

RESOLUTION NO. 1229

A RESOLUTION APPROVING ISSUANCE OF REVENUE BONDS, SERIES 2014 (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 Bonds, Series 2014 (St. Charles Health System), in one or more series (the “2014 Bonds”), in an aggregate principal amount not to exceed \$80,000,000; and

WHEREAS, the proceeds of the 2014 Bonds in an aggregate principal amount not to exceed \$30,000,000 are expected to be used for the purpose of financing all or a portion of the costs of capital construction, acquisition, development, improvements, renovations, and equipping of the Borrower’s healthcare facilities located within the boundaries of the City, including at (i) Pioneer Memorial Hospital, (ii) outpatient clinic facilities, and (iii) a new healthcare facility to be located on a 19.5 acre parcel on the east side of SE Combs Flat Road between Second Street and Fifth Street (collectively, “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, to fund a reserve account, if necessary, and to pay certain costs of issuance of the 2014 Bonds; and

WHEREAS, the principal of and interest on the 2014 Bonds will not constitute a debt of the City nor shall the 2014 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 2014 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 financed with the proceeds of the 2014 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 2014 Bonds and the uses and purposes of the proceeds of the 2014 Bonds; and

WHEREAS, on February 25, 2014, the Authority is expected to conduct a public hearing regarding the issuance of the 2014 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 2014 Bonds. Such Intergovernmental Agreement will help provide cost savings to the nonprofit healthcare facilities of the Borrower; and

WHEREAS, on February 25, 2014, 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 financed with the proceeds of the 2014 Bonds is located, is expected to conduct a public hearing and adopt a Resolution approving the issuance of the 2014 Bonds by the Authority for projects located in its jurisdiction and authorizing the execution and delivery of the Intergovernmental Agreement; and

WHEREAS, on February 26, 2014, 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 financed with the proceeds of the 2014 Bonds are located, is expected to adopt a Resolution approving the issuance of the 2014 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 2014 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 2014 Bonds and the uses and purposes of the proceeds of the 2014 Bonds, the City Council approves of the issuance of the 2014 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 2014 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 25th day of February 2014.


Betty J. Roppe, Mayor

ATTEST:


Lisa Morgan, City Recorder