



RESOLUTION NO. 01-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF GROSSMONT HEALTHCARE DISTRICT AUTHORIZING A LEASE AGREEMENT NOT TO EXCEED \$18,000,000 TO FINANCE THE ACQUISITION, INSTALLATION AND IMPROVEMENT OF A CO-GENERATION PROJECT AND RELATED EQUIPMENT AT SHARP GROSSMONT HOSPITAL AND OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to the provisions of Section 32130.6(b) of the California Health and Safety Code (the "Act"), Grossmont Healthcare District (the "District") is authorized to enter into capital leases in order to finance certain healthcare-related projects;

WHEREAS, the District wishes to finance the acquisition, installation and improvement of certain cogeneration facilities and equipment (the "Project") to be used for the operation of Sharp Grossmont Hospital by Grossmont Hospital Corporation, a California non-profit corporation (the "Hospital");

WHEREAS, the Hospital has requested the assistance of the District in financing the Project;

WHEREAS, in order for interest on the Lease (as defined in the Lease Agreement (as defined below)) to be excludable from gross income for federal income tax purposes, the Lease must, among other things, be approved by the governmental unit entering into the Lease, all in compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, on May 18, 2012, the District held the hearing required pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "TEFRA Hearing"), and the District approved the Lease Agreement dated as of May 1, 2012 (the "Lease Agreement") between the District and RBS Asset Finance, Inc. ("RBSAF") as required thereby and in accordance with the Act to provide financing for the Project, which public hearing was conducted in a manner that provided a reasonable opportunity to be heard for persons with differing views on both the Lease and the location and the nature of the Projects which are to be financed by the Lease;

WHEREAS, the notice of the TEFRA Hearing was published no less than 14 days prior to the date of the TEFRA Hearing in the *San Diego Union-Tribune*;

WHEREAS, pursuant to an Escrow Agreement (the "Escrow Agreement") among the District, RBSAF and RBS Citizens, N.A. (the "Escrow Agent"), the Lease Proceeds (as defined in the Lease Agreement) will be deposited in an escrow fund to be held by the Escrow Agent, and the Escrow Agent will disburse such moneys to or as directed by the District and approved by RBSAF for the Project and related costs upon the terms and conditions set forth therein; and

WHEREAS, there have been made available to the Board of the District the following documents and agreements:

- (1) A proposed form of Lease Agreement;
- (2) A proposed form of Escrow Agreement;
- (3) A proposed form of Co-Generation Agreement (as defined in the Lease Agreement);
- (4) A proposed form of Assignment (as defined in the Lease Agreement); and
- (5) A proposed form of Tax Regulatory Agreement (as defined in the Lease Agreement).

NOW THEREFORE, BE IT RESOLVED by the Board of the District, as follows:

Section 1. Pursuant to the Act, the District is hereby authorized to enter into the Lease Agreement in an aggregate principal amount of not to exceed eighteen million dollars (\$18,000,000).

Section 2. The proposed forms of Lease Agreement, Escrow Agreement, Co-Generation Agreement, Assignment and Tax Regulatory Agreement, as presented to this meeting, are hereby approved. Any Authorized Officer (as defined below) is hereby authorized and directed, for and on behalf of the District, to execute and deliver each of the Lease Agreement, Escrow Agreement, Co-Generation Agreement, Assignment and Tax Regulatory Agreement in substantially said form, with such changes and insertions therein as any Authorized Officer of the District, with the advice of counsel to the District, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The dated date, maturity date or dates, interest rate or rates or methods of determining rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Lease (as defined in the Lease Agreement) shall be as provided in the Lease Agreement, as finally executed.

Section 3. The Chief Executive Officer, Chief Financial Officer, Board Treasurer/Secretary, Board President or any other members of the Board of the District and other appropriate officers and agents of the District (each, an "Authorized Officer") are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the District, to execute and deliver any and all documents, including, without limitation, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Lease, any and all documents and certificates to be executed in connection with the tax exemption of interest on the Lease, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the District has approved in this Resolution and to consummate by the District the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

Section 4. All actions heretofore taken by any Authorized Officer with respect to the Lease are hereby ratified, confirmed and approved.

Section 5. For the purposes of Section 147(f) of the Code, (a) the TEFRA Hearing was held by the Board and (b) the Board hereby approves the Project and the financing thereof through the Lease in an aggregate principal amount not to exceed the amount set forth in the TEFRA Notice included in the attached Exhibit "A" which is incorporated herein by reference.

Section 6. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED AT A REGULAR MEETING on this 29th day of June, 2012.

AYES: **Directors Ayres, Chadwick, Emerson, Long & McElravy**

NOES:

ABSENT:

ABSTAIN:



Robert Ayres, Board Treasurer/Secretary

ATTEST:



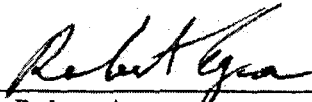
Deborah McElravy, RPH, President



CERTIFICATION OF RESOLUTION

I, the undersigned, the Secretary of the Board of Directors of Grossmont Healthcare District, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of the District at a duly called meeting of the Board of the District held in accordance with law on June 29, 2012.

GROSSMONT HEALTHCARE DISTRICT

By: 
Name: Robert Ayres
Title: Treasurer/Secretary, Board of Directors

ATTEST:

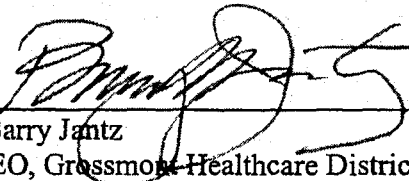
By: 
Name: Barry Jantz
Title: CEO, Grossmont Healthcare District

EXHIBIT A
TEFRA NOTICE



P.O. Box 120191, San Diego, CA 92112-0191

AFFIDAVIT OF PUBLICATION

KUTAK ROCK LLP KUTAK ROCK LLP
601 SOUTH FIGUEROA STREET, SUITE 4200
ATTN: ELISABETH LEE
LOS ANGELES, CA 90017-5747

STATE OF CALIFORNIA } ss.
County of San Diego }

The Undersigned, declares under penalty of perjury under the laws of the State of California: That she is a resident of the County of San Diego. That she is and at all times herein mentioned was a citizen of the United States, over the age of twenty-one years, and that she is not a party to, nor interested in the above entitled matter; that she is Chief Clerk for the publisher of

The San Diego Union-Tribune

a newspaper of general circulation, printed and published daily in the City of San Diego, County of San Diego, and which newspaper is published for the dissemination of local news and intelligence of a general character, and which newspaper at all the times herein mentioned had and still has a bona fide subscription list of paying subscribers, and which newspaper has been established, printed and published at regular intervals in the said City of San Diego, County of San Diego, for a period exceeding one year next preceding the date of publication of the notice hereinafter referred to, and which newspaper is not devoted to nor published for the interests, entertainment or instruction of a particular class, profession, trade, calling, race, or denomination, or any number of same; that the notice of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

May 4, 2012

Elizabeth Lee
Chief Clerk for the Publisher

5/4/12
Date

Affidavit of Publication of

Legal Advertisement
Ad # 0010627608#
ORDERED BY: SAM S. BALISY, ESQ.

**NOTICE OF PUBLIC
HEARING IN
CONNECTION WITH
THE
TAX-EXEMPT
FINANCING OF
CERTAIN
IMPROVEMENTS
AND EQUIPMENT FOR
THE GROSSMONT
HEALTHCARE
DISTRICT**

and other ancillary improvements and equipment all to be located at 5555 Grossmont Center Drive, La Mesa, California (the "Facilities"), and (b) pay costs of issuance with respect to the Obligations. The Facilities are or will be owned by the District and operated by the Corporation in conjunction with the operation of Grossmont Hospital.

Notice is hereby given that at 7:30 a.m. on Friday, May 18, 2012, or as soon thereafter as the matter can be heard, at the Grossmont Healthcare District Conference Center located at 9001 Wakarusa Street, La Mesa, California 91942, the Board of Directors of the Grossmont Healthcare District (the "Board") will conduct a public hearing (the "Public Hearing") at which the Board will hear and consider information concerning the proposed issuance by the Grossmont Healthcare District (the "District"), from time to time, pursuant to a plan of finance, of up to Eighteen Million Dollars (\$18,000,000) in tax-exempt obligations (the "Obligations"). The proceeds of the Obligations will be used to finance certain capital improvements and equipment for Grossmont Hospital, which is owned by the District and currently is leased by the District to Grossmont Hospital Corporation, a non-profit corporation organized and existing under the laws of the State of California (the "Corporation"). The proceeds of the Obligations will be used to (a) finance the purchase, construction and installation of a Mercury 50 Gas Turbine Electric Generator, two (2) new 950-ton chillers and related cooling towers, a new 900 horse power boiler, a heat recovery steam generator, the relocation of one 950-ton chiller

The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986. Those wishing to comment on the proposed nature and location of the Facilities and the financing of the Facilities with the proceeds of the Obligations may either appear in person at the time and place indicated above or submit written comments, which must be received prior to the Public Hearing by the District, to Mr. Barry Jantz, Chief Executive Officer, Grossmont Healthcare District, 9001 Wakarusa Street, La Mesa, California 91942.

Dated: May 4, 2012.