

Capital Trust Agency

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March 6, 2000

RECOMMENDATION

TO: The Mayor and Members of the City Council
City of Jonesboro, Arkansas

FROM: Paula G. Drummond, Esq. 
Special Counsel to the Capital Trust Agency
General Counsel to the Escambia County Health Facilities Authority

RE: \$20,000,000 in Projects for St. Bernards Healthcare, Inc. which may be financed through bonds issued by the Capital Trust Agency or the Escambia County Health Facilities Authority, public agencies of the State of Florida, in connection with the VHA, Inc. Capital Borrowing Programs

RECOMMENDATION: That the City Council adopt the attached Resolution approving the plan of finance and the issuance of bonds by either the Capital Trust Agency or the Escambia County Health Facilities Authority, public agencies of the State of Florida, and the form of interlocal agreement to be entered into by the City, all as described therein, and the use of not exceeding \$20,000,000 in proceeds of such bonds to finance certain described projects on behalf of St. Bernards Healthcare, Inc.

BACKGROUND:

Capital Trust Agency (CTA) and the Escambia County Health Facilities Authority (the "Escambia Authority") are public agencies of the State of Florida. CTA is an agency created in 1999 by the City of Gulf Breeze, Santa Rosa County, Florida, and the Town of Century, Escambia County, Florida. The Escambia Authority was created by Escambia County, a political subdivision of the State of Florida, which has its county seat in Pensacola, Florida. Escambia and Santa Rosa County are adjacent to each other in the western panhandle of Florida. These two agencies are cooperating together to implement a plan of finance for the VHA, Inc. Capital Borrowing Program for non-profit and governmental health care organizations located within and without the State of Florida. These agencies are authorized to issue bonds for this purpose pursuant to Chapter 163, Florida Statutes, Chapter 154, Part III, Florida Statutes, and an interlocal agreement between them, as amended and supplemented.

VHA, Inc., (formerly Voluntary Hospitals of America) is sponsoring a national capital borrowing program for its member hospitals around the country. VHA is a cooperative organization which provides products and services to its members (non profit health care organizations) which number

more than 1800 nationwide. St. Bernards Healthcare, Inc. is a member of VHA, Inc. and expressed an interest in considering the loan program to finance certain capital projects, including the acquisition, construction and equipping of a 2 story building having approximately 18,000 sq. ft. of space, to house an outpatient imaging center and a women's and children's center with physician office space and birthing center. St. Bernards Healthcare, Inc. is not obligated to participate in this loan program, but is required by federal tax regulations to obtain Tefra approval of these projects prior to the issuance of the bonds in order to participate should it choose to do so in the future.

The attached Resolution authorizes either the Escambia Authority or CTA to issue bonds to fund the St. Bernards project loan. The agencies have determined that it is in the best interest of the loan program to allow the loans to be made from either of the programs. Because the Escambia Authority's bonds will close first and many of the health care organizations want to obtain loans in the near future, some of the out of state loans may be made from the Florida loan pool. The Resolution also approves a form of interlocal agreement which will be entered into at the time the hospital decides to take out a loan from the program. The interlocal agreement provides for full indemnification of the City of Jonesboro from any liability or expense in connection with the issuance of the bonds and the use of proceeds in its jurisdiction.

On behalf of the Capital Trust Agency, the Escambia County Health Facilities Authority, VHA, Inc., and St. Bernards Healthcare, Inc., it is respectfully requested that the City Council adopt the attached Resolution.