

## **RESOLUTION #2006-16**

A Resolution authorizing the execution of a Memorandum of Agreement with the Community Health Care, Inc., and fixing a date for a hearing on the proposed issuance of Facility Revenue Bonds (Community Health Care, Inc. Project), Series 2007

WHEREAS, the City of Buffalo, Iowa (the "Issuer"), is a City authorized and empowered by the provisions of Chapter 419 of the Code of Iowa, 2005, as amended (the "Act"), to issue revenue bonds for the purpose of constructing a facility for an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code") which is exempt from federal income tax under Section 501(a) of the Code (a "Tax Exempt Organization"); and

WHEREAS, the Issuer has been requested by the Community Health Care, Inc. (the "Borrower"), a Tax Exempt Organization, to issue its Facility Revenue Bonds (Community Health Care, Inc. Project), Series 2007 in an aggregate principal amount not to exceed \$2,500,000 (the "Bonds") pursuant to the Act for the purpose of financing the construction, renovation, improving, equipping and furnishing of the Borrower's health care facilities located at 500 West River Drive, 415 and 417 West Second Street and 425 West Second Street, Davenport, Iowa (the "Project") and paying for costs of issuance and certain other costs associated with the issuance of the Bonds; and

WHEREAS, it is proposed to finance the foregoing through the issuance of the Bonds and to loan the proceeds from the sale of the Bonds to the Borrower under a Loan Agreement between the Issuer and the Borrower, the obligations of which will be sufficient to pay the principal of, premium, if any, and interest on the Bonds as and when the same shall be due and payable; and

WHEREAS, the Bonds, if issued, shall be limited obligations of the Issuer, and shall not constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers, and the principal of, interest and premium, if any, on the Bonds shall be payable solely out of the revenues derived from the Loan Agreement; and

WHEREAS, before the Bonds may be issued, it is necessary to conduct a public hearing on the proposal to issue the Bonds, all as required and provided for by Section 419.9 of the Act and Section 147(f) of the Internal Revenue Code; and

WHEREAS, a Memorandum of Agreement in the form and with the contents set forth in Exhibit A attached hereto, has been presented to the Issuer which sets forth certain mutual undertakings and agreements between the Issuer and the Borrower, relating to the further processing of said Bonds; and

WHEREAS, the Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the "Regulations") dealing with the issuance of the Bonds, all or a portion of the proceeds of which are to be used to reimburse the Borrower for Project expenditures made by the

Borrower prior to the date of issuance of the Bonds which were not included in the expenditures for the portion of the Project financed with the proceeds of the Bonds, and the Regulations generally require that the Borrower or Issuer make a prior declaration of official intent in order for the Borrower to reimburse itself for such prior expenditures out of the proceeds of the Bonds and that the Bonds be issued and the reimbursement allocation be made from the proceeds of the Bonds within a certain period after the payment of the expenditure or the date the Project is placed in service; and

WHEREAS, the Issuer desires to comply with requirements of the Regulations with respect to the Project and the Bonds;

NOW, THEREFORE, IT IS RESOLVED by the City Council of the Issuer, as follows:

Section 1. The Memorandum of Agreement in the form and with the contents set forth in Exhibit A attached hereto is hereby approved, and the Mayor is hereby authorized to execute said Memorandum of Agreement and the City Clerk is hereby authorized to attest the same and to affix the seal of the Issuer thereto; said Memorandum of Agreement, which constitutes and is hereby made a part of this Resolution, to be in substantially the form, text and containing the provisions set forth in Exhibit A attached hereto.

Section 2. Officials of the Issuer are hereby authorized to take such further action as may be necessary to carry out the intent and purpose of the Memorandum of Agreement.

Section 3. This City Council shall meet on the 8<sup>th</sup> day of January, 2007 at the Council Chambers, City Hall, 409 3<sup>rd</sup> Street, Buffalo, Iowa, at 7:00 o'clock p.m., at which time and place any resident or property owner of the Issuer may present oral or written objections on the proposal to issue the Bonds referred to in the preamble hereof.

Section 4. The City Clerk is hereby directed to give notice of intention to issue the Bonds, setting forth the amount and purpose thereof, the time when and place where the hearing will be held, by publication at least once not less than fifteen (15) days prior to the date fixed for the hearing, in a newspaper published and having a general circulation within the Issuer. The notice shall be in substantially the following form:

**NOTICE OF INTENTION TO ISSUE FACILITY REVENUE BONDS  
(COMMUNITY HEALTH CARE, INC. PROJECT), SERIES 2007**

The City Council of the City of Buffalo, Iowa, (the "Issuer") will meet on the 8<sup>th</sup> day of January, 2007, at 7:00 o'clock p.m., at the Council Chambers, City Hall, 329 Dodge Street, Buffalo, Iowa, for the purpose of conducting a hearing on the proposal to issue Facility Revenue Bonds (Community Health Care, Inc. Project), Series 2007, of the Issuer, in an aggregate principal amount not to exceed \$2,500,000 (the "Bonds") and to loan said amount to the Community Health Care, Inc. (the "Borrower") for the purpose of financing the construction, renovation, improving, equipping and furnishing of the Borrower's health care facilities located at 500 West River Drive, 415 and 417 West Second Street, 425 West Second Street, Davenport, Iowa (the "Project") and paying for costs of issuance and certain other costs associated with the issuance of the Bonds.

The Bonds, when issued, will be a limited obligation and will not constitute general obligations of the Issuer nor will it be payable in any manner by taxation, but the Bonds will be payable solely and only from amounts received by the Issuer under a Loan Agreement between the Issuer and the Borrower, the obligations of which will be sufficient to pay the principal of and interest and redemption premium, if any, on the Bonds as and when the same shall become due.

At the time and place fixed for the hearing, individuals who appear will be given an opportunity to express their views for or against the proposal to issue the Bonds for the purpose of financing the Project. Written comments may also be submitted to the Issuer at the City of Buffalo, Iowa, City Hall, 329 Dodge Street, Buffalo, Iowa, 52728. Written comments must be received by the above hearing date.

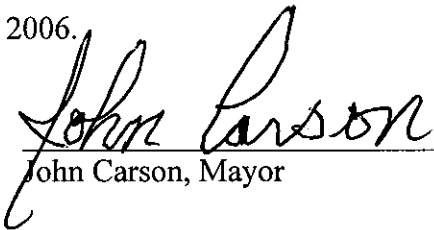
By order of the City Council of the City of Buffalo, Iowa.

William Bowers  
City Clerk


Section 5. On the basis of representations of the Borrower, the Issuer declares (a) that the Borrower intends to undertake the Project; (b) that other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, or (ii) expenditures made not earlier than 60 days prior to the date of this Resolution, or (iii) expenditures amounting to the lesser of \$100,000 or 5% of the proceeds of the Bonds, or (iv) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, no expenditures for the Project have heretofore been made by the Borrower and no expenditures will be made by the Borrower until after the date of this Resolution and (v) that the Borrower reasonably expects to reimburse the expenditures made for costs of the Project out of the proceeds of the Bonds. This declaration is a declaration of official intent adopted pursuant to Section 1.150-2 of the Regulations.

Section 6. All resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Passed and approved December 11, 2006.

  
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John Carson, Mayor

Attest:

  
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William Bowers, City Clerk