

**THE METROHEALTH SYSTEM BOARD OF TRUSTEES
SPECIAL BOARD MEETING RESOLUTIONS – NOVEMBER 9, 2016**

<u>RESOLUTION DESCRIPTION</u>	<u>RESOLUTION NO.</u>
Approval of the Engagement of Raymond James & Associates, Inc. to Provide Strategic Advisory Services for the Transformation Project	19028
Approval of the Pursuit of a Plan of Financing of The MetroHealth Transformation Project	19029
Authorization for the President and Chief Executive Officer to Pursue Implementation of the Plan of Financing	19030
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Approval of the Engagement of Raymond James & Associates, Inc. to Provide
Strategic Advisory Services for the Transformation Project

RESOLUTION 19028

WHEREAS, the Board of Trustees of The MetroHealth System has been presented a recommendation for the approval of the engagement of Raymond James & Associates, Inc. to provide strategic advisory services to the Board of Trustees in connection with the review of financing options for MetroHealth's Transformation Project;

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby approves the engagement of Raymond James & Associates, Inc. to provide strategic advisory services to the Board of Trustees in connection with the review of financing options for MetroHealth's Transformation Project. Fees for this engagement will be \$120,000 plus reasonable travel and other out-of-pocket expenses arising out of this engagement; in addition, if the Board requests Raymond James to provide additional advice or services beyond the initial engagement, any additional compensation for such advisory services will be negotiated between the Board and Raymond James, to be paid out of general operating funds.

BE IT FURTHER RESOLVED, the President and Chief Executive Officer is hereby authorized to negotiate and execute agreements and other documents consistent with this resolution.

AYES: Ms. Dee, Mr. McDonald, Rev. Minor, Mr. Monnolly, Mr. Schneider,
Dr. Silvers, Mr. Spain

NAYS: None

ABSENT: Mr. Moss, Ms. Whiting

ABSTAINED: None

DATE: November 9, 2016

Approval of the Pursuit of a Plan of Financing of The MetroHealth Transformation Project

RESOLUTION 19029

WHEREAS, the Board of Trustees of The MetroHealth System has been presented a recommendation by System management and Kaufman Hall, and supported by the assessment of Raymond James & Associates, Inc. for the approval of the pursuit of a Plan of Financing for the Transformation Project at this meeting, including those terms and conditions described on the Attachment to this Resolution;

WHEREAS, the Board has been briefed concerning the ongoing development of the Transformation plan and has engaged in regular discussions regarding the financing of this project, including the involvement of Board members in discussions with the County, and the Board desires to continue working with the County in support of the Transformation project and to provide the County with opportunities to participate in the financing of the project through enhancements of the terms of MetroHealth's bonds or grants to support MetroHealth's continuing mission through the Transformation;

WHEREAS, the Board has directed management for the System to develop alternatives for the financing of the project;

WHEREAS, the Board has selected Raymond James & Associates, Inc. as its strategic advisor in connection with its review of alternative financing options;

WHEREAS, the Board has been presented with a detailed review of multiple financing options by Kaufman Hall and has received the assessment of Raymond James; and

WHEREAS, the Board believes that it is in the best interests of the System to authorize the Chief Executive Officer to take all actions necessary and appropriate to pursue the selected financing option.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby approves and accepts the Kaufman Hall report.

BE IT FURTHER RESOLVED, the Board of Trustees of The MetroHealth System hereby approves the pursuit of the proposed financing option designated "MetroHealth Borrowing" as described in more detail on the Attachment to this Resolution, with the understanding that the final terms and conditions will be subject to negotiation with the issuers and underwriters of the bonds.

BE IT FURTHER RESOLVED, the President and Chief Executive Officer is hereby authorized to negotiate and execute agreements and other documents consistent with this Resolution.

AYES: Ms. Dee, Mr. McDonald, Rev. Minor, Mr. Monnolly, Mr. Schneider, Dr. Silvers, Mr. Spain, Ms. Whiting

NAYS: None

ABSENT: Mr. Moss

ABSTAINED: None

DATE: November 9, 2016

ATTACHMENT A

Terms of Financing Option

This Terms Sheet is intended as an outline of the terms and assumptions for the MetroHealth Borrowing Scenario presented to the Board of Trustees. These terms will be subject to final negotiation and documentation through MetroHealth's negotiations with potential issuers and underwriters of this indebtedness and will be subject to final approval of the Board of Trustees.

- MetroHealth will pursue and may issue up to \$1.25 billion of bonds to fund the entire Transformation Project, which could include \$135 million for the refinancing of all outstanding debt and swaps, excluding the 2009B (BAB) bonds.
- The full amount of the bonds may be issued upfront.
- Debt Service Reserve fund will be established if required by the market.
- Capitalized Interest for the first five years (or less if desired).
- 40 year maturity or shorter.

MetroHealth will explore with the County opportunities for participation where the County could support the project. These opportunities could include a potential guarantee, or other enhancement mechanisms, for the Debt Service Reserve Fund or permanent grants to support MetroHealth's mission of providing care for the underserved.

Authorization for the President and Chief Executive Officer to
Pursue Implementation of the Plan of Financing

RESOLUTION 19030

WHEREAS, the Board of Trustees of The MetroHealth System (“MetroHealth”) approved the pursuit of a Plan of Financing for its Transformation Project (the “Transformation Project”) including, if necessary or desirable, refinancing any or all of its existing debt and fund swap terminations, either directly or indirectly; and

WHEREAS, MetroHealth will request the issuer or issuers (“Issuer”) of such debt necessary to accomplish the Plan of Financing to provide the required funds, including the customary transaction costs as estimated by the System in connection with the MetroHealth Borrowing scenario approved by the Board; and

WHEREAS, as part of such financing(s) and to accomplish such purposes, it may be necessary or desirable that MetroHealth (a) approve a form of an Indenture of Trust (Bond Indenture) (the “Bond Indenture”) between the Issuer and the Trustee (the “Bond Trustee”); (b) approve the issuance of the Series 2017 Bonds; (c) possibly amend and restate, but at least execute the Master Trust Indenture and any supplements thereto (collectively, the “Master Indenture”), between MetroHealth and the Master Trustee; and will pledge to the Master Trustee its required security and/or collateral; (d) execute and deliver pursuant to the Master Indenture one or more notes (collectively, the “Notes”) to secure the Series 2017 Bonds; (e) execute an official statement (the “Official Statement”), in its preliminary and/or final form, to be used in connection with the offer and sale of the Series 2017 Bonds and authorize the use and distribution thereof; (f) execute a bond purchasing agreement (the “Purchasing Agreement”) with the Issuer and the Underwriters; (g) execute a continuing disclosure agreement related to the 2017 Bonds (the “CDA”); (h) execute certain release and termination documents in connection with the defeasance of the existing debt (the “Release and Termination Documents”); and (i) execute tax documents or other documents approved by the Chief Legal Officer of MetroHealth that may be required in connection with such transaction (collectively the “Other Loan Documents”); and

WHEREAS, MetroHealth will require a team of professionals, including bond counsel, hospital counsel, underwriters, counsel to the underwriters, and others, including MetroHealth management to begin the documentation process needed to begin the borrowing process;

NOW, THEREFORE, BE IT RESOLVED, the Board hereby authorizes and approves the pursuit of the implementation of the above-described financing process beginning with an underwriter selection process managed by MetroHealth toward the issuance of the necessary amount of debt required to complete the Plan of Financing for the Transformation Project.

BE IT FURTHER RESOLVED, that the President and Chief Executive Officer, and Chief Financial Officer, acting on behalf of MetroHealth, are authorized and empowered in their discretion on behalf of MetroHealth to begin the negotiation and documentation process related to the pursuit of the Plan of Financing as deemed appropriate by them.

RESOLVED FURTHER, that the President and Chief Executive Officer will provide regular update on activities related to the pursuit of the implementation of the above-described financing process and seek final Board of Trustees approval as to the final specific terms and conditions of the indebtedness to be incurred pursuant to the Plan of Financing.

AYES: Ms. Dee, Mr. McDonald, Rev. Minor, Mr. Monnolly, Mr. Schneider,
Dr. Silvers, Mr. Spain, Ms. Whiting

NAYS: None

ABSENT: Mr. Moss

ABSTAINED: None

DATE: November 9, 2016

Resolution Authorizing the Chief Financial Officer to
Declare the Official Intent of MetroHealth to Reimburse Expenditures
From Proceeds of Tax-Exempt Obligations

ADOPTED: November 9, 2016

RESOLUTION 19031

WHEREAS, The MetroHealth System (“MetroHealth”) intends to finance certain capital projects as part of or in addition to the Transformation Project (the “Projects”) on a long-term basis with proceeds of loans made to MetroHealth by Cuyahoga County, another county or State of Ohio issuing authority or other qualified issuer (the “Authority”) from proceeds of the bonds;

WHEREAS, MetroHealth has already paid or may pay in the future for certain costs of the Projects (“Project Costs”) with funds of MetroHealth, or an affiliate of MetroHealth, prior to the time bonds are issued by the Authority to finance the Project Costs, and prior to the time interim debt, if any, is incurred by MetroHealth for Project Costs;

WHEREAS, MetroHealth reasonably anticipates that the Authority will finance its loan to MetroHealth with obligations of the Authority (the “Project Bonds”), in one or more issuances, the interest on which is expected to be excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of federal income taxation; and

WHEREAS, MetroHealth desires to preserve the right to treat an allocation of proceeds of the Projects Bonds, and any interim borrowing of MetroHealth, to the reimbursement of Project Costs paid prior to the issuance thereof as an expenditure for such Project Costs to be reimbursed for purposes of Sections 103 and 141-150 of the Code;

WHEREAS, MetroHealth desires to delegate to its Chief Financial Officer (or other person as provided below), the authority to declare its official intent to reimburse such expenditures;

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of MetroHealth as follows:

Section 1. MetroHealth hereby authorizes its Chief Financial Officer (or chief executive officer or other person who carries out the duties and obligations of the Chief Financial Officer, if the Chief Financial Officer is for any reason unavailable), in his sole discretion after consultation with counsel, to execute certificates (the “Declaration of Intent Certificates”) on behalf of MetroHealth for Project Costs which MetroHealth reasonably expects to reimburse from proceeds of Project Bonds, to the extent that such Project Costs are paid prior to the issuance of the respective series of Project Bonds.

Section 2. The Declaration of Intent Certificates are intended to be a declaration of MetroHealth’s official intent to reimburse the expenditure of such Project Costs paid prior to the issuance of the Projects Bonds, and any interim borrowing to be incurred by MetroHealth, with proceeds of such debt, for purposes of Treasury Regulations Section 1.150-2.

Section 3. The Declaration of Intent Certificates will set forth, to the extent deemed necessary, convenient or desirable by the Chief Financial Officer, after consultation with counsel to MetroHealth, the following if still current under then applicable Federal income tax or

regulations, or any revision thereof or addition or deletion thereto, as the case may be under then applicable law:

- (a) a description of the particular project to which the Project Costs or relate;
- (b) a statement that MetroHealth reasonably expects to reimburse such Project Costs from proceeds of Project Bonds;
- (c) the maximum principal amount of the Project Bonds expected to be issued to finance the respective Project Costs;
- (d) that the Project Costs to be reimbursed with the proceeds of the Project Bonds will be “capital expenditures” in accordance with the meaning of Section 150 of the Code;
- (e) that no reimbursement allocation will employ an “abusive arbitrage device” under Treasury Regulations §1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147, inclusive, of the Code, or any successor provisions;
- (f) that the proceeds of the Project Bonds used to reimburse MetroHealth for Project Costs, or funds corresponding to such amounts, will not be used in a manner that results in the creation of “replacement proceeds”, including “sinking funds”, “pledged funds” or funds subject to a “negative pledge” (as such terms are defined in Treasury Regulations §1.148-1), of the Project Bonds or other issues of debt obligations of the MetroHealth, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations §1.148-1); and
- (g) that all reimbursement allocations will occur not later than 18 months after the later of (i) the date the expenditure from a source other than the Project Bonds is paid, or (ii) the date the respective Project Costs are “placed in service” (within the meaning of Treasury Regulations §1.150-2, or any successor provisions) or abandoned, but in no event more than 3 years after the expenditure is paid.

Section 4. This resolution shall be effective with respect to all future capital projects of MetroHealth and shall take effect immediately.

AYES: Ms. Dee, Mr. McDonald, Rev. Minor, Mr. Monnolly, Mr. Schneider, Dr. Silvers, Mr. Spain, Ms. Whiting

NAYS: None

ABSENT: Mr. Moss

ABSTAINED: None

DATE: November 9, 2016

Exhibit A
Form of Declaration of Intent Certificate

I, Craig Richmond, Senior Vice President and Chief Financial Officer, HEREBY CERTIFY as of the date set forth below with respect to the costs described on Exhibit A hereto (“Project Costs”) to be financed with the proceeds of bonds, notes or other obligations of the (“Project Bonds”) the qualified issuer (the “Issuer”) as follows:

(a) MetroHealth reasonably expects to reimburse such Project Costs from proceeds of Project Bonds.

(b) That maximum principal amount of the Project Bonds expected to be issued to finance the Project Costs is \$1.25 billion.

(c) The Project Costs to be reimbursed with the proceeds of the Project Bonds will be “capital expenditures” in accordance with the meaning of Section 150 of the Internal Revenue Code of 1986, amended (the “Code”);

(c) No reimbursement allocation will employ an “abusive arbitrage device” under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Section 142 through 147, inclusive, of the Code, or any successor provisions;

(d) The proceeds of the Project Bonds used to reimburse MetroHealth for the Project Costs, or amounts corresponding to such amounts, will not be used in a manner that results in the creation of “replacement proceeds”, including “sinking funds”, “pledged funds” or funds subject to a “negative pledge” (as such terms are defined in Treasury Regulations Section 1.148-1) of the Project Bonds or other issues of debt obligations of the Authority, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations Section 1.148-1); and

(e) All reimbursement allocations will occur not later than 18 months after the later of (i) the date the expenditure from a source other than the Project Bonds is paid, or (ii) the date the Project is “placed in service” (within the meaning of Treasury Regulations Section 1.150-2, or any successor provisions) or abandoned, but in no event more than 3 years after the expenditure is paid.

(f) This certification is intended to be a declaration of the hospital’s official intent to reimburse such expenditures, for purposes of Treasury Regulations Section 1.150-2.

Date: _____

By: _____
Craig Richmond, Senior Vice President and
Chief Financial Officer
The MetroHealth System

Exhibit B
Project Description & Costs

Project Name: _____ Cost Center#: _____

Project Requestor: _____ Date of Request: _____

Funding Source: _____ Location: _____

Estimated Project Start Date: _____ Estimated Construction Time: _____

Project – Estimated Cost Information:

Construction Cost (Including Fees/General Conditions and Contingencies): \$ _____

Soft Cost (Design Fees, Plan Review Fee, and Project Related Expenses) \$ _____

Furniture, Fixtures and Equipment: \$ _____

Land Acquisition Cost: \$ _____

Escalation: (Inflation): \$ _____

Capitalized Interest (Interim Financing): \$ _____

Total Estimated Project Cost: \$ _____

Project Description:

Chief Financial Officer _____ Date: _____
Approval: _____

Final Project Summary:

Date Placed in Service: _____ Date of Last Payment: _____ Final Project Cost: _____