

RESOLUTION NO. R 022 93

RESOLUTION OF INTENTION TO ISSUE \$32,000,000 HEALTHCARE FACILITY REVENUE BONDS (DELAWARE HEALTH CORPORATION PROJECT)

WHEREAS, 9 Del. C. §7001(a) confers upon the government of Sussex County all powers which, under the Constitution of the State of Delaware, it would be competent for the General Assembly to grant by specific enumeration, and which are not denied by statute; and

WHEREAS, 9 Del. C. §7001(c) confers upon the government of Sussex County the power to exercise any of its powers or perform any of its functions and participate in the financing thereof, jointly or in cooperation, by contract or otherwise, with any one or more states or civil divisions or counties or agencies thereof; and

WHEREAS, Sussex County Council (the "County") has heretofore adopted the Sussex County Commercial, Industrial and Agricultural Revenue Bond Ordinance, Ordinance No. 80, as amended (the "General Ordinance") to encourage and assist the financing of the construction, acquisition, sale or lease of industrial, commercial and agricultural facilities related to the maintenance or promotion of employment or to the redevelopment or revitalization of areas within the County; and

WHEREAS, Delaware Health Corporation, a Delaware nonprofit corporation (the "Applicant"), has submitted to the County through the County Administrator an application (the "Application") for the financing of a project consisting of the acquisition of (1) a 179-bed nursing facility known as "Harbor Healthcare & Rehabilitation Center" located at 301 Ocean View Boulevard, Lewes, Sussex County, Delaware and (2) a 150-bed nursing facility known as "Parkview Nursing Center" located at 2801 West 6th Street, Wilmington, Delaware (the "Project") and has requested the County to finance a portion of the costs of the Project, an estimate of which is attached as Exhibit A hereto (the "Costs"), said financing to be accomplished through the issuance by the County of Healthcare Facility Revenue Bonds, subject to approval by New Castle County pursuant to 9 Del. C. §7001(c), in a principal amount not to exceed \$32,000,000 (exclusive of original issue discount) (the "Bonds"); and

WHEREAS, the Application has been reviewed by a committee comprised of the County Administrator, the Director of Finance, the County Attorney, and the Director of Economic Development (the "Review Committee"); and

WHEREAS, the Review Committee has made findings and determinations which are in accordance with the General Ordinance and are appropriate to effectuate the grant of powers to the County by 9 Del. C. §7001(a) and 9 Del. C. §7001(c), including the findings that:

(a) the Project is eligible for financial assistance and the financing thereof will accomplish public purposes which are contemplated by the General Ordinance and are appropriate to effectuate the grant of powers to the County by 9 Del. C. §7001(a) and 9 Del. C. §7001(c);

(b) the Project will (i) tend to maintain or provide gainful employment opportunities within and for the people of the County; (ii) aid, assist and encourage the economic development or redevelopment of the County; and (iii) maintain, diversify or expand employment promoting enterprises within the County;



(c) the issuance and sale of the Bonds by the County will enable the Applicant, which intends to acquire a major nursing facility in the County, to obtain efficient and cost-effective financing, thereby enhancing the Applicant's ability to provide services, and accomplish the aforesaid public purposes; and

(d) the Bonds are to be payable solely from Revenues as specified in Section 7 of the General Ordinance; and

WHEREAS, the County Administrator has advised the Applicant of the Review Committee's findings and determinations; and

WHEREAS, the County Administrator has advised the Council of the Review Committee's findings and determinations and has transmitted the Application to the Council; and

WHEREAS, the Council desires to approve the Project, to make findings and determinations which are in accordance with the General Ordinance and are appropriate under 9 Del. C. §7001(a) and 9 Del. C. §7001(c), and to authorize the issuance and sale of the Bonds; and

WHEREAS, the Council has determined that the Project be completed at the earliest practicable date, and recognizes that the Applicant requires satisfactory assurances from the County that the proceeds of the sale of the Bonds will be made available to finance the Project; and

WHEREAS, the Council deems it necessary and advisable that it take such official action as is appropriate in accordance with the General Ordinance and under 9 Del. C. §7001(a) and 9 Del. C. §7001(c) and adopt an Ordinance specifically approving the Project and authorizing the issuance and sale of the Bonds (the "Specific Ordinance").

NOW, THEREFORE, BE IT RESOLVED:

1. The Council hereby authorizes the issuance of the Bonds for the purpose of paying a portion of the Costs of the Project, subject to the approval of New Castle County and subject to paragraph no. 3 below.

2. Subject in all respects to the prior advice, consent and approval of the Applicant, the County Administrator is hereby authorized and directed to prepare or cause to be prepared and to execute and file on behalf of the County any applications, filings and certifications, and take such other action as he may deem necessary or advisable to obtain approvals of the Project, to provide for the issuance of the Bonds and to establish that the interest on the Bonds is exempt from Federal income taxes. In addition, the County Administrator is hereby authorized and directed to prepare or cause to be prepared and to be executed and filed on behalf of the County all documents, certifications and filings required by the laws of the United States and the State of Delaware necessary or appropriate in order to implement and carry out the matters herein authorized.

3. The County's obligations hereunder shall be contingent upon the receipt of a final commitment to purchase the Bonds and the adoption of the Specific Ordinance, and all obligations of the County hereunder shall be satisfied solely from the proceeds of the sale of the Bonds. The Applicant shall have the full responsibility to obtain the issuance of the final commitment. The County shall have no responsibility to seek the issuance of such a commitment. Approval of this Resolution shall in no way preclude the Council from independent consideration (and denial) of any application concerning land use matters relating to the Project (e.g. zoning matters). Issuance of the Bonds in the aggregate principal amount up to \$32,000,000 (exclusive of original issue



discount) shall be made in accordance with the terms of the Specific Ordinance. The County's obligations hereunder shall terminate one year from the effective date hereof.

4. This resolution shall take effect upon its passage by Council.

I DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF RESOLUTION NO. R 022 93 PASSED BY THE COUNTY COUNCIL OF SUSSEX COUNTY ON THE 23RD DAY OF NOVEMBER, 1993.

  
Robin A. Griffith  
Clerk of the County Council

SYNOPSIS: This Inducement Resolution expresses the County's intent to issue Healthcare Facility Revenue Bonds in an amount not greater than \$32,000,000 (exclusive of original issue discount) for the financing of the acquisition of (1) a 179-bed nursing facility known as "Harbor Healthcare & Rehabilitation Center" located at 301 Ocean View Boulevard, Lewes, Sussex County, Delaware and (2) a 150-bed nursing facility known as "Parkview Nursing Center" located at 2801 West 6th Street, Wilmington, Delaware (the "Project") by Delaware Health Corporation, a Delaware nonprofit corporation (the "Applicant") and authorizes the Applicant, subject to approval by New Castle County, to proceed with the Project in reliance on this commitment. The Bonds will actually be issued pursuant to a subsequent Ordinance of Council which will set out the detailed terms of the bond issuance and will approve the loan documents involved in the transaction. The terms of the bond issuance will be tailored to meet the terms of the final commitment to purchase the Bonds. The County has no obligation to issue the bonds unless the Applicant obtains such a final commitment and the County adopts the Ordinance, and, in any event, any obligation of the County may be satisfied solely from the proceeds of the sale of the Bonds and payments to be made by the Applicant. The Applicant has the sole responsibility to obtain such a final commitment.

Exhibit A  
Delaware Health Corporation Project  
Estimated Costs

	<u>Total</u>	<u>Parkview</u>	<u>Harbor</u>
Purchase Price of the Facilities (a)	\$24,050,000	\$7,908,000	\$16,142,000
Other Costs (b)	1,253,312	414,178	839,685
Debt Service Reserve Fund	2,698,938	887,722	1,811,165
Costs of Issuance (c)	484,250	175,405	308,345
Contingency	2,113,500	704,500	1,409,000
Working Capital	<u>1,400,000</u>	<u>462,000</u>	<u>938,000</u>
	<u>\$32,000,000</u>	<u>\$10,551,805</u>	<u>\$21,448,195</u>

- (a) In addition, an additional \$1,400,000 will be paid as a subordinated installment payment of the purchase price from revenues of the Facilities when available.
- (b) Other costs include environmental and engineering, appraisal, title, and underwriter's fees, and transfer tax.
- (c) Issuance costs include printing, distribution, legal fees, trustee fees, feasibility fees, and miscellaneous fees.