

ORDINANCE NO. 86-110

AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF INGHAM MEDICAL CENTER REVENUE REFUNDING BONDS OF THE COUNTY OF INGHAM FOR THE PURPOSE OF REFUNDING ALL OF THE COUNTY'S OUTSTANDING INGHAM MEDICAL CENTER REVENUE BONDS, SERIES 1980; TO PROVIDE FOR THE RIGHTS OF THE OWNERS OF THE REFUNDING BONDS AND THE ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE REFUNDING BONDS AND THE CENTER.

Introduced by the Finance Committee

THE COUNTY OF INGHAM ORDAINS:

Section 1. Definitions. Whenever used in this Ordinance, except when otherwise indicated by the context:

(a) "Act 94" means Act 94, Public Acts of Michigan, 1933, as amended.

(b) "Additional Bonds" means any additional bonds issued pursuant to Section 19 of this Ordinance and having equal standing with the Series 1986 Bonds.

(c) "Bonds" means the Series 1986 Bonds, together with any Additional Bonds.

(d) "Board of Commissioners" means the Board of Commissioners of the County, the legislative and governing body thereof.

(e) "Board of Trustees" means the Board of Trustees of the Center appointed by the Board of Commissioners and charged with the management of the Center.

(f) "Bond Year" means the period commencing on October 1 and ending on the following September 30.

(g) "Center" means all land, buildings, equipment, fixtures, works, instrumentalities and properties (as the same shall from time to time exist), used or useful in connection with Ingham Medical Center owned and operated by the County.

(h) "County" means the County of Ingham, State of Michigan.

(i) "Escrow Fund" means the Escrow Fund created pursuant to Section 16 hereof.

(j) "Outstanding Bonds" means the Ingham Medical Center Revenue Bonds, Series 1980, dated as of October 1, 1980, in the original principal amount of \$10,250,000 and issued pursuant to Ordinance No.80-203, as amended.

(k) "Paying Agent" means the bank or trust company designated by the County to act as bond registrar and paying agent as provided in this Ordinance. The initial Paying Agent shall be the National Bank of Detroit.

(l) "Permitted Lease" means a lease of the Center to a corporation organized pursuant to either the Michigan Nonprofit Corporation Act, being Act 162 of the Public Acts of Michigan, 1982, as amended, or the Michigan Business Corporation Act, being Act 284 of the Public Acts of Michigan, 1974, as amended, for a term extending at least until after the last maturity of the Series 1986 Bonds and requiring the lessee to carry insurance on the Center of the types and in the amounts which are customary for not-for-

profit hospital corporations engaged in the same activities or similarly situated, to maintain all licenses, approvals, and consents necessary to operate the Center as a hospital, to maintain accreditations reasonably necessary to operate the Center as a hospital, to keep and maintain the Center in good condition and repair and to pay the County a charge for the use of the Center in the amounts required to be deposited to the Operation and Maintenance Fund and the Bond and Interest Redemption Fund at least 30 days prior to the date such deposits are required, prohibiting the assignment, transfer or conveyance of the lease by the lessee, except the lease may permit a sublease of vacant land which is not necessary for the operation of the Center as an acute care hospital, and, if the lease provides for the transfer and conveyance by the County of all or any part of the Center, prohibiting such transfer or conveyance until after either the payment, in full, of the principal of, redemption premium, if any, and interest on the Series 1986 Bonds or the defeasance of this Bond Ordinance pursuant to Section 5; provided, however, the lease may provide for the transfer, at any time, of cash, accounts receivable and securities of the Center held in the operating accounts and funded depreciation accounts of the Center to the lessee as part of the lease transaction.

(m) "Revenues" and "Net Revenues" mean the revenues and net revenues of the County from the Center and shall be construed as defined in Section 3 of Act 94,

including with respect to "Revenues," payments received pursuant to a Permitted Lease and the earnings derived from the investment of moneys in the various funds and accounts established by this Ordinance other than the Escrow Fund. For purposes of determining Net Revenues, payments to the Ingham County Building Authority representing the difference between rentals from the Medical Clinic Building and the remodeled Stanley Wing and the Lease Back rent due the Ingham County Building Authority pursuant to a Lease Back Agreement between the County and the Ingham County Building Authority dated December 17, 1971 shall be deemed to be costs of operation and maintenance of the Center.

(n) "Series 1986 Bonds" means the Ingham Medical Center Revenue Refunding Bonds, Series 1986, of the County authorized by this Ordinance.

Section 2. Necessity; Public Purpose. It is hereby determined to be a necessary public purpose of the County to refund the Outstanding Bonds, the effect of which will be to reduce the cost to the County of financing the improvements to the Center constructed with the proceeds of the Outstanding Bonds.

Section 3. Payment of All of Outstanding Bonds; Bonds Authorized. To pay part of the cost of refunding all of the Outstanding Bonds, including the payment of bond insurance, if any, underwriters' discount, escrow agent fees and expenses, legal, financial and other expenses incident

thereto and incident to the issuance and sale of the Series 1986 Bonds, the County shall borrow the sum of not to exceed \$12,000,000, presently estimated to be \$11,425,000, as finally determined in the ordinance authorizing the issuance and sale of the Series 1986 Bonds (the "Award Ordinance") and issue the Series 1986 Bonds therefor pursuant to the provisions of Act 94. The remaining cost, if any, of refunding the Outstanding Bonds shall be paid by the County from funds on hand and legally available for such use, including moneys in the Bond and Interest Redemption Fund established for the Outstanding Bonds.

The purpose of this Bond Ordinance is to authorize the issuance of revenue bonds to provide funds with which to refund all of the Outstanding Bonds.

Section 4. Series 1986 Bond Details, Issuance in Series, Registration and Execution. The Series 1986 Bonds hereby authorized shall be designated INGHAM MEDICAL CENTER REVENUE REFUNDING BONDS, SERIES 1986, shall be payable out of the Net Revenues, as set forth more fully in Section 5 hereof, shall consist of bonds in the denomination of \$5,000, or multiples of \$5,000 not exceeding for each maturity the outstanding principal amount of Series 1986 Bonds of such maturity, have an original issuance date of June 1, 1986 or such later date as the Commission shall approve in the Award Ordinance, be numbered in order of authentication, and shall mature on May 1 and November 1 in the years 1986 to 2002, both inclusive, or such of those

years as shall be determined in the Award Ordinance.

The Series 1986 Bonds shall bear interest at a rate or rates to be determined on sale thereof, but not exceeding 9% per annum, payable on May 1st and November 1st of each year, commencing November 1, 1986, by check drawn on the Paying Agent mailed to the registered owner at the registered address, as shown on the registration books of the County maintained by the Paying Agent. Interest shall be payable to the registered owner as of the 15th day of the month preceding any interest payment date. The principal of the Series 1986 Bonds shall be payable at the principal office of the Paying Agent. The Series 1986 Bonds shall be sold at not less than 98% of their par value.

The Series 1986 Bonds may be subject to redemption prior to maturity at the times and prices established by the Award Ordinance and in the manner and upon giving notice as provided in the form of the Bonds set forth in Section 17 of this Bond Ordinance.

If less than the full amount of an outstanding Series 1986 Bond is called for redemption, the Paying Agent upon presentation of any Series 1986 Bond called in part for redemption shall register, authenticate and deliver to the registered owner a new Series 1986 Bond in the principal amount of, having the same maturity and bearing interest at the same rate as the portion of the original Series 1986 Bond not called for redemption.

The Series 1986 Bonds shall be executed in the name of the County with the facsimile signatures of the Chairperson of the Board of Commissioners and the County Clerk and shall have the County's seal printed on them. No Series 1986 Bond shall be valid until authenticated by an authorized representative of the Paying Agent. The Series 1986 Bonds shall be delivered to the Paying Agent for authentication and shall be delivered by the Paying Agent to the purchaser of the Series 1986 Bonds in accordance with instructions from the County Treasurer upon payment of the purchase price for the Series 1986 Bonds.

Any Series 1986 Bond may be transferred upon the registration books of the County kept by the Paying Agent by the person in whose name the Series 1986 Bond is registered, in person or by his or her duly authorized attorney, upon surrender of the Series 1986 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent. Whenever any Series 1986 Bond or Series 1986 Bonds shall be surrendered for transfer, the County shall execute and the Paying Agent shall authenticate and deliver a new Series 1986 Bond or Series 1986 Bonds, in the same aggregate principal amount, of the same maturity or maturities, and bearing the same rate or rates of interest. The Paying Agent shall require payment by the registered owner requesting the transfer of any Series 1986 Bond of any tax or other governmental charge required to be paid with respect to such

transfer. The Paying Agent shall not be required to register the transfer of or exchange any Series 1986 Bond selected for redemption in whole or in part, except the portion of a Series 1986 Bond not being redeemed.

The Paying Agent shall keep or cause to be kept on behalf of the County, at the principal office of the Paying Agent, sufficient books for the registration and transfer of the Series 1986 Bonds, which shall at all times be open to inspection by the County; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on the registration books, Series 1986 Bonds as herein provided.

If any Series 1986 Bond shall become mutilated, the County, at the expense of the registered owner of the Series 1986 Bond, shall execute, and the Paying Agent shall authenticate and deliver, a new Series 1986 Bond of like tenor in exchange and substitution for the mutilated Series 1986 Bond, upon surrender to the Paying Agent of the mutilated Series 1986 Bond. If any Series 1986 Bond shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Paying Agent and, if such evidence is satisfactory to both the County and the Paying Agent and indemnity satisfactory to the Paying Agent shall be given, and if all requirements of any applicable law including Act 354, Public Acts of Michigan, 1972, as amended, ("Act 354") being sections 129.131 to 129.135,

inclusive, of the Michigan Compiled Laws have been met, the County, at the expense of the registered owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Series 1986 Bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Series 1986 Bond so lost, destroyed or stolen. If any such Series 1986 Bond shall have matured or shall be about to mature, instead of issuing a substitute Series 1986 Bond the Paying Agent may pay the same without surrender thereof.

Section 5. Payment of Series 1986 Bonds. The Bonds and the interest thereon shall not be a general obligation of the County and shall not be an indebtedness of the County within any state constitutional provisions or statutory or charter limitation. The Bonds and the interest thereon shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues which shall be a first lien to continue until payment in full of the principal of and interest on all Bonds payable from the Net Revenues, or, until sufficient cash or direct obligations of the United States of America or obligations the principal of and interest on which is fully guaranteed by the United States of America, not redeemable at the option of the issuer, the principal and interest payments on which, without reinvestment of interest, come due at such times and in such amounts as to be fully sufficient to pay, when due, the principal

of, redemption premium, if any, and interest on the Bonds on the stated maturity date or earlier redemption, shall have been deposited in trust for payment in full of all Bonds with respect to which this Bond Ordinance is to be defeased to their maturity, or, if called for redemption, to the date fixed for redemption. Upon such deposit, the statutory lien herein created shall be terminated with respect to such Bonds, the holders of such Bonds shall have no further rights under this Ordinance except for payment from the deposited funds, and such Bonds shall no longer be considered to be outstanding under this Ordinance.

Section 6. Bondholders' Rights; Receiver. The registered owner or owners of the Bonds representing in the aggregate not less than twenty percent (20%) of the entire principal amount thereof then outstanding may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the County, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the Center and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the Center or any part thereof.

If there is a default in the payment of the principal of or interest on the Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer