

City of Carson City
Agenda Report

Item # 7

Date Submitted: 9/12/06

Agenda Date Requested: 9/21/06

Time Requested: 5 minutes

To: Mayor and Supervisors

From: Tom Minton, Director of Finance

Subject Title: Action to adopt a resolution amending the resolution authorizing the issuance and sale of \$50,000,000 principal amount of Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project) Series 2003B to finance a portion of the costs of a project for the nonprofit corporation Carson Tahoe Regional Healthcare; authorizing the execution and delivery by the City of an amendment to the original loan agreement and supplement to the original indenture of trust eliminating the requirement that a bond reserve fund be funded and maintained in connection therewith; and ratifying all consistent actions theretofore taken.

Staff Summary: This is a resolution amending the resolution authorizing the issuance and sale of \$50,000,000 principal amount of Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project) Series 2003B to finance a portion of the costs of a project for the nonprofit corporation Carson Tahoe Regional Healthcare.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does this action require a Business Impact Statement: () Yes (XX) No

Recommended Board Action: I move to adopt Resolution No. _____, a resolution amending the resolution authorizing the issuance and sale of \$50,000,000 principal amount of Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project) Series 2003B to finance a portion of the costs of a project for the nonprofit corporation Carson Tahoe Regional Healthcare; authorizing the execution and delivery by the City of an amendment to the original loan agreement and supplement to the original indenture of trust eliminating the requirement that a bond reserve fund be funded and maintained in connection therewith; and ratifying all consistent actions theretofore taken.

Explanation for Recommended Board Action: n/a

Applicable Statute, Code, Policy, Rule or Regulation: n/a

Fiscal Impact: n/a

Explanation of Impact: n/a

Funding Source: Hospital revenues

Alternatives: non offered

Supporting Material: Resolution

Prepared By: Tom Minton

Reviewed By: *Tom Minton, acting*
(City Manager)

Date: 9/12/06

: *Michael T. Sogel*
(District Attorney)

Date: 9/12/06

: *Theresa Stremmel*
(Finance Director)

Date: 9/12/06

Board Action Taken:

Motion: _____

1) _____ Aye/Nay

2) _____

(Vote Recorded By)

Summary - amends certain findings and determinations relating to the 2003 variable rate letter of credit-backed bonds for Carson-Tahoe Hospital, approves forms of supplement and amendment to the indenture and loan agreement eliminating the requirement that a reserve fund be funded and maintained for such bonds

RESOLUTION

AMENDING THE RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF \$50,000,000 PRINCIPAL AMOUNT OF CARSON CITY, NEVADA, HOSPITAL REVENUE BONDS (CARSON-TAHOE HOSPITAL PROJECT) SERIES 2003B TO FINANCE A PORTION OF THE COSTS OF A PROJECT FOR THE NONPROFIT CORPORATION CARSON TAHOE REGIONAL HEALTHCARE; AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF AN AMENDMENT TO THE ORIGINAL LOAN AGREEMENT AND SUPPLEMENT TO THE ORIGINAL INDENTURE OF TRUST ELIMINATING THE REQUIREMENT THAT A BOND RESERVE FUND BE FUNDED AND MAINTAINED IN CONNECTION THEREWITH; AND RATIFYING ALL CONSISTENT ACTIONS THERETOFORE TAKEN.

WHEREAS, Carson City, Nevada (the "City"), pursuant to the County Economic Development Revenue Bond Law now constituting Nevada Revised Statutes ("NRS") Sections 244A.669 to 244A.763, inclusive, as amended, (the "Act"), and its Resolution No. 2003-R-33 ("Original Bond Resolution") issued its "Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project) Series 2003B" in the aggregate principal amount of \$50,000,000 ("2003B Bonds") to finance a portion of the costs of a new hospital project ("Project") for Carson-Tahoe Hospital (now, Carson Tahoe Regional Healthcare, the "Corporation"); and

WHEREAS, the 2003B Bonds were issued by the City pursuant to the Indenture of Trust dated as of October 1, 2003 (the "Original Indenture"), between the City and U.S. Bank National Association, as trustee (the "Bond Trustee") and the proceeds were loaned to the Corporation pursuant to the Loan Agreement dated as of October 1, 2003 (the "Original Agreement"), between the City and the Corporation; and

WHEREAS, payment of the principal of and interest on, and the purchase price of, the Bonds is supported by an irrevocable transferable direct pay letter of credit (the "Letter of Credit") issued by U.S. Bank National Association (the "Bank") pursuant to a Reimbursement Agreement dated as of October 1, 2003 (the "Reimbursement Agreement") between the Bank and the Corporation; and

WHEREAS, representatives of the Corporation have informed the City that the Corporation and the Bank have agreed, in connection with certain amendments to the Reimbursement Agreement and extension of the term of the Letter of Credit, that the Original Indenture and the Original Agreement be supplemented and amended to eliminate the

requirement that a reserve fund ("Bond Reserve Fund") be funded and maintained, with amounts held in such fund to be paid to the Corporation as reimbursement for costs of the Project not previously paid from the 2003B Bonds or any other bonds issued by the City; and

WHEREAS, the Original Indenture requires that such supplement and amendment to the Indenture and the Agreement be approved by the Owners of more than fifty percent of the principal amount of the 2003B Bonds; and

WHEREAS, the Corporation has provided the City with assurances that the variable interest rates of the Bonds will continue to be determined pursuant to, and the tender feature of such Bonds supported by, a Remarketing Agreement dated as of October 1, 2003 between the Corporation and B.C. Ziegler and Company (the "Remarketing Agent"), and the Remarketing Agent has provided the Corporation assurances that the Owners of more than fifty percent of the principal amount of the 2003B Bonds are expected to consent to the proposed amendment and supplement; and

WHEREAS, there has been presented to the Board at this meeting (1) the proposed form of Supplement No. 1 dated as of October 1, 2006 to Indenture of Trust dated as of October 1, 2003 (the "Supplement"), between the City and the Bond Trustee and (2) the proposed form of First Amendment dated as of October 1, 2006 to Loan Agreement dated as of October 1, 2003 ("Amendment") between the City and the Corporation.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA:

Section 1. All action (not inconsistent with the provisions of this resolution) heretofore taken by the Board and the officers of the City directed toward the approval of the supplement and amendment be, and the same is hereby, ratified, approved and confirmed.

Section 2. The determinations and findings made in Section 3 of the Original Bond Resolution are hereby modified in accordance with the Act as follows:

(a) The Indenture may be amended to eliminate the requirement of funding or maintaining a Reserve Fund to secure the Bonds; provided that the Bank and the Owners of more than fifty percent of the principal amount of the 2003B Bonds consent to such amendment.

(b) The amounts payable to the City under the Agreement and the Corporation Note may be amended to eliminate the requirement that the Corporation replenish such Reserve Fund; provided that the Bank and the Owners of more than fifty percent of the principal amount of the 2003B Bonds consent to such amendment.

Section 3. The forms, terms and provisions of the Amendment and the Supplement be, and they hereby are, approved and the City shall enter into the Amendment and the Supplement, in substantially the forms of such documents presented to the Board at this

meeting, with such changes therein as are consistent with the facts and are not inconsistent herewith; and the Mayor is hereby authorized to execute and deliver the Amendment and the Supplement and the City Clerk is hereby authorized to affix the City seal to and to attest the Amendment and the Supplement; provided that the Bank and the Owners of more than fifty percent of the principal amount of the 2003B Bonds have each consented in writing to such Amendment and such Supplement.

Section 4. The officers of the City shall take all action necessary or reasonably required to effectuate the delivery of the Bonds and shall take all action necessary or desirable in conformity with the Act for carrying out the transactions contemplated by this resolution, the Amendment and the Supplement.

Section 5. The Bonds will not be general obligations of the City nor shall the Bonds including interest thereon ever constitute the debt or indebtedness of the City within the meaning of any provision or limitation of the Constitution or statutes of the State of Nevada nor shall anything contained in this resolution or in the Bonds, the Agreement, the Indenture, the Amendment and the Supplement or any other instrument executed or delivered in connection with the Bonds impose any pecuniary liability upon the City or any charge upon its general credit or against its taxing powers.

Section 6. This resolution shall be and remain irrevocable until the Bonds and the interest thereon shall have been fully paid, cancelled and discharged.

Section 7. If any section, paragraph, clause or provision of this resolution 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 resolution.

Section 8. All bylaws, orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order or resolution or part thereof.

Section 9. This resolution shall be in full force and effect forthwith after its adoption.

PASSED AND ADOPTED this September 21, 2006.

Mayor

(SEAL)

Attest:

Clerk

- (iii) Carson City Administration Building
201 North Carson Street
Carson City, Nevada
- (iv) Bulletin Board at the
Carson City Library
900 North Roop Street
Carson City, Nevada

is attached as Exhibit A.

6. At least 3 working days before such meeting, such notice was delivered to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in the same manner in which notice is required to be mailed to a member of the Board. Such notice, if mailed, was delivered to the postal service no later than 9:00 a.m. on the third working day prior to the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City this September 21, 2006.

City Clerk

SUPPLEMENTAL INDENTURE NUMBER 1

DATED AS OF OCTOBER 1, 2006

CARSON CITY, NEVADA

TO

**U.S. BANK NATIONAL ASSOCIATION
AS TRUSTEE**

Supplemental to the Indenture of Trust
dated as of October 1, 2003

SUPPLEMENTAL INDENTURE NUMBER 1

THIS SUPPLEMENTAL INDENTURE NUMBER 1, dated as of October 1, 2006, to the Indenture of Trust dated as of October 1, 2003, (the "Original Bond Indenture") between Carson City, Nevada (the "City") and U.S. Bank National Association, Phoenix, Arizona, a national banking association, as trustee (the "Bond Trustee").

WITNESSETH:

WHEREAS, the City has issued its "Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project) Series 2003B" in the aggregate principal amount of \$50,000,000 (the "Bonds") under the Original Bond Indenture (i) to finance a portion of the cost of construction and equipment of a new health and care facility (the "2003 Project"), (ii) to initially fund a reserve fund (the "Bond Reserve Fund") and (iii) finance issuance expenses; and

WHEREAS, pursuant to the Loan Agreement dated as of October 1, 2003 (the "Loan Agreement") between the City and Carson-Tahoe Hospital, now known as Carson Tahoe Regional Healthcare, (the "Corporation"), the City loaned the proceeds of the Bonds to the Corporation and the Corporation agreed to make payments required under the Loan Agreement, including payments necessary to maintain the Bond Reserve Fund; and

WHEREAS, in order to provide additional security for the payment of the principal and interest on the Bonds and the purchase price of tendered Bonds, the Corporation entered into a Reimbursement Agreement (the "Initial Credit Facility Agreement") with U.S. Bank National Association (the "Bank") pursuant to which the Bank provided a direct pay letter of credit (the "Initial Credit Facility") to the Bond Trustee and against which the Bond Trustee will be entitled to draw, in accordance with the terms thereof, up to an amount sufficient to pay the purchase price of tendered Bonds and the Corporation has agreed to repay the Bank amounts advanced by the Bank pursuant to the Initial Credit Facility, with the interest thereon as specified in the Initial Credit Facility Agreement; and

WHEREAS, the Corporation and the Bank have determined that it is desirable to amend the Original Bond Indenture and the Loan Agreement to eliminate the requirement for funding and maintenance of the Bond Reserve Fund, with amounts in such fund to be used to reimburse the Corporation for additional costs of the 2003 Project financed by the Bonds; provided that each of such supplement and such amendment to the Original Bond Indenture and the Loan Agreement requires the consent of the Owners of more than fifty percent (50%) of the principal amount of the Bonds outstanding, as well as the consent of the Bank; and

WHEREAS, the Bond Trustee has received the written consents of (i) more than fifty percent (50%) of the principal amount of the Bonds outstanding, (ii) of the Corporation and (iii) of the Bank, to each of the supplement and the amendment to the Original Bond Indenture and the Loan Agreement eliminating the requirement that the Bond Reserve Fund be funded and maintained; and

WHEREAS, all acts and things necessary to make this Supplemental Indenture, the valid, binding and legal obligation of the City, and to constitute these presents, together with the Original Bond Indenture, a valid indenture and agreement according to its terms and the terms of the Indenture, have been done and performed and the execution of this Supplemental Indenture under the Original Bond Indenture has in all respects been duly authorized, and the City, in the exercise of the legal right and power vested in it, executes this Supplemental Indenture.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to amend the terms of the Original Bond Indenture, the City covenants and agrees with the Bond Trustee as follows:

ARTICLE I. DEFINITION OF TERMS

SECTION 1.01 **Definitions.** The terms used in this Supplemental Indenture and not otherwise defined herein shall, except as otherwise stated, have the meanings assigned to them in the Original Bond Indenture. In addition, the following terms shall have the meanings indicated:

“Allocation Memorandum” means the accounting allocation memorandum of the Corporation under the Code allocating costs of the 2003 Project previously paid to the 2002 Bonds the 2003 Bonds and the 2005 Bonds, which shall be filed with the Bond Trustee in connection with the delivery of this Supplement.

ARTICLE II. AMENDMENTS TO ORIGINAL BOND INDENTURE

SECTION 2.01 **Elimination of the Bond Reserve Fund.** From and after October 15, 2006, the Bond Reserve Fund created in clause (E) of Section 3.02 of the Original Bond Indenture shall be eliminated and all references to such Bond Reserve Fund or the Bond Reserve Requirement in the Original Bond Indenture (including without limitation Sections 3.07 and 3.08) shall be deleted and of no effect. On or after such date, the Bond Trustee shall transfer all amounts in the Bond Reserve Fund (i) to the Corporation upon receipt of a Requisition substantially in the form attached as Exhibit 1 hereto, evidencing that the Corporation has paid unreimbursed costs of the 2003 Project, and (ii) to the Bond Principal Fund to the extent of any additional amounts not covered by the requisition in clause (i).

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture to be executed in their respective corporate names and their respective corporate seals to be hereto affixed and attested by their duly authorized officers, all as of the date first above written.

CARSON CITY, NEVADA

(SEAL)

Mayor

Attest:

City Clerk

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Authorized Officer

Carson-Tahoe Regional Medical Center

REQUISITION NO. 1

October __, 2006

U.S. Bank National Association
Corporate Trust Services
7310 N. 16th Street, Suite 275
Phoenix, Arizona 85020

Re: Carson City, Nevada Hospital Revenue Bonds (Carson Tahoe Regional Medical Center Project) Series 2003B: Bond Reserve Fund Reimbursement

In accordance with the First Amendment dated as of October 1, 2006 to the Loan Agreement dated as of October 1, 2003 (the "Agreement") between Carson City, Nevada (the "City") and Carson-Tahoe Hospital (the "Corporation") and Supplement No. 1 dated as of October 1, 2006 to of the Indenture of Trust dated as of October 1, 2003 (the "Indenture") between the City and you, as Trustee, you are hereby requested to make the following payments from amounts held in the Bond Reserve Fund created by the Indenture:

<u>Name and Address of Payee</u>	<u>Purpose for Which Obligation was Incurred</u>	<u>Amount To Be Paid</u>
Carson-Tahoe Hospital 775 Fleischman Way Carson City, NV 89703	Reimbursement of _____	\$
Carson-Tahoe Hospital 775 Fleischman Way Carson City, NV 89703		\$

I hereby certify that (i) payment of the amounts requested in this requisition will not cause more than 5% of the proceeds of the above-captioned Bonds (including any moneys realized from investment of such proceeds pursuant to Section 7.01 of the Indenture which are not required to be deposited in the Rebate Fund created by the Indenture) to be used, directly or indirectly, to acquire, construct or install facilities that are used in (A) any activity which constitutes an unrelated trade or business of the Corporation (or any other organization described in 501(c)(3) of the Code, as defined in the Agreement, using the 2003 Project) or (B) a trade or business of a person other than a governmental unit or an organization described in Section 501(c)(3) of the Code, (ii) none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Project Fund or is in respect of any cost allocated to the 2002 Bonds, the 2003 Bonds or the 2005 Bonds in the Allocation Memorandum (as defined in the Indenture), (iii) each item for which the payment is proposed to be made is or was reasonable and necessary in connection with the 2003 Project and is a proper charge against the Project Fund, and (iv) no event of default exists under this Agreement. The Corporation acknowledges that the use of proceeds of the Bonds to pay costs relating to the

issuance of the Bonds constitutes the use described in clause (i)(B) of the immediately preceding sentence.

Attached hereto is the invoice or other appropriate evidence of items for which payment is requested.

Corporation Representative

CARSON CITY, NEVADA
AND
CARSON-TAHOE REGIONAL MEDICAL CENTER

FIRST AMENDMENT
DATED AS OF OCTOBER 1, 2006
TO
LOAN AGREEMENT
DATED AS OF OCTOBER 1, 2003

FIRST AMENDMENT dated as of October 1, 2006 to Loan Agreement dated as of October 1, 2003, between CARSON CITY, NEVADA, a political subdivision and public body politic and corporate duly created and existing under the laws and Constitution of the State of Nevada and CARSON-TAHOE REGIONAL MEDICAL CENTER (formerly, Carson-Tahoe Hospital), a nonprofit corporation duly organized and existing under the laws of the State of Nevada, on behalf of the Obligated Group (as hereafter defined).

WITNESSETH:

WHEREAS, Carson City, Nevada (the "City") has issued its "Carson City, Nevada, Hospital Revenue Bonds (Carson-Tahoe Hospital Project) Series 2003B" in the aggregate principal amount of \$50,000,000 (the "Bonds") under an Indenture of Trust dated as of October 1, 2003 (the "Original Bond Indenture") between the City and U.S. Bank National Association, having an office and principal place of business in Phoenix, Arizona, duly organized and existing under the laws of the United States of America, as trustee (the "Bond Trustee") (i) to finance a portion of the cost of construction and equipment of a new health and care facility (the "2003 Project"), (ii) to initially fund a reserve fund (the "Bond Reserve Fund") and (iii) finance issuance expenses; and

WHEREAS, pursuant to the Loan Agreement dated as of October 1, 2003 (the "Loan Agreement") between the City and Carson-Tahoe Hospital, now known as Carson Tahoe Regional Healthcare, (the "Corporation"), the City loaned the proceeds of the Bonds to the Corporation and the Corporation agreed to make payments required under the Loan Agreement, including payments necessary to maintain the Bond Reserve Fund; and

WHEREAS, in order to provide additional security for the payment of the principal and interest on the Bonds and the purchase price of tendered Bonds, the Corporation entered into a Reimbursement Agreement (the "Initial Credit Facility Agreement") with U.S. Bank National Association (the "Bank") pursuant to which the Bank provided a direct pay letter of credit (the "Initial Credit Facility") to the Bond Trustee and against which the Bond Trustee will be entitled to draw, in accordance with the terms thereof, up to an amount sufficient to pay the purchase price of tendered Bonds and the Corporation has agreed to repay the Bank amounts advanced by the Bank pursuant to the Initial Credit Facility, with the interest thereon as specified in the Initial Credit Facility Agreement; and

WHEREAS, the Corporation and the Bank have determined that it is desirable to amend the Original Bond Indenture and the Loan Agreement to eliminate the requirement for funding and maintenance of the Bond Reserve Fund, with amounts in such fund to be used to reimburse the Corporation for additional costs of the 2003 Project financed by the Bonds; provided that each of such supplement and such amendment to the Original Bond Indenture and the Loan Agreement requires the consent of the Owners of more than fifty percent (50%) of the principal amount of the Bonds outstanding, as well as the consent of the Bank; and

WHEREAS, the Bond Trustee has received the written consents of (i) more than fifty percent (50%) of the principal amount of the Bonds outstanding, (ii) of the Corporation and (ii) of the Bank, to each of the supplement and the amendment to the Original Bond Indenture

and the Loan Agreement eliminating the requirement that the Bond Reserve Fund be funded and maintained; and

WHEREAS, pursuant to a Supplemental Indenture Number 1 dated as of October 1, 2006 (the "Supplemental Indenture"), between City and the Bond Trustee, the Original Indenture is being amended to eliminate the Bond Reserve Fund.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree, and bind themselves as follows:

ARTICLE I
Definitions

Section 1.1. Definitions. All terms defined in Articles I of the Indenture and the Supplemental Indenture shall have the same meaning in this Agreement. In addition, the following terms shall have the meanings indicated:

“Allocation Memorandum” means the accounting allocation memorandum of the Corporation under the Code allocating costs of the 2003 Project previously paid to the 2002 Bonds the 2003 Bonds and the 2005 Bonds, which shall be filed with the Bond Trustee in connection with the delivery of this Amendment.

ARTICLE II
Amendments

Section 2.1. Amendments. From and after October 15, 2006, the Bond Reserve Fund created in clause (E) of Section 3.02 of the Original Bond Indenture shall be eliminated and all references to such Bond Reserve Fund or the Bond Reserve Requirement in the Original Loan Agreement (including without limitation Section 5.2(b)) shall be deleted and of no effect. On or after such date, the Corporation and the City agree that Bond Trustee shall transfer all amounts in the Bond Reserve Fund (i) to the Corporation upon receipt of a Requisition substantially in the form attached as Exhibit 1 to the Supplement, evidencing that the Corporation has paid unreimbursed costs of the 2003 Project, and (ii) to the Bond Principal Fund to the extent of any additional amounts not covered by the requisition in clause (i).

IN WITNESS WHEREOF, the City and the Corporation have caused this Agreement to be executed in their respective corporate names and have caused their respective corporate seals to be hereunto affixed and to be attested by their duly authorized officers, all as of the date first above written.

CARSON CITY, NEVADA

By: _____
Mayor

(SEAL)
Attest:

City Clerk

CARSON-TAHOE HOSPITAL
on behalf of the Obligated Group

By: _____
Chief Executive Officer

(SEAL)
Attest:

Secretary