



MEMORANDUM

Office of the City Attorney

LEGISLATIVE ITEM NO. 000755

Phone: 334-5011/Fax 334-2229
Box 46

TO: Mayor and City Commission

DATE: December 11, 2000
PUBLIC HEARING
RESOLUTION

FROM: City Attorney

SUBJECT: A Resolution of the City of Gainesville, Florida authorizing the issuance of its Health Facilities Revenue Note, Series 2000 (Shands Teaching Hospital and Clinics, Inc. Project) in the principal amount of \$10,000,000 (the "Note"); providing for the loan of the proceeds of such Note to Shands to finance the cost of certain capital improvements and equipment at Shands Teaching Hospital and Clinics, Inc. ("Shands"); providing for the rights of the holder of such Note; making certain other covenants and agreements in connection with the issuance of such Note; authorizing execution and delivery of a Loan Agreement and a Note Purchase Agreement; designating the Note as a bank qualified obligation; awarding the Note; and providing an effective date.

Recommendation: The City Commission: 1) hear an explanation from Shands' representatives; 2) hold a public hearing; 3) acknowledge the report of the public hearing conducted by the Alachua County Health Facilities Authority; and 4) adopt the proposed Resolution.

SHANDS FINANCING SUMMARY

Shands Teaching Hospital and Clinics, Inc. ("Shands"), a Florida not-for-profit corporation, has requested that the City issue a Health Facilities Revenue Note, Series 2000 (Shands Teaching Hospital and Clinics, Inc.) (the "Note"), pursuant to Part II, Chapter 159, Florida Statutes, in an amount not in excess of \$10,000,000 to finance the cost of capital improvements and equipment to be located at Shands Hospital at the University of Florida (the "Project"). The purpose of the use of such funds Shands, as explained by Bill Robinson, Vice President and Chief Financial Officer of Shands is to renovate several interior floors of the hospital. The ICU area would be expanded, a linear accelerator would be purchased, Shands would replace approximately 550 beds that have been utilized for a number of years and are getting to the point where new beds are required, and other related projects..

The Note shall not constitute a debt, liability or obligation of the City, Alachua County, or the State of Florida, or any political subdivision thereof, but shall be payable solely from revenues paid by Shands to the City under the terms of a Loan Agreement between the City and Shands. The Note will be purchased by Compass Bank pursuant to a Note Purchase Agreement.

A public hearing regarding the financing is required by the Internal Revenue Code. Such a public hearing following public notice published in The Gainesville Sun fourteen (14) days prior to such hearing has been conducted by the Alachua County Health Facilities Authority on

behalf of the City. At such hearing, reasonable opportunity was provided for all interested individuals to express their views, both orally and in writing, concerning the issuance of the Note and the Project. In consideration of the public hearing, this Resolution is offered for the Commission's consideration.

It is recommended that the City Commission adopt the Resolution, which (a) authorizes the City to authorize the financing for Shands pursuant to the terms of the Resolution, (b) approves the form of, and, subject to approval by City Attorney as to form and legality, authorizes the Mayor and the Clerk of the Commission to execute a Loan Agreement and Note Purchase Agreement, (c) approves the plan of financing in connection with the issuance of the Note for the purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended and (d) authorizes the execution, sale and delivery of the Note to Compass Bank.

Submitted by: Wayne Bowers
Wayne Bowers
City Manager

Submitted by: Marion J. Radson
Marion J. Radson
City Attorney

A RESOLUTION OF THE CITY OF GAINESVILLE, FLORIDA AUTHORIZING THE ISSUANCE OF ITS HEALTH FACILITIES REVENUE NOTE, SERIES 2000 (SHANDS TEACHING HOSPITAL AND CLINICS, INC. PROJECT) IN THE PRINCIPAL AMOUNT OF \$10,000,000 (THE "NOTE"); PROVIDING FOR THE LOAN OF THE PROCEEDS OF SUCH NOTE TO SHANDS TO FINANCE THE COST OF CERTAIN CAPITAL IMPROVEMENTS AND EQUIPMENT AT SHANDS TEACHING HOSPITAL AND CLINICS, INC. ("SHANDS"); PROVIDING FOR THE RIGHTS OF THE HOLDER OF SUCH NOTE; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH NOTE; AUTHORIZING EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND A NOTE PURCHASE AGREEMENT; DESIGNATING THE NOTE AS A BANK QUALIFIED OBLIGATION; AWARDING THE NOTE; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, (the "Issuer") as follows:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This resolution, hereinafter called "instrument," is adopted pursuant to the provisions of Chapter 166, Part II, and Chapter 159, Part II, Florida Statutes (the "Act"), and other applicable provisions of law.

SECTION 2. DEFINITIONS. Unless the context otherwise requires, the terms used in this resolution shall have the meanings specified in the Loan Agreement, dated as of December 1, 2000 (the "Loan Agreement") between the Issuer and Shands and the Note Purchase Agreement (the "Note Purchase Agreement"), dated as of December 1, 2000, between the Issuer and Compass Bank (the "Bank"), each on file in the office of the Clerk of the Commission as Exhibits "A" and "B", respectively, and referred to herein together as the "Note Documents".

SECTION 3. FINDINGS. It is hereby ascertained, determined and declared as follows:

A. The City Commission of the Issuer is authorized under the Act, to make and execute financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing or refinancing of certain projects required or useful for educational and health care purposes, including furnishings, machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Issuer may be able to promote the improvement of health and living conditions of the people of the Issuer, Alachua County and the State of Florida, increase opportunities for gainful employment, improve health care and otherwise aid in improving the prosperity and welfare of said County and State and its inhabitants, and to provide such financing through the issuance of revenue obligations such as bonds and notes.

B. Shands has requested the Issuer to issue the Note for the purpose of financing the cost of capital improvements and equipment to be located at Shands Hospital at the University of Florida (the "Project").

C. Based solely upon information and representations provided by Shands, the Issuer will be able to cope satisfactorily with the impact of the Project and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public

services, that will be necessary for the construction, operation, repair and maintenance of the Project; provided, however, by making this finding, the Issuer in no way waives any right or governmental authority it may have to require Shands to comply with concurrency requirements or other requirements of the City of Gainesville Comprehensive Plan and Land Development Code.

D. Adequate provision is made under the provisions of the Loan Agreement for the payment of the principal of, premium, if any, and interest on the Note at the expense of Shands.

E. The principal of and premium, if any, and interest on the Note and all payments required under the Loan Agreement and the Note Purchase Agreement shall be payable solely from moneys received from Shands pursuant to the terms of the Loan Agreement, and the Issuer shall never be required to (i) levy ad valorem taxes on any property within its territorial limits to pay the principal of and premium, if any, and interest on the Note or to make any other payments provided for under the Loan Agreement and the Note Purchase Agreement; (ii) pay the same from any funds of the Issuer other than moneys derived under the Loan Agreement; or (iii) require or enforce any payment or performance by Shands as provided by the Loan Agreement unless the Issuer's expenses in respect thereof shall be paid from moneys derived under the Loan Agreement or shall be advanced to the Issuer for such purpose, and the Issuer shall receive indemnity to its satisfaction. Such Note shall not constitute a lien upon any property owned by or situated within the territorial limits of the Issuer, except for the equipment financed with the proceeds of the Note and the gross revenues of Shands as provided in the Loan Agreement.

F. The payments to be made by Shands to the Issuer under the Loan Agreement will be sufficient to pay all principal of, premium (if any) and interest on the Note, as the same shall become due, and to make all other payments required by the Loan Agreement and the Note Purchase Agreement.

G. The costs to be paid from the proceeds of the Note will be costs of a "project" within the meaning of the Act.

H. On November 30, 2000 the Alachua County Health Facilities Authority (the "Authority") conducted a public hearing on behalf of the Issuer with respect to the issuance of the Note and following consideration of all comments presented at such hearing, the Issuer desires to proceed with the financing.

I. Taking into account the financial statements of Shands and the credit approval of the Bank, the purchaser of the Note, and the long-term rating of Shands (Moody's - "A"), it is determined that Shands is fully capable and willing to fulfill its obligations to make payments in the amounts and at the times required under the Note.

J. The payments and other amounts to be paid by or on behalf of the Issuer under the Note Purchase Agreement are a special limited obligation of the Issuer. The Issuer shall not be obligated to pay the same or the interest thereon except from the payments to be made by Shands under the Loan Agreement. Neither the full faith and credit nor the taxing power of the Issuer, Alachua County, the State of Florida, or any political subdivision thereof is pledged to the payment of the Note.

SECTION 4. FINANCING AUTHORIZED. The financing of the Project in the manner provided in the Loan Agreement and the Note Purchase Agreement is hereby authorized.

SECTION 5. AUTHORIZATION AND AWARD OF NOTE. A special limited obligation of the Issuer to be known as the "Health Facilities Revenue Note, Series 2000 (Shands Teaching Hospital and Clinics, Inc. Project)", is hereby authorized to be issued in the principal amount of Ten Million Dollars (\$10,000,000). The Issuer hereby awards the Note to the Bank for the price of par plus accrued interest to the date of delivery. The terms of the Note, which shall include disbursement at the request of Shands, the dated date, maturity dates and amounts, repayment provisions, and the interest rate (not exceeding the maximum interest rate permitted by the Act or by other applicable provision of law), shall be provided in the Note Purchase Agreement and the form of the Note attached thereto.

The Note, in substantially the form attached as an exhibit to the Note Purchase Agreement, with such changes, alterations and corrections as may be recommended by counsel to the Issuer and as may be approved by the Mayor or Mayor Pro Tempore, such approval to be presumed by his or her execution thereof, is hereby approved by the Issuer, and the Issuer hereby authorizes and directs said Mayor or Mayor Pro Tempore to execute and the Clerk of the Commission to attest under the seal of the Issuer the Note and to deliver the Note to the Bank, all of the provisions of which, when executed and delivered by the Issuer as authorized herein, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

SECTION 6. AUTHORIZATION, EXECUTION AND DELIVERY OF THE LOAN AGREEMENT. The Loan Agreement, in substantially the form on file in the office of the Clerk of the Commission as Exhibit "A", with such changes, alterations and corrections as may be recommended by counsel to the Issuer and as may be approved by the Mayor or Mayor Pro Tempore, such approval to be presumed by his or her execution thereof, is hereby approved by the Issuer, and the Issuer hereby authorizes and directs said Mayor or Mayor Pro Tempore to execute and the Clerk of the Commission to attest under the seal of the Issuer the Loan Agreement and to deliver to Shands the Loan Agreement, all of the provisions of which, when executed and delivered by the Issuer as authorized herein and by Shands duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

SECTION 7. AUTHORIZATION, EXECUTION AND DELIVERY OF THE NOTE PURCHASE AGREEMENT. The Note Purchase Agreement, in substantially the form on file in the office of the Clerk of the Commission of the Issuer as Exhibit "B", with such changes, alterations and corrections as may be recommended by counsel to the Issuer and as may be approved by the Mayor or Mayor Pro Tempore of the Issuer, such approval to be presumed by his or her execution thereof, subject to approval by counsel to Issuer as to form and legality, is hereby approved by the Issuer, and the Issuer hereby authorizes and directs said Mayor or Mayor Pro Tempore to execute and the Clerk of the Commission to attest under the seal of the Issuer the Note Purchase Agreement and to deliver to the Bank the Note Purchase Agreement, all of the provisions of which, when executed and delivered by the Issuer as authorized herein and by the Bank duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

SECTION 8. NO PERSONAL LIABILITY. No covenant, stipulation, obligation or agreement herein contained or contained in the Note Documents or the Note shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent, officer or employee of the Issuer or its governing body in his or her individual capacity, and neither the members of the Issuer nor any official executing the Note shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 9. NO THIRD PARTY BENEFICIARIES. Nothing in this instrument or in the Note Documents or the Note, expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation other than the Issuer, Shands, and the owner of the Note any right, remedy or claim, legal or equitable, under and by reason of this instrument, the Note Documents or the Note; this instrument, the Note Documents and the Note are intended to be and being for the sole and exclusive benefit of the Issuer, Shands, and the owner from time to time of the Note.

SECTION 10. PREREQUISITES PERFORMED. All acts, conditions and things relating to the adoption of this instrument, to the issuance of the Note, and to the execution of the Note Documents, required by the Constitution or laws of the State of Florida to happen, exist and be performed precedent to the adoption hereof, and precedent to the issuance of the Note, and to the execution and delivery of the Note Documents, have happened, exist and have been performed as so required.

SECTION 11. OFFER OF NOTE AT NEGOTIATED SALE. The Issuer hereby finds, determines and declares that a negotiated sale of the Note is necessary and in the best interest of the Issuer due to (i) the small size of the issue, (ii) the fact that health facilities revenue obligations are traditionally sold on a negotiated basis and consequently a competitive sale of the Note would in all probability not produce better terms than a negotiated sale, and (iii) the Note is payable solely from the proceeds of the Loan Agreement and, therefore, the Issuer does not have a direct interest in the terms of the sale. The negotiated sale of the Note to the Bank is hereby authorized pursuant to Section 218.385, Florida Statutes.

SECTION 12. DESIGNATION AS QUALIFIED TAX EXEMPT OBLIGATION. The Issuer does not reasonably anticipate issuing tax exempt obligations in excess of \$10,000,000 during the current calendar year. The Issuer does hereby designate the Note as a qualified tax-exempt obligation under Section 265(b)(3) of the Internal Revenue Code of 1986.

SECTION 13. ALL OTHER NECESSARY ACTION. The Mayor, Mayor Pro Tempore, Clerk of the Commission, Counsel to the Issuer, and Smith Hulsey & Busey, bond counsel to the Issuer, are each designated agents of the Issuer in connection with the issuance and delivery of the Note, and are authorized and empowered, collectively or individually, to take all actions and steps to execute and deliver any and all instruments, documents or contracts on behalf of the Issuer which are necessary or desirable in connection with the execution and delivery of the Note and which are not inconsistent with the terms and provisions of this resolution and other actions relating to the Note heretofore taken by the Issuer. The members of the governing body of the Issuer and its officers, attorneys, engineers or other agents or employees are hereby authorized to do all acts and things required of them from time to time by this instrument and the Note Documents, or desirable or consistent with the requirements hereof or thereof, for the full, punctual and complete performance of all the terms, covenants and agreements contained in the Note and the Note Documents.

SECTION 14. THIS INSTRUMENT CONSTITUTES A CONTRACT. The Issuer covenants and agrees that this instrument shall constitute a contract between the Issuer, Shands and the Bank and its successor assigns that from time to time may hold the Note.

SECTION 15. PUBLIC HEARING. This action was taken following comments received under a public hearing convened by the Authority with respect to the Project upon public notice given at least fourteen (14) days prior to such hearing. The conduct of the public hearing by the Authority on behalf of the Issuer is hereby ratified and confirmed.

SECTION 16. ISSUER BOND POLICY COMPLIANCE. Shands is in substantial compliance with the criteria and requirements of the Issuer's Industrial Development Revenue Bond Policy and, consistent with the provisions of the laws of the State of Florida and the Internal Revenue Code relating to the issuance of the Note, the ratings requirements regarding Shand's obligations and the independent bond trustee requirements are hereby waived.

SECTION 17. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Note issued hereunder.

SECTION 18. REPEALING CLAUSE. All resolutions or parts thereof of the Issuer in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 19. EFFECTIVE DATE. This instrument shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Commission of the City of Gainesville, Florida, this 11th day of December, 2000.

CITY OF GAINESVILLE, FLORIDA

(SEAL)

By: _____
Mayor

ATTEST:

By: _____
Clerk of the Commission

Approved as to form and legality:

By: _____
City Attorney