

RESOLUTION APPROVING A BOND RESOLUTION BY
ABILENE HEALTH FACILITIES DEVELOPMENT CORPORATION
PROVIDING FOR THE ISSUANCE OF BONDS FOR
SEARS METHODIST RETIREMENT SYSTEM, INC.

THE STATE OF TEXAS :
CITY OF ABILENE :

WHEREAS, Abilene Health Facilities Development Corporation (the "Issuer") was created under the auspices of the City of Abilene, Texas; and

WHEREAS, on March 12, 2003, the Board of Directors of the Issuer adopted a "Resolution of Abilene Health Facilities Development Corporation concerning issuance of revenue bonds with respect to certain health facilities of Sears Methodist Retirement System, Inc. and authorizing the execution and delivery of all financing documents relating to the issuance, sale, and delivery of such bonds, including a Supplemental Bond Indenture No. 2, an Amendment No. 2 to Loan Agreement, and Bond Purchase Agreement and other documents in connection therewith" (the "Bond Resolution"); and

WHEREAS, a public hearing was held with respect to the issuance of bonds by the Issuer for the benefit of Sears Methodist Retirement System, Inc. (the "Obligated Group Representative"); and

WHEREAS, it is deemed necessary and advisable that this Resolution be adopted.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ABILENE, TEXAS THAT:

Section 1. The Bond Resolution in substantially the form and substance attached to this Resolution and made a part hereof for all purposes, is hereby specifically approved, and the Supplemental Bond Indenture No. 2, Amendment No. 2 to Loan Agreement and Bond Purchase Agreement described therein are hereby specifically approved, and the Series 2003 Bonds in the maximum aggregate principal amount of \$52,000,000 may be issued pursuant thereto for the purpose of financing and refinancing the costs of certain health facilities as described in said resolution, establishing a debt service reserve fund and paying a portion of the cost of issuance.

Section 2. The City of Abilene hereby approves the issuance of the aforesaid Series 2003 Bonds in the maximum aggregate principal amount of \$52,000,000 for the Obligated Group Representative, and further approves the Project as described in the Loan Agreement relating to the Series 2003 Bonds, and such approval shall be solely for the purposes of Section 147(f) of the Internal Revenue Code of 1986 and the City of Abilene shall have no liabilities for the payment of the Series 2003 Bonds nor shall any of its assets be pledged to payment of the Series 2003 Bonds.

PASSED AND APPROVED, this the 27th day of March, 2003.

ATTEST:

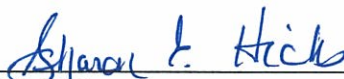


City Secretary



Mayor

APPROVED:



City Attorney

RESOLUTION OF
ABILENE HEALTH FACILITIES DEVELOPMENT CORPORATION
CONCERNING ISSUANCE OF REVENUE BONDS WITH RESPECT
TO CERTAIN HEALTH FACILITIES OF
SEARS METHODIST RETIREMENT SYSTEM, INC.
AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL
FINANCING DOCUMENTS RELATING TO THE ISSUANCE, SALE,
AND DELIVERY OF SUCH BONDS, INCLUDING A SUPPLEMENTAL
BOND INDENTURE NO. 2, AN AMENDMENT NO. 2 TO LOAN AGREEMENT,
A BOND PURCHASE AGREEMENT AND OTHER DOCUMENTS
IN CONNECTION THEREWITH

WHEREAS, the Health Facilities Development Act, Chapter 221, Texas Health and Safety Code, as amended (the "Act"), empowers Abilene Health Facilities Development Corporation (the "Issuer") to issue revenue bonds on behalf of the City of Abilene, Texas (the "Unit") to finance or refinance the costs of acquisition or construction of "health facilities," as such term is defined by the Act; and

WHEREAS, the Issuer, at the request of Sears Methodist Retirement System, Inc., a Texas nonprofit corporation (the "Obligated Group Representative"), has previously issued its Retirement Facility Revenue Bonds (Sears Methodist Retirement System Obligated Group Project) Series 1998A, Series 1998B Extendable Rate Adjustable Securities[Ⓢ] (EXTRAS[Ⓢ]), Taxable Series 1998C and Series 1999 (the "Prior Bonds"), all for the purpose of financing and refinancing the costs of certain health facilities located in Abilene, Texas, Amarillo, Texas and Odessa, Texas; and

WHEREAS, the Prior Bonds were issued pursuant to an Indenture of Trust dated as of August 1, 1998, as supplemented (the "Original Indenture") between the Issuer and JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank, successor by merger to Chase Bank of Texas, National Association (the "Trustee") and the Loan Agreement dated as of August 1, 1998, as amended (the "Original Loan Agreement") between the Issuer and the Obligated Group Representative; and

WHEREAS, the Issuer has determined to issue one or more series of Additional Bonds under the Original Bond Indenture and the Supplemental Bond Indenture No. 2 (the "Supplemental Bond Indenture") between the Issuer and the Trustee (the Original Bond Indenture and the Supplemental Bond Indenture being sometimes hereinafter referred to together as the "Bond Indenture"), designated "Abilene Health Facilities Development Corporation Retirement Facility Revenue Bonds (Sears Methodist Retirement System Obligated Group Project) Series 2003 (hereinafter called the "Series 2003 Bonds") in an aggregate principal amount not to exceed \$52,000,000 for the purpose of financing and refinancing the cost of certain health facilities located in Abilene, Texas, Lubbock, Texas and Waco, Texas, financing certain startup and marketing costs in connection with such health facilities, funding a debt service reserve fund and paying a portion of the cost of issuance; and

WHEREAS, such health facilities have been and are hereby found by the Board of Directors of the Issuer to be required, necessary and convenient for health care, research and education within the State of Texas in order to assist in the maintenance of the public health; and

WHEREAS, the Issuer now desires (i) to provide for the payment of the principal of and premium, if any, and interest on the Series 2003 Bonds with revenues derived from the loan of proceeds of the sale of the Series 2003 Bonds pursuant to the terms and provisions of the loan agreement hereinafter referred to; (ii) to provide for the sale of the Series 2003 Bonds; and (iii) to take and authorize certain other actions in connection with the foregoing; and

WHEREAS, the Board of Directors of the Issuer (the "Board") has been presented with and has examined proposed forms of a supplemental bond indenture No. 2, an amendment No. 2 to loan agreement and a bond purchase agreement and the Board finds that the form and substance of such documents are satisfactory and the recitals and findings contained therein are true, correct and complete and hereby adopts and incorporates by reference such recitals and findings as if set forth in full in this resolution, and finds that it is in the best interest of the public and the Issuer and assists in carrying out the public purpose of the Issuer and of the Act to authorize the execution and delivery of such documents; and

WHEREAS, the Board understands that Ziegler Capital Markets Group d/b/a B.C. Ziegler and Company (the "Underwriter") intends to distribute a Preliminary Official Statement (as defined below) and an Official Statement (as defined below) in connection with the public offering and sale of the Bonds; and

WHEREAS, in connection with the preparation of the Preliminary Official Statement and the Official Statement, the Issuer has furnished the information to the Underwriter to be set forth in the Preliminary Official Statement and the Official Statement under the heading "Abilene Health Facilities Development Corporation," and "Litigation - The Issuer" the Board now desires to authorize the use of such information in, and the distribution of, the Preliminary Official Statement and the Official Statement;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF ABILENE HEALTH FACILITIES DEVELOPMENT CORPORATION THAT:

1. The Board hereby authorizes and directs the issuance of the Series 2003 Bonds in the maximum aggregate principal amount of \$52,000,000 plus any original issue discount, all in accordance with a supplemental bond indenture No. 2 substantially in the form of the Supplemental Bond Indenture, a copy of which has been presented to the Board, the form, terms and provisions of such Supplemental Bond Indenture and the Series 2003 Bonds being hereby authorized and approved, and the President and the Vice President of the Issuer are hereby severally authorized and directed to execute and deliver such Supplemental Bond Indenture and the Series 2003 Bonds on behalf of the Issuer, and the Secretary and the Assistant Secretary of the Issuer are hereby severally authorized to attest and affix the Issuer's seal thereto, with such changes therein as the officers executing the same may approve, such approval to be conclusively evidenced by such execution thereof.

2. The Board hereby authorizes the execution and delivery of an amendment No. 2 to loan agreement, to provide for the loan of the proceeds of the sale of the Series 2003 Bonds by the Issuer to the Obligated Group Representative, substantially in the form of the Amendment No. 2 to Loan Agreement (the "Amendment"), by and between the Issuer and the Obligated Group Representative, a copy of which has been presented to the Board, the form, terms and provisions of such Amendment being hereby authorized and approved, and the President and the Vice President of the Issuer are hereby severally authorized and directed to execute and deliver such Amendment on behalf of the Issuer, and the Secretary and the Assistant Secretary of the Issuer are hereby severally authorized to attest and affix the Issuer's seal thereto, with such changes therein as the officers executing the same may approve, such approval to be conclusively evidenced by such execution thereto.

3. The Board hereby authorizes the execution and delivery of a bond purchase agreement, to provide for the sale of the Series 2003 Bonds, in the form of the Bond Purchase Agreement, to be dated the date of its execution and delivery (the "Bond Purchase Agreement"), among the Issuer, the Underwriter and the Obligated Group Representative, acting on behalf of the Obligated Group (as defined therein), a copy of which has been presented to the Board, the form, terms and provisions of such Bond Purchase Agreement being hereby authorized and approved, and the President and the Vice President of

the Issuer are hereby severally authorized and directed to execute and deliver such Bond Purchase Agreement on behalf of the Issuer, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by such execution thereof.

4. The actions and obligations authorized in Paragraphs 1 through 3 of this Resolution shall be subject to and conditioned upon the receipt by the Issuer, at the date of delivery of and payment for the Series 2003 Bonds, of the purchase price for the Series 2003 Bonds and such opinions, evidences, certificates, instruments or other documents as shall be requested by the Issuer's Counsel or by Bond Counsel, to evidence due performance or satisfaction by the Obligated Group Representative and the Underwriter at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by them.

5. The issuance of the Series 2003 Bonds, in accordance with the Bond Indenture, is hereby authorized, and the Board hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct.

6. The Series 2003 Bonds shall be in the form prescribed in the Supplemental Bond Indenture, provided that the Series 2003 Bonds may be issued in one or more series or subseries.

7. The Board hereby authorizes the use of the information described in the last recital of this Resolution in the preliminary official statement (the "Preliminary Official Statement") and the official statement, to be dated the date of the Bond Purchase Agreement (the "Official Statement"), and the distribution of the Preliminary Official Statement and the Official Statement, provided that, in adopting this Resolution the Issuer does not accept responsibility for the Preliminary Official Statement or the Official Statement except for the information described as having been provided by it in the last recital of this Resolution.

8. The officers, employees and agents of the Issuer, and each of them, shall be and each is expressly authorized, empowered and directed from time to time and at any time to do and perform all acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer all certificates, financing statements, instruments and other papers, whether or not herein mentioned, as they may determine to be necessary or desirable in order to carry out the terms and provisions of this resolution, as well as the terms and provisions of the Original Indenture, the Original Loan Agreement, the Supplemental Bond Indenture, the Amendment and the Bond Purchase Agreement hereby authorized and approved, such determination to be conclusively evidenced by the performance of such acts and things and the execution of any such certificate, financing statement, instrument or other paper.

9. It shall be the duty of the President or the Vice President of the Board to deliver the Series 2003 Bonds to the Attorney General of Texas for examination and approval by the Attorney General. After the Series 2003 Bonds shall have been approved by the Attorney General, they shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Series 2003 Bonds, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Certificate of Registration prescribed in the Indenture to be attached to each of the Series 2003 Bonds to be initially delivered to the Underwriter, and the seal of said Comptroller shall be affixed thereto.

10. The officers of the Issuer hereby are authorized and directed to deliver to the Trustee written instructions for the delivery of the Series 2003 Bonds to the Underwriter upon payment of the purchase price.

11. The proper officers of the Issuer are hereby authorized, in the name and on the behalf of the Issuer, to execute and file such instruments and papers, and to take or cause to be taken all such other action, as they may deem necessary or advisable in order to comply with the requirements of the Securities or "Blue Sky" laws of any jurisdiction in connection with the offering and sale of the Series 2003 Bonds, and all action heretofore taken by the officers or other representatives of the Issuer in connection with such laws is hereby approved, ratified and confirmed.

12. The Board hereby authorizes and directs, and ratifies, the delivery by the Secretary or any other officer of the Board to cause to be delivered to the City Secretary of the City of Abilene, Texas a Notice of Intention to Issue Bonds in substantially the form presented to the Board. Such notice shall be delivered to the City Secretary not later than the 15th day prior to the date the Series 2003 Bonds are expected to be issued.

13. The Board hereby appoints and ratifies Phil Elmore, John Irons and Ken Carpenter as its designated hearing officers, to conduct any public hearings required by Section 147(f) of the Internal Revenue Code of 1986, as amended.

14. The Board directs that Bond Counsel submit to the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2003 Bonds are issued, statements containing the information required by Section 149(e) of the Internal Revenue Code of 1986 and any officer of the Issuer is hereby authorized to sign such statements.

15. This Resolution shall take effect and be in full force and effect upon and after its passage.
