



City of Naples

City Council Minutes

SPECIAL Meeting 01/23/92

City Council Chambers
735 Eighth Street South
Naples, Florida 33940

-SUBJECT-	ORD. NO.	RES. NO.	PAGE
<p data-bbox="433 542 803 574"><u>VERBATIM TRANSCRIPT</u></p> <p data-bbox="136 606 1102 702">Public disclosure of an error in the notice of the hospital revenue bonds and to adopt a resolution confirming City Council's knowledge of that error.</p>		92-6552	1

SPECIAL MEETING

Date January 23, 1992

ITEM 1

R. Joseph Herms
Paul W. Muenzer
Fred L. Sullivan
Council Members

Absent: Kim Anderson, Mayor (arrived 6:40 pm)
William E. Barnett
Alan R. Korest (arrived 7:30 pm)

Also Present:

Dr. Richard L. Woodruff, City Manager
Maria J. Chiaro, City Attorney
Janet Cason, City Clerk
Bill Harrison, Finance Director
Suzanne Bradach, Naples Community Hospital
Jack McWilliams, Squires, Sanders & Dempsey
Grif Pitcher, Squires, Sanders & Dempsey
Robin Jackson, Squires, Sanders & Dempsey
Sue B. Smith, Citizen
James McGrath, Citizen
Eric Staats, Naples Daily News

RESOLUTION NO. 92-6552

ITEM 2

A RESOLUTION OF ACKNOWLEDGEMENT OF THE CITY OF NAPLES, FLORIDA, CONFIRMING DISCLOSURE OF AN ERROR IN THE PUBLICATION OF NOTICE OF PUBLIC HEARING REGARDING THE PROJECT HERETOFORE AUTHORIZED BY ORDINANCE NO. 91-6516 RELATING TO THE ISSUANCE OF CITY OF NAPLES, FLORIDA, HOSPITAL REVENUE BONDS (NAPLES COMMUNITY HOSPITAL, INC. PROJECT), SERIES 1992 FOR THE PURPOSE OF LOANING THE PROCEEDS THEREOF TO NAPLES COMMUNITY HOSPITAL, INC. TO BE USED FOR THE PURPOSES DESCRIBED IN SAID BOND ORDINANCE; AND PROVIDING AN EFFECTIVE DATE.

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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

NOTE: VERBATIM TRANSCRIPT OF JANUARY 23, 1992
CITY COUNCIL SPECIAL MEETING FOLLOWS.

VICE MAYOR PASSIDOMO: Dr. Woodruff.

CITY MANAGER WOODRUFF: Mister Mayor and Members of Council, this morning at approximately 10:00 the City was notified by Robin Jackson, who is an attorney with Squires, Sanders & Dempsey, they are the Bond Counsel for the hospital on a matter which has been before you for a \$25,000,000.00 bond issue, and they informed us at 10:00 this morning of a problem that they had encountered with the bonds as far as the legal ad. At about 10:00 they had a meeting with the Mayor, with Bill Harrison, with the City Attorney Maria and with myself. Robin was the person representing the firm and she explained to us the problem was that the advertisement which had run in the paper was not a complete advertisement. By that she meant that the ordinance which you adopted listed specifically four (4) complete elements on how the proceeds from the \$25,000,000.00 bonds for the hospital would be spent. One of those items, when published in the paper, was not totally published. I will let the legal folks explain the difficulties with that.

This did not impact the sale of the bonds but it does impact the utilization of the money and when this was brought to our attention this morning it was our unanimous position that we should ask you to have a Special Meeting, which the Mayor concurred in and did call and the reason why we are here tonight is to give a public disclosure on the basis that a matter which was told to you a month or so ago and was the basis of an adoption of an ordinance, that not all that was told to you can now be fulfilled. That does not mean that the ordinance is invalid or that the actions of the hospital are now in any way in violation of that ordinance because as you will hear in a minute the wording of that ordinance can permit and does in fact state the flexibility that is needed. The bottom line is that this meeting is not a request for you to take an

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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	

action that truly impacts the bonds. It is simply to publicly and clearly place on the record that today was the day the City was notified that we took immediate steps to bring this to yours and the publics attention and in my opinion this is an ethical disclosure, not a legal disclosure.

Now with that, I think it's appropriate for the Bond Counsel for the hospital to tell you what the problem is in the advertisement and how that impacts the utilization of the money that that bond ordinance authorized. I believe Jack McWilliams is going to be doing that.

MR. JACK MCWILLIAMS: Thank you very much and it's indeed a pleasure to be here although I wish the circumstances were slightly different. My name is Jack McWilliams. I'm with the law firm of Squires, Sanders & Dempsey, in Jacksonville and Miami, Florida. In December, this Council was presented with and enacted, on two (2) readings, Ordinance No. 91-6516 with respect to authorization for the issuance of bonds for the Naples Community Hospital. In Section 2(b) of that ordinance, the project was described in significant detail. The Internal Revenue Code Section 147 F requires a Public Hearing by an elected body to approve bond issues of this type, hospital financings.

That pertinent section in the Internal Revenue Code further states that the project to be financed has to be described in detail with specific references to street addresses. The Notice of the Public Hearing was prepared by us and submitted through the City and the hospital to the local newspaper but when it was printed, it deleted about a line and a half and unfortunately that line and a half deletion contained a portion of the project, a building to be acquired and constructed at 851 5th Avenue North in Naples, the street address was omitted. The description in the newspaper for the Public Hearing, therefore, did not, was not identical to and did not match exactly the description that

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOTE
Y
E
S
N
O

A
B
S

was in the City's ordinance.

I might tell you though, that the City's ordinance authorized the loan of the monies by the bond proceeds by the City to the hospital to finance all or a portion of the project and what we are here to tell you tonight is that the bond issue closed successfully and we are financing a portion of the project but not all of it.

The hospital's project was large in scope and included portions to be financed from the proceeds of the bonds as well as portions to be financed from hospital revenues. Originally, the acquisition and construction of the building in question was to be financed from bond proceeds and certain items of equipment which were set forth in detail in the ordinance were to be financed from hospital revenues. When we discovered the error in the newspaper notice, we consulted with the hospital and the City's Attorney and there were adjustments made to the components of the project so that the building, whose description was omitted from the notice, would be financed with revenues of the hospital and certain items of equipment that were to be financed by revenues of the hospital would be financed with bond proceeds.

In summary, we think and feel confident that the problem was solved. We regret the error in the newspaper publication, the explanation for which is that these things do happen sometimes and we felt comfortable enough with concluding the bond issue and it closed successfully today. We felt compelled to bring this minor glitch to your attention and to the attention of the public as well.

If you have any questions about it, I will be happy to take them.

MAYOR ANDERSON: Thank you. I apologize for being late. I just came off of 75 from Sarasota so.

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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	

CITY MANAGER WOODRUFF: What we had wanted to do next Mayor Madam is...what did I just say? Mayor Madam?

MAYOR ANDERSON: That's O.K.

CITY MANAGER WOODRUFF: I apologize. I knew that didn't roll off my tongue right.

What we had wanted to do next was to ask the Attorney to give you a legal opinion on the item on the way it is being recommended.

CITY ATTORNEY CHIARO: I've reviewed the language of the ordinance and I can make, and I do not make a representation to you on the tax status of the bond, however, the ordinance that we passed complies with the requirements and hence doesn't effect anything, the publication doesn't effect anything that we did ended up in the ordinance so I am comfortable with this resolution. We've worked on this resolution's complete disclosure but otherwise both Counsel for the bank that's issuing the letter of credit and Bond Counsel is, they are issuing there opinion letter on the tax exempt status of the bond so in effect the language of the ordinance was complete as adopted.

CITY MANAGER WOODRUFF: As I said, we are not asking you to change any position. What we are simply doing is disclosing the fact that when we came to you, or the hospital came to you on the regular agenda, it was publicly stated that a series of items would be built using this bond. The ordinance did use the language that all or a portion of the project would be built using these funds and that now it is correct that the original intent was to build all but because of the error in advertising only a portion can be built. So that is the purpose of the public disclosure.

At an appropriate point we feel you should read the resolution but what it simply states is that we have publicly disclosed to you and to the

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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

public that the building that was intended to be purchased on 5th Avenue North will not be purchased by use of these bonds. Now the hospital has committed to us, and we have a representative of the hospital here, that that building will still be purchased and that the plan which was the basis for the \$25,000,000.00 issue has not changed; that the funding for that will now come from other revenues of the hospital and their, like I said, hospital representative is here and she can testify to you on that matter.

MAYOR ANDERSON: Mr. Harrison, do you have anything that you'd like to add?

FINANCE DIRECTOR HARRISON: No ma'am. I'm comfortable with the actions.

MAYOR ANDERSON: Questions on behalf of Council. Mr. Herms?

COUNCIL MEMBER HERMS: Who was the individual that made the typing error that put us in this position?

MAYOR ANDERSON: Probably from the Naples Daily News.

CITY ATTORNEY CHIARO: Yes. And I received a call from the Publisher today asking if there was anything that he needed to do. There was some concern about it but again, it was a typesetting error.

COUNCIL MEMBER HERMS: So the information that went to the newspaper was correct. O.K. That's my concern. I just wanted to get to the issue and who dealt with it.

MR. JACK McWILLIAMS: I'm real happy for you to know that.

MAYOR ANDERSON: Their insurance carrier may not

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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	

be quite so happy. Page 5 of this packet shows that.

COUNCIL MEMBER HERMS: Well, too many times things get changed behind the scenes and there's not always an innocent reason for things being changed that's why I always like to see who did the particular situation.

CITY MANAGER WOODRUFF: Well, Mr. Herms, that's exactly why we feel this Special Meeting needed to be called today. In discussions earlier this morning, it was suggested by someone other than our staff that this simply be brought to your attention at the Council Meeting in February. The staff immediately took the position that that was not good enough. That you needed to know as quickly as we knew.

COUNCIL MEMBER HERMS: I appreciate that and I think staff took the proper position in bringing it to us. The other thing is that this particular, its located at 855 5th Avenue North...

MAYOR ANDERSON: 851.

COUNCIL MEMBER HERMS: or 851, but it's really not a construction, it's an existing building that's just going to be purchased.

MAYOR ANDERSON: That's why...if you'll look at page 5, Mr. Herms, you'll see the appropriate, it's marked as Exhibit A in your packet, this is the correct Notice of Public Hearing that went to the newspaper, which specifically says that it's the purchase of land and the existing three story building located at 851 5th Avenue North. Then Item C addresses the construction of the approximately 2,700 sq. ft. office building to be located in the unincorporated area of Collier County. Flipping further to page 7 of the packet that's been put together, it's noted here, the clipping that came from the newspaper and it shows to your right where the omitted language was left out. Frankly, what it does by leaving

City Council Minutes

COUNCIL MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOTE	
Y E S	N O

ABS

CITY ATTORNEY CHIARO: Section 3 is really in an abundance of caution section. It's certainly

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOTE

Y
E
S

N
O

A
B
S
E
N
T

implicit in all your actions and I signed an opinion letter that certified that everything that you did was in compliance with applicable law including the Sunshine Law but we included it in this document as something that certainly standard in bond transactions.

COUNCIL MEMBER HERMS: But our Bond Counsel is also asking us to certify that and I'm assuming they're doing that for some legal protection in the event that anyone challenges their bond.

CITY ATTORNEY CHIARO: Well, we have a formal statement that in fact we did it in compliance with the law. The statement is right here and it doesn't...and you then don't have to make the representation in defense that it's certainly implicit that we conduct all of our actions in compliance with the Sunshine Law. It's overtly stated here.

CITY MANAGER WOODRUFF: Let me also address that from this standpoint if I could Mr. Herms. The Bond Counsel did not feel that it was necessary for us to disclose this in a public fashion. They did not feel that it was a legal issue and I agreed with them even though I'm not a lawyer. I think that they agreed with us though that the most important thing about government is keeping it not only by the letter of the law but making sure that people perceive it to be by the letter of the law. We could have not called this meeting tonight and it would have no impact on those bonds. We could have never sent you a memo on this and it would have no impact on those bonds. But that's not the way that you as a Council and we as a staff have agreed the rules are going to played here with this City government. And because of that, when we got on the phone with Mr. McWilliams today, we explained to him that, he was in Miami at the time, we explained to him that we from a staff standpoint felt it absolutely essential that this matter be brought to your attention even though legally there is not anything wrong, if I can use that term, with the bond. But the fact that we are

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOLE
Y
E
S
N
O

A
B
S

changing one aspect from what you were told, you as the elected official and the public, deserves to be told that and he concurred 100%. He said, "Fine. I'll cancel my afternoon appointments and I'll come over because I concur. We always want to keep the public record exactly where it should be" and that's correct.

COUNCIL MEMBER HERMS: Maria, I didn't sign their particular statement because I wanted to go through this particular meeting and have a total understanding of any of the mistakes that may have or may have not been made and obviously it's a minor mistake by the newspaper so would you recommend to us was that the signing of this particular statement that everything was met would be proper for us to proceed.

CITY ATTORNEY CHIARO: Yes. This meeting is a disclosure of a technical error.

COUNCIL MEMBER HERMS: And after this meeting, the signing of it is totally within legal reason for Council Members and the Mayor.

CITY ATTORNEY CHIARO: Yes. That's correct.

MR. JACK MCWILLIAMS: Councilmen, I might just add if I may, that that is not a new procedure at all. It's a policy of our firm in financings of this type to routinely ask for a certificate like that to be executed by the elected government officials and our concern is simply because violation of the open meetings law can render void the transaction and so we need some assurance that the law has been complied with and that's really all that certificate is.

COUNCIL MEMBER HERMS: But it's surprising to me because, at least since I've been on Council and the bond issue that we went through, I didn't sign one in the past.

MAYOR ANDERSON: I don't think any of us did.

INAUDIBLE QUESTION

City Council Minutes

Date 01/23/92

[illegible]

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL MEMBERS	M O T I O N	S E C O N D	VOTE		A B S
			Y E S	N O	
<p>MAYOR ANDERSON: Oh, I'm sorry. Public input. Thank you very much. Mrs. Smith.</p> <p>MRS. SUE SMITH: I am Sue Smith. I reside at 15 11th Avenue South. As a citizen of the City of Naples, I would like to make two comments if I might before I begin the question I would like to...questions...I would like to ask of you on this bond issuance.</p> <p>The citizens of this City have been extremely supportive of the hospital. The hospital would have never been in this town and certainly not at the time and period that it was without the gifts that were given from individuals. That is how the hospital was created. It is even at this time supported by volunteer services that make it possible that the hospital will...would have had the success in every manner that it has had and it's operative so for my comments to be misconstrued as anti the well meaning of the hospital in its business with the City is in error. The other point that I would like to make is that as a citizen of this City, I would be remiss if I was not here to make the statement that I am because I would like to remind you that the person who spoke here before me, Mr. Jack McWilliams, on February 23, 1991, the Naples Daily News ran an article, <u>Bonds Naples In Technical Default</u> and then it followed on 02/26/91 with an article entitled <u>Who's To Blame For Financial Problems</u> and then on 03/13/91 it said <u>City Councilman Frustrated In Effort To Trace Evolution Of Fiscal Woes.</u> Mr. Jack McWilliams representing Squires, Saunders & Dempsey was...would have been extremely important to the citizens of the City of Naples had he stepped forth and given them information that we asked for from this podium several times. So I find tonight for Mr. McWilliams to be back here in an offerative with the City when indeed he did not deem in respect...in the City in such a problem that we did have there was a...there were two statements made that were in direct conflict and Mr. McWilliams could have so stepped forth and given us insight to them. Now on this</p>					

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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	

matter of the bond and the hospital and the City's involvement, surely the City of Naples, the citizens, the investment community as well as all prospective investors are entitled to the assurance of knowing that the offering of the Naples Community Hospital, Incorporated Project Series 1992 has been made in good faith and in compliance with all applicable restrictions and requirements including the timely and proper disclosure to the citizens of all loan and bond indenture agreements in which the City has engaged itself in partnership with the Naples Hospital along with a comprehensive and accurate presentation of the City of Naples and Naples Hospital's Financial Statements and projections. Therefore, it is my hope that all parties concerned in this matter will not deny the citizens their right to be well informed lenders and borrowers, especially in consideration of the fact that this latest proposed indenture bearing the City's name for the benefit of the Naples Community Hospital is the third one of its kind in six years and it closely follows one which was contracted on June 1, 1991. We have been told repeatedly that the City of Naples is not borrowing these bonds...not borrowing this money, that the hospital is and yet in the loan agreement it does point out that the issuer of the bonds is indeed the City of Naples.

I have a few questions that I would like to mention, one of them, if I might start with the fact that you are having to sign a statement about public input, etc., I think that might be a little relative to the fact that in the last meeting on Wednesday of last week at Council Meeting where this was in second reading, the public was not given input to that meeting. It was not even requested if there was public input and there were people, I was certainly one who was scrambling, it was moved so quickly so the public was indeed denied public input at that second reading. I would like to ask please, in our Code of our Charter, it says in part Paragraph 7.3, 'No contract shall be executed for...the construction of any improvements or

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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	

betterments...until the ordinance authorizing such issuance shall have taken effect, and the proceeds thereof collected...' My question is, in this instance, the garage is up and yet it is listed as one of the things for which these monies will be used. Is the City in violation of its' statute by such a going along in such of that? Does the City, this bond is titled, does the City have...it say within the City Charter that the City has the power and authority to issue revenue bonds? Is the City Charter...in the City Charter, Page 55, Paragraph 11.16 it states that each series of bonds shall mature not more than twenty years from their date. In the City ordinance 88-5508, 1988 series of bonds, 86-5162, 1986 series of bonds, and I quote, 'the issuance of the bonds shall have a maximum maturity of not more than forty years.' In this issuance of the 1992 series of bonds, it does not even tell the maximum date. I ask, is this not a violation of the City Charter?

The prospectus states that the series of bonds is a limited obligation of the City. I only see mention of general obligation bonds in the Charter of the City of Naples. My question, has the City the power and authority to issue limited obligation bonds? Paragraph 11.16 of the City Charter delineates the requirements of inherent to the issuance of the bonds by the City. For instance the first paragraph says that if bonds shall be authorized, after a contract is made, they may be issued to the full amount of such contract, etc. My question, have you provided the citizenry of proof and evidence that the bond is issued for the full amount of the contract and for the amount of incidental expenses? Has there been an audit of all contracts, purchases, fees, etc.? The bids conducted in...connected in accordance with the regulations etc.? Has there been a reliable finding by Council and if so was it presented to the citizens and if so when and at what meeting?

The last paragraph of 11.16 states that '...no such bonds shall be issued unless the issuance

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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	

thereof shall have been approved by a majority of votes...', i.e. by a referendum. My question is has a referendum been conducted in any manner of this?

When questioned about the legality and the safety of the bond, we were told that the...we were assured that it was all very legal and safe since the City was not the issuer of the bond, the Naples Community Hospital was. If you refer to the summary statements of the bond prospectus, Roman numeral 4 (IV), I quote, 'the issuer of the Series 1992 bonds is the City of Naples, Florida.' Why were we told that the City was not the issuer? Secondly, we were told...it was established that the security of the bond issuance to the citizens by stating that the City had no obligation to the transaction. Please refer again to the summary statement, Page 5, Roman numeral (V), the Series 1992 bonds will be limited obligations of the City. My question, why were we not told that we would, for the series of bonds, we would have a limited obligation? And expressly told what is that obligation. I think the citizens of the City of Naples certainly are entitled to have had a full disclosure of all of the effects of this bond and the issuance of it and how it would indeed be affecting to them as citizens who are tax paying.

The attorney also confirmed the security by stating that the Mellon Bank has issued a letter of credit. Again, refer to the summary statement, Page 6, if the Series 1992 bonds are converted to the fixed interest rate, the letter of credit will terminate. My question, if the letter of credit terminates, our safety net is gone isn't it?

Please also refer to the end pages of the general projection perspective. I do not have it but I believe that Mellon Bank, in its' wisdom, was very careful to specify the limits of its obligations and responsibilities. The City, as the sole issuer of the bond, did not see fit to delineate the limit of its' responsibility in

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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

this transaction except in general terms which may not have any bearing in case of default. My question, is the City, as opposed to the other members of the operation, has ultimately full responsibility?

The proposed issuance of the bond raises many questions which have not been answered clearly. It seems that you are interpreting the law and statutes to fit the needs of the Naples Hospital, not to respect the City...reflect and respect the City statutes nor to protect the best interest of the citizens. I do not think this to be right. I do not think it to be wise and I do not think it to be in good faith that you would deal in such manner with the citizens of the City of Naples.

I had asked for informations on this at different time here, it has not been given. I truly would like to know what other cities in the State of Florida do enter into agreements such as this?

I would like to end that by saying there are many, many questions and I could go on to ask others that have not been to conclusive given to those of us from the citizenry. We feel that we have not been well represented in the management of this matter. We feel that we have not been well protected so we want to be on the record, here in this place, to say before the fact, not after the fact, that we do not think that we have been dealt with well as citizens. I am very confused in all of this. I have gone and looked in the stacks of the papers, it is very intricate. Surely, if it is that much necessary in order to satisfy the issuance of the bonds that books of that height on each bond issuance would have to be presented, I don't think that the small amount of conversation I have heard you have here in this place has been explanative nor have you questioned enough those things that you should have asked. I should think that the City, in fairness to the city's...citizens of the City, should have made a complete and comprehensive disclosure of this matter to the

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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	

citizens and I am, therefore, presenting a formal complaint against the City for having defined...not defining to the citizens their right to know the things they should have well been informed to know so that indeed as the Naples Daily News did say, there cannot be a healing in this place until there is a new beginning and things are done in a different manner here, I am saying that to you - not the Naples Daily News, until things are done differently here, this is not right. Is there in the contract anything that would make it so that Mr. David Rynders would not be given the money, has not been or would not be given. I did not find it there.

There are citizens of this area you are, I think, representing, you're making them to be responsible at several levels. As citizens, tax paying citizens of the City of Naples, as peoples who use the hospital, if something should go wrong and certainly we do not think that to be, but if something should go wrong we are in a very unchartered waters in this time economically all over the world, then the people who use the hospital would be charged also for any problem, the tax paying citizens by your involving us in that and that hospital belongs to the citizens of Naples, so there would be quite an involvement for them.

You have said in the Collier County Commission office paper of the meeting there where this was taken by the hospital to be entered, they mentioned a public notice. A TEFRA, I'm not familiar with it. I've asked several people they are not familiar with it either. The only reason I mention it to you here is that it is extremely important and tonight you are being asked to sign a paper by the hospital Counsel attesting to the public notices etc. Well it is very important that you should search your conscience well in doing that and are you setting a precedent here? With this matter with the hospital, the hospital recently...peoples who use that hospital pay for their fees. The citizens

City Council Minutes

Date 01/23/92

[illegible]

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL MEMBERS	M O T I O N	S E C O N D	VOTE		A B S
			Y E S	N O	
<p>The City is authorized under the Industrial Development Bond Act, which is Chapter 159 Part 2 of Florida Statutes, to act as a local agency and to issue bonds for health facilities such as Naples Community Hospital. It shares that authority with counties and with other authorities created under the Health Facilities Authority Law or the Industrial Development Financing Law. So there are many entities that can issue health care or hospital bonds for health care facilities within the State and I can tell you that a great number do statewide, cities, counties and authorities. It's a common technique of financing health care facilities and it enables the non-profit health care facilities, including hospitals, nursing homes and other retirement centers to be able to issue indebtedness tax free or tax exempt. Under the Internal Revenue Code these health organizations qualified under Section 501 C 3, need a municipality such as I enumerated, a county, city or authority, to issue tax exempt debt. That enables them to service the debt at a cheaper rate. It costs less and in turn they pass those costs on to the members of the communities that they serve. So there is clear authority under State law to do this.</p> <p>CITY MANAGER WOODRUFF: Does the State law, the fact that we're dealing with health care bonds or industrial development tax free bonds, does that pre-empt any requirement that the City has on taking those bonds to the voter for approval?</p> <p>MR. JACK McWILLIAMS: Yes it does. There is explicitly no requirement of a referendum for the issuance of these bonds which are revenue bonds. That issue has been before the Supreme Court of Florida on numerous occasions and there's just absolutely no open legal question about that point.</p> <p>CITY MANAGER WOODRUFF: The question as far as the limit of liability of the City, the fact that this is not a liability of the City but it is a limited position the City is in, how do you</p>					

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOLE
Y
E
S
N
O

A
B
S
E
N
T

interpret what that means as far the City being responsible for the payment of these bonds?

MR. JACK MCWILLIAMS: Yes. It is called and defined as a limited obligation of the City of Naples and that is, and that means simply that the full faith and credit of the City is not pledged to the payment or the repayment of the bonds and that is set forth in the bond itself and clearly in several places in the Official Statement and I'll read it to you: "Neither the full faith in credit nor taxing power of the City or of the State of Florida or of any political subdivision thereof, is pledged for the payment of the principal of premium if any and interest in this Series 1992 bonds." Going further, "Payment of the Series 1992 bonds will be derived solely from and depend upon revenues to be received from the hospital and any future members of the obligated group affiliated companies with the hospital pursuant to the loan agreement and the Series 1992 note issued pursuant to the master indenture and to the extent hereafter described the letter of credit issued in connection with the Series 1992 bonds." So the bonds are limited obligations of the City and are to be repaid from monies derived from the revenues of the hospital. Now, the hospital makes those payments not to the City, but pursuant to an indenture, to a bond trustee, a bank. First Union National Bank of Florida is the trustee in this case. Monies are paid directly from the hospital to the trustee and those monies are used to pay the bond (inaudible).

In a highly technical sense, the bonds are obligations of the City because the bond proceeds have been derived by the City and pursuant to the loan agreement, loaned to the hospital and are then to be repaid by the hospital through the trustee to the bond holders. It is in a technical sense a limited obligation of the City but no revenues of the City are pledged or obligated to be used to pay the bonds except the monies that the hospital uses to pay the bonds.

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 0123/92

COUNCIL MEMBERS	M O T I O N	S E C O N D	VOTE		A B S
			Y E S	N O	
And I might go further, if I may, the balance sheets, the Financial Statements of the City, there's no impact on the Financial Statements of the City of this hospital revenue bond issue.					
COUNCIL MEMBER HERMS: It's an interesting concept because, you know, there's no collateral. I mean, in the bonds that we issue, we'll collateralize something. I mean, you know, in the instance of the repayment of our water and sewer bonds we're...we're guaranteeing that the, that certain amount of funds and even reserves of those funds are set aside for the payment of that. In this instance, what you're saying is there's none of that whatsoever.					
MR. JACK McWILLIAMS: Oh, oh, yes there is. There are security provisions. There's a lien on in pledge of the revenues of the hospital.					
COUNCIL MEMBER HERMS: Right, but not...					
MAYOR ANDERSON: But not the City. Mr. Herms means not of the City.					
COUNCIL MEMBER HERMS: ...not of the City.					
MR. JACK McWILLIAMS: That's correct. Not on the City, not on the City. (inaudible) important point.					
COUNCIL MEMBER HERMS: And that's the point I'm trying to get to.					
MR. JACK McWILLIAMS: Correct. There are... that's...Mrs. Smith was referring to a huge stack of documents. Believe me, the covenants running from the hospital to the bond holders are significant.					
COUNCIL MEMBER HERMS: That limited liability, if in the situation of where the hospital goes bankrupt and there is not enough assets to cover the bonds and I'm going to say there's 75% of the assets to cover the bonds, does that limited liability situation allow for the bond holders to					

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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	

come to the City and say, "City, we want the other 25%."

MR. JACK McWILLIAMS: Absolutely not. There's no way that that can happen the way this...the security provisions of this bond issue are arranged. First of all, as additional security, you have a letter of credit of the bank, of Mellon Bank, as provided in the documents as additional security. But, as Mrs. Smith pointed out, there are situations in which that letter of credit can be terminated. Specifically, if the bonds move to a fixed rate then you look to the obligation. The obligation is to the hospital to pay the debt on a fixed rate basis from its' revenues but if the hospital fails in your scenario, there is no way that any bond holder can compel the City to do anything with respect to paying those bonds.

COUNCIL MEMBER HERMS: So no one ever's going to come to the City and say, in any particular situation, "We want money for the default on these bonds."

MR. JACK McWILLIAMS: That's correct.

CITY MANAGER WOODRUFF: What about the question as far as the fact that these bonds have no maturity life. The statement was, or the question was made that the Charter does not permit a bond to be issued that is greater than forty years. Do these bonds have a maturity date?

MR. JACK McWILLIAMS: Yes. The bonds are stated to mature on November 1, 2022 and that is...

CITY MANAGER WOODRUFF: So they are roughly a thirty year bond.

COUNCIL MEMBER HERMS: Thirty year bond.

MR. JACK McWILLIAMS: That's correct.

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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

CITY MANAGER WOODRUFF: But even if they were a fifty year bond, would the City's Charter of forty years have any bearing on them in that the State law sets up the conditions of these bonds rather than the City Charter.

MR. JACK McWILLIAMS: I..I'd really...that's...I would like to look at that further, but my understanding is that that State law provision applies and that the term of the bond set forth in that, in the pertinent act that we're looking to is the statute that we look to and there's case law in Florida, significant case argued by one of my partners had to do with choice of law in different situations and that's clearly the case here. That Health Facilities Authority law and Industrial Development Bond Financing Act all provide for long terms for the issuance of bonds and we look to that. I mean, I would need to do some research on the weight of the Charter as opposed to the State law and I'm just not familiar with that issue and prepared to address it tonight because I wasn't aware of it 'til just now, but that is my understanding off the top of my head.

CITY MANAGER WOODRUFF: But you are comfortable, not comfortable, you are testifying to this Council that the City Charter requirement of taking a bond issue to referendum is not applicable to the hospital because you're going under the State law.

MR. JACK McWILLIAMS: That's correct. I'm comfortable with that position and that is my position.

MAYOR ANDERSON: Would you like to address the issue of the question regarding the parking garage under construction at this time prior to these bonds being issued?

MR. JACK McWILLIAMS: Mayor Anderson, I may not be the best one to answer that question. My partner Grif Pitcher is here who worked more directly on the hospital financing than I and

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOLE

Y
E
S

N
O

A
B
S
E
N
T

Suzanne Bradach from the hospital is here as well and can probably give you a more definitive answer.

MAYOR ANDERSON: Thank you.

MR. GRIF PITCHER: The parking garage is not being constructed by the City. It's being constructed by the hospital and the provisions relating to the City construction will have no applicability. The statute allows for the loaning of proceeds for these purposes. That's what's being done. You don't have to follow your City competitive bidding on this kind of thing 'cause it's not a City asset so it's a pretty easy question to answer.

CITY MANAGER WOODRUFF: And the fact that the hospital is built prior to the actual bond, the State law governs whether that can be included in this bond, is that correct?

MR. GRIF PITCHER: It's a capital project. There's...it's very frequent that you have a reimbursement issue on something that is being planned and being constructed. Now, you'd have a problem if the first time the Council heard of it the thing had been, you know, built and in operation for a while, but where you're going forward with your proceedings and your construction you haven't placed it in service and use, there's no problem.

COUNCIL MEMBER HERMS: ...you were going to buy from the bond...

MR. GRIF PITCHER: You can buy an existing building under the statute.

COUNCIL MEMBER HERMS: But it just gets a little fuzzier when you are trying to go through the construction of a new building.

MR. GRIF PITCHER: Well technically, the rule is that you can't borrow working capital through this financing mechanism, but if you're financing

City Council Minutes

[illegible]

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOTE

Y
E
S

N
O

A
B
S
E
N
T

requirement of that, I don't know.

CITY MANAGER WOODRUFF: Really, Janet can answer that a lot better than I can. On second reading is that an advertised Public Hearing?

CITY CLERK CASON: Yes sir.

CITY MANAGER WOODRUFF: Okay. And...

CITY CLERK CASON: But off the top of my head I don't remember, but I will research it.

COUNCIL MEMBER HERMS: And is there a...

MAYOR ANDERSON: As far as, was there a declaring it open and declaring closed that may not have taken place?

COUNCIL MEMBER HERMS: And is that an important feature. I'm getting a little bit of education on this issue myself.

CITY MANAGER WOODRUFF: I think that's for the Attorney to answer.

COUNCIL MEMBER HERMS: Is that a requirement of?

CITY ATTORNEY CHIARO: In that we had an ordinance and it was a public meeting, I suspect, well not I suspect, I mean we opened it to the public. I mean, what we're saying is that we didn't have someone who was registered at the time.

COUNCIL MEMBER HERMS: My question is do we have to, does the Mayor have to announce to the public that, "The Public Hearing is now open. Is there anyone that would like to speak."

CITY ATTORNEY CHIARO: That formal announcement is not necessary.

COUNCIL MEMBER HERMS: Okay. That's my question.

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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

MR. JACK McWILLIAMS: Councilman Herms, if I might interject, the so-called TEFRA hearing coincided with the date of first reading.

CITY MANAGER WOODRUFF: What does TEFRA stand for?

MAYOR ANDERSON: Yeah?

MR. JACK McWILLIAMS: Tax Equity Fiscal Responsibility Act of 1984.

MAYOR ANDERSON: Which is a State or Federal requirement?

MR. JACK McWILLIAMS: It's a Federal requirement, the provisions of that Act were incorporated into Section 147 F of the Internal Revenue Code, the so-called Public Approval requirement. An elected body has to approve the issuance of these conduit bonds and that requires a public meeting, requires the notice that we talked about before to be published and that did...that Public Hearing did coincide with your first reading, so if you had a local requirement that requires public input into the ordinance, that's one thing, but you also had a Federal requirement for a Public Hearing that was published.

COUNCIL MEMBER HERMS: But, now, does the Federal requirement require that we formally announce that the Public Hearing is now open?

MR. JACK McWILLIAMS: Yes.

CITY ATTORNEY CHIARO: But that was complied with at first reading.

COUNCIL MEMBER HERMS: Are we sure of that?

CITY ATTORNEY CHIARO: Yes. I was present at that meeting. Not as your City Attorney and there was public input at that meeting. I remember that.

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOTE
Y
E
S
N
O

A
B
S
E
N
T

COUNCIL MEMBER HERMS: Very good.

MAYOR ANDERSON: I remember there being input as well.

MR. GRIF PITCHER: Point of correction. The second reading of the ordinance was back in December. What was adopted on last week was the resolution. The (inaudible) resolution.

MAYOR ANDERSON: The ordinance...

MR. GRIF PITCHER: The ordinance had long since been passed.

MR. JACK McWILLIAMS: So actually, the matter was before you three times. Twice in December and once in January, not counting tonight.

COUNCIL MEMBER HERMS: And the last time was purely resolution.

MR. GRIF PITCHER: Purely resolution.

MAYOR ANDERSON: Which wouldn't, would not have the same requirements.

CITY ATTORNEY CHIARO: Which would not then require public input.

MAYOR ANDERSON: That's what I thought. That it was not a declared Public Hearing on each one of those individually. Anything further Mr. Herms?

COUNCIL MEMBER HERMS: No.

MAYOR ANDERSON: Did we miss anything in your list of questions Mrs. Smith?

MRS. SUE SMITH: Well, the Financial Statements of the hospital. Are they open to the public?

MR. GRIF PITCHER: The Financial Statements of the hospital are included in the Official Statement that the bond holders will get.

City Council Minutes

[illegible]

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOTE

Y
E
S
N
O

A
B
S
E
N
T

2, "The City of Naples and Collier County are able to cope satisfactorily with the impact of the project and are able to provide or cause to be provided when needed the public facilities including utilities and public services that will be necessary for the construction, operation, repair and maintenance of the project and on account of any increases in population or other circumstances resulting therefrom" I think that is quite a burden to placing, in this particular time, on the citizens as an open-ended matter. And our Charter, I believe it does say, unless I am in error that an addendum had been added to the Charter at some place, it is twenty years that the bonds are to be issued for - only a period of twenty years which would mean that all three of the bonds are outside of that time.

MAYOR ANDERSON: Isn't that...(inaudible) our bonds and not someone else's bonds?

CITY MANAGER WOODRUFF: Well that was what we had asked Mr. McWilliams...

MAYOR ANDERSON: I just wanted to state that clearly and definitively that that has to do with our bond issuances, not some independent agency's.

COUNCIL MEMBER HERMS: Well, that depends on the reading of our Charter.

MAYOR ANDERSON: That's what I'm asking for clarification on.

MRS. SUE SMITH: Mr. McWilliams was our Bond Counsel and we were allowed to go into technical default in this place. I do not think, that it is in the greatest of wisdom that you not look at some of these issues and find out from sources other, what indeed is the technical limit of our liability. What...if it is challenged and there are things that would be perhaps open to that, here is from Cooperson Liebern, this was in 12/30/86, it is a letter from Cooperson Liebern to Paine Webber and it says on Page 2, "The

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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

foregoing procedures do not constitute an examination made in accordance with generally accepted auditing standards." That was based, at that time the Financial Statements of the Naples Hospital that were being used on this in the bond issuing of that time and period. It does appear that it's not too difficult to understand, how we as a City, got into the place we stayed in for ten years and I hear you many times in making the comments that you're making, even this evening some of them and there is a certain caring and responsible posturing for the citizens of the City of Naples that I don't think you really are wearing on the sleeve of the business that's being done here and it is that and that I sit down and I to be quiet, but I say once again, I would like to say I'm a citizen of the community, I'm here to say I see question in this matter. I do not think that you brought it before the citizenry and allowed them to understand it. I think that the Financial Statements from the hospital, the uses for these matters, all of these things and you know, would it have been so bad, since we have a vote in two weeks, to have allowed the citizens to decide, in light of what we've just come out of, when indeed you never did answer the question about the technical default. It is not answered yet and many other questions you never answered from this place. Now, would it have been too much to just respect the citizens enough that you would have said to them, "It's your hospital and it's your City so we want you to decide. Is this the way you think this should be done?" I think the hospital should be a little ashamed and I think the City of Naples government should be a little ashamed equally for it was a matter of good faith on the part of the peoples who reside in this area. Thank you for letting me share.

CITY MANAGER WOODRUFF: I'd like to address one of the questions. The reason why this matter is before you rather than other agencies is that shortly after I became City Manager, representatives of the hospital and the Attorney, Mr. Brown, came to my office and explained that

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOTE

Y
E
S

N
O

A
B
S
E
N
T

they were going to be issuing this and they specifically asked, did the City want to be the conduit or did we want the Economic Development Council...

MAYOR ANDERSON: Right.

CITY MANAGER WOODRUFF: ...which the County Commission has directed to issue these. I took the position that the Naples Community Hospital is one of the greatest assets that we have. If you allow things such as the beach or the Community Hospital or the Coastland Mall to disintegrate and encourage them to move out of our corporate limits or if you or I as agents of this City fail to support them in their needs, then we have damned this community to less than what we want it to be. I'm very proud of the fact that my first statement to them was, "Absolutely, we want to be the conduit." I'm very proud of the fact that I told them that I would not recommend that the City charge them a carrying fee even though this City has in the past charged them fees, \$20,000.00 and more. I stand behind that statement because the Naples Community Hospital has in fact been the spirit of this community. That hospital was built by the people and for this City to turn its' back and say, "No. You really need to go deal with some other agency." I would detest a position like that and I would not be the City Manager of a City that took a position like that nor would I want to represent citizens who took a position like that.

MAYOR ANDERSON: I think that everyone on the Council would have to speak for themselves but I certainly concur with your opinion that we want to be as supportive as we can in their requests. They've certainly been a viable part of the community.

COUNCIL MEMBER HERMS: I still don't like their seven story parking (inaudible).

COUNCIL MEMBER MUENZER: But I do. ...and

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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

that's closer to me than to you.

COUNCIL MEMBER HERMS: That's right.

MAYOR ANDERSON: Mr. McGrath. Did you...

MR. JAMES McGRATH: I did. (Inaudible) I couldn't believe that I wasn't going to say anything, I just came down to see how you were doing. Jim McGrath. I can't imagine why the City Manager would include the Coastland Mall with the Naples Community Hospital and the beaches. That's a private enterprise. It has nothing to do whatsoever with the City Hall except for the approval and the zoning. I don't think that was a ...

MAYOR ANDERSON: Do you have any comments specifically directed to this issue tonight with regarding to the resolution before us Mr. McGrath?

MR. JAMES McGRATH: Hmm?

MAYOR ANDERSON: Do you have any comments...

MR. JAMES McGRATH: No. I just wanted to bring...that point kind of graveled me a bit.

MAYOR ANDERSON: Thank you.

MR. JAMES McGRATH: And I think it is a private enterprise. It's not the Community Hospital and it's not the beach.

MAYOR ANDERSON: Mr. Korest. You have joined us a little...

COUNCIL MEMBER KOREST: I apologize for being late. I...

MAYOR ANDERSON: That's okay. I was too.

COUNCIL MEMBER KOREST: I was...

MAYOR ANDERSON: Do you have anything you need

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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	

to ask us?

COUNCIL MEMBER KOREST: Well, I was under the impression that we were here to clear up some technical problems with the language in terms of advertising.

MAYOR ANDERSON: We are here to make a...

COUNCIL MEMBER KOREST: ...and I...

MAYOR ANDERSON: ...public disclosure of technical problems with regard to the advertising because of our concern for the citizens and something happening now rather than being after the fact.

COUNCIL MEMBER KOREST: And I...has a the City Attorney addressed this adequately?

MAYOR ANDERSON: Are you asking a question?

COUNCIL MEMBER KOREST: Yeah. I was just going to...I feel badly coming in so late and perhaps I should excuse myself from the voting but I was under the impression that this was a purely a technical matter that the substantive part had been discussed at prior meetings and that we were all in agreement at that time that there was no problem with the language as it existed nor the purpose of this bond issue and the fact that the City had no liability. Has anything changed in that?

MAYOR ANDERSON: The only thing basically that has changed is the funding, the manner in which the funds from this bond issue will be used because of the error created by the typesetting of Naples Daily News advertisement. That's shown on the 5th through 7th, I believe, 5th through 7th pages of your packet. The original Notice of Public Hearing as it went from the hospital and then the error that caused this, gave cause for this special hearing tonight or Special Meeting is the 7th page and the omitted language is identified. It's highlighted on

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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

Page 5 and then it's identified where it was left off on the Naples Daily News advertisement.

Do you have any questions with regard to how that impacts this issue?

COUNCIL MEMBER KOREST: I really don't. I don't see what the impact is of this language.

MAYOR ANDERSON: Anything further?

COUNCIL MEMBER HERMS: Just...Mr. McWilliams, at this particular point in all of the information you've been giving to us, you were truly representing the hospital I believe.

COUNCIL MEMBER MUENZER: No. He's our (inaudible).

MAYOR ANDERSON: No. He's ours.

COUNCIL MEMBER HERMS: You're representing the hospital.

MR. JACK McWILLIAMS: Joe, Grif and I are partners. We're one in the same, same law firm.

COUNCIL MEMBER HERMS: Okay. Who's representing the City in this instance?

MR. JACK McWILLIAMS: We are Bond Counsel in this transaction.

COUNCIL MEMBER HERMS: For the City.

MR. JACK McWILLIAMS: I'm sorry.

MR. GRIF PITCHER: Right. Tom Brown represents the hospital.

COUNCIL MEMBER HERMS: I just clarified because, I...you've been giving us all of your answers on our liability and I wanted to make that sure you're our Attorney.

CITY MANAGER WOODRUFF: And who is paying your

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOTE

Y
E
S

N
O

A
B
S
E
N
T

fees for this?

MR. JACK McWILLIAMS: Our fees are being paid by the hospital. No fees are being paid by the City.

CITY MANAGER WOODRUFF: Thank you.

MAYOR ANDERSON: Thank you.

MR. JACK McWILLIAMS: All of the fees and expenses of the bond issue and all costs with respect to the bond issue, including the printing of the Official Statement and all the costs of issuance, are born by the hospital. The City has no responsibility to pay any of those fees.

CITY MANAGER WOODRUFF: And to clear up one other loose end, are you in any way, or have you in any way, retained David Rynders and through your office? Will you be paying David Rynders any fee?

MR. JACK McWILLIAMS: No. Absolutely not.

COUNCIL MEMBER HERMS: Do you have any knowledge of the hospital paying David Rynders any fees?

MR. JACK McWILLIAMS: I have no knowledge of that whatsoever and I refer you to a representative of the hospital who's here.

MAYOR ANDERSON: Suzanne Bradach.

MS. SUZANNE BRADACH: No. We have not (inaudible).

COUNCIL MEMBER HERMS: Would you please come up and state it for the record.

MS. SUZANNE BRADACH: I'm Suzanne Bradach, a Vice President of Naples Community Hospital. For the record, we have not paid Mr. Rynders any fees.

COUNCIL MEMBER HERMS: Do you have a bill at all

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

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

from him for any fees?

MS. SUZANNE BRADACH: I have not seen a bill for him for any fees and I approve all of the bills for issuance of the bonds.

COUNCIL MEMBER HERMS: Do you have any type of an agreement, either verbal or written, with Mr. Rynders for any type of payment of any fees?

MS. SUZANNE BRADACH: No.

MAYOR ANDERSON: Well, I think you need to clarify though that they can retain Mr. Rynders to do to whatever they'd like to retain him to do since he has severed his relationship with the City so we must be specific...

COUNCIL MEMBER HERMS: Relative...relative to this bond issue...

MAYOR ANDERSON: ...in your question that it be while he was employed here.

MS. SUZANNE BRADACH: No we do not.

COUNCIL MEMBER HERMS: You have no written or oral agreement whatsoever else in this bond issue with Mr. Rynders?

MS. SUZANNE BRADACH: Yes. I mean no, we do not have any agreement, written or oral.

COUNCIL MEMBER HERMS: Do you have any type of agreement at all with Mr. Rynders, hiring him for any legal purposes?

MS. SUZANNE BRADACH: In relationship to the bond issue or any...

COUNCIL MEMBER HERMS: Any type of legal services.

MS. SUZANNE BRADACH: No we do not. As far as I...I have never...I do not know of anything that we have hired Mr. Rynders for.

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOTE

Y
E
S

N
O

A
B
S
E
N
T

COUNCIL MEMBER HERMS: I would ask you if you do find any information relative to the hiring of Mr. Rynders by the hospital for any issues that you would please let the City know.

MS. SUZANNE BRADACH: For any of our own personal business issues?

COUNCIL MEMBER HERMS: Yes.

MAYOR ANDERSON: I don't think you can place that requirement on them Mr. Herms.

COUNCIL MEMBER SULLIVAN: I think you are pushing that a little too far Joe.

MAYOR ANDERSON: Yeah. I mean, you know, if it's something that's got to come to the City and you want to scrutinize who they use and make judgments based on that that's fine. But I don't think it's appropriate for this Council to try to tell them who they use for their own personal business when it has nothing to do with the City.

COUNCIL MEMBER HERMS: I didn't ask them to do that. I just asked them to bring that to our knowledge, that's all. You know it...

COUNCIL MEMBER SULLIVAN: That's no obligation...

MAYOR ANDERSON: It's not their obligation.

COUNCIL MEMBER SULLIVAN: ...that we have the right to place on them.

COUNCIL MEMBER HERMS: It would just be nice for us to have that so perhaps it wouldn't lead to some embarrassment.

COUNCIL MEMBER MUENZER: Mr. Norton had acknowledged at the first meeting in December after Mrs. Smith had brought the question up, that if they were to make any payment to Mr. Rynders in any way related to this bond issue...

City Council Minutes

Date 01/23/92

COUNCIL MEMBERS	M O T I O N	S E C O N D	VOTE		A B S.
			Y E S	N O	
Barnett					
Herms		X	X		X
Korest			X		
Muenzer	X		X		
Passidomo			X		
Sullivan			X		
Anderson			X		
(6-0)					

CITY OF NAPLES, FLORIDA

City Council Minutes

Date 01/23/92

COUNCIL
MEMBERS

M
O
T
I
O
N

S
E
C
O
N
D

VOTE

Y
E
S

N
O

A
B
S
E
N
T

CITY CLERK CASON: Mr. Passidomo?

COUNCIL MEMBER PASSIDOMO: Yes.

CITY CLERK CASON: Mr. Sullivan?

COUNCIL MEMBER SULLIVAN: Yes.

CITY CLERK CASON: Mayor Anderson?

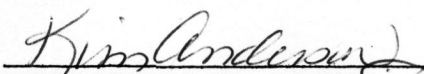
MAYOR ANDERSON: Yes.

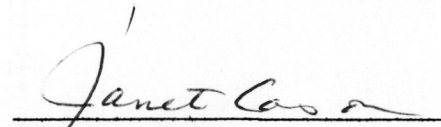
MAYOR ANDERSON: Anything further to come before
this Council tonight?

CITY MANAGER WOODRUFF: No.

MAYOR ANDERSON: This meeting is adjourned.
Thank you all for attending this Special Meeting.

ADJOURN: 7:45 p.m.


KIM ANDERSON, MAYOR


JANET CASON
City Clerk

These minutes of the Naples City Council were
approved on February 19, 1992.