City of Loma Linda Official Report

Floyd Petersen, Mayor
Stan Brauer, Mayor pro tempore
Robert Christman, Councilmember
Robert Ziprick, Councilmember
Charles Umeda, Councilmember

COUNCIL AGENDA: October 3, 2005

TO: City Council

SUBJECT: **Public Hearing** –Loma Linda University Medical Center Hospital Revenue Bonds, Series 2005A in an amount not to exceed $200,000,000 (Continued from September 27, 2005) **[Bond Counsel**

a. Council Bill #R-2005-52 – Authorizing the issuance and Sale of Series 2005A Hospital Revenue Bonds; the execution and delivery of certain documents and certain other related matters

b. Council Bill #R-2005-53 – Approving the issuance and sale of the Hospital Revenue Bonds Series 2005A for the purpose of refunding all or a portion of prior bonds and to finance the seismic upgrade and retrofitting of and other capital costs at LLUMC

1. Amended and Restated Bond Indenture relating to Series 1999-A Bonds
2. Amended and Restated Project Agreement relating to the Series 1999-A Bonds
3. Bond Indenture related to the Series 2005A Bonds
4. Loan Agreement related to the Series 2005A bonds
5. Four substantially identical forms of escrow agreements relating to the refunding of four outstanding series of bonds (1992-A, 1993-A,1993-B, 1993-C) with the Series 2005A bond proceeds
6. Bond Purchase Contract
7 Form of a Preliminary Official Statement

AGENDA ITEM 2

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOMA LINDA AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED $200,000,000 PRINCIPAL AMOUNT OF HOSPITAL REVENUE BONDS (LOMA LINDA UNIVERSITY MEDICAL CENTER) SERIES 2005A, AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH, AND AUTHORIZING CERTAIN OTHER MATTERS IN RELATION THERETO

WHEREAS, the City of Loma Linda, California (the "City") is authorized by the Constitution of the State of California, by the charter of the City and by Ordinance No. 271 duly adopted on October 5, 1981, and as thereafter amended, to raise funds by the issuance and sale of its revenue bonds, and to use the proceeds thereof to provide financing and refinancing for health care facilities, employment, specialized medical services and community services for residents of the City and its environs; and

WHEREAS, Loma Linda University Medical Center (the "Corporation"), a nonprofit religious corporation, is authorized to provide hospital care services in accordance with its articles of incorporation and bylaws; and

WHEREAS, the Corporation operates a medical center known as "Loma Linda University Medical Center," located at 11234 Anderson Street, Loma Linda, California (the "Facility"), and owns the Facility, except the land constituting the site of the Facility, in which the Corporation has a leasehold interest; and

WHEREAS, in 1992 the City issued its Hospital Revenue Bonds (Loma Linda University Medical Center Project) Series 1992-A (the "Series 1992-A Bonds") for the benefit of the Corporation, of which $10,640,000 remain outstanding; and

WHEREAS, in 1993 the City issued its Hospital Revenue Bonds (Loma Linda University Medical Center Project) Series 1993-A (the "Series 1993-A Bonds") for the benefit of the Corporation, of which $52,300,000 remain outstanding; and

WHEREAS, in 1993 the City issued its Hospital Revenue Refunding Bonds (Loma Linda University Medical Center Project) Series 1993-B (the "Series 1993-B Bonds") for the benefit of the Corporation, of which $16,975,000 remain outstanding; and

WHEREAS, in 1993 the City issued its Hospital Revenue Refunding Bonds (Loma Linda University Medical Center Project) Series 1993-C (the "Series 1993-C Bonds" and, together with the Series 1992-A Bonds, the Series 1993-A Bonds and the Series 1993-B Bonds, the "Prior Bonds") for the benefit of the Corporation, of which $65,370,000 remain outstanding; and

WHEREAS, in 1999 the City issued its Hospital Revenue Refunding Bonds (Loma Linda University Medical Center Project) Series 1999-A (the "Series 1999-A Bonds") for the benefit of the Corporation, of which $78,440,000 remain outstanding; and

WHEREAS, the Prior Bonds and the Series 1999-A Bonds were issued pursuant to an Indenture of Trust, dated December 1, 1982, by and between the City and U.S. Bank National Association, as successor trustee, as amended and supplemented to the date hereof (the "Existing Indenture"); and

WHEREAS, the Prior Bonds and the Series 1999-A Bonds were secured by payments under a Project Agreement, dated as of December 1, 1982, by and between the City and the Corporation, as amended and supplemented to the date hereof (the "Existing Agreement"); and

WHEREAS, it is the intent of the City and the Corporation to approve amended and restated bond documentation to govern the outstanding Series 1999-A Bonds, including: 1) an Amended and Restated Bond Indenture, dated as of September 1, 2005, by and between the City and U.S. Bank National Association, as Bond Trustee (the "Amended and Restated Bond Indenture"); and 2) an Amended and Restated Project Agreement, dated as of September 1, 2005, by and between the City and the Corporation (the "Amended and Restated Project Agreement"); and

WHEREAS, the Corporation has asked the City to issue a new series of bonds (the "Series 2005A Bonds") for the purpose of refunding the Prior Bonds and financing the seismic upgrading and retrofitting and certain other capital costs of the Corporation's medical center located in the City (collectively, the "Project"); and

WHEREAS, it is the intent of the City to enter into bond documentation to govern the Series 2005A Bonds to be issued, including: 1) a Bond Indenture, dated as of September 1, 2005, by and between the City and U.S. Bank National Association, as Bond Trustee (the "Series 2005A Bond Indenture"); and 2) a Loan Agreement, dated as of September 1, 2005, by and between the City and the Corporation (the "Loan Agreement"); and

WHEREAS, the Corporation, the City and the Trustee will enter into escrow agreements, dated as of September 1, 2005 (the "Escrow Agreements"), providing for the defeasance of the Prior Bonds; and

WHEREAS, the Corporation, the City, and Goldman, Sachs & Co., as representative of itself and Kinsell, Newcomb & De Dios (the "Underwriters") will execute a purchase contract (the "Bond Purchase Contract"), pursuant to which the Series 2005A Bonds will be sold to the Underwriters and the proceeds of such sale will be used as set forth in the Series 2005A Bond Indenture, and wherein the Corporation will make certain representations to induce the City and the Underwriters to execute the Bond Purchase Contract; and

WHEREAS, the Underwriters have submitted to the City the form of the Bond Purchase Contract pursuant to which the Underwriters propose to purchase the Series 2005A Bonds; and

WHEREAS, there has been presented to this meeting the forms of the following documents (collectively, the "Transaction Documents"):

1. The Amended and Restated Bond Indenture;

2. The Amended and Restated Project Agreement;

3. The Series 2005A Bond Indenture;

4. The Loan Agreement;

5. The Bond Purchase Contract;

6. The Escrow Agreements; and

7 The form of a Preliminary Official Statement to be used by the Underwriters in connection with the offering and sale of the Series 2005A Bonds, to be prepared by the Corporation in connection with the issuance of the Series 2005A Bonds (the "Preliminary Official Statement"), which includes sections entitled "The City" and "Absence of Material Litigation" (the "City Sections") to be inserted in the Preliminary Official Statement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Loma Linda, as follows:

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The proposed form of each of the Transaction Documents presented at this meeting is hereby approved, and the City Manager, the Finance Director of the City, or such other person that the City Council may from time to time designate (each a "City Representative") are hereby authorized and directed for and in the name of the City to execute the Transaction Documents in substantially such forms with additions thereto or changes therein as are recommended or approved by Bond Counsel to the City and as the City Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of such documents by said City Representative.

Section 3. The Series 2005A Bonds shall be issued as follows:

(a) The City authorizes the issuance of revenue bonds of the City, to be designated "City of Loma Linda Hospital Revenue Bonds (Loma Linda University Medical Center) Series 2005A," in an aggregate principal amount not to exceed $200,000,000, the exact amount to be set forth in the Series 2005A Bond Indenture, for the purpose of (i) the refunding of the City's outstanding Prior Bonds, (ii) financing the seismic upgrading and retrofitting and certain other capital costs of the Facility, (iii) funding a debt service reserve account and (iv) paying certain of the costs of issuing the Series 2005A Bonds, as provided in the Series 2005A Bond Indenture.

(b) The Series 2005A Bonds shall be dated, shall mature, and shall bear interest payable at the times and at the rates and shall be subject to redemption at the times and in the principal amounts as provided in the Series 2005A Bond Indenture.

Section 4. The Series 2005A Bonds shall be executed on behalf of the City by the Mayor, the City Clerk or other authorized officer of the City in the manner provided in the Series 2005A Bond

Indenture. In the absence or inability of the Mayor to act, the Mayor Pro Tem or any other member of the City Council (the "City Officials") may execute any documents with the same force and effect as if the Mayor had so signed.

Section 5. The Series 2005A Bonds are to be sold to the Underwriters on the terms specified in the Bond Purchase Contract, provided the aggregate Underwriters' discount shall not exceed 1.20% (exclusive of original issue discount) and the average interest rate on the Series 2005A Bonds shall not exceed 6.15% per annum in the aggregate.

Section 6. The Preliminary Official Statement, including the City Sections of the Preliminary Official Statement, in the form substantially as presented at this meeting, is hereby approved, and the preparation and distribution of the Preliminary Official Statement, in the form substantially as presented at this meeting, be and the same is hereby approved. The City Representatives, each alone, are hereby authorized and directed, for and in the name and on behalf of the City, to deem the Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriters a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the City Representative executing the same shall approve. The Underwriters are hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and are directed to deliver copies of any final Official Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the City's approval of the Official Statement.

Section 7. U.S. Bank National Association is hereby appointed as Bond Trustee under the Series 2005A Bond Indenture, with the duties and powers of such positions as set forth in the Series 2005A Bond Indenture.

Section 8. The City Representatives, the City Officials, and each individually, are hereby authorized and directed to execute, acknowledge, deliver and accept, as appropriate, the Series 2005A Bonds and all documents and instruments required under the terms of the Transaction Documents and all exhibits thereto, and this Resolution. The City Representatives, the City Officials, and each individually, are hereby authorized and directed on behalf of the City to do such things as may be necessary or desirable to carry out the transactions contemplated by the Transaction Documents and this Resolution, without further act or deed on the part of the whole of the City Council.

Section 9. The City Representatives, the City Officials, and each individually, are hereby authorized to execute any and all certificates on behalf of the City required by the Transaction Documents or otherwise required in connection with the issuance, sale and delivery of the Series 2005A Bonds.

Section 10. The execution, by the City Manager, of the Tax Certification of the City in connection with the swap transaction entered into pursuant to a Confirmation, dated September 26, 2005, by and between the Corporation and Goldman Sachs Capital Markets, L.P., is hereby ratified and approved by this City Council.

Section 11. The City Clerk, or, in her absence, the Deputy City Clerk, is hereby authorized and directed to sign, execute or attest any document as provided herein.

PASSED, APPROVED AND ADOPTED this 3rd day of October, 2005, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN (DID NOT PARTICIPATE):

Stan Brauer, Mayor pro tempore

Attest:

Pamela Byrnes-O'Camb, City Clerk

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOMA LINDA APPROVING THE ISSUANCE AND SALE OF THE HOSPITAL REVENUE BONDS (LOMA LINDA UNIVERSITY MEDICAL CENTER), SERIES 2005A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $200,000,000 FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF PRIOR BONDS ISSUED BY THE CITY OF LOMA LINDA ON BEHALF OF THE LOMA LINDA UNIVERSITY MEDICAL CENTER AND TO FINANCE THE SEISMIC UPGRADE AND RETROFITTING OF, AND OTHER CAPITAL COSTS AT, THE LOMA LINDA UNIVERSITY MEDICAL CENTER.

WHEREAS, the Loma Linda University Medical Center, a California nonprofit religious corporation (the "Corporation"), has requested that the City of Loma Linda (the "City") issue one or more series of revenue bonds in an aggregate principal amount not to exceed $200,000,000 (the "Bonds") for the purpose of refunding all or a portion of the following outstanding bonds issued by the City on behalf of the Corporation: a) City of Loma Linda, California Hospital Revenue Bonds (Loma Linda University Medical Center Project), Series 1992-A; (b) City of Loma Linda, California Hospital Revenue Bonds (Loma Linda University Medical Center Project), Series 1993-A; (c) City of Loma Linda, California Hospital Revenue Refunding Bonds (Loma Linda University Medical Center Project), Series 1993-B; and (d) City of Loma Linda, California Hospital Revenue Refunding Bonds (Loma Linda University Medical Center Project), Series 1993-C.

WHEREAS, in addition, a portion of the proceeds from the sale of the Bonds will be used to finance the seismic upgrade and retrofitting of the Loma Linda University Medical Center (the "Center") and certain other capital costs at the Center located at 11234 Anderson Street in the City;

WHEREAS, the owner and operator of the facilities described in the preceding clauses being financed or refinanced with the proceeds of the Bonds (the "Facilities") will be the Corporation and the Facilities are located within the territorial limits of the City; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds by the City Issuer must be approved by the City because the Facilities are located within the territorial limits of the City;

WHEREAS, the City Council of the City (the "Council") is the elected legislative body of the City and is one of the applicable elected representatives required to approve the issuance of the Bonds by the City under Section 147(f) of the Internal Revenue Code of 1986 (the "Code");

WHEREAS, the City Issuer has requested that the Council approve the issuance of the Bonds by the City Issuer in order to satisfy the public approval requirement of Section 147(f) of the Code;

WHEREAS, pursuant to Section 147(f) of the Code, the Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds by the City, and now desires to approve the issuance of the Bonds by the City;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Loma Linda as follows:

Section 1. The Council hereby approves the issuance of the Bonds. It is the purpose and intent of the Council that this resolution constitute approval of the issuance of the Bonds by the City, for the purposes of Section 147(f) of the Code, by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Facilities are located, in accordance with said Section 147(f).

Section 2. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 3. The effectiveness of this resolution, and of the public hearing referred to above and the notice given in connection therewith, is conditioned upon the City being the issuer of the Bonds.

Section 4. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Loma Linda this 13th day of September, 2005.

AYES:

NOES:

ABSENT

ABSTAIN (DID NOT PARTICIPATE):

_____
Stan Brauer, Mayor pro tempore

[SEAL]

Attest:

_____
Pamela Byrnes O'Camb, City Clerk