

STATE OF GEORGIA

COUNTY OF CLAYTON

RESOLUTION NO. 2010- 199

RESOLUTION OF THE BOARD OF COMMISSIONERS OF CLAYTON COUNTY, GEORGIA APPROVING AND AUTHORIZING THE EXECUTION, DELIVERY AND PERFORMANCE OF A CONTRACT WITH THE CLAYTON COUNTY HOSPITAL AUTHORITY; AND FOR OTHER PURPOSES

WHEREAS, the Clayton County Hospital Authority (the "Authority") was duly created and is validly existing pursuant to the Hospital Authorities Law of the State of Georgia (O.C.G.A. Section 31-7-70, et seq. as amended) (the "Act"), and by a resolution of the Board of Commissioners of Clayton County (the "County") adopted on June 14, 1962; and

WHEREAS, pursuant to the Act, the Authority has the power to issue its revenue anticipation certificates and to lend the proceeds of such revenue anticipation certificates to others for the purpose of the planning, design, acquisition, construction, installation or carrying out of any project described in the Act or to refund obligations previously issued; and

WHEREAS, pursuant to Article IX, Section II, Paragraph III of the Constitution of the State of Georgia, the County has the power to provide health facilities and services; and

WHEREAS, pursuant to Article IX, Section III, Paragraph I of the Constitution of the State of Georgia, the State, or any institution, department, or other agency thereof, and any county, municipality, school district or other political subdivision of the State may contract for any period not exceeding 50 years with each other or with any other public agency, public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, but such contracts must deal with activities, services, or facilities which the contracting parties are authorized by law to undertake or provided; and

WHEREAS, pursuant to Article IX, Section III, Paragraph I(c) of the Constitution of the State of Georgia, any county, municipality or any combination thereof, may contract with a public agency, public corporation or public authority for the care, maintenance, and hospitalization of its indigent sick and may as a part of such contract agree to pay for the cost of the acquisition, construction, modernization or repairs of necessary land, buildings, and facilities and provide for the payment of such services and the cost to such public agency, public corporation or public authority; and

WHEREAS, the Authority owns certain hospital buildings and related facilities located in Clayton County, Georgia (the "Facilities"), including the Southern Regional Medical Center; and

WHEREAS, the Authority has leased the assets comprising the Southern Regional Medical Center and its ancillary operations and equipment to Southern Regional Health System, Inc., formerly known as Southern Regional Medical Center, Inc., a Georgia non-profit corporation ("SRHS"); and

WHEREAS, the Authority, in furtherance of the public purpose for which it was created, proposes to issue its Refunding Revenue Anticipation Certificates (Southern Regional Medical Center Project), Series 2010 (the "Series 2010 Certificates") in the aggregate principal amount not to exceed \$49,000,000 for the benefit of SRHS; and

WHEREAS, the Series 2010 Certificates will be issued pursuant to a Trust Indenture, dated as of December 1, 2010 (the "Certificate Indenture"), between the Authority and a trustee bank, as trustee; and

WHEREAS, the proceeds of the Series 2010 Certificates will be loaned to SRHS pursuant to a Loan Agreement, dated as of December 1, 2010 (the "Loan Agreement"), between the Authority and SRHS, and applied to (i) refunding all or a portion of the Authority's outstanding Refunding Revenue Anticipation Certificates (Southern Regional Medical Center Project), Series 1998A (the "Series 1998A Certificates"), currently outstanding in the principal amount equal to \$8,340,000 (ii) refunding all of the Authority's outstanding Refunding Revenue Anticipation Certificates (Southern Regional Medical Center Project), Series 2009 (the "Series 2009 Certificates"), currently outstanding in the principal amount equal to \$39,675,000, (iii) fund a debt service reserve fund, and (iv) paying the costs of issuance of the Series 2010 Certificates; and

WHEREAS, the Authority and the County propose entering into an Intergovernmental Contract, dated as of December 1, 2010 (the "Contract"), pursuant to which the Authority will agree, among other things, to issue the Series 2010 Certificates and provide for certain healthcare services and healthcare facilities in the County, and the County will agree, among other things, to make payments, if necessary, in amounts sufficient to enable the Authority to pay the principal of and interest on the Series 2010 Certificates to the extent the same are not otherwise available; provided, however that the maximum amount which the County shall be obligated to pay under the Contract in any calendar year shall not exceed \$7,600,000; and

WHEREAS, the County will agree in the Contract to levy an annual tax on all taxable property located within the County, provided, however that the maximum amount which the County shall be obligated to pay under the Contract in any calendar year shall not exceed \$7,600,000, as authorized by the Act, to the extent required to make the payments required to be made by the County under the Contract; and

WHEREAS, the County is duly authorized to enter into such a contract pursuant to the Constitution and laws of the State of Georgia, including, without limitation, the provisions of Article IX, Section II, Paragraph III, and Article IX, Section III, Paragraph I of the Constitution of the State of Georgia, and the Act, for the purpose of providing medical care and hospitalization for the indigent sick in the County and providing for the general health and welfare of the citizens of the County; and

WHEREAS, the County proposes to authorize the use and distribution of a Preliminary Official Statement relating to the Series 2010 Certificates (the "Preliminary Official Statement"); and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Clayton County, as follows:

Section 1. The execution, delivery and performance of the Contract by the Chairman of the County be and the same are hereby authorized. The Contract shall be in substantially the form attached hereto as Exhibit "A" with such changes, insertions or omissions as may be approved by the Chairman of the County. In addition, the execution and delivery by the County of the Contract as herein authorized shall be conditioned upon the Certificate Indenture relating to the Series 2010 Certificates, and the Loan Agreement between the Authority and SRHS relating to the Series 2010 Certificates, containing the following terms and conditions:

- (a) Debt Service Reserve Fund. The Certificate Indenture relating to the Series 2010 Certificates shall provide for a Debt Service Reserve Fund for the Series 2010 Certificates funded from moneys provided by SRHS contemporaneously with the issuance of the Series 2010 Certificates in an amount equal to the least of (i) the maximum annual debt service with respect to the Series 2010 Certificates; (ii) ten

percent of the sale proceeds of the Series 2010 Certificates; or (iii) 125% of the average annual debt service with respect to the Series 2010 Certificates;

- (b) Annual Deposit into Sinking Fund. The Loan Agreement between the Authority and SRHS (or the related promissory note) shall provide that SRHS shall deposit in the sinking fund created under the trust indenture relating to the Series 2010 Certificates (i) at the time of issuance of the Series 2010 Certificates, and (ii) on the first day of each subsequent Certificate Year (as defined in the Certificate Indenture) thereafter, an amount equal to the annual debt service expected to come due on the Series 2010 Certificates during such Certificate Year; and
- (c) Days Cash on Hand. The Loan Agreement between the Authority and SRHS shall provide that SRHS shall have "Days Cash on Hand" of at least seven days on each testing date provided in the Loan Agreement. The Loan Agreement shall provide for testing of this amount on a semi-annual basis. For this purpose, "Days Cash on Hand" shall mean the ratio of (a) the sum of (i) cash and (ii) unrestricted investments, including the funds designated by the Board of Directors of SRHS for capital additions, acquisitions, improvements and replacements but excluding Restricted Cash to (b) the ratio of (i) net operating expenses less depreciation and amortization, to (ii) 365 days. "Restricted Cash" shall mean all cash and investments with any restriction except those designated by the Board of Directors of SRHS to fund capital additions, acquisitions, improvements and replacements.
- (d) Certificate Terms. The Series 2010 Certificates shall be issued in a principal amount not to exceed \$49,000,000 and shall have a final maturity not later than December 1, 2040.

The execution of the Contract by the Chairman of the County as hereby authorized and its delivery in connection with the issuance of the Series 2010 Certificates shall be conclusive evidence against the County of the approval of the form and terms of the Contract and the satisfaction of the conditions set forth above.

Section 2. The use and distribution of the Preliminary Official Statement are hereby approved.

Section 3. The Chairman of the County and any other officer, member, agent or employee of the Board of Commissioners are hereby authorized to execute and deliver all documents or instruments, including any acknowledgement of service and answer, in connection with the validation of the Series 2010 Certificates and the security therefor, including the Contract, in the Superior Court of Clayton County.

Section 4. The proper officers, agents and employees of the County are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to carry out and comply with the provisions of the documents herein authorized and are further authorized to take any and all further actions and to execute and deliver any and all further documents, instruments and certificates as may be necessary or desirable in connection with the issuance of the Series 2010 Certificates and the execution, delivery and performance of the documents herein authorized. Without limiting the foregoing, in the absence of the Chairman, the Vice-Chairman is hereby authorized to execute any and all documents that the Chairman is authorized to execute in the event of the absence or incapacity of the Chairman.

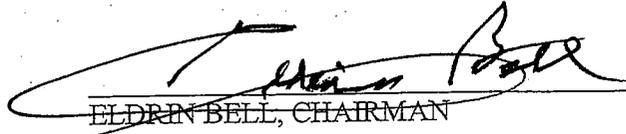
Section 5. All acts and doings of the officers, agents and employees of the County which are in conformity with the purposes and intents of this Resolution and in furtherance of the issuance of the Series 2010 Certificates and the execution, delivery and performance of the Contract shall be, and the same hereby are, in all respects, approved and confirmed.

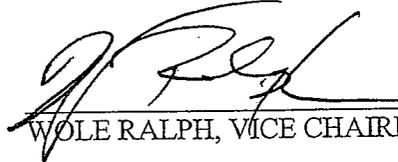
Section 6. All resolutions or parts thereof of the County in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 7. This Resolution shall take effect immediately upon its adoption.

Adopted this 5th day of October, 2010.

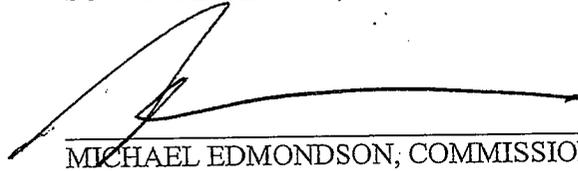
CLAYTON COUNTY BOARD OF COMMISSIONERS

 (OPPOSED)
ELDRIN BELL, CHAIRMAN


WOLE RALPH, VICE CHAIRMAN

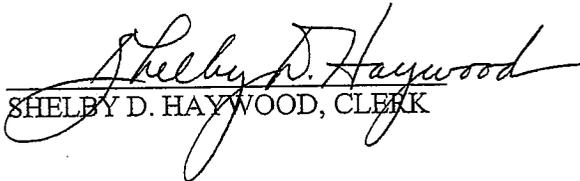

GAIL B. HAMBRICK, COMMISSIONER


SONNA SINGLETON, COMMISSIONER


MICHAEL EDMONDSON, COMMISSIONER

(SEAL)

ATTEST:


SHELBY D. HAYWOOD, CLERK