



# City of Naples

Special Meeting 12/08/86

City Council Chambers  
735 Eighth Street South  
Naples, Florida 33940

-SUBJECT-	Ord. No.	Res. No.	Page
<u>ORDINANCES:</u> -ADOPT authorization fo the issuance of City of Naples, Florida, Hospital Revenue Bonds (Naples Community Hospital, Inc. Project).	86-5162		1-2
<u>RESOLUTION:</u> -APPROVE negotiated sale and issuance of City of Naples, Florida Hospital Revenue Bonds (Naples Community Hospital, Inc. Project).		86-5163	3-4

City Council Chambers  
735 Eighth Street South  
Naples, Florida 33940



Time 9:00 a.m.  
Date 12/08/86

Mayor Putzell called the meeting to order and presided as Chairman:

ROLL CALL: Present: Edwin J. Putzell, Jr.  
Mayor  
  
Kim Anderson-McDonald  
William E. Barnett  
William F. Bledsoe  
Alden R. Crawford, Jr.  
John T. Graver  
Lyle S. Richardson  
Councilmen

Also Present:  
Franklin C. Jones, City Manager  
Janet Cason, City Clerk  
  
David W. Rynders, City Attorney  
Jodie M. O'Driscoll, Deputy Clerk

Jim David, Smith Barney & Assoc.  
William Crone, Pres., Naples Community Hosp.  
  
Arthur Guastella, Paine Webber (New York)  
Susanne Bradock, Naples Community Hosp.

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---ORDINANCE NO. 86-5162

Item A

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF NAPLES, FLORIDA, HOSPITAL REVENUE BONDS (NAPLES COMMUNITY HOSPITAL, INC. PROJECT) IN A PRINCIPAL AMOUNT NOT EXCEEDING \$45,000,000 PURSUANT TO THE PROVISIONS OF PART II OF CHAPTER 159, FLORIDA STATUTES, AS AMENDED; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A MEMORANDUM OF AGREEMENT WITH NAPLES COMMUNITY HOSPITAL, INC. RELATING THERETO; PROVIDING FOR THE LENDING OF THE PROCEEDS OF SAID BONDS TO NAPLES COMMUNITY HOSPITAL, INC., TO ADVANCE REFUND \$34,305,000 PRINCIPAL AMOUNT OF COLLIER COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, HOSPITAL DEVELOPMENT REVENUE BONDS, SERIES 1983 (NAPLES COMMUNITY HOSPITAL, INC. PROJECT) AND TO PAY THE COSTS OF A CAPITAL PROJECT FOR A HEALTH CARE FACILITY; AND PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE. PURPOSE: TO ISSUE INDUSTRIAL REVENUE BONDS FOR THE NAPLES COMMUNITY HOSPITAL.

Title read by City Attorney Rynders.

PUBLIC HEARING: Opened: 9:07 a.m. Closed: 9:18 a.m.

Mayor Putzell announced that the purpose of this Special Meeting was to allow a public hearing with respect to the proposed ordinance, to authorize the issuance of hospital revenue bonds, and, to consider approval of the resolution for the sale of the bonds.

In response to Mayor Putzell, City Attorney Rynders advised that the Special Meeting was an advertised public hearing and City Clerk Cason explained that notices were sent out to the press last week.

COUNCIL MEMBERS	M O T I O N	S E C I O N	VOTE		A B S E N T
			Y E S	N O	

City Attorney Rynders then explained that the hospital was requesting the City to authorize the issuance of Industrial Development Bonds (IDB), not to exceed \$45,000,000, for the purpose of the Naples Community Hospital refunding approximately \$34,305,000 of their 1983 issue of the Collier County Industrial Development Authority, to provide new money for the Hospital to pay the cost of issuance, and to provide for 1986 projects which consist of the purchase of certain personal property. In addition to providing for the issuance of the bonds, the ordinance also approves a Memorandum of Agreement between the City and the Hospital, whereby, the parties agree that the Hospital will be responsible for repaying all of the bond obligation, he said. The City, he continued, will then issue the bonds and, upon receipt of the monies from the sale of the bonds, the City will then loan the money to the Hospital under a separate Loan Agreement. Under the provisions of the Loan Agreement, City Attorney Rynders further explained, the Hospital will execute a Note promising to make all payments necessary to repay the bonds; the City will assign its right to the Loan Agreement and the Note to the Southeast Bank, the Bond Trustee, as delineated in the Bond Trustee Indenture. "The Southeast Bank will then receive the monies from the Hospital and deposit them into the appropriate funds for the entire obligation over the period of the bonds," he said.

Mr. Crawford advised that according to his bond associates in St. Petersburg, the City's name on the bond issue did not make a difference in the savings afforded to the Hospital. City Attorney Rynders explained that the City of Naples Industrial Revenue Bonds have not had a great deal of exposure on the market (unlike the Collier County Industrial Revenue Bonds) and, therefore, are more desirable.

Mr. Bledsoe asked if the bonds were going to be insured and Mr. Rynders advised that they would be, but the rate varies because not all the bonds are the same price when sold at market. Mayor Putzell commented that the insurance premiums are usually based on a credit rating, financial stability and income producing capability of the back-up source of revenue for the bonds.

Mr. Graver said that the City of Naples does not have a lot of bonds outstanding and asked what would happen if they were to increase that amount. City Attorney Rynders used Collier County as an example and explained that a "substantial" increase of bonds in the market place would lessen the attractiveness of the City of Naples bonds; however, this would not be in the near future.

Mayor Putzell commented that before another request of this type comes before Council, future ramifications should be considered. He then asked the City Attorney if he approved of the documents being acted upon at this meeting and the City Attorney advised that he had.

**MOTION:** To ADOPT the ordinance as presented on second reading.

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COUNCIL MEMBERS	M O T I O N	S E C O N D	VOTE		A B S E N T
			Y E S	N O	
Anderson-McDonald			X		
Barnett			X		
Bledsoe	X		X		
Crawford		X	X		
Graver			X		
Richardson			X		
Putzell			X		
(7-0)					

COUNCIL MEMBERS	M O T I O N	S E C O N D	VOTE		A B S E N T
			Y E S	N O	

---RESOLUTION NO. 86-5163

Item B

A RESOLUTION PROVIDING FOR THE NEGOTIATED SALE AND ISSUANCE OF CITY OF NAPLES, FLORIDA, HOSPITAL REVENUE BONDS (NAPLES COMMUNITY HOSPITAL, INC. PROJECT), SERIES 1986, AUTHORIZED BY ORDINANCE NO. 86-5162, FOR THE PURPOSE OF LOANING THE PROCEEDS THEREOF TO NAPLES COMMUNITY HOSPITAL, INC. TO BE USED BY IT FOR THE PURPOSE OF PAYING A PORTION OF THE COST OF THE SERIES 1986 PROJECT AND FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING BONDS; AUTHORIZING A CONTRACT OF PURCHASE FOR THE SALE OF SUCH SERIES 1986 BONDS AND AWARDING SUCH SERIES 1986 BONDS TO THE UNDERWRITERS NAMED THEREIN; PROVIDING FOR THE TERMS OF SUCH BONDS; PROVIDING FOR MUNICIPAL BOND INSURANCE; PROVIDING FOR THE USE OF PROCEEDS OF SUCH BONDS; APPROVING AND AUTHORIZING THE EXECUTION OF A BOND TRUST INDENTURE, A LOAN AGREEMENT AND CERTAIN OTHER DOCUMENTS IN CONNECTION THEREWITH; AND PROVIDING SEVERABILITY, CONFLICTS AND EFFECTIVE DATE.

Title read by City Attorney Rynders.

City Attorney Rynders advised that the bonds have not been sold at this time, therefore, the meeting must be continued until the following day (December 9, 1986).

Mr. Richardson and Mr. Barnett expressed concern that they were not advised of this continuance earlier. Mr. Bledsoe commented that it was reflected in City Attorney Rynders' memorandum dated December 5, 1986, and was included in the meeting packet. Mr. Crawford suggested meeting after lunch, preferably 1:00 p.m. The other members of Council concurred with the exception of Mr. Richardson and Mr. Barnett, who said they would not be able to attend.

RECESS AT 9:21 A.M. UNTIL 1:00 P.M., DECEMBER 9, 1986.

Mayor Putzell asked that the Clerk note the members of Council present (all present with the exception of Mr. Richardson and Mr. Barnett).

City Attorney Rynders noted that a representative from the Hospital and a representative from the underwriters were in attendance to provide Council with details concerning the Contract of Purchase for the bonds. In addition, he continued, they have noted the amount of the sales outlined for Council in a hand-out given prior to the meeting (Attachment #1). Council's job today, if the resolution is adopted, is to provide approval of the sale, Purchase Contract, Loan Agreement and Bond Indenture, Mr. Rynders said.

Mr. William Crone, President of Naples Community Hospital, asked if he could take a few minutes of Council's time at the end of the underwriters presentation. Mr. Art Guastella, of Paine Webber, New York, apologized to Council for the inconvenience and "sloppiness" of their hand-out. He explained that the maximum savings were not achieved, but the present savings for the

COUNCIL MEMBERS	M O T I O N	S E C O N D	VOTE		A B S E N T
			Y E S	N O	
Anderson- McDonald				X	
Barnett					X
Bledsoe	X		X		
Crawford			X		
Graver		X	X		
Richardson					X
Putzell (5-0)			X		

hospital were, however, still attractive. Mr. Guastella advised that in 1989, the savings would mean a difference of \$700,000 in the operating expense of the hospital to reduce the overall costs. Mr. Crawford noted that this savings would increase over the years. "The principal amount of the bonds was \$41,825,000," Mr. Guastella said.

Mayor Putzell asked what the insurance premium for the bonds would be and Mr. Guastella advised that it was .83% of the total debt service which computed to \$730,995.

Mayor Putzell asked if the bonds were callable and was advised by Mr. Guastella that there would be a standard ten year call in 1996 at .102.

Mr. Guastella also advised that the savings were arranged to mirror the original issue in terms of maturity schedule. The original issue was front-loaded because of alot of equipment was involved.

Council expressed its pleasure at being able to help the Hospital in this endeavor and Mr. Crone expressed his appreciation for Council's assistance in an effort to reduce the costs of medical care in Naples in the future.

MOTION: To APPROVE the resolution as presented.

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Mayor Putzell advised that he would be leaving town early on December 17, 1986, and that he would like to discuss with the City Manager the length of the upcoming agenda for that date. Council concurred.

Mr. Richardson asked if the Troy item (Edith Troy Petition) could be delayed and City Attorney Rynders advised that they could. Mr. Bledsoe, however, said he felt that it should be heard at the December 17, 1986 meeting.

But, Mayor Putzell said that he wanted to be able to be in attendance for discussion of the Police Volunteer Corps, the presentation of Police Department Program Budgeting, and the discussion of legislative bills to be presented at the Collier County Legislative Delegation public hearing.

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ADJOURN: 1:18 P.M.

EDWIN J. PUTZELL, JR., Mayor

*Janet Cason*  
JANET CASON  
CITY CLERK

*Jodie M. O'Driscoll*  
JODIE M. O'DRISCOLL  
DEPUTY CLERK

DEC 17 1986

These minutes were approved \_\_\_\_\_.

In the opinion of Squire, Sanders & Dempsey, Bond Counsel, under existing law, the Series 1986 Bonds are "qualified 501(c)(3) bonds" and "qualified hospital bonds" as defined in the Internal Revenue Code of 1986, the interest on which is excluded from gross income for federal income tax purposes, and the Series 1986 Bonds and the income therefrom are exempt from taxation under the laws of the State of Florida, except for Florida estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations. For a discussion of certain collateral federal income tax consequences of owning the Series 1986 Bonds, see "Exemption from Taxation" herein.

**NEW ISSUE**

**RATINGS: Moody's:  
Standard & Poor's:  
Insured by Municipal Bond Insurance Association.  
(See "Ratings" herein)**

825  
**\$41,635,000**

**CITY OF NAPLES, FLORIDA  
HOSPITAL REVENUE BONDS**

**(NAPLES COMMUNITY HOSPITAL, INC. PROJECT), SERIES 1986**

**Dated: December 1, 1986**

**Due: October 1, as shown below**

The Series 1986 Bonds are issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. Interest on the Series 1986 Bonds is payable on April 1, 1987 and semi-annually thereafter on each October 1 and April 1 by check or draft mailed to the person in whose name each Bond is registered on the Regular Record Date (the 15th day of the month preceding each interest payment date) or, if requested by any Holder of at least \$100,000 of Series 1986 Bonds, by wire transfer to such Holder. The principal of the Series 1986 Bonds is payable at the principal corporate trust office of Southeast Bank, N.A., Miami, Florida, as Bond Trustee and Paying Agent.

The Series 1986 Bonds are subject to redemption in advance of their stated maturity dates as described herein.

The Series 1986 Bonds are special obligations of the City payable solely from money to be received by the Bond Trustee from Naples Community Hospital, Inc. (the "Hospital") pursuant to the Loan Agreement and the Series 1986 Note (each defined herein) (except to the extent paid out of money attributable to Series 1986 Bond proceeds and income from the temporary investment thereof). The Series 1986 Note will be issued under the Master Indenture (defined herein) and will be an unconditional general obligation of the Hospital. The Series 1986 Bonds are also secured by the money and securities held in certain funds and accounts established under the Bond Indenture (defined herein) and certain income from the investment thereof. The source of payment and security for the Series 1986 Bonds is more fully described herein under "Security and Source of Payment for the Series 1986 Bonds."

The Series 1986 Bonds will not constitute a debt, liability or obligation of the City or of the State of Florida or of any political subdivision thereof. Neither the faith and credit nor any taxing power of the City or of the State of Florida or of any political subdivision thereof is pledged for the payment of the Series 1986 Bonds.

Payment of the principal of and interest on the Series 1986 Bonds when due (other than by reason of optional or extraordinary redemption or acceleration thereof) will be insured as further described herein in accordance with a policy of insurance to be issued by

**MUNICIPAL BOND INSURANCE ASSOCIATION.**

**\$19,895,000**

**MATURITY SCHEDULE  
\$19,800,000 Serial Bonds - Price 100%**

Due October 1,	Principal Amount	Interest Rate	Due October 1,	Principal Amount	Interest Rate
1987	\$ 660,000	6.20%	1996	\$ 940,000	6.00%
1988	900,000	4.25%	1997	995,000	6.20%
1989	905,000	4.50%	1998	1,060,000	6.40%
1990	1,415,000	4.75%	1999	1,130,000	6.50%
1991	1,405,000	5.00%	2000	1,205,000	6.60%
1992	1,400,000	5.20%	2001	1,285,000	6.70%
1993	1,395,000	5.40%	2002	1,370,000	6.80%
1994	1,385,000	5.60%	2003	1,465,000	6.80%
1995	885,000	5.80%			

**\$5,110,000**

**\$16,820,000**

\$6,075,000 6% Term Bonds due October 1, 2007 - Price 99 3/4%

\$14,860,000 7% Term Bonds due October 1, 2013 - Price 100%

(Accrued interest from December 1, 1986 to be added)

The Series 1986 Bonds are offered subject to prior sale, when, as and if issued by the City and received by the Underwriters, subject to the approval of their validity by Squire, Sanders & Dempsey, Bond Counsel to the City. Certain legal matters will be passed upon by Brown & Wood, New York, New York, counsel to the Underwriters, by Vega, Brown, Stanley & Martin, P.A., Naples, Florida, counsel to Naples Community Hospital, Inc. and by David W. Rynders, attorney for the City of Naples. Delivery of the Series 1986 Bonds is expected in New York, New York, on or about December 30, 1986.

**PaineWebber  
Incorporated**

**Smith Barney, Harris Upham & Co.  
Incorporated**

**A.G. Edwards & Sons, Inc.**

Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to any registration or qualification required under the securities laws of such jurisdiction.