

RESOLUTION 5018

A RESOLUTION OF THE CITY OF ALBANY, OREGON AUTHORIZING THE APPROVAL OF REVENUE AND REFUNDING BONDS, SERIES 2004 (MENNONITE HOME OF ALBANY, INC. PROJECT), ISSUED BY THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF ALBANY, OREGON IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$9,000,000.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALBANY, OREGON:

Section 1: Findings.

The City Council of the City of Albany makes the following findings, based on representations that have been made by the Hospital Facility Authority of the City of Albany, Oregon (the "Authority") and Mennonite Home of Albany, Inc., a nonprofit corporation organized and existing under the laws of the State of Oregon (the "Borrower"):

- a. The Authority has received a request from the Borrower to approve of the issuance by the Authority of its Revenue and Refunding Bonds, Series 2004 (Mennonite Home of Albany, Inc. Project), in an aggregate principal amount not to exceed \$9,000,000 (the "Bonds"), to finance or refinance the following projects (collectively, the "Project"):
 - (1) **Refunding Component:** An amount not exceeding \$6,500,000 to refund a portion of the Authority's outstanding Gross Revenue and Refunding Bonds, Series 1994 (Mennonite Home Project), dated March 1, 1994 and issued in the original aggregate principal amount of \$8,465,000 (the "Series 1994 Bonds"). The Series 1994 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 1994 (the "Indenture"), between the Authority and U.S. Bank National Association, as successor trustee to First Bank National Association (the "Bond Trustee") and were originally issued to:
 - (a) refund the Authority's First Mortgage Revenue Bonds, Series 1979 which financed the acquisition, construction, improving and equipping of the Borrower's continuing care retirement facilities (the "1979 Project"); and
 - (b) finance capital improvements to the Borrower's continuing care retirement facilities (the "1994 Project").
 - (2) **New Money Component:** An amount not exceeding \$2,500,000 to finance capital improvements to the Borrower's continuing care retirement facilities, including, but not limited to converting the Clay Street Independent Living Units to a congregate care facility, to finance the costs of remodeling and improvements to the Borrower's Health Care Center, to fund a debt service reserve fund for the 2004 Bonds and to pay certain costs of issuance of the 2004 Bonds (collectively, the "2004 Project").
- b. The Internal Revenue Code of 1986 (the "Code") permits the issuance of tax-exempt revenue bonds for a "qualified 501(c) (3) entity," such as the Borrower.
- c. The Authority will structure the Bonds so that principal of and interest on the Bonds will not constitute a debt of the City nor shall the Bonds be payable from any funds of the City or any tax of any nature levied upon any property within the City nor any other political subdivision of the State of Oregon. The Bonds will be payable only from the revenues and resources provided by the Borrower.
- d. The Borrower has agreed to indemnify and hold the City and their elected or appointed officials, employees and agents harmless from all liabilities incurred in connection with the Project or the sale, issuance, marketing or administration of the Bonds.

- e. Section 147 of the Code requires that qualified 501(c)(3) bonds be approved (1) by the applicable elected representatives of the governmental unit having jurisdiction over the area in which Project is located; and (2) by the applicable elected representatives of the governmental unit issuing such bonds. The Board of Directors of the Authority are not elected representatives. The City Council of the City is the applicable elected representatives for the Authority. The proposed Project is located entirely inside the municipal boundaries of the City.
- f. On July 26, 2004, the Authority adopted an Inducement Resolution granting the preliminary approval of the Bonds.
- g. On August 11, 2004, the Authority conducted a public hearing and adopted a Bond Resolution authorizing the issuance, sale, execution and delivery of the Bonds and agreed to loan the proceeds to the Borrower. A copy of the Public Hearing Report is attached hereto as Exhibit A (the "Public Hearing Report").
- h. Notice of the Public Hearing held by the Authority was published July 26, 2004 in *The Democrat-Herald* in Albany, Oregon (the "Notice"). An affidavit of publication of the Notice is attached hereto as Exhibit B. There were no written comments received and no members of the public, other than those representing the Borrower or associated with the financing, appeared at the public hearing to express their views on the proposed issuance of the Bonds. The Authority has indicated that the public hearing was intended to provide a reasonable opportunity for members of the public to be heard by the Authority regarding the issuance of the Bonds.
- i. The City has received the Affidavit of Publication and has reviewed the Public Hearing Report. The Public Hearing Report indicates that no oral or written comments were received opposing the proposed issuance of the Bonds.
- j. The City Council finds that it will benefit the City and its citizens to approve of the issuance of the Bonds by the Authority pursuant to the requirements of Section 147(f) of the Code.

Section 2: Approval of Bonds.

The City Council hereby approves of the issuance of the Bonds by the Hospital Facility Authority of the City of Albany, Oregon for the purposes of Section 147 of the Code.

Section 3. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption by the City Council.

ADOPTED AND EFFECTIVE THIS 11TH DAY OF AUGUST, 2004.

CITY OF ALBANY, OREGON

By: 
Mayor

ATTEST:

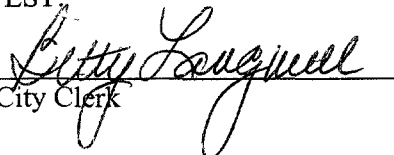
By: 
City Clerk

EXHIBIT A

**REPORT TO THE CITY COUNCIL OF
THE CITY OF ALBANY, OREGON**

**RE: Public Hearing on Issuance of the
Hospital Facility Authority of the City of Albany, Oregon
Revenue and Refunding Bonds
Series 2004
(Mennonite Home of Albany, Inc. Project)**

On August 11, 2004, the Board of Directors of the Hospital Facility Authority of the City of Albany, Oregon (the "Authority") held a public hearing at Albany City Hall, Willamette Room, 333 Broadalbin, S.W., Albany, Oregon 97321 pursuant to the provisions of Section 147(f) of the Internal Revenue Code of 1986. The Vice Chairman conducted such hearing for and on behalf of the Authority.

Notice of the public hearing was published July 26, 2004 in *The Democrat-Herald* in Albany, Oregon. The purpose of the public hearing was to receive oral or written comments from the public regarding the proposed issuance of Revenue and Refunding Bonds, Series 2004 (Mennonite Home of Albany, Inc. Project), in an aggregate principal amount not to exceed \$9,000,000 (the "Bonds").

At 4:01 p.m. the Vice Chairman convened the public hearing and requested any oral or written comments. The following individuals were present: Authority Members, Steve Terjeson, Susan Folden and Ralph Reid, Jr.; Chet Patterson, CFO, and Ron Litwiller, CEO of Mennonite Home of Albany, Inc.; James Healy, Esq., Long, Delapoer, Healy, McCann & Noonan, P.C., Counsel to Mennonite Home of Albany, Inc.; Douglas Goe, Esq., Courtney Muraski, Esq. and Sherri Graves from Orrick, Herrington & Sutcliffe LLP, Bond Counsel and Special Counsel to the Authority; and Tom Whitson from Piper Jaffray & Co., underwriter of the Bonds.

No comments, written or oral, were submitted to the Vice Chairman other than comments of Mennonite Home of Albany, Inc. who made a presentation in support of the Bonds. At approximately 4:02 p.m. the public hearing was adjourned.

Respectfully submitted,

**HOSPITAL FACILITY AUTHORITY OF THE
CITY OF ALBANY, OREGON**

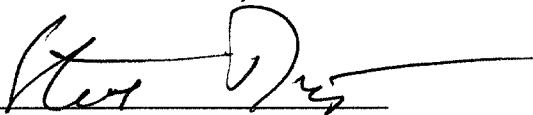
By: 
Steve Terjeson
Vice Chairman

EXHIBIT B
AFFIDAVIT OF PUBLICATION

NOTICE OF SPECIAL MEETING AND PUBLIC HEARING
August 11, 2004
4:00 p.m.

Hospital Facility Authority of the City of Albany, Oregon
Albany City Hall
333 Broadalbin, S.W.
Willamette Room
Albany, Oregon 97321

NOTICE IS HEREBY GIVEN that a Special Meeting and Public Hearing will be held by the Hospital Facility Authority of the City of Albany, Oregon (the "Issuer") at 4:00 p.m. on Wednesday, August 11, 2004 at Albany City Hall, Willamette Room, 333 Broadalbin, S.W. in Albany, Oregon 97321 to (1) conduct a public hearing for the purpose of hearing public comment on a request by Mennonite Home of Albany, Inc. (the "Borrower") to the Issuer to issue its Revenue and Refunding Bonds, Series 2004 (Mennonite Home of Albany, Inc. Project) (the "Bonds") in an aggregate principal amount not to exceed \$9,000,000 for and on behalf of the Borrower; (2) consider a Bond Resolution approving of the issuance, sale and delivery of the Bonds; and (3) conduct such other business as may come before the Issuer.

The proceeds of the Bonds will be used to make a loan to the Borrower for the following projects:

(1) Refunding Component: An amount not exceeding \$6,500,000 to refund the Issuer's outstanding Gross Revenue and Refunding Bonds, Series 1994 (Mennonite Home Project), dated March 1, 1994 and issued in the original aggregate principal amount of \$8,465,000 (the "Series 1994 Bonds"). The Series 1994 Bonds were originally issued to:

(a) refund the Issuer's First Mortgage Revenue Bonds, Series 1979 which financed the acquisition, construction, improving and equipping of the Borrower's continuing care retirement facilities (the "1979 Project"), and

(b) finance capital improvements to the Borrower's continuing care retirement facilities (the "1994 Project")

(2) New Money Component: An amount not exceeding \$2,500,000 to finance capital improvements to the Borrower's continuing care retirement facilities, including, but not limited to converting the Clay Street Independent Living Units to a congregate care facility and to finance the costs of remodeling and improvements to the Borrower's Health Care Center (collectively, the "2004 Project")

The 1979 Project, the 1994 Project and the 2004 Project shall be collectively referred to herein as the "Projects." The Projects are all located at 5353 Columbus Street, S.E., Albany, Oregon 97321. The Borrower will be the owner of each of the Projects.

Section 147(f) of the Internal Revenue Code of 1986, as amended, requires that the issuance of the Bonds be approved by the applicable elected representatives of (1) the governmental unit issuing the Bonds and (2) the governmental unit having jurisdiction over the area in which the Projects are located. For the Issuer to issue the Bonds, it is necessary that the City Council of the City of Albany, Oregon, as the elected representatives of the governmental unit issuing the Bonds and having jurisdiction over the area in which the Projects are located, approve the issuance of the Bonds.

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

The purpose of the public hearing will be to provide a reasonable opportunity for members of the public to express their views, orally or in writing, regarding the issuance of the Bonds and the uses and purposes of the proceeds of the Bonds. The hearing will be conducted in a manner that provides a reasonable opportunity for persons with differing views to be heard on the question of the issuance of the Bonds. Written comments also may be delivered at the public hearing or mailed to the City at the address indicated above.

This notice is published pursuant to the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended and the regulations and rulings issued thereunder.

HOSPITAL FACILITY AUTHORITY OF
THE CITY OF ALBANY, OREGON

Published July 26, 2004 in The Albany Democrat-Herald, Albany, Oregon, 14 days prior to the meeting date.

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PUBLISH 07/26/04

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State of Oregon

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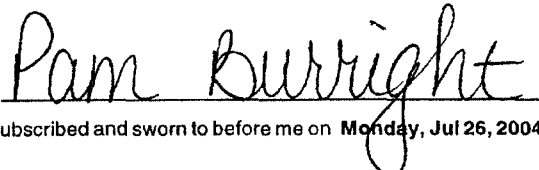
County of Linn

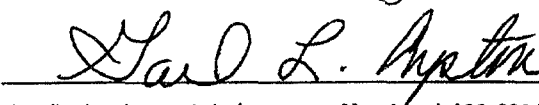
I, Pam M. Burrig, being first duly sworn deposes and says, that I am the Legal Clerk of the Democrat-Herald, a newspaper of general circulation, as defined by section 193.010 O.R.S., published at Albany, OR, in the aforesaid county and state: that the advertisement number 1919341, for the account number 247674 described as NOTICE OF SPECIAL MEETING AND, a copy is hereto Annexed, was published in the entire issue of sold newspaper.

Start Date: 07-26-04

Stop Date: 07-26-04

Insertions: 1


Subscribed and sworn to before me on **Monday, Jul 26, 2004.**


Subscribed and sworn to before me on **Monday, Jul 26, 2004.**

