RESOLUTION AUTHORIZING THE ISSUANCE OF THE BOARD OF MANAGERS, JOINT GUADALUPE COUNTY—CITY OF SEGUIN HOSPITAL HOSPITAL MORTGAGE REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2015, AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the Board of Managers (the "***Board of Managers***") of the Joint Guadalupe County–City of Seguin Hospital d/b/a Guadalupe Regional Medical Center (the "***Issuer***") was duly appointed by the Commissioners Court of Guadalupe County, Texas and the City Council of the City of Seguin, Texas, pursuant to the provisions of Subchapter B of Chapter 265, Texas Health and Safety Code, as amended (the "***Act***");

WHEREAS, the Issuer has previously issued its FHA Insured Hospital Mortgage Revenue Bonds (Guadalupe Regional Medical Center Project), Series 2007 (the "***Series 2007 Bonds"***) pursuant to a Trust Indenture between the Issuer and Wells Fargo Bank, National Association, as Trustee (the "***Trustee***"), dated as of December 1, 2007, as supplemented by the First Supplement to Trust Indenture, dated August 14, 2008 (collectively, the "***Series 2007 Indenture***");

WHEREAS, pursuant to Section 9.01 of the Series 2007 Indenture, the Issuer and the Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture supplemental to the Series 2007 Indenture to cure any ambiguity or formal defect in the Series 2007 Indenture;

WHEREAS, one or more formal defects have been identified in the Series 2007 Indenture and the Issuer and the Trustee wish to cure such defects through the adoption of a Second Supplement to Trust Indenture, dated as of December 1, 2015 (the "***Series 2007 Supplement***"), in substantially the form presented to the Board of Managers at this meeting;

WHEREAS, even following adoption of the Series 2007 Supplement, the Series 2007 Indenture contains certain burdensome and prohibitive covenants which inhibit the Issuer's ability to improve and further develop its hospital facilities for the care and treatment of the sick, infirm or injured;

WHEREAS, the insurer of the Series 2007 Bonds has indicated that it cannot waive the burdensome covenants;

WHEREAS, the Board of Managers hereby finds and determines that the Series 2007 Bonds should be refunded at this time to allow the Issuer to further its mission notwithstanding the fact that the aggregate amount of payments to be made on the refunding bonds herein authorized exceeds the aggregate amount of payments that would have otherwise been made on the Series 2007 Bonds;

WHEREAS, pursuant to Section 265.017 of the Act, the Issuer is authorized to sell revenue bonds in the name of the hospital to finance the costs of the acquisition, construction improvement, repair, or rehabilitation of certain hospital facilities owned by the Issuer in Guadalupe County, Texas, or the acquisition and/or installation of equipment or supplies necessary for such hospital facilities to provide hospital services;

WHEREAS, Chapter 1207 of the Texas Government Code, as amended ("***Chapter 1207***") and Section 265.0176 of the Act authorize the Issuer to issue refunding bonds and deposit the proceeds of the sale directly with any place of payment for the refunded bond, or other authorized depository, and such deposit, when made in accordance with said statute, shall constitute firm banking and financial arrangements for the discharge and final payment of such refunded bonds;

WHEREAS, pursuant to Section 265.017 of the Act, the Board of Managers has the powers of an issuer under Chapter 1371 of the Texas Government Code, as amended ("***Chapter 1371***"), and a bond issued under the Act is an "obligation" under Chapter 1371, but is not required to be rated as required by that chapter;

WHEREAS, the Issuer intends to issue its "Board of Managers, Joint Guadalupe County–City of Seguin Hospital Hospital Mortgage Revenue Refunding and Improvement Bonds, Series 2015" (the "***Bonds***") pursuant to an Indenture of Trust and Security Agreement, dated as of December 1, 2015 (the "***Indenture***"), between the Issuer and the Trustee, the proceeds of which will be used by the Issuer to (i) finance the acquisition, construction, improvement and/or rehabilitation of certain hospital facilities and/or the acquisition and installation of equipment or supplies necessary for such hospital facilities to provide hospital services, including but not limited to the expansion of the medical center, the acquisition of equipment and parking related thereto (the "***Project***"); (ii) refund all of the Issuer's outstanding bonds, namely the Series 2007 Bonds, and (iii) pay certain of the costs of issuing the Bonds;

WHEREAS, there have been presented to the Board of Managers the Indenture, a Bond Purchase Agreement (the "***Bond Purchase Agreement***"), between the Issuer and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Lancaster Pollard & Co. LLC (together, the "***Underwriters***") relating to the Bonds, an Escrow Agreement, between the Issuer and Wells Fargo Bank, National Association as escrow agent (the "***Escrow Agreement***"), dated as of December 1, 2015 and a Continuing Disclosure Agreement, dated as of December 1, 2015 (the "***Continuing Disclosure Agreement***"), between the Issuer and the Trustee, as dissemination agent;

WHEREAS, there have also been presented to the Board of Managers a Deed of Trust (the "***Deed of Trust***") of the Issuer for the benefit of the Trustee, from the Issuer to the Trustee;

WHEREAS, the terms of the Series 2007 Supplement, the Indenture, the Deed of Trust, the Escrow Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement (collectively, the "***Transaction Documents***") have been presented to the Board of Managers for discussion and consideration;

WHEREAS, the Board of Managers has reviewed and discussed the foregoing and determined that the action herein authorized is in furtherance of the purposes of the Issuer and that the terms and conditions of the Bonds and the Transaction Documents are advisable and in the best interest of the Issuer;

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF MANAGERS OF THE JOINT GUADALUPE COUNTY—CITY OF SEGUIN HOSPITAL THAT:

Section 1. Each of the Transaction Documents, in substantially the form presented, and to the effect described, to the Board of Managers, are hereby approved. The Board of Managers hereby authorizes the issuance of the Bonds in accordance with the provisions of the Act, Chapter 1207, Chapter 1371, the Indenture and this Resolution, with the final terms of such Bonds to be included in an approval certificate ("***Approval Certificate***") to be executed by the Authorized Officer (hereinafter designated). The Bond shall be in the form and denominations set forth in the Indenture. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture.

<u>Section 2.</u> Each of the Chief Executive Officer, Chief Financial Officer, Chairman, and Vice Chairman of the Issuer, or any one of them (each an "***Authorized Officer***") is hereby authorized to execute and take any and all actions necessary to execute and deliver the Transaction Documents, the Approval Certificate (as described below) and any other documents or agreements, notes, instruments, certificates, resolutions, consents and other related or ancillary documents as the executing officers may deem necessary or advisable upon the conditions therein described, all upon the terms herein approved. The signature of any one Authorized Officer shall be conclusive evidence that the document signed (or the document referenced in any consent or approval so signed) has been approved on behalf of the Issuer as provided in this Resolution. The Secretary of the Issuer or any other officer of the Issuer may attest to the signature of an Authorized Officer as necessary.

<u>Section 3.</u> As authorized by Chapter 1207 and Chapter 1371, each Authorized Officer is hereby authorized to act on behalf of the Issuer in selling and delivering the Bonds and carrying out the other procedures specified in this Resolution, including determining the aggregate original principal amount of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, determining whether the Bonds shall be issued in one or more series, the price at which the Bonds will be sold, the years in which each series of the Bonds will mature, the principal amount or Maturity Amount to mature in each of such years, the rate of interest to be borne by each such maturity, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds; all of which shall be specified in an Approval Certificate; provided that:

(i) the aggregate original principal amount of the Bonds shall not exceed $125 million;

(ii) the aggregate amount of payments to be made on that portion of the Bonds which refund the Series 2007 Bonds may not exceed the aggregate amount of payments that would have been made on the Series 2007 Bonds had the refunding not occurred by more than $63 million (which represents a present value cost of $13 million), net of any issuer contribution;

(iii) the aggregate true interest cost rate for the Bonds shall not exceed 5.75%; and

(iv) the maximum maturity date for the Bonds shall not exceed December 31, 2045.

The execution of the Approval Certificate shall evidence the sale date of the Bonds by the Issuer to the Underwriters.

<u>Section 4.</u> The Chairman and the Vice Chairman, or either of them, and the Secretary or other Issuer official, or any of them, are hereby authorized and directed, for and on behalf of the Issuer, to execute the Bonds or have their facsimile signatures placed upon the Bonds, and such officers are hereby authorized and directed to deliver the Bonds. Authentication of the Bonds, upon the terms and conditions and in the manner described in the Indenture, as the same may be modified as authorized by this Resolution, and the delivery thereof to the Underwriters for the price set forth in the Bond Purchase Agreement are hereby authorized.

<u>Section 5.</u> Each of the Authorized Officers is hereby authorized to execute and deliver to the Trustee the written request of the Issuer for the authentication and delivery of the Bonds by the Trustee in accordance with the Indenture.

Section 6. The Authorized Officers are hereby severally authorized, directed and empowered to prepare, amend, supplement and approve a preliminary official statement for the Bonds (the "***Preliminary Official Statement***") and a final official statement for the Bonds (the "***Official Statement***") for use in the proposed offering of such Bonds. The Board of Managers hereby authorizes and approves the use and distribution of the Preliminary Official Statement and the Official Statement (that have been approved in accordance with the previous sentence) in the offering of the Bonds.

Section 7. The officers and employees of the Issuer are hereby authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Transaction Documents, the initial sale and delivery of the Bonds, and the instruments described herein. In addition, prior to the initial delivery of the Bonds, the Authorized Officers and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the instruments authorized and approved by this Resolution necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office. In case any officer of the Issuer whose signature shall appear on any Bonds, instrument, or certificate shall cease to be such officer before the delivery of such Bonds, instrument, or certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 8. All action not inconsistent with provisions of this Resolution heretofore taken by this Board of Managers and the officers of the Issuer directed toward the financing of the Project, the refinancing of the Series 2007 Bonds, and the issuance of the Bonds shall be and the same hereby is ratified, approved, and confirmed. The officers of this Board of Managers, or any of them, are authorized to take any and all action necessary to carry out and consummate the transactions described in or contemplated by the instruments approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.

Section 9. The recitals contained in the preamble hereof are hereby found to be true and such recitals are hereby made a part of this Resolution for all purposes and are adopted as part of the judgement and findings of the Board of Managers. After the Bonds are issued, this Resolution shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid or provisions for payment shall have been made pursuant to the Indenture.

Section 10. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution. In case any obligation of the Issuer authorized or established by this Resolution or the Bonds is held to be in violation of law as applied to any person or in any circumstance, such obligation shall be deemed to be the obligation of the Issuer to the fullest extent permitted by law.

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PASSED AND APPROVED this 22nd day of October 2015.

BOARD OF MANAGER, JOINT GUADALUPE COUNTY—CITY OF SEGUIN HOSPITAL

By: ______________________
Chairman

ATTEST:

By: ______________________
Secretary

SCHEDULE I

APPROVAL CERTIFICATE

1. The meeting and deliberation of the issuance of the hereinafter described Bonds which are the subject of this Approval Certificate was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

2. I, the undersigned Authorized Officer, pursuant to Section 3 of the Resolution authorizing the issuance of obligations designated as "Board of Managers, Joint Guadalupe County–City of Seguin Hospital Hospital Mortgage Revenue Refunding and Improvement Bonds, Series 2015" (the "***Bonds***"), hereby approve the following terms of the Bonds:

(i) The total principal amount of the Bonds is $____________.

(ii) The maximum interest rate borne by any maturity of the Bonds is _____%.

(iii) The aggregate amount of payments that would have been made on the Bonds will exceed the aggregate amount of payments that would have been made on the Series 2007 Bonds by approximately $_________, which is less than the gross loss referenced in Section 3 of the Resolution.

(iv) The maximum maturity date of the Bonds is __________, 20__.

(v) The Bonds are subject to sinking fund redemption on _________ of each of the years set forth on page I-2 hereof.

(vi) The sale date of the Bonds is ___________, 2015.

EXECUTED AND DELIVERED ____

BOARD OF MANAGERS—JOINT GUADALUPE COUNTY-CITY OF SEGUIN HOSPITAL

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Authorized Officer

Sinking Fund Redemption Schedule