

RESOLUTION NO. 1521

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PRINEVILLE, OREGON, APPROVING ISSUANCE OF REVENUE REFUNDING BONDS, SERIES 2022 (ST. CHARLES HEALTH SYSTEM) BY THE HOSPITAL FACILITY AUTHORITY OF DESCHUTES COUNTY, OREGON, AND APPROVING THE EXECUTION AND DELIVERY OF AN INTERGOVERNMENTAL AGREEMENT

WHEREAS, the City Council of the City of Prineville, Oregon (“City”) acknowledges that The Hospital Facility Authority of Deschutes County, Oregon (“Authority”) has received a request from St. Charles Health System, Inc., a nonprofit corporation organized and existing under the laws of the State of Oregon (“Borrower”) to issue Revenue Refunding Bonds, Series 2022 (St. Charles Health System), in one or more series (the “2022 Bonds”), in an aggregate principal amount not to exceed \$80,000,000; and

WHEREAS, the proceeds of the 2022 Bonds are expected to be used for the purpose of refunding all or a portion of the Authority’s Revenue Bonds, Series 2014 (the “2014 Bonds”) which were previously issued to finance, in part, the costs of capital construction, acquisition, development, improvements, renovations, and equipping of the Borrower’s healthcare facilities located within the boundaries of the City at St. Charles Prineville (the “Prineville Project”), with the remaining proceeds of the 2014 Bonds used to finance assets located elsewhere in the State of Oregon, to reimburse the Borrower for costs incurred related to the project and to pay certain costs of issuance of the 2014 Bonds; and

WHEREAS, the principal of and interest on the 2022 Bonds will not constitute a debt of the City nor shall the 2022 Bonds be payable from a tax of any nature levied upon any property within the City nor any other political subdivision of the State of Oregon. The 2022 Bonds will be payable only from the revenues and resources provided by the Borrower; and

WHEREAS, the Internal Revenue Code of 1986 (the “Code”) authorizes the issuance of revenue bonds for a “qualified 501(c)(3) entity,” such as the Borrower; and

WHEREAS, Section 147(f) of the Code requires that qualified 501(c)(3) bonds be approved by the applicable elected representatives of the governmental unit having jurisdiction over the area in which the projects are located and the City Council of the City are the applicable elected representatives of the governmental unit having jurisdiction over the portion of the Prineville Project being refinanced with the proceeds of the 2022 Bonds; and

WHEREAS, on the date of this Resolution, the City Council conducted a public hearing, adequate notice of this hearing having been published pursuant to Section 147(f) of the Code, to provide a reasonable opportunity for members of the public to express their views regarding the issuance of the 2022 Bonds and the uses and purposes of the proceeds of the 2022 Bonds; and

WHEREAS, the Authority is expected to conduct a public hearing regarding the issuance of the 2022 Bonds and consider a Resolution authorizing the execution and delivery of an Intergovernmental Agreement (“Intergovernmental Agreement”), in substantially the form attached

hereto as Exhibit "A," between the Authority, the City, and the City of Madras, Oregon, pursuant to ORS 190.010 which designates the Authority as the issuer of the 2022 Bonds. Such Intergovernmental Agreement will help provide cost savings to the nonprofit healthcare facilities of the Borrower; and

WHEREAS, the Common Council of the City of Madras, Oregon, as the governmental unit having jurisdiction over the area in which a portion of the projects to be refinanced with the proceeds of the 2022 Bonds is located, is expected to conduct a public hearing and adopt a Resolution approving the issuance of the 2022 Bonds by the Authority for projects located in its jurisdiction and authorizing the execution and delivery of the Intergovernmental Agreement; and

WHEREAS, the Board of County Commissioners of Deschutes County, as the governmental unit having jurisdiction over the Authority and having jurisdiction over the area in which a portion of the projects to be refinanced with the proceeds of the 2022 Bonds are located, is expected to adopt a Resolution approving the issuance of the 2022 Bonds by the Authority; and

WHEREAS the City finds that it would be in the best interest of the City to approve of the issuance of the 2022 Bonds by the Authority pursuant to the requirements of Section 147(f) of the Code;

NOW, THEREFORE, the City of Prineville resolves as follows:

1. As the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Prineville Project is located, and having concluded that a public hearing was validly held to provide a reasonable opportunity for members of the public to express their views regarding the issuance of the 2022 Bonds and the uses and purposes of the proceeds of the 2022 Bonds, the City Council approves of the issuance of the 2022 Bonds by the Authority.
2. The City authorizes the execution and delivery of the Intergovernmental Agreement and any other action necessary in connection with the 2022 Bonds. The Intergovernmental Agreement shall be executed by the Mayor, the City Manager, or their designee, for and on behalf of the City.
3. This resolution is effective immediately upon passage.

Passed by the City Council this 26th day of April 2022.



Stephen P. Uffelman, Council President

ATTEST:



City Recorder

INTERGOVERNMENTAL COOPERATION AGREEMENT

THIS INTERGOVERNMENTAL COOPERATION AGREEMENT IS BETWEEN THE HOSPITAL FACILITY AUTHORITY OF DESCHUTES COUNTY, OREGON, THE CITY OF MADRAS, OREGON, AND THE CITY OF PRINEVILLE, OREGON, RELATING TO THE ISSUANCE BY THE HOSPITAL FACILITY AUTHORITY OF DESCHUTES COUNTY, OREGON OF REVENUE REFUNDING BONDS, IN ONE OR MORE SERIES.

This Intergovernmental Cooperation Agreement, dated as of May 1, 2022 (the "Agreement") is made and entered into between The Hospital Facility Authority of Deschutes County, Oregon (the "Authority"), the City of Madras, Oregon ("Madras"), and the City of Prineville, Oregon ("Prineville") (Madras and Prineville are together referred to as the "Cities"), for the benefit of healthcare facilities located in Deschutes County, Oregon, Madras, and Prineville that are owned and operated by St. Charles Health System, Inc., a private, nonprofit corporation organized and existing under the laws of the State of Oregon (the "Borrower"). The Authority proposes the issuance of revenue refunding bonds, in one or more series, in an aggregate principal amount not to exceed \$80,000,000 (the "Bonds") to refinance certain previous capital construction, acquisition, development, improvement, renovation and equipping at the borrower's healthcare facilities as follows (collectively, the "Projects"): (i) previous construction of a new hospital facility in Prineville, approximately 60,000 square feet in size, with inpatient beds and outpatient services, including without limitation, primary care, lab, radiology and imaging, emergency and physical therapy, as well as renovations and improvements at existing hospital and outpatient clinic facilities owned by the Borrower in Prineville; (ii) previous capital additions and improvements to existing hospital and outpatient clinic facilities owned by the Borrower in Madras; (iii) previous capital additions and improvements to the existing hospital, including without limitation, a new integrated Cancer Center building, patient tower remodel, and outpatient clinic facilities owned by the Borrower in the City of Bend, Oregon; and (iv) previous capital additions and improvements to the existing hospital and outpatient facilities owned by the Borrower in the City of Redmond, Oregon. Proceeds of the Bonds will also be used to reimburse the Borrower for costs incurred related to the Projects and to pay financing and legal costs relating to the Bonds, including funding one or more debt service reserve funds, if necessary.

RECITALS

A. The Authority and the Cities desire to enter into this Agreement to provide economies of scale and cost savings to the nonprofit health facilities in their respective communities and hereby agree that the Authority shall act as the issuer of the Bonds for the refinancing of the Projects.

B. The Authority and the Cities acknowledge that they have authority to execute and deliver this Agreement pursuant to ORS 190.010 and ORS 441.575.

C. Projects refinanced with proceeds from the Bonds are primarily located at the following addresses:

St. Charles Prineville
384 SE Combs Flat Road
Prineville, OR 97754

St. Charles Madras
470 NE A St.
Madras, OR 97741

St. Charles Bend
2500 NE Neff Road
Bend, OR 97701

St. Charles Redmond
1253 NW Canal Blvd.
Redmond, OR 97756

NOW, THEREFORE, it is agreed by and between the Authority and the Cities, as follows:

1. Issuance by Authority. Pursuant to ORS 441.550(6) and 441.555 which provide that an authority may issue revenue bonds to accomplish its purposes and ORS 190.010 which provides that units of local government (including any authority, city or county) may enter into intergovernmental agreements and may agree to designate one of the parties to an intergovernmental agreement to perform any or all functions and activities that a party to the agreement has the authority to perform, the Authority and the Cities agree that the Authority will be the issuer of the Bonds for the Projects.

2. Further Authority. This Agreement is executed by the parties hereto to clearly identify the Authority as the issuer of the Bonds for the refinancing of the Projects and to further supplement the existing authority of the Authority to issue the Bonds for the Projects pursuant to ORS 441.550(8) which provides that an Authority has the power to loan money for the construction of and improvements to healthcare facilities and ORS 441.550(2) which provides that an Authority has the power to improve and equip healthcare facilities within or without the corporate limits of the municipality by which it was created.

3. Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.

4. No Liability on the Bonds. The Cities and the Authority (collectively, the “parties”) to this Agreement shall not incur any liability with respect to the Bonds or any related documents or transactions by reason of executing this Agreement, adopting an order, or any other action taken in conjunction with this transaction. The Bonds are special nonrecourse obligations of the Authority payable solely from revenues or resources provided by Borrower or its affiliates and the Authority hereby agrees to cause the Borrower to indemnify the parties to this Agreement against any legal actions and to provide a copy of such indemnification to the Cities.

5. Counterparts. This Agreement may be executed in one or more counterparts each of which shall constitute an original.

6. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Oregon.

IN WITNESS WHEREOF, the parties hereby execute and deliver this Intergovernmental Agreement effective as of the day and year first written above.

**THE HOSPITAL FACILITY AUTHORITY OF
DESCHUTES COUNTY, OREGON**

By: _____
Authorized Representative

Signed as of: May ___, 2022

[SIGNATURE PAGES OF THE CITIES FOLLOW]

THE CITY OF MADRAS, OREGON

By: _____

Signed as of: May ____, 2022

[SIGNATURE PAGE OF THE CITY OF PRINEVILLE FOLLOWS]

THE CITY OF PRINEVILLE, OREGON

By: Stephen P. Vffelmar

Signed as of: May 1st, 2022