the Series 2018 Certificates or the Project.

Section 7. *Non-Arbitrage Certification.* The Chair or Vice-Chair of the Issuer hereby is authorized to execute a non-arbitrage certification in order to comply with the Internal Revenue Code of 1986, as amended, and the applicable income tax regulations thereunder.

Section 8. *Designation of Trustee.* U.S. Bank National Association is designated the initial Trustee, Registrar and Paying Agent pursuant to the Indenture.

Section 9. *Authorization to Carry Out Intent of Resolution.* The appropriate officers and agents of the Issuer are hereby authorized, empowered and directed to execute such other documents, instruments, contracts and certificates, whether or not expressly contemplated hereby, and to do all acts and things, in each case, as may be necessary to carry out and comply with the provisions of this Resolution and the provisions of the Series 2018 Certificates and the Issuer Documents for the full, punctual and complete performance of all terms, covenants, provisions and agreements herein and therein contained, and as otherwise may be necessary or desirable to effectuate the purpose and intent of this Resolution and the issuance of the Series 2018 Certificates.

Section 10. *No Personal Liability.* No stipulation, obligation or agreement herein contained or contained in the Issuer Documents will be deemed to be a stipulation, obligation or agreement of any officer, commissioner, director, employee or agent of the Issuer in his or her individual capacity, and no such officer, commissioner, director, employee or agent will be personally liable on the Series 2018 Certificates or be subject to personal liability or accountability by reason of the issuance thereof.

Section 11. *Severability.* If any one or more of the covenants, agreements or provisions of this Resolution, or any of the documents contemplated hereby is 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 is held invalid, then such covenants, agreements or provisions will be null and void and will be deemed separate from the remaining covenants, agreements, or provisions of this Resolution or of such documents and will in no way effect the validity of any of the other agreements and provisions of this Resolution or of the Series 2018 Certificates authorized hereunder.

Section 12. *Governing Law.* The Series 2018 Certificates will be issued, this Resolution is adopted and the Issuer Documents will be executed with the intent that the laws of the State of Georgia will govern their construction.

Section 13. *Approval of All Acts.* All acts and deeds of the officers and agents of the Issuer which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and delivery of the Series 2018 Certificates and the execution and delivery of the Issuer Documents and all other instruments, documents and certificates necessary to authorize the issuance and sale of the Series 2018 Certificates are in all respects approved and confirmed.


Section 14. *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.

[SIGNATURES ON FOLLOWING PAGE]

PASSED, ADOPTED AND APPROVED this 4th day of October, 2018.

HOSPITAL AUTHORITY OF ALBANY-
DOUGHERTY COUNTY, GEORGIA

(SEAL)

By: 
Fred J. Ghiglieri, Chair

SECRETARY'S CERTIFICATE

The undersigned Secretary of the Hospital Authority of Albany-Dougherty County, Georgia (the "Issuer") DOES HEREBY CERTIFY that the foregoing pages of typewritten matter constitute a true and correct copy of a resolution unanimously adopted on October 4, 2018, by the board of directors of the Issuer 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 Issuer which is in my custody and control.

Given under my hand and seal of the Issuer, this 4th day of October, 2018.

By 
Secretary