Request for City Council Committee Action
From the Department of Community Planning & Economic Development

Date: August 24, 2004

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Bob Lind, Business Finance, 673-5068
Presenter in Committee: Bob Lind

Approved by: Chuck Lutz, Deputy CPED Director _____

Subject: A Public Hearing and Request for Preliminary and Final Approval of up to $5,000,000 in Tax-exempt 501(c)(3) Revenue Bonds for the City of Lakes Care Center Project.

RECOMMENDATION: City Council Recommendation: The CPED Director recommends that the City Council adopt the attached resolutions giving Preliminary and Final Approval to the issuance of up to $5,000,000 in Tax-exempt 501(c)(3) Revenue Bonds for the City of Lakes Care Center Project.

Previous Directives: None for this proposed project by City of Lakes Care Center. The facility at 618 East 17th Street was purchased and renovated by Walker Methodist in 1992 with the use of tax-exempt revenue bonds.

Financial Impact (Check those that apply)

___ No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
___ Action requires an appropriation increase to the Capital Budget
___ Action requires an appropriation increase to the Operating Budget
___ Action provides increased revenue for appropriation increase
___ Action requires use of contingency or reserves
_X__ Other financial impact (Explain): The issuance of these tax-exempt revenue bonds will generate revenue bond administrative fees of approximately $12,000 annually for Minneapolis that are used to support the small business assistance programs of the City of Minneapolis. In addition, City of Lakes Care Center will enter into a nursing home PILOT Agreement that will generate approximately $12,700 a year in payment in lieu of taxes to the City of Minneapolis.
___Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: The facility that the City of Lakes Care Center is purchasing is located in the 7th Ward at 618 East 17th Street, within the Elliot Park neighborhood. The existing City of Lakes facility that will be closed and sold is located in the 6th Ward at 110 East 18th Street and is in the Stevens Square neighborhood.

Neighborhood Notification: The Elliot Park Neighborhood, Inc. and Stevens Square Community Organization have been notified.

City Goals: The proposed project meets the City's goal of developing and supporting housing choices citywide for all income levels**.**

Comprehensive Plan: The proposed project is in compliance with the policies of the Minneapolis Plan.

Zoning Code: The existing facilities are in compliance.

Living Wage/Job Linkage: The project is a 501(c)(3) conduit financing and is not subject to Living Wage/Business Subsidy.

Background/Supporting Information

The City of Lakes Care Center, a Minnesota nonprofit corporation, whose parent company is the Benedictine Health System out of Duluth, MN, has entered into a purchase agreement with Walker Methodist to purchase their skilled nursing home facility known as the Walker Cityview at 618 East 17th Street (160 beds). The City of Lakes Care Center is currently operating at 110 East 18th Street (145 beds), a facility that they will be closing down and the 145 residents will be relocated to the 618 East 17th Street facility.

It is proposed that the City of Minneapolis issue its conduit revenue bond financing to facilitate the purchase of the Walker Cityview facility at 618 East 17th Street. In addition to the purchase, the City of Lakes Care Center has over $1 million in planned renovations and upgrades that will result in a better living environment for the City of Lakes residents.

As part of this process the beds operated by Walker Methodist would be delicensed (160 beds), resulting in a net reduction of long term care beds in an area that the State of Minnesota has determined to have excess capacity. The relocation would address the need of the City of Lakes to either build new or relocate from their current site. The current site is an aging facility built in the early 1900's, that is difficult to maintain and inefficient to operate.

The City of Lakes Care Center currently employs 130 F.T.E.s (172 employees) of which 40% or 69 are residents of the City of Minneapolis.

TYPE OF FINANCING:

Sources:	
Bond Proceeds	$5,000,000
Uses:	
Purchase facility	$3,000,000
Renovation costs	1,410,000
Debt Service Reserve	370,000
Issuance costs	220,000
Total:	$5,000,000

The revenue bond financing is being structured by Piper Jaffray, Inc. as an institutional placement of the revenue bonds with one or more purchasers. The revenue bonds will be secured by a first mortgage on the property, furnishings and equipment, a debt service reserve fund and an assignment of the project revenues.

PRESENT EMPLOYMENT:	The City of Lakes Care Center currently employs 130 F.T.E.s (172 employees) of which 40% or 69 are residents of the City.
NEW EMPLOYMENT:	No additional jobs anticipated.
ASSESSOR'S ESTIMATED ANNUAL TAX INCREASE:	Project will enter into a PILOT Agreement that will generate approximately $12,700 a year in payment in lieu of taxes for the City of Minneapolis for the provision of police, fire and road maintenance as part of the nursing home PILOT program.
AFFIRMATIVE ACTION COMPLIANCE:	Prior to the bond closing the City of Lakes Care Center will have an approved Affirmative Action Plan on file with the City.
CPED IRB POLICIES:	
Job Component	Minimum standard of one (1) job per 1,000 square feet of building area. City of Lakes Care Center: Project is in compliance.
Property Improvements	No more than 25% of the bond proceeds may be used for land and acquisition. If purchasing an existing building, an amount equal to at least 15% of the acquisition cost must be spent on rehabilitation expenditures.

	City of Lakes Care Center: Project is in compliance, spending over $1 million on building renovations.
Development Standards	Compliance with the Land Use Plan of the City's Comprehensive Plan. City of Lakes Care Center: In compliance; an existing facility.
Equipment Financing	Limited to companies that create or preserve a significant number of jobs, and the equipment financed must be sufficiently secured. No more than 10% of the bond proceeds may be used to finance movable equipment not constituting a fixture. City of Lakes Care Center: N.A.
Restaurant/Bank	IRB financing is allowed for a restaurant or a bank if it is built or rehabilitated in an CPED Redevelopment Area. No more than 25% of the bond proceeds can be used to finance retail food and beverage establishments, automobile dealerships or recreation or entertainment facilities. City of Lakes Care Center: N.A.
Tax-exempt Institution	Refinancing is permitted when new jobs are created or when a significant number of jobs is preserved; any interest cost savings must directly reduce patient costs. City of Lakes Care Center: N.A.
IRB CAP:	The project is not subject to the volume cap, in that the project is exempt from income tax under Internal Revenue Code Section 501(c)(3) for its exempt purposes and is classified thereunder as a non-profit organization.
BOND COUNSEL:	Fryberger, Buchannan, Smith & Krederick, P.A.
UNDERWRITER:	Piper Jaffray, Inc.

Community Planning & Economic Development
Planning Division
350 South 5th Street, Room 210
Minneapolis, MN 55415-1385

MEMORANDUM

TO: Bob Lind
Manager, Business Finance Group

FROM: Jack Byers
CPED - Planning

SUBJECT: Request for approval of 501(c)(3) tax-exempt revenue bond financing for the City of Lakes Care Center

DATE: July 29, 2004

CC: Pamela Miner, Community Planning Supervisor

Bob, Per your request, I am writing to indicate that CPED activities related to the request for approval of 501(c)(3) tax-exempt revenue bond financing for the City of Lakes Care Center is in keeping with the City's comprehensive plan.

As you know, *The Minneapolis Plan* is the City's comprehensive plan. Specifically, this request speaks to the City's goal to "Develop and support housing choices Citywide…"

Also, *Minneapolis Downtown 2010* is the portion of the City's comprehensive plan that governs Downtown Minneapolis. Specifically, the "Downtown Living" chapter in this plan supports 'the expansion of housing opportunities for all income levels.'

If you have further questions, please do not hesitate to call me at 673-2634.

GIVING PRELIMINARY APPROVAL TO A PROJECT UNDER MINNESOTA STATUTES, SECTIONS 469.152 THROUGH 469.165 REFERRING THE PROPOSAL TO THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT FOR APPROVAL, AND AUTHORIZING PREPARATION OF NECESSARY DOCUMENTS

BE IT RESOLVED, by the governing body (the "Council") of the City of Minneapolis, Hennepin County, Minnesota (the "Issuer"), as follows:

Section 1. General Recitals.

a. The purpose of Minnesota Statutes, Sections 469.152 through 469.165 as amended, relating to municipal industrial development (the "Act"), as found and determined by the legislature, is to promote the welfare of the State of Minnesota (the "State") by the active promotion, attraction, encouragement and development of economically sound industry and commerce through governmental action to prevent, so far as possible, the emergence of blighted and marginal lands and areas of chronic unemployment.

b. Factors necessitating the active promotion and development of economically sound industry and commerce are the increasing concentration of population in the metropolitan areas and the rapidly rising increase in the amount and cost of governmental services required to meet the needs of the increased population and the need for development of land uses which will provide access to employment opportunities for such population.

Section 2. Description of the Project.

a. City of Lakes Care Center (the "Borrower"), a Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") has proposed issuance of revenue obligations, in one or more series, in an amount not to exceed $5,000,000 (the "Bonds"), to finance the cost of acquiring, equipping and renovating a 160-bed skilled nursing facility located at 618 East 17th Street in the jurisdiction of the Issuer, resulting in a 145-bed facility; funding a portion of the capitalized interest accruing on the obligations during the estimated

acquisition and equipping period; funding a debt service reserve fund for the obligations and paying costs associated with the financing (the "Project").

b. The Project will be owned and operated by the Borrower.

Section 3. Recital of Representations Made by the Borrower.

a. The Issuer has been advised by representatives of the Borrower that: (i) conventional financing to pay the capital cost of the Project is available only on a limited basis and at such high costs of borrowing that the economic feasibility of operating the Project would be significantly reduced; (ii) on the basis of information submitted to the Borrower and their discussions with representatives of area financial institutions and potential buyers of tax-exempt bonds, the Bonds could be issued and sold upon favorable rates and terms to finance the Project; (iii) the Borrower will experience a significant debt service cost savings through the issuance of the Bonds; and (iv) the Project would not be undertaken in its present form but for the availability of financing under the Act.

b. The Borrower has agreed to pay any and all costs incurred by the Issuer in connection with the issuance of the Bonds, whether or not such issuance is carried to completion.

c. The Borrower has represented to the Issuer that no public official of the Issuer has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

Section 4. Public Hearing.

a. A notice of public hearing was published in *Finance & Commerce* and the *Star Tribune*, the Issuer's official newspaper and a newspaper of general circulation, calling a public hearing on the proposed issuance of the Bonds and the proposal to undertake and finance the Project.

b. The Issuer has, on August 24, 2004, held a public hearing on the issuance of the Bonds and the proposal to undertake and finance the Project, at which all those appearing who desired to speak were heard and written comments were accepted.

Section 5. Findings. It is hereby found, determined, and declared as follows:

a. The welfare of the State and the Issuer requires the provision of necessary nursing home facilities so that adequate health care services are available to residents of the State and the Issuer at reasonable cost.

b. The Issuer desires to facilitate the selective development of the community and help to provide the range of services and employment opportunities required by the population. The Project will assist the Issuer in achieving those objectives; help to stabilize market valuation of the Issuer; help maintain a positive relationship between assessed valuation and debt; and enhance the image and reputation of the community.

c. On the basis of information made available to this Council by the Borrower it appears, and this Council hereby finds, that: (1) the Project constitutes properties, real and personal, used or useful in connection with a revenue producing enterprise within the meaning of Subdivision 2 of Section 469.153 of the Act; (2) the Project furthers the purposes stated in Section 469.152 of the Act; (3) the Project would not be undertaken but for the availability of financing under the Act and the willingness of the Issuer to furnish such financing; and (4) the effect of the Project, if undertaken, will be to: (i) encourage the development of economically sound industry and commerce, (ii) assist in the prevention of the emergence of blighted and marginal land, (iii) help prevent chronic unemployment, (iv) provide the range of service and employment opportunities required by the population, (v) help prevent the movement of talented and educated persons out of the State and to areas within the State where their services may not be as effectively used, (vi) promote more intensive development and appropriate use of land within the City, eventually to increase the tax base of the community; and (vii) provide adequate health care services to residents of the Issuer at a reasonable cost.

d. The Issuer acknowledges, finds, determines and declares that the provision of necessary nursing home facilities so that adequate health care services are available to residents of the State at a reasonable cost is a public purpose.

Section 6. Approval.

a. The Project and the Bonds are hereby given preliminary approval by the Issuer.

b. In accordance with Subdivision 3 of Section 469.154 of the Act, the City Finance Officer, or his designee, is authorized and directed to submit the proposal for the Project to the Department of Employment and Economic Development of the State ("DEED") requesting approval, and other officers,

employees and agents of the Issuer are hereby authorized to provide DEED with such information as it may require.

c. The Borrower is hereby authorized to enter into such contracts, in their own names and not as agents of the Issuer, as may be necessary for the transactions described herein by any means available to them and in the manner they determine without advertisement for bids, but the Issuer will not be liable on such contracts.

Section 7. Limited Obligation. The Bonds, when and if issued for the Project, shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer. (There will, however, be a charge, lien or encumbrance on the Project, which is not an asset of the Issuer.) The Bonds, when and if issued, shall recite in substance that the Bonds and the interest thereon, are payable solely from revenues received from the Project and property pledged for payment thereof, and shall not constitute a debt of the Issuer.

APPROVING THE ISSUANCE AND SALE OF HEALTH CARE REVENUE BONDS, SERIES 2004 (CITY OF LAKES CARE CENTER PROJECT) AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO

BE IT RESOLVED, by the governing body (the "Council") of the City of Minneapolis, Hennepin County, Minnesota (the "Issuer"), as follows:

Section 1. Recitals. It is hereby found, determined, and declared as follows:

a. Under Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act"), the Issuer is authorized and empowered to issue revenue obligations to finance or refinance all or any part of the costs of a project consisting of the refinancing of debt incurred with respect to, or acquisition and betterment of, health care facilities or facilities of organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and to refund bonds previously issued under the Act.

b. The Issuer has on August 24, 2004, held a public hearing on the proposed issuance of revenue obligations, in one or more series, in an amount not to exceed $5,000,000 to undertake and finance a project described as follows:

> acquiring, equipping and renovating a 160-bed skilled nursing facility located at 618 East 17th Street in the jurisdiction of the Issuer, resulting in a 145-bed facility; funding a portion of the capitalized interest accruing on the obligations during the estimated acquisition and equipping period; funding a debt service reserve fund for the obligations and paying costs associated with the financing (the "Project").

c. Piper Jaffray & Co., the underwriter for the Bonds described below (the "Underwriter"), has requested that the Bonds be eligible for services provided by The Depository Trust Company, New York, New York ("DTC").

d. The following documents have been presented to this Council at this meeting and have been reviewed to the extent deemed necessary (the "Issuer Documents"):

i. a Loan Agreement, to be entered into between the Issuer and the Borrower (the "Loan Agreement"), pursuant to which the Borrower agrees to repay the loan of the proceeds of the Bonds in specified amounts and at specified times sufficient to pay in full when due the principal of, premium, if any, and interest on the Bonds. In addition, the Loan Agreement contains provisions relating to the payment by the Borrower of certain administrative and legal costs of the Issuer and indemnification, insurance, and other agreements and covenants which are required or permitted by the Act and which the Issuer and the Borrower deem necessary or desirable for financing the Project;

ii. an Indenture of Trust (the "Indenture"), to be entered into between the Issuer and U.S. Bank National Association, St. Paul, Minnesota, as trustee (the "Trustee"), pursuant to which the Issuer pledges and grants a security interest in all of its right, title, and interest in the Loan Agreement (except for certain rights to fees, reimbursement of certain costs and expenses and for indemnification) to the Trustee. Under the Indenture, the Bonds and the interest on the Bonds shall be payable solely from the revenue pledged therefor and the Bonds shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation nor shall constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers and shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer other than the Issuer's interest in the Loan Agreement;

iii. a Bond Purchase Agreement among the Issuer, the Borrower and the Underwriter (the "Bond Purchase Agreement") pursuant to which the Underwriter has offered to purchase the Bonds from the Issuer;

iv. a P.I.L.O.T Agreement between the Issuer and the Borrower pursuant to which the Borrower has agreed to make a payment in lieu of taxes to the Issuer; and

v. the form of the Bonds.

e. The following documents have been presented to the Council for approval (collectively hereinafter referred to as the "Borrower Documents"):

i. a Mortgage Agreement, from the Borrower to the Trustee pursuant to which Borrower pledges its real and personal property as collateral to secure its obligations under the Loan Agreement; and

ii. a Continuing Disclosure Agreement, between the Borrower and the Trustee.

Section 2. Findings. The Issuer finds, determines and declares that the provision of necessary health care facilities, so that adequate health care services are available to residents of the Issuer and the surrounding areas at reasonable costs, is a public purpose. The issuance and sale of the Health Care Revenue Bonds, Series 2004 (City of Lakes Care Center Project) (the "Bonds") by the Issuer, pursuant to the Act, is in the best interest of the Issuer, and the Issuer hereby determines to issue the Bonds and to sell the Bonds to the Underwriter pursuant to the Bond Purchase Agreement. The Issuer will loan the proceeds of the Bonds to the Borrower in order to finance the Project.

Section 3. The Bonds.

a. In order to provide for the financing of the Project, the Issuer hereby authorizes the issuance of the Bonds in the maximum principal amount of $5,000,000, in one or more series, whether taxable or tax-exempt, with a maximum average interest rate of 10.00% per annum, and with a maximum maturity date of 30 years from the date of closing and delivery of the Bonds. The Bonds shall be in substantially the form prescribed in the Indenture and shall be dated, mature in the years and amounts, be subject to redemption prior to maturity, bear interest at rates specified in the Indenture and Bond Purchase Agreement and have such other details and provisions as therein specified.

b. The Issuer hereby authorizes and directs the execution of the Bonds in accordance with the terms of the Indenture, and hereby provides that the Indenture shall provide the terms and conditions, covenants, rights, obligations, duties and agreements of the owners of the Bonds, the Issuer and the Trustee as set forth therein.

c. The Bonds shall be revenue obligations of the Issuer, the proceeds of which shall be disbursed pursuant to the Indenture and the Loan Agreement, and the principal, premium and interest on the Bonds shall be payable solely from the proceeds of the Bonds and revenues derived from the Loan Agreement and the other sources set forth in the Indenture. The Bonds will be a special limited obligation of the Issuer.

d. The Bonds shall not be payable from or charged upon any funds other than the revenues pledged to the payment thereof, nor shall the Issuer be subject to any liability thereon. No holder of the Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon, nor to enforce payment thereof against any property of the Issuer. The Bonds shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation. The Bonds will

not constitute an indebtedness, a pecuniary liability, a moral or general obligation or a loan of the credit of the Issuer or a charge, lien or encumbrance, legal or equitable, against the Issuer's property, general credit or taxing powers.

e. The Bonds, when executed and delivered, shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of the issuance thereof, and that all acts, conditions and things required by the laws of the State relating to the adoption of this Resolution, to the issuance of the Bonds and to the execution of the aforementioned documents to happen, exist and be performed precedent to and in the enactment of this Resolution, and precedent to issuance of the Bonds and precedent to the execution of the aforementioned documents have happened, exist and have been performed as so required by law.

Section 4. Approval and Execution of Documents and Certificates.

a. The Issuer Documents and the Bonds are approved in substantially the forms presented to the Council.

b. The City Finance Officer is hereby designated and is authorized and directed to execute, acknowledge, and deliver the Issuer Documents and the Bonds on behalf of the Issuer with such changes, insertions, and omissions therein as the Issuer's attorney may hereafter deem appropriate, such execution to be conclusive evidence of approval of such documents in accordance with the terms hereof.

c. The City Finance Officer is authorized and directed to execute and deliver all other documents which may be required under the terms of the Issuer Documents or the Bonds or by bond counsel, and to take such other action as may be required or deemed appropriate for the performance of the duties imposed thereby to carry out the purposes thereof.

d. The City Finance Officer and other officers of the Issuer are authorized to furnish to the Trustee, the Underwriter, the Borrower, and bond counsel certified copies of all proceedings and records of the Issuer relating to the Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall constitute representations of the Issuer as to the truth of all statements contained therein.

e. In the event that for any reason the City Finance Officer is unable to carry out the execution of any of the documents or other acts provided herein,

any other officer of the Issuer or member of its Council as in the opinion of the Issuer's attorney, are authorized to act in that capacity and undertake such execution or acts on behalf of the Issuer, shall without further act or authorization execute and deliver the Bonds and do all things and execute all instruments and documents required to be done or executed by such officers, with full force and effect, which executions or acts shall be valid and binding on the Issuer.

f. The officers of the Issuer, attorneys, and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by or in connection with this Resolution, the aforementioned documents, and the Bonds for the full, punctual and complete performance of all the terms, covenants and agreements contained in the Bonds, the aforementioned documents and this Resolution.

Section 5. Appointment of Bond Registrar. The Trustee is hereby appointed as paying agent, bond registrar, authenticating agent and transfer agent for the Bonds.

Section 6. Official Statement. The Issuer has not participated in the preparation of the Preliminary Official Statement or the Official Statement relating to the Bonds (collectively, the "Official Statement"), and has made no independent investigation with respect to the information contained therein, including the Appendices thereto, and the Issuer assumes no responsibility for the sufficiency, accuracy or completeness of such information. Subject to the foregoing, the Issuer hereby consents to the distribution and the use by the Underwriter in connection with the sale of the Bonds of the Official Statement in the form on file with the Issuer. The Official Statement contains the sole materials consented to by the Issuer for use in connection with the offer and sale of the Bonds.

Section 7. Covenants; Limitations.

a. All covenants, stipulations, obligations and agreements of the Issuer contained in this Resolution and the aforementioned the Issuer Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the Issuer. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Issuer or its Council by the provisions of this Resolution or of the aforementioned documents shall be exercised or performed by the Issuer or by such members of the Issuer, or such officers thereof as may be required or authorized by law to exercise such powers and to perform such duties.

b. No covenant, stipulation, obligation or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Issuer, or

any officer, agent or employee of the Issuer in that person's individual capacity, and neither the Issuer nor any officer or employee executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

c. No provision, covenant or agreement contained in the aforementioned documents, the Bonds or in any other document related to the Bonds, and no obligation therein or herein imposed upon the Issuer or the breach thereof, shall constitute or give rise to any pecuniary liability of the Issuer or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants and representations set forth in such documents, the Issuer has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Loan Agreement or other sources set forth in the Indenture which are to be applied to the payment of the Bonds, as provided therein and in the Indenture.

d. Except as herein otherwise expressly provided, nothing in this Resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the Issuer or any owner of the Bonds issued under the provisions of this Resolution, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, this Resolution, the aforementioned documents and all of their provisions being intended to be and being for the sole and exclusive benefit of the Issuer and any owner from time to time of the Bonds issued under the provisions of this Resolution.

Section 8. Severability. In case any one or more of the provisions of this Resolution, or of the aforementioned documents, or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution, or of the aforementioned documents, or of the Bonds, but this Resolution, the aforementioned documents, and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

Section 9. Program Bonds. The Bonds are hereby designated “Program Bonds” and are determined to be within the “Health Care Program” and the “Program”, all as defined in Resolution 88R-021 of the City adopted January 29, 1988, and as amended by Resolution 97R-402 of the City adopted December 12, 1997.