

SPONSOR: Smith/Fain

ORDINANCE NO. 81-10

The City Council of the City of Jackson, Ohio met in regular session on the 27th day of September, 2010, with the following members present:

Randy Smith introduced the following ordinance and moved its adoption:

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND SUPPLEMENT TO INDENTURE OF TRUST (BOND INDENTURE) AND OTHER DOCUMENTS IN CONNECTION WITH THE HOSPITAL FACILITIES REVENUE REFUNDING BONDS, SERIES 2005 (HOLZER CONSOLIDATED HEALTH SYSTEMS OBLIGATED GROUP) OF THE CITY OF JACKSON, OHIO, ORIGINALLY ISSUED IN 2005 AND DECLARING AN EMERGENCY.

WHEREAS, Holzer Consolidated Health Systems, a nonprofit Ohio corporation (the "Corporation"), owns and operates "hospital facilities" as that term is defined in Section 140.01, Ohio Revised Code; at various locations in Ohio, including facilities within the boundaries of the City of Jackson, Ohio (the "City"); and

WHEREAS, by the authority contained in Chapter 140, Ohio Revised Code, the City previously issued its \$25,000,000 City of Jackson, Ohio Hospital Facilities Revenue Bonds, Series 1999 (Consolidated Health Systems Jackson Hospital Project) dated December 1, 1999 (the "Prior Bonds") the proceeds of which Prior Bonds were used to finance the acquisition, construction, installation and equipping of a 24-bed general acute care hospital located southwest of the intersection of U.S. Route 32 and Burlington Road, in Jackson, Ohio (the "Existing Facilities"); and

WHEREAS, the City previously issued its \$28,950,000 Hospital Facilities Revenue Refunding Bonds, Series 2005 (Holzer Consolidated Health Systems Obligated Group) (the "Series 2005 Bonds"), the proceeds of which, together with other available moneys, were used to (1) advance refund the outstanding principal amount of the Prior Bonds, (2) fund a debt service reserve fund for the Series 2005 Bonds, and (3) pay certain issuance costs and expenses of the City and the Corporation in connection with the issuance of the Series 2005 Bonds, pursuant to the terms of an Indenture of Trust (Bond Indenture) dated as of March 1, 2005 (the "Original Indenture"), as amended by the First Supplement to Indenture of Trust (Bond Indenture) dated as of October 1, 2010 (the "First Supplement" and together with the Original Indenture and the hereinafter defined Second Supplement, the "Indenture"), between the City and The Huntington National Bank, as Trustee (the "Trustee"); and

WHEREAS, the City has acquired a leasehold interest in the Existing Facilities and has subleased the Existing Facilities to the Corporation pursuant to the terms and provisions of a Sublease dated as of March 1, 2005 (the "Sublease"), by and between the City, as sublessor, and the Corporation, as sublessee; and

WHEREAS, the Series 2005 Bonds are secured by the Revenues (as defined in the Indenture) of the Corporation and are not general obligations, debt or bonded indebtedness of the City or the State of Ohio or any political subdivision thereof, and the holders or owners of the Series 2005 Bonds are not given the right, and have no right, to have excises or taxes levied by the City or the State of Ohio or any political subdivision thereof, for the payment of the bond service charges on such Series 2005 Bonds as the right to such payment is limited to the revenues and special funds pledged for such purpose under the Indenture; and

WHEREAS, payment of the principal of and interest on the Series 2005 Bonds is insured by a financial guaranty insurance policy (the "Insurance Policy") issued by Radian Asset Assurance Inc., a corporation organized under the laws of the State of New York (the "Insurer"); and

WHEREAS, the Series 2005 Bonds are also secured by an Amended and Standby Bond Purchase Agreement dated as of October 1, 2009 (as amended from time to time, the "Standby Bond Purchase Agreement") among the Trustee, the Corporation and JPMorgan Chase Bank N.A. (the "Bank"); and

WHEREAS, the Corporation has entered into certain forbearance agreements with the Insurer and the Bank (collectively, the "Forbearance Agreements") relating to the Corporation's ability to meet certain financial covenants relating to the Series 2005 Bonds; and

WHEREAS, as a condition to the extension of the Forbearance Agreements, the Bank and the Insurer have required that the Corporation and the City agree to certain modifications of the Indenture including, but not limited to, a change regarding the purchase by the Insurer of additional Series 2005 Bonds and an extension of the interest rate mode relating to the portion of the Series 2005 Bonds to be held by the Insurer; and

WHEREAS, based solely on representations of the Corporation, the amendments to the Indenture requested by the Bank and the Insurer will be in the best interests of the City and will provide hospital facilities at the lowest possible cost to service the residents of the City, which hospital facilities are and will be available for the service of the general public without discrimination by reason of race, creed, color or national origin; and

WHEREAS, this City Council (the "Council") has determined to authorize such amendments to the Indenture.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Jackson,
Ohio:

Section 1. That for the purpose of better providing for the health and welfare of the people of the State of Ohio by enhancing the availability, efficiency and economy of hospital facilities and facilitating the financing of hospital facilities to be available to or for the service of the general public without discrimination by reason of race, creed, color or national origin, this Council, acting on behalf of the City, hereby authorizes the Mayor and the Auditor of the City to execute on behalf of the City, the Second Supplement to Indenture of Trust (Bond Indenture) (the "Second Supplement") with the aforesaid Trustee, in substantially the form presented to this Council and on file with the Clerk. Said Second Supplement shall be subject to such changes, insertions and omissions as may be approved by this Council, which approval shall be conclusively evidenced by the execution of said Second Supplement as aforesaid.

Section 2. That the appropriate officers of the City, including the appropriate members of this Council, be and they hereby are authorized to execute and deliver on behalf of the City such other certificates, documents and instruments in connection with the amendment of the Indenture or the transactions contemplated by the Forbearance Agreements as may be required, necessary or appropriate, including, any documents which are necessary or appropriate in order to ensure compliance of the Series 2005 Bonds with the Internal Revenue Code and including a tax regulatory agreement, conveyances of title to real and personal property, terminations of financing statements and other releases of security interests in property and cancellations of leases. Such documents including the ones specifically authorized hereby, shall be subject to

such changes, insertions and omissions as may be approved by this Council, which approval shall be conclusively evidenced by the execution thereof by the proper officers of the City.

Section 3. That this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare of the City and for the further reason that this ordinance must be immediately effective in order to implement the amendments to the Original Indenture at the earliest possible time; wherefore, this ordinance shall take effect and be in full force immediately upon its passage and approval by the Mayor.

Section 4. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were passed in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with the law, including Section 121.22 of the Ohio Revised Code, and the rules of this Council in accordance therewith.

Section 5. That all ordinances or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 6. That this Ordinance shall be effective from and after its passage.

Fain seconded the motion and the roll called for adoption of the foregoing

Ordinance, the vote resulted as follows:

AYES: Mr. Brown, Mr. Elliott, Mr. Fain, Mr. Powell, Mrs. Colby

NAYS: Mr. Adams

ABSTENTION:

PASSED this 27th day of September, 2010.

Date:

9/27/10

Donald B. Seaborn
PRESIDENT OF COUNCIL

Qua Brown
CLERK OF COUNCIL

Approved:

Date:

9/30/10

Randy R. Heast
MAYOR

CERTIFICATE

The undersigned, duly appointed and acting Clerk of the City Council of the City of Jackson, Ohio, does hereby certify that the foregoing is a true and correct copy of an ordinance passed by such Council on September 27, 2010, together with an extract from the minutes of the meeting at which that ordinance was passed to the extent pertinent thereto.



Clerk of Council,
City of Jackson, Ohio

Dated: September 27, 2010

EXTRACT OF MINUTES

The City Council of the City of Jackson, Ohio, met in regular session at 7 p.m. on the 27 day of September, 2010, in the City Council Chambers, City Building, 199 Portsmouth Street, Jackson, Ohio with the following members present:

There was presented and read to Council Ordinance No. 81-10 entitled:

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND SUPPLEMENT TO INDENTURE OF TRUST (BOND INDENTURE) AND OTHER DOCUMENTS IN CONNECTION WITH THE HOSPITAL FACILITIES REVENUE REFUNDING BONDS, SERIES 2005 (HOLZER CONSOLIDATED HEALTH SYSTEMS OBLIGATED GROUP) OF THE CITY OF JACKSON, OHIO, ORIGINALLY ISSUED IN 2005 AND DECLARING AN EMERGENCY.

Mr. Smith moved the rule requiring an ordinance or resolution of a general or permanent nature be read on three separate days be suspended. Mr. Fain seconded the motion, and the following was the result of a vote thereon (at least three-fourths of the members elected thereto concurring):

AYES:

NAYS:

Mr. Smith then moved that Ordinance No. 81-10 be passed as read.
Mr. Fain seconded the motion, and the vote thereon resulted as follows (at least two-thirds of the members elected thereto concurring):

AYES: Mr. Brown, Mr. Elliott, Mr. Smith, Mr. Fain, Mr. Powell
Mr. Colby

NAYS: Mr. Adams

The Ordinance was declared passed September 27, 2010.

CERTIFICATE

The undersigned, Clerk of Council of the City of Jackson, Ohio hereby certifies that the foregoing is a true and correct extract of the minutes of a meeting of the Council of said City, held on the 27th day of September, 2010.

Paul Brown

Clerk of Council

SECOND SUPPLEMENT

to

INDENTURE OF TRUST (BOND INDENTURE)

Dated as of October 1, 2010

Between

CITY OF JACKSON, OHIO

and

THE HUNTINGTON NATIONAL BANK, as Trustee

\$28,950,000

City of Jackson, Ohio

Hospital Facilities Revenue Refunding Bonds, Series 2005
(Holzer Consolidated Health Systems Obligated Group)

SECOND SUPPLEMENT TO INDENTURE OF TRUST

THIS SECOND SUPPLEMENT TO INDENTURE OF TRUST (the "Second Supplement") is entered into as of October 1, 2010, by and between the CITY OF JACKSON, OHIO, a municipality and political subdivision organized and existing under the laws of the State of Ohio (the "Issuer") and THE HUNTINGTON NATIONAL BANK, as trustee (the "Trustee"), a national banking association organized and existing under the laws of the United States of America, having a corporate trust office in Columbus, Ohio.

RECITALS:

WHEREAS, the Issuer and the Trustee have entered into an Indenture of Trust (Bond Indenture) dated as of March 1, 2005 between the Issuer and the Trustee (the "Original Indenture"); and

WHEREAS, pursuant to the Original Indenture, the Issuer issued its \$28,950,000 Hospital Facilities Revenue Refunding Bonds, Series 2005 (Holzer Consolidated Health Systems, Inc. Obligated Group) (the "Series 2005 Bonds"); and

WHEREAS, the Series 2005 Bonds were initially issued in a Weekly Mode; and

WHEREAS, the Issuer has made the proceeds of the Series 2005 Bonds available to Holzer Consolidated Health Systems (the "Corporation") pursuant to a Sublease dated as of March 1, 2005 (the "Sublease") between the Issuer and the Corporation for the purposes of: (a) advance refunding the Prior Bonds (as defined in the Original Indenture), (b) funding the Debt Service Reserve Fund and (c) paying all or a portion of the costs of issuance of the Series 2005 Bonds, including, costs of obtaining liquidity and/or credit enhancement for the Series 2005 Bonds; and

WHEREAS, the payment of scheduled principal of and interest on the Series 2005 Bonds is insured by a financial guaranty insurance policy (the "Bond Insurance") issued by Radian Asset Assurance Inc. (the "Insurer"); and

WHEREAS, JP Morgan Chase Bank, National Association (the "Bank") has entered into a Standby Bond Purchase Agreement dated as of March 1, 2007, as amended and restated by the Amended and Restated Standby Bond Purchase Agreement, dated as of October 1, 2009, as further amended by the Second Amended and Restated Standby Bond Purchase Agreement, dated as of October 1, 2010, (the "Standby Bond Purchase Agreement") with the Corporation and the Trustee, as Trustee and Paying Agent pursuant to which the Bank has agreed to pay the purchase price of Series 2005 Bonds tendered for purchase pursuant to the Original Indenture to the extent remarketing proceeds are not available for such purpose; and

WHEREAS, pursuant to the Standby Bond Purchase Agreement and the Original Indenture, a portion of the outstanding Series 2005 Bonds is currently being held by the Bank as Bank Bonds, as that term is defined in the Original Indenture; and

WHEREAS, the Original Indenture permits the Corporation to effect a change in Mode with respect to all or a portion of the Series 2005 Bonds; and

WHEREAS, pursuant to the First Supplement to Indenture of Trust (the "First Supplement", and together with the Original Indenture and this Second Supplement, the "Indenture"), the Corporation effected a change in Mode with respect to a portion of the Series 2005 Bonds and provided for such portion of the Series 2005 Bonds to bear interest in an Insurer Term Mode and such other changes to the Indenture as were requested by the Bank or the Insurer; and

WHEREAS, pursuant to Article XVII of the Original Indenture, the parties are permitted to amend certain provisions of the Indenture relating to the Series 2005 Bonds which shall take effect upon the consent of the Corporation, the Insurer and the Bank; and

WHEREAS, the Corporation desires, and the Issuer and the Trustee agree, to execute this Second Supplement in order to extend the term of the Insurer Term Mode and provide for the partial conversion of additional Series 2005 Bonds;

NOW THEREFORE, in consideration of the mutual agreements contained in this Second Supplement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer and the Trustee agree and the Corporation and the Bank hereby consent as set forth herein for their own benefit and for the benefit of the Bondholders.

Section 1. Definitions and Interpretations.

(a) Definition of Indenture. Whenever used in the Original Indenture, the First Supplement or in this Second Supplement, the term "Indenture" shall mean the Original Indenture as amended and supplemented by the First Supplement and this Second Supplement.

(b) Terms. Unless otherwise defined in this Second Supplement, or unless the context otherwise requires, the terms defined in the Indenture shall have the same meanings in this Second Supplement.

(c) Definition of Terms. The following terms have the following meanings in this Second Supplement unless the context otherwise requires:

"Insurer Term Mode" means the Rate Mode with respect to the Insurer Term Bonds in which such bonds shall bear interest at the Insurer Term Rate, for the period commencing on October 1, 2010 and ending on (and excluding) October 1, 2011.

"Insurer Term Rate" means a rate of interest equal to the greater of (a) the Wall Street Journal Prime Rate plus 2.75% or (b) 6.00%.

"Insurer Term Bonds" shall mean, collectively, (i) the Series 2005 Bonds designated by the Trustee pursuant to the First Supplement to bear interest in the Insurer Term Mode; and (ii) the Series 2005 Bonds designated by the Trustee pursuant to this Second Supplement to bear interest in the Insurer Term Mode.

Section 2. Partial Conversion of Series 2005 Bonds to Insurer Term Mode. On October 1, 2010 (the "Conversion Date"), the Trustee shall select, from Bank Bonds, by lot, and provide for the registration of Series 2005 Bonds in the aggregate principal amount of \$3,500,000 to bear interest in the Insurer Term Mode.

Section 3. Insurer Term Mode. The Insurer Term Bonds shall bear interest in the Insurer Term Mode from the Conversion Date through September 30, 2011, inclusive. Notwithstanding anything in the Indenture to the contrary, details of the Insurer Term Mode shall be as provided in this Second Supplement. Interest on the Insurer Term Bonds shall be payable on the first day of each month during the Insurer Term Mode commencing on November 1, 2010. Interest on the Insurer Term Bonds shall be calculated on the basis of a year of 365 days for the number of days elapsed so long as the Insurer Term Bonds are in the Insurer Term Mode. Any calculation of the interest rate to be borne by the Insurer Term Bonds shall be rounded to the nearest one-hundredth of one percent (0.01%). The computation of the interest rate on the Insurer Term Bonds shall be made by the Trustee and shall be binding and conclusive upon the Corporation and the registered owner of such bonds.

Section 4. Book-Entry Only System. The Book-Entry Only system shall continue to apply to the Insurer Term Bonds.

Section 5. Denominations. Notwithstanding anything to the contrary in the Original Indenture, Insurer Term Bonds shall be in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof.

Section 6. No Liquidity Facility Required in Insurer Term Mode. Notwithstanding anything to the contrary in the Standby Bond Purchase Agreement or the Indenture, while the Insurer Term Bonds are in the Insurer Term Mode, it shall not be necessary for the Corporation to maintain a Liquidity Facility for the Insurer Term Bonds.

Section 7. No Remarketing of Series 2005 Bonds. Notwithstanding Sections 4.6 or 4.10, or any other provisions to the contrary in the Original Indenture, while the Insurer Term Bonds are in the Insurer Term Mode and any Series 2005 Bonds are held by the Bank as Bank Bonds, the Remarketing Agent shall not remarket or arrange for the sale of any Series 2005 Bonds.

Section 8. Mandatory Tender. The Insurer Term Bonds are subject to tender for mandatory purchase on October 1, 2011 (the "Term Purchase Date") unless such tender is waived by the Insurer or the registered owner of an Insurer Term Bond (the "Term Bond Owner") not less than 30 days prior to the Term Purchase Date; provided that such tender may be waived by the Term Bond Owner at such later date as is agreeable to the Term Bond Owner and the Corporation. The purchase price shall be 100% of the outstanding principal amount thereof plus accrued interest to the Term Purchase Date. Notwithstanding the definition of "Maximum Rate" in the Original Indenture, if the Insurer Term Bonds are not purchased on the Term Purchase Date, the Insurer Term Bonds will bear interest at the rate of 12% per annum from the Term Purchase date until redeemed or converted to another Rate Mode. In lieu of mandatory purchase, the Corporation and the Term Bond Owner may agree on a new Insurer Term Rate, subject to receipt of an opinion of Bond Counsel to the effect that the adoption of the new rate

will not affect the exclusion of interest on the Series 2005 Bonds from gross income for federal income tax purposes.

The Insurer Term Bonds and the Series 2005 Bonds held by the Bank as Bank Bonds shall be subject to mandatory tender on any date on which any Series 2005 Bonds are subject to mandatory tender or redemption (other than mandatory sinking fund redemption). While the Insurer Term Bonds are in the Insurer Term Mode and any Series 2005 Bonds are held by the Bank as Bank Bonds, any optional redemption of Series 2005 Bonds shall be subject to consent of the Insurer and the Bank.

Section 9. Default. The failure of the Corporation to repurchase the Insurer Term Bonds on October 1, 2011, or any other mandatory tender date, shall be an Event of Default under the Indenture.

Section 10. Interpretations.

(a) Successors and Assigns. The rights and obligations of the parties to this Second Supplement shall inure to their respective successors and assigns.

(b) Counterparts. This Second Supplement may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

(c) Original Indenture Affirmed. Except as otherwise expressly amended by the First Supplement or this Second Supplement, the provisions of the Original Indenture shall remain unchanged, binding, and in full force and effect; provided that, with respect to the Insurer Term Bonds, in the event that any provision of this Second Supplement shall be in conflict with a provision of the Original Indenture or the First Supplement, the provisions of this Second Supplement shall prevail.

(d) Captions. The captions of this Second Supplement are for convenience only and shall not affect the construction hereof.

(e) Governing Law. This instrument shall be governed by the laws of the State of Ohio.

Section 11. Effective Date. The amendments made by this Second Supplement shall take effect upon consent of the Bank, the Insurer and the Corporation thereto pursuant to Article XVII of the Original Indenture.

IN WITNESS WHEREOF, City of Jackson, Ohio has caused this Second Supplement to be executed by its Mayor and Auditor, and The Huntington National Bank, as Trustee, has caused this Second Supplement to be executed by one of its authorized officer, all as of the day and year first above written.

CITY OF JACKSON, OHIO

By Randy R. Heath
Mayor

By _____
Auditor

THE HUNTINGTON NATIONAL BANK,
as Trustee

By _____
Title:

The form of this document is hereby approved
by the Director of Law of the
City of Jackson, Ohio

Director of Law
City of Jackson, Ohio

**Acknowledgment and Consent to Second
Supplement to Indenture of Trust (Bond Indenture)**

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: _____
Authorized Officer

HOLZER CONSOLIDATED HEALTH SYSTEMS

By: _____
Authorized Officer

[FORM OF RADIATION CONSENT]