

RESOLUTION NO. 2007-03

RESOLUTION OF THE BOARD OF DIRECTORS OF THE TAHOE FOREST HOSPITAL DISTRICT ORDERING AN ELECTION TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS, ESTABLISHING SPECIFICATIONS OF THE ELECTION ORDER, AND CERTAIN RELATED MATTERS

WHEREAS, in the judgment of the Board of Directors (the "Board") of the Tahoe Forest Hospital District (the "District"), it is advisable to call an election to submit to the electors of the District the question whether general obligation bonds of the District shall be issued and sold for the purpose of raising money for the expansion, improvement, acquisition, construction, equipping and renovation of health facilities of the District;

WHEREAS, Article XIII A, Section 1(b), of the California Constitution ("Article XIII A") provides an exception to the limit on *ad valorem* property taxes for bonded indebtedness for the acquisition or improvement of real property approved by two-thirds (2/3) of the votes cast by the voters voting on the proposition;

WHEREAS, the Board is specifically authorized to pursue the authorization and issuance of bonds by a two-thirds (2/3) vote of the electorate on the question of whether bonds of the District shall be issued and sold for specified purposes, pursuant to section 32300 *et seq.* of the California Health and Safety Code (being California's Local Health Care District Law) (the "Law");

WHEREAS, pursuant to section 10403 *et seq.* of the California Elections Code, it is appropriate for the Board to request the Placer County Registrar of Voters and the Nevada County Registrar of Voters to perform required election services for the District;

WHEREAS, certain provisions of the California Government Code (sections 53410 *et seq.*) require that a local agency submitting a bond measure to the voters provide specific accountability measures; and

WHEREAS, it is the intent of the Board to set forth by this Resolution the specified accountability measures with respect to the proceeds of the bonds to be authorized by the election called pursuant to this Resolution;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF TAHOE FOREST HOSPITAL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Call for Election. The Board hereby orders an election and submits to the electors of the District the question of whether general obligation bonds (the "Bonds") of the District shall be authorized to be issued and sold in a principal amount not to exceed \$98,500,000 for the purpose of financing and refinancing the expansion, improvement, acquisition, construction, equipping and renovation of health facilities of the District, and to pay costs incident thereto (the "Project"), as set forth more fully in the ballot proposition approved

pursuant to Section 3 of this Resolution. This Resolution constitutes the order of the District to call such election. The election shall constitute one election in the District, with election services provided in Placer County and in Nevada County with respect to the electors residing in each respective County. Approval by two-thirds (2/3) of the total District electors voting in both counties shall constitute approval of the Bond measure even if the electors in one county do not approve the measure by two-thirds.

Section 2. Election Date. The Board hereby calls a mailed ballot election for September 25, 2007, to be held within the boundaries of the District in accordance with section 4108 of the California Elections Code.

Section 3. Purpose of Election; Ballot Measure. The purpose of the election shall be for the voters in the District to vote on a ballot measure, a copy of which is attached hereto and marked Exhibit A, containing the question of whether the District shall issue the Bonds to finance the Project, which is hereby approved and adopted by the Board. The Board hereby determines to include within the ballot pamphlet the Full Ballot Text attached hereto as Exhibit B, which is hereby approved and adopted by the Board. The Placer County Registrar of Voters and the Nevada County Registrar of Voters are each hereby requested to reprint the measure in its entirety (the Full Ballot Text located in Exhibit B) in the voter information pamphlet to be distributed to voters, together with the tax rate information (attached as Exhibit C) required by the Law.

The Chief Executive Officer, the Chief Financial Officer, and each of them, or their respective designee(s), are hereby authorized and directed to make any changes to the text of the ballot measure as required to conform to any requirements of Article XIII A, the Law, the California Elections Code, the Placer County Registrar of Voters or the Nevada County Registrar of Voters.

Section 4. Authority for Election. The authority for ordering the election and for the specification of this election order are contained in section 32301 of the Law and Article XIII A, Section 1(b)(2), of the California Constitution. The District hereby finds that the bonded indebtedness proposed herein, together with all outstanding bonded indebtedness of the District, shall not exceed 2.5% of the assessed value of all taxable property in the District, as shown by the last equalized assessment role of Placer County and Nevada County in accordance with section 32308 of the Law.

Section 5. Terms of the Bonds upon Approval by the Electorate. As required under section 32302 of the Law, in the event two-thirds (2/3) of the voters voting in the District approve the issuance of the Bonds, the Board shall cause the Bonds to be issued in one or more series in an aggregate principal amount not to exceed \$98,500,000; provided that such aggregate maximum amount shall be equal to the par amount of the Bonds, which shall not include any premium at which the Bonds or any series thereof may be issued. The Bonds shall bear interest payable at a rate not exceeding the legal limit (at the current time eight percent (8%) per annum), and any series of which shall have a maturity date no later than thirty (30) years following the date of issuance of such series. The Board shall apply the Bond proceeds only to the specific purposes stated in the ballot measure, shall cause the continuation or creation of funds and accounts into which Bond proceeds shall be deposited; and shall cause the preparation of an annual report pursuant to sections 53410-53411 of the California Government Code.

Section 6. Accountability Provisions.

(a) **No Money For Administrators' Salaries.** Proceeds from the sale of the Bonds authorized by this proposition shall be used only for costs incurred in connection with funding

of the Project and the cost of the issuance of the Bonds, and not for any other purpose, including staff and administrator salaries and other operating expenses.

(b) **Special Bond Proceeds Account; Annual Audit And Report to Board.** The Board hereby directs that a separate account shall be established for deposit of proceeds of the sale of the Bonds if the measure is approved by District voters. For so long as any proceeds of Bonds remain unexpended, the chief financial officer of the District (the "Chief Financial Officer") shall cause a report to be filed with the Board no later than five (5) months after the end of each fiscal year, commencing with the first fiscal year during which any proceeds of Bonds authorized by this measure shall have been received. The report shall state (1) the amount of Bond proceeds received and expended in such fiscal year and (2) the status of any projects funded or to be funded from the proceeds of Bonds authorized to be issued by this measure. The report may be incorporated into or filed with the audit or other appropriate routine report provided to the Board. Audited financial statements of the District will continue to be made available in accordance with applicable requirements.

(c) **Independent Citizens' Oversight Committee.** The Board shall establish an independent citizens' oversight committee to ensure Bond proceeds are expended only for the Project authorized by the ballot measure. The committee shall be established within 90 days after the election.

Section 7. Request for All-Mail Ballot; Costs.

(a) The District requests that the Placer County Registrar of Voters and the Nevada County Registrar of Voters take all steps necessary to hold the election by all-mail ballot pursuant to Division 4 (commencing with section 4000) of the California Elections Code.

(b) The District hereby agrees to reimburse Placer County and Nevada County for actual costs incurred by it for the District's election, as set forth in the current election cost allocation procedures of Placer County and Nevada County.

Section 8. Delivery of this Resolution. The Clerk is hereby directed to fax (530-886-5682) no later than 4:00 p.m. on June 27, 2007, and file (or cause to be filed) a certified copy of this Resolution no later than the close of business on the same day, June 27, 2007, with the Placer County Registrar of Voters and the Clerk of the Placer County Board of Supervisors. The Clerk is hereby directed to fax (530-265-9829) no later than 4:00 p.m. on June 27, 2007, and file (or cause to be filed) a certified copy of this Resolution no later than the close of business on June 29, 2007, with the Nevada County Registrar of Voters and the Clerk of the Nevada County Board of Supervisors.

Section 9. Impartial Analysis; Ballot Arguments; Further Authorization. The Placer County Counsel and the Nevada County Counsel are hereby requested to prepare the impartial analysis of the ballot measure in accordance with section 9160 of the California Elections Code and transmit it to the Placer County election officer and the Nevada County election officer, as applicable. Any and all members of the Board, the Chief Executive Officer and the Chief Financial Officer of the District, or any of their respective designees, are hereby authorized to act as an author of any ballot argument prepared in connection with the election, including a rebuttal argument. Each of the President and Vice President of the Board, and the Chief Executive Officer and the Chief Financial Officer of the District, or any of their respective designees, are each hereby authorized, empowered, and directed, for and on behalf of the District, to execute any and all documents, and to perform any and all acts necessary or appropriate to place the Bond measure on the ballot.

Section 10. Effective Date. This resolution shall take effect immediately on and after its adoption.

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PASSED AND ADOPTED this 26th day of June, 2007, by the following vote:

AYES:

NAYS:

ABSENT:

Karen Sessler, M.D.
President, Board of Directors
Tahoe Forest Hospital District

ATTEST:

Robert Schapper
Clerk, Board of Directors
Tahoe Forest Hospital District

CERTIFICATION

I, _____, Clerk of the Board of Directors of Tahoe Forest Hospital District, Placer and Nevada Counties, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2007-03 passed and adopted by said Board of Directors at a meeting held on the 26th day of June, 2007, and that the minutes of said Board of Directors show that _____ () members of said Board voted for, and _____ () members of said Board voted against, the adoption of said Resolution (with _____ () member absent), and the said Resolution is now spread upon the minutes of said Board.

Robert Schapper
Clerk of the Board of Directors
Tahoe Forest Hospital District

EXHIBIT A

BALLOT MEASURE

To maintain a full service hospital in our community; expand and enhance the Emergency Room to ensure access to lifesaving care; maintain critical medical services including pediatrics, maternity, long term care for seniors and cancer care; and upgrade facilities that are outdated or do not meet state-mandated earthquake safety standards, shall Tahoe Forest Hospital District issue \$98.5 million in bonds to improve healthcare facilities with an independent citizens' oversight committee and all funds being spent on local projects?

EXHIBIT B

FULL BALLOT TEXT

The following is the full ballot text of the measure to be presented to the voters by Tahoe Forest Hospital District in the ballot pamphlet:

To maintain a full service hospital in our community; expand and enhance the Emergency Room to ensure access to lifesaving care; maintain critical medical services including pediatrics, maternity, long term care for seniors and cancer care; and upgrade facilities that are outdated or do not meet state-mandated earthquake safety standards, shall Tahoe Forest Hospital District issue \$98.5 million in bonds to improve healthcare facilities with an independent citizens' oversight committee and all funds being spent on local projects?

Purpose of the bond. Facility improvements resulting from this bond will preserve or enhance the quality of healthcare available to the residents of the Tahoe Forest Hospital District and patients requiring medical care in the region. Proceeds from this bond may be used to upgrade, enhance, improve, expand, renovate, build, equip or replace facilities, acquire land, and refinance up to \$3.5 million of existing debt that was incurred for expenditures related to capital purchases or leases to improve hospital facilities.

Special Bond Account and Mandatory Annual Audits. A separate account shall be established for deposit of proceeds of the sale of the Bonds. This account shall be audited annually and a report shall be made detailing (1) the amount of Bond proceeds received and expended in such fiscal year and (2) the status of any projects funded or to be funded from the proceeds of Bonds authorized to be issued by this measure.

No Money For Administrators' Salaries. Proceeds from the sale of the Bonds authorized by this proposition shall be used only for costs incurred in connection with funding of the Project and the cost of the issuance of the Bonds, and not for any other purpose, including staff and administrator salaries and other operating expenses.

Independent Citizens' Oversight Committee. The Board shall establish an independent citizens' oversight committee to ensure Bond proceeds are expended only for the Projects authorized by the ballot measure. The committee shall be established within 90 days after the election.

All funds stay local for the benefit of Tahoe Forest Hospital District Facilities. All bond proceeds shall be used to improve healthcare facilities within the Tahoe Forest Hospital District for the benefit of healthcare in the local community. No funds may be taken away by the state government, federal government, or other hospital districts or healthcare institutions.

EXHIBIT C

TAX RATE STATEMENT

An election will be held in the Tahoe Forest Hospital District (the "District") on September 25, 2007, to authorize the sale of not to exceed \$98,500,000 in bonds of the District to finance hospital facilities as described in the ballot measure. If the bonds are approved, the District expects to sell the bonds in three series (but may issue the bonds in more than or fewer than three series). Principal and interest on the bonds will be payable from the proceeds of tax levies made upon the taxable property in the District. The following information is provided in compliance with sections 9400-9404 of the California Elections Code:

1. The best estimate of the tax rate that would be required to be levied to fund this bond issue during the first fiscal year after the sale of the bonds, based on estimated assessed valuations available at the time of filing this statement, is \$10.26 per \$100,000 of assessed valuation in fiscal year 2008-2009.

2. The District's best estimate of the average tax rate that would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing this statement, is \$8.87 per \$100,000 of assessed valuation.

3. The best estimate of the highest tax rate that would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing this statement, is \$17.42 per \$100,000 of assessed valuation in fiscal year 2014-2015, decreasing each year thereafter.

Voters should note that the estimated tax rates are based on the assessed value of taxable property on the Placer County and the Nevada County official tax rolls, not on the market value of property. Property owners should consult their own property tax bills to determine their property's assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that the foregoing information is based on the District's projections and estimates only, which are not binding upon the District. The actual tax rates and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of the sale of the bonds, the amount of bonds sold and market interest rates at the time of the sale, and actual assessed valuations over the term of repayment of the bonds.

The date of sale and the amount of bonds sold at any given time will be determined by the District based on the need for construction funds and other factors, including the legal limitations approved by a 2/3 vote. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each bond sale, among other factors. Actual future assessed valuation will depend on the amount and value of taxable property within the District as determined by the Placer County Assessor and the Nevada County Assessor in the annual assessment and the equalization process.

Dated: June 26, 2007

Karen Sessler, M.D.
President, Board of Directors
Tahoe Forest Hospital District

