

ORDINANCE NO. 2678

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF GRAND JUNCTION, COLORADO, HOSPITAL REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 1993 (COMMUNITY HOSPITAL CORPORATION PROJECT), IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$5,000,000 TO FINANCE A PROJECT; RATIFYING CERTAIN ACTION HERETOFORE TAKEN; AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF A MORTGAGE AND LOAN AGREEMENT, TRUST INDENTURE, ESCROW AGREEMENT, BOND PURCHASE AGREEMENT, SUCH BONDS, AND CLOSING DOCUMENTS IN CONNECTION THEREWITH; MAKING DETERMINATIONS AS TO THE SUFFICIENCY OF REVENUES AND AS TO OTHER MATTERS RELATED TO THE PROJECT; AND REPEALING ACTION HERETOFORE TAKEN IN CONFLICT HEREWITH.

WHEREAS, the City of Grand Junction, Colorado (the "City") is a legally and regularly created, established, organized and existing municipal corporation and political subdivision under the laws of the State of Colorado; and

WHEREAS, the City is authorized by the County and Municipality Development Revenue Bond Act, constituting Sections 29-3-101 through 29-3-123, inclusive, Colorado Revised Statutes (the "Act"), to finance and/or refinance one or more projects, including land, buildings and improvements suitable or used in connection with a hospital or health care facility; and

WHEREAS, the Act authorizes the City (i) to issue its development revenue bonds for the purpose of defraying the cost of financing any project and all incidental expenses incurred in connection with the issuance of such bonds, including the funding of a reasonable reserve for the bonds, and to refund bonds or refinance obligations previously issued for any project, (ii) to enter into financing agreements with others for the purpose of providing revenues to pay the bonds authorized to be issued under the Act and upon such terms and conditions as the City Council of the City may deem advisable, and (iii) to secure the payment of the principal of, premium, if any, and interest on such bonds as provided in the Act; and

WHEREAS, the City caused to be published in the Denver Post (as shown on the affidavit of publication attached hereto as Exhibit A) on or before May 5, 1993 (at least fourteen days before the date of final adoption of this Ordinance), a notice of public hearing, as required under the Internal Revenue Code of 1986, as amended, with respect to the issuance of the Bonds, inviting all interested persons to attend such hearing on the date hereof; and

WHEREAS, such public hearing was held immediately prior to the second reading of this ordinance; and

WHEREAS, the bonds authorized herein shall be sold in order to provide financing to Lincoln Park Osteopathic Hospital Association d/b/a Community Hospital Corporation, a Colorado non-profit corporation (the "Corporation"), for the acquisition, construction and installation of improvements to its health care facilities and to refund certain outstanding obligations issued for one or more projects (collectively, the "Project"), such facilities financed and refinanced being located within the City; and

WHEREAS, the City has determined that it is advisable and in the best interests of the City to issue, sell and deliver its Hospital Revenue Refunding and Improvement Bonds, Series 1993 (Community Hospital Corporation Project) in the aggregate principal amount of not to exceed \$5,000,000 (the "Bonds"), to Hanifen, Imhoff Inc. (the "Underwriter") to provide moneys to provide financing to the Corporation for the Project; and

WHEREAS, in order to provide such financing, the City will make a loan from the proceeds of the Bonds to the Corporation pursuant to a Mortgage and Loan Agreement dated as of June 15, 1993 (the "Agreement"), between the City and the Corporation, and the Corporation will acquire, operate and maintain the facilities and equipment financed and refinanced by the Project in accordance with the requirements of the Act; and

WHEREAS, the Bonds will be secured by (i) a pledge of the Agreement (including as a part thereof a mortgage on certain of the Corporation's facilities), and (ii) a pledge of the revenues and receipts derived by the City pursuant to the Agreement; and

WHEREAS, there have been presented to the City Council of the City (i) the proposed form of Agreement, (ii) the proposed form of Trust Indenture dated as of June 15, 1993 (the "Indenture"), between the City and Central Bank National Association, as trustee (the "Trustee"), (iii) the proposed form of Bond Purchase Agreement (the "Bond Purchase Agreement"), between the City and the Underwriter, and (iv) the proposed form of Preliminary Official Statement (the "Preliminary Official Statement"), to be distributed by the Underwriter to prospective purchasers of the Bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION:

Section 1. All action (not inconsistent with the provisions of this ordinance) heretofore taken by the City Council and the officers of the City directed toward the financing of the Project, and the issuance and sale of the Bonds therefor is hereby ratified, approved and confirmed.

Section 2. The City shall finance the Project subject to the terms of the Agreement and the Indenture by the issuance, sale and delivery of the Bonds.

Section 3. To defray the cost of such financing, there is hereby authorized and created an issue of development revenue bonds designated as the "City of Grand Junction, Colorado, Hospital Revenue Refunding and Improvement Bonds (Community Hospital Corporation Project) Series 1993," in the aggregate principal amount of not to exceed \$5,000,000,

issuable as fully registered bonds in the denominations of \$5,000 or any integral multiple thereof, dated as provided in the Indenture and maturing in the amounts and in each of the years to be designated in the Indenture. The final aggregate principal amount of the Bonds, the amounts maturing each year and the interest rates thereon shall be as specified in the Bond Purchase Agreement and the City's signature on such document shall evidence its acceptance thereof. Such amounts, maturities and interest rates shall be added to the Indenture before the City's final execution of it.

The Bonds shall be payable, shall be subject to redemption prior to maturity and shall be in substantially the forms as provided in the Indenture. Pursuant to the Bond Purchase Agreement, the Bonds shall be sold to the Underwriter at a purchase price equal to 98% of the proceeds of the Bonds. The maximum net effective interest rate on the Bonds is hereby determined to be 8%. The final net effective interest rate on the Bonds shall not exceed such rate.

Section 4. The following determinations and findings are hereby made in accordance with Sections 29-3-113, 29-3-114 and 29-3-120 of the Act.

(a) The maximum amount necessary in each year to pay the principal of and the interest on the Bonds is as follows:

<u>Annual Period to and Including October 1</u>	<u>Interest for such Period</u>	<u>Principal to be Retired in such Period</u>	<u>Annual Debt Service Requirement</u>
1994	\$394,000	\$150,000	\$467,778
1995	384,800	80,000	468,000
1996	378,200	85,000	466,600
1997	371,000	95,000	469,800
1998	363,200	100,000	467,200
1999	354,800	110,000	469,200
2000	345,800	115,000	465,400
2001	345,800	125,000	466,200
2002	336,200	135,000	466,200
2003	325,800	145,000	465,400
2004	314,600	160,000	468,800
2005	302,400	170,000	466,000
2006	289,200	185,000	467,400
2007	274,500	200,000	467,600
2008	258,800	215,000	466,600
2009	233,000	235,000	469,400
2010	224,500	255,000	470,600
2011	205,400	275,000	470,200
2012	184,200	295,000	468,200
2013	161,400	320,000	469,600
2014	136,800	345,000	469,000
2015	81,600	370,000	466,400
2016	50,800	400,000	466,800
2017	17,400	435,000	469,800

These amounts assume all of the Bonds are marketed at a rate of 8% per annum. It is not expected that the maximum amount of interest shown in the table will need to be paid on the Bonds. Current annual interest rates are in the range of 5% to 7% per annum.

(b) The terms under which the Project is to be financed provide that the Corporation shall maintain the Project and carry all proper insurance with respect thereto.

(c) The revenues payable under the financing documents with respect to the Bonds and the Project are sufficient to pay, in addition to all other requirements of such financing documents and this ordinance, all sums referred to in paragraphs (a) and (b) of this Section.

(d) The revenues payable under the financing documents with respect to the Bonds and the Project are sufficient to pay, in addition to all other requirements of such financing documents and this ordinance, all taxes, if any, payable pursuant to Section 29-3-120 of

the Act.

Section 5. The forms, terms and provisions of the Agreement, the Indenture and the Bond Purchase Agreement hereby are approved and the City shall enter into the Agreement, the Indenture and the Bond Purchase Agreement in the forms of such documents presented to the City Council at this meeting; provided, however, that the City Finance Director is hereby delegated the authority to approve reasonable changes in and completions to such documents after the date of this ordinance so long as such documents, as completed and changed, meet the requirements of this ordinance. The Mayor of the City is hereby authorized and directed to execute and deliver the Agreement, the Indenture and the Bond Purchase Agreement and the City Clerk is hereby authorized and directed to affix the City seal to and to attest the Agreement, the Indenture and the Bond Purchase Agreement, such signatures to be conclusive evidence of the City's approval of the final terms of such documents.

Section 6. The City acknowledges the proposed use by the Underwriter of the Preliminary Official Statement in connection with the offering of the Bonds to the public. The City acknowledges the use by the Underwriter in connection with the sale of the Bonds of a final official statement (the "Official Statement") to be prepared by the Underwriter and to be substantially in the form of the Preliminary Official Statement but containing such amendments as may be deemed appropriate by the Underwriter. The City makes no representation or warranty as to, and has no responsibility for, the accuracy or completeness of the information contained in the Preliminary Official Statement or the Official Statement except that specifically relating to it.

Section 7. The forms, terms and provisions of the Bonds in the forms contained in the Indenture, hereby are approved, with such changes as may be approved by the City Finance Director who is hereby delegated authority to approve reasonable changes; and the Mayor of the City is hereby authorized and directed to execute the Bonds and the City Clerk is hereby authorized and directed to affix the seal of the City to the Bonds and to attest the Bonds. The signatures of the Mayor and the City Clerk on the Bonds and the seal of the City on the Bonds shall be affixed manually or by facsimile and shall conclusively demonstrate the City's approval of the final terms of the Bonds.

Section 8. The Mayor is hereby authorized and directed to execute and deliver to the Trustee the written order of the City for the authentication and delivery of the Bonds by the Trustee, in accordance with the Indenture.

Section 9. Central Bank National Association, Denver, Colorado, is hereby appointed as Trustee, paying agent and bond registrar under the Indenture.

Section 10. The officers of the City shall take all action in conformity with the Act necessary or reasonably required to effectuate the issuance of the Bonds and shall take all action in conformity with the Act necessary or desirable to finance the cost of the Project and for carrying out, giving effect to and consummating the transactions contemplated by this ordinance and the Agreement, the Indenture and the Bond Purchase Agreement, including, without limitation, the execution and delivery of any closing documents (including an escrow agreement pursuant to which some or all of the Corporation's outstanding obligations being refinanced will be paid) to be

delivered in connection with the sale and delivery of the Bonds.

Section 11. The cost of financing the Project, including incidental issuing expenses, will only be paid out of the proceeds of the Bonds or other moneys provided by the Corporation and none of the Bonds will be the general obligation of the City, nor shall any of the Bonds, including interest thereon, constitute the debt or indebtedness of the City within the meaning of the Constitution or statutes of the State of Colorado or the City's home rule charter, nor shall anything contained in this ordinance or in the Bonds, the Agreement, the Indenture, the Bond Purchase Agreement, or any other instrument give rise to a pecuniary liability of the City, any "multiple fiscal year direct or indirect debt or other financial obligation whatsoever", or a charge upon the general credit or taxing powers of the City, nor shall the breach of any agreement contained in this ordinance, the Bonds, or the Agreement, the Indenture, or the Bond Purchase Agreement impose any pecuniary liability on the City or a charge upon the general credit or taxing powers of the City, the City having no power to pay out of its general fund, or otherwise contribute any part of the costs of financing the Project, nor power to operate the Improvement Project (as defined in the Agreement) as a business or in any manner, nor shall the City condemn any land or other property for the Improvement Project nor contribute any land or other property to the Improvement Project. Nothing contained in this ordinance or the Agreement, the Indenture or the Bond Purchase Agreement shall give rise to any personal or pecuniary liability of any elected official, officer, director, employee, agent, or attorney of the City.

Section 12. For purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), the City hereby designates the Bonds as qualified tax-exempt obligations. In addition, for purposes of Section 147(f) of the Code, the Council hereby approves the issuance of the Bonds.

Section 13. After any of the Bonds are issued, this ordinance shall be and remain irrevocable until the Bonds and the interest thereon shall have been fully paid, cancelled and discharged.

Section 14. If any section, paragraph, clause or provision of this ordinance shall for any reason 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 ordinance.

Section 15. All bylaws, orders, resolutions and ordinances, or parts hereof, inconsistent herewith and with the documents hereby approved, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance, or part thereof.

Section 16. The City Clerk is hereby directed to have this Ordinance published in full in the Daily Sentinel, a newspaper published in the City, on or before May 9, 1993; such publication shall include a notice that this Ordinance will be considered for second reading and adoption on May 19.

Section 17. This Ordinance, immediately on its final passage, shall be recorded

in the City book of ordinances kept for that purpose, authenticated by the signatures of the Mayor and the City Clerk, and shall be published in full in the Daily Sentinel, a legal newspaper published in the City. This ordinance shall take effect 30 days after publication following final passage.

INTRODUCED AND READ BY TITLE OR IN FULL on May 5, 1993.

ADOPTED AND APPROVED AS AMENDED on May 19, 1993.

Mayor

(SEAL)

Attest: _____
City Clerk

