

DADE COUNTY HEALTH FACILITIES AUTHORITY

EXPLANATION OF PROCEDURES TO BE FOLLOWED IN
PROCESSING REVENUE BOND ISSUES

The purpose of this memorandum is to explain the procedures which the Dade County Health Facilities Authority proposes to follow in processing revenue bond issues for not for profit health care institutions in Dade County. These procedures have been set out in outline form in the document entitled "Processing of Financing Applications."

Under the proposed procedures, a health care institution desiring to have the Authority issue bonds for its benefit will begin the process by submitting an application to the Finance Director with a check in the amount of \$6,000 in payment of a non-refundable processing fee. This application is then reviewed by the Authority's staff, bond counsel and the Authority's fiscal advisor to ascertain whether the bond issue appears legally and financially feasible. A meeting is also held with the institution to discuss timing and details. Assuming that all points are resolved favorable, the Authority staff reports its favorable recommendation to the Authority. If the Authority is so inclined, it adopts a resolution granting preliminary approval for the bond issue. This is the "green light" for the issue to proceed to the next stage.

This next stage involves processing the issue in greater detail. The financial feasibility study, the bond documents and the preliminary official statement are prepared and refined at meetings attended by the Authority staff, bond counsel, the Authority's financial advisor, the institution, its counsel, the firm preparing the financial feasibility study, the underwriter at its counsel. This effort culminates in a complete package of these documents being submitted to the Authority members. Following this, the Authority meets to adopt a bond resolution, assuming it continues to be favorable disposed to the bond issue. The bond resolution approves the bond documents and preliminary official statement, fixes the maximum principal amount of the bonds, the maximum maturity and the maximum interest rate and authorizes the County Attorney to initiate validation proceedings on behalf of the Authority. The bond resolution is then submitted to the County Commission for approval.

Following the adoption of the bond resolution and its approval by the County Commission, the process of validating the bonds begins, culminating in the entry of a validation judgment. At about the same time, the preliminary official statement is mailed to the public. Following entry of the validation judgment, the bonds are sold by the Authority to the underwriter at a meeting at which a resolution authorizing the sale is adopted and a bond purchase agreement between the Authority and the underwriter is executed. The issue then proceeds to pre-closing and closing approximately three weeks later and in any event not earlier than two days after the expiration of the 30-day appeal period following the entry of the validation judgment. At closing, the bonds are delivered against payment by the underwriter.

DADE COUNTY HEALTH FACILITIES AUTHORITY

DOCUMENTS REQUIRED FOR PRELIMINARY REVIEW
OF
FINANCING APPLICATIONS

INSTITUTION _____

ADDRESS _____

DATE _____

Four copies of each of the following documents must be submitted to the Authority in order that a preliminary review of your application can be made:

1. Health Facilities Authority ("the Authority") Financing Application
2. Articles of Incorporation and By-Laws of the Institution
3. Certificate of Good Standing - Secretary of State
4. Determination letter or statement of how applicant otherwise qualifies as 501(c) (3) organization
5. Certificate of Need (new Projects), if already received
6. Three (3) years Audited Financial Statements (if applicable)
7. Current Year's Unaudited Financial Statements (if applicable)
8. Two (2) years Audited and Current Year's Unaudited Medicare Cost Reports

An Application Fee of \$6,000.00 must accompany this application. The Application Fee covers Steps I through II (5) described in the Section titled, "Processing of Financing Applications."

After preliminary approval, four copies of the following documents must be submitted to the Authority:

1. Certificate of Need (new Projects, if not submitted previously)
2. Feasibility Study
3. Other Information as Requested by the Authority

FOR AUTHORITY USE ONLY

Received _____
Distribution _____
Reviewed _____
Notification _____
Assigned to _____

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APPLICATION FOR REVENUE BOND ISSUE

NOTE: An applicant must be a not-for-profit corporation, although it need not be a Florida corporation if it has qualified to do business in the State of Florida, and must also be an organization as described in Section 501(c)(3) of the Internal Revenue Code of 1954. Please file four copies of this Application with the Authority. Do not leave blank spaces. Enter N/A if not applicable.

A. Information Concerning Applicant

- 1. Exact corporate name _____

- 2. Address _____

- 3. Telephone Number _____
- 4. Name and Title of Official to Contact _____

- 5. State of Incorporation _____
- 6. If not a Florida corporation, is applicant qualified to do business in Florida?
YES _____ NO _____
- 7. IRS Section 501(c)(3) status. Check (a) or (b):
 - a) By determination letter: Date of letter _____ (attach copy)
 - b) Other _____ (specify in attachment)

B. Information Concerning Proposed Revenue Bond Issue

- 1. Description of new construction, if any, to be financed. (Attach copy of Certificate of Need from Dept. of Health & Rehabilitation Services, if available).

2. Description of any debt to be refinanced

3. Estimated principal amount of Revenue Bonds \$ _____

4. Estimated average annual interest rate _____

5. Estimated Sources and Application of Funds

a) Sources

Proposed Revenue Bond Issue \$ _____

Funds from Operations _____

Earnings on Bond Funds _____

Other (Specify) _____

TOTAL \$ _____

b) Application

Capitalized Interest _____

Expenses of Issuance _____

Bond Discount _____

Debt Service Reserve Fund _____

Refunding of Indebtedness _____

New Construction _____

Other (Specify) _____

TOTAL \$ _____

6. Has applicant's feasibility consultant determined, on a preliminary basis, that the proposed bond issue is financially feasible? YES _____ NO _____

7. Other comments, if any (attach)

C. Information Concerning Other Parties to Financing

Supply name of firm, address and telephone number of:

1. Counsel to applicant _____

- 2. Underwriter _____

- 3. Underwriter's Counsel _____

- 4. Feasibility consultant _____

- 5. Accountants for applicant _____

D. Other Information

- 1. Anticipated savings in interest cost using tax-exempt revenue bonds instead of comparable taxable bonds:
 - a) Average annual savings \$ _____
 - b) Gross savings \$ _____
 - c) Assumed average annual interest rate for tax-exempt revenue bonds (same as B(4) above) _____ %
 - d) Assumed comparable taxable average annual interest rate _____ %
- 2. What programs does applicant have or anticipate having for instituting and regulating costs? (Specify in attachment)
- 3. What programs does applicant have or anticipate having for providing health care to patients at a reduced charge or no charge? (Specify in attachment)
- 4. What programs does applicant have or anticipate having to provide services to patients eligible for all or partial County support in County sponsored institutions and to provide uncompensated services rendered under County/Public Health Trust decentralization programs? (Specify in attachment)

E. Other Information that Applicant Wishes to Provide the Authority

(Specify in attachment)

Dated: _____

Signature

By _____

Title _____

DADE COUNTY HEALTH FACILITIES AUTHORITY

PROCESSING OF FINANCING APPLICATIONS

	<u>Responsibility *</u>
F. <u>Initial Review of Project Application:</u>	
1. Submit initial application materials including \$6,000.00 fee	Applicant
2. Review application to determine whether applicant qualifies for HFA financing	BC
3. Review application and related documents to identify areas to be discussed	PM/AS
4. Meet with institution representative to:	AS/PM/BC
a) Discuss findings	
b) Obtain additional information	
c) Decide nature of additional assistance required by the applicant, if any, in order to satisfy the initial review process (generally consultation with institution administration and board)	
d) Discuss details of bond issue	
e) Prepare time schedule for financing	
f) Discuss scope of detailed review and fees including contingency fee of 0.1% of bond sales to a maximum of \$10,000 to be paid to the Authority	
5. Summarize and present findings and recommendations to Authority and adopt resolution for preliminary approval	AS/HFA
B. <u>Review of Completed Application</u>	
1. Submit additional materials (certificate of need and financial feasibility study)	Applicant
2. Conduct a review of the historical financial statements and financial feasibility study and prepare report of findings	PM/AS
3. Prepare legal documents and preliminary official statements	BC
4. Meet with institution representative to:	AS/PM/BC
a) Discuss findings	
b) Obtain additional information	
5. Prepare a memorandum on findings and staff recommendations	AS
6. If additional review effort is required, meet with institution representative to:	AS/PM/BC
a) Agree on additional information required	
b) Discuss responsibilities and timing	
c) Determine fees for additional review	
7. Submit completed package to Authority for Approval	AS
8. Prepare and adopt bond resolution	HFA/Commission

* Description

AS - Authority Staff

BC - Bond Counsel

HFA - Health Facilities Authority

Responsibility *

C. Final Review and Approval

- | | |
|--|--------|
| 1. Prepare bond purchase agreement | BC |
| 2. Validate bonds and entry of judgment | Court |
| 3. Approve sale resolution | HFA |
| 4. Conduct pre-closing (after conclusion of appeal period) | BC/HFA |
| 5. Conduct closing | BC/HFA |

EXPENSE AND INDEMNITY AGREEMENT

Dade County Health Facilities
Authority
c/o Finance Director, Metropolitan
Dade County
Room 2550
44 West Flagler Street
Miami, Florida 33130

Gentlemen:

The undersigned not for profit corporation (the "Corporation") has requested you to consider its application to have you issue the Bonds referred to below (the "Bonds") for the benefit of the Corporation and as an inducement to such consideration hereby agrees with you as follows:

Section 1. Payment of Expenses. Whether or not the Bonds are offered, sold or issued, the Corporation agrees to pay and be liable for, and to hold you harmless against the payment of, any and all expenses relating to the Bond issue, including, without limitation, the fees and disbursements of your financial advisor, your administrative charges and out of pocket expenses, recording charges, expenses of printing offering circulars or official statements, the cost of printing the Bonds and advertising the sale thereof and expenses of registering the Bonds with the securities commission of any state. The fees of your bond counsel shall be payable only if the Bonds are issued and delivered, but the Corporation shall in all events be liable for the payment of the disbursements and out of pocket expenses of such counsel.

Section 2. Indemnity. Whether or not the Bonds are offered, sold or issued, the Corporation agrees to indemnify you, and each of your members, officers, agents, attorneys and employees against any and all claims and liability of whatsoever nature arising out of the Bond issue, including, without limitation, claims based upon actual or alleged misrepresentation, fraud or other tortious conduct or breach of contractual relationships, whether predicated upon federal or state statutes, common law, principles of equity or otherwise, excepting only claims based upon willful misfeasance or non-feasance. In furtherance of the foregoing the Corporation agrees to pay any and all attorneys' fees and court costs incurred in the defense of any of the claims hereinabove enumerated upon your written demand therefor. It is further understood and agreed that you or any of the persons hereinabove indemnified shall be entitled to retain counsel acceptable to you or them to defend any such claim, but that neither you nor any such person will enter into any settlement of the same without the prior written approval of the Corporation.

Section 3. Survival of Agreement. This Agreement shall survive the closing of the Bond issue and shall not merge into or be superceded by any other agreement other than by a written amendment hereto specifically denominated as such and executed by you and the Corporation.

If the foregoing is acceptable to you, please indicate your acceptance in the space provided below, whereupon this Agreement shall become a binding contract between us.

DATED: _____.

NAME OF CORPORATION: _____

By _____
Its _____ President

DESCRIPTION OF BONDS: _____

Accepted and agreed to as of the date above written:

DADE COUNTY HEALTH FACILITIES
AUTHORITY

By _____
Its _____ Chairman

DADE COUNTY HEALTH FACILITIES AUTHORITY

HISTORICAL AND FORECASTED FINANCIAL AND STATISTICAL DATA

DEFINITIONS

- (1) Overall RCC (Ratio of Charges to Charges)

$$\text{Total inpatient revenue} \div \text{Total operating revenue}$$
- (2) Full-time equivalent employees per adjusted occupied bed

$$\frac{\text{Total paid hours} \div 173}{\text{Total patient days} \div \text{Overall RCC}} \div \text{Days in Period}$$
- (3) Paid hours per adjusted patient day

$$\text{Total paid hours} \div (\text{Total patient days} \div \text{Overall RCC})$$
- (4) Expense per adjusted patient day

$$\text{Total operating expense} \div (\text{Total patient days} \div \text{Overall RCC})$$
- (5) Salary expense per adjusted patient day

$$\text{Total salaries} \div (\text{Total patient days} \div \text{Overall RCC})$$
- (6) Days gross revenue in accounts receivable

$$\frac{\text{Total patient accounts receivable}}{\text{Total inpatient} + \text{outpatient revenue}} \div \text{Days in period}$$
- (7) Days expense in accounts payable

$$\frac{\text{Accounts payable}}{((\text{Total other direct expenses} - \text{Depreciation, lease and rentals} - \text{Interest} - \text{Employee Benefits}))} \div \text{Days in period}$$
- (8) Quick ratio

$$\frac{(\text{Cash} + \text{Temporary investments} + \text{Net accounts receivable})}{\div \text{Current liabilities}}$$
- (9) Current ratio

$$\text{Current assets} \div \text{Current liabilities}$$
- (10) Operating days cash on hand

$$\frac{(\text{Cash} + \text{Temporary investments})}{((\text{Total operating expense} + \text{Non operating services} - \text{Depreciation, lease \& rentals}))} \div \text{Days in period}$$
- (11) Operating income before interest, depreciation and amortization divided by maximum annual debt services