ORDINANCE NO. 0-15074
(New Series)

REVISED 11-1-79 -- NOV 1 3 1979

AN ORDINANCE PROVIDING FOR THE CITY OF SAN DIEGO HEALTH FACILITY REVENUE BOND LAW INCLUDING GENERAL PROVISIONS AND DEFINITIONS, POWERS AND PROCEDURES TO ISSUE REVENUE BONDS FOR THE PURPOSE OF PROVIDING FINANCING TO PARTICIPATING HEALTH INSTITUTIONS FOR SPECIFIED PURPOSES, AND AUTHORIZING AN AGREEMENT WITH MERCY HOSPITAL AND MEDICAL CENTER, SAN DIEGO AND THE ISSUANCE OF HOSPITAL REVENUE BONDS IN ACCORDANCE THEREWITH, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$35,000,000 AND FOR A TERM NOT EXCEEDING FORTY YEARS, SUBJECT TO COUNCIL APPROVAL OF THE TERMS AND CONDITIONS THEREOF.

WHEREAS, The City of San Diego (the "City") is a municipal corporation and charter city duly organized and existing under a freeholders' charter pursuant to which the City has the right and power to make and enforce all laws and regulations in respect to municipal affairs and certain other matters in accordance with and as more particularly provided in Sections 3, 5 and 7 of Article XI of the Constitution of the State of California and Section 2 of the Charter of the City (the "Charter"); and

WHEREAS, the City Council of the City acting under and pursuant to the powers reserved to the City under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California and Section 2 of the Charter, finds that the public interest and necessity require the establishment by this procedural ordinance of a procedure for the authorization, sale and issuance of revenue bonds by the City for the purpose of providing financing to certain health institutions for certain purposes as specified herein; NOW, THEREFORE,

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. Chapter IV of the San Diego Municipal Code entitled HEALTH & SANITATION, be and the same is hereby amended by adding thereto a new article to read and be numbered as follows:

ARTICLE 7

CITY OF SAN DIEGO HEALTH FACILITY REVENUE BOND LAW
DIVISION 1

GENERAL PROVISIONS AND DEFINITIONS

SEC. 47.0101 CITATION

This article may be cited as The City of San Diego Health Facility Revenue Bond Law.

SEC. 47.0102 DECLARATION OF NECESSITY

The Council hereby finds and declares that it is necessary, essential, a public purpose and a municipal affair for the City to be authorized to provide financing to health institutions within the City that provide essential services to residents of the City in order to aid such health institutions in containing costs and thereby to enable such health institutions to establish lower rates and charges than would otherwise prevail and to provide better service at such rates and charges.

Unless the City intervenes to provide such financing, such rates and charges may increase at an ever accelerated pace because such health institutions cannot obtain

financing at equivalent cost from private sources. SEC. 47.0103 DEFINITIONS

Unless the context otherwise requires, the terms defined in this article shall have the following meanings:

- a. "Bonds" means any bonds, notes, certificates, debentures or other obligations issued or entered into by the City pursuant to this article and payable exclusively from revenues as in this article defined and from any other funds specified in this article upon which such obligations may be made a charge and from which they are made payable.
 - b. "City" means The City of San Diego.
- c. "Cost" means the total of all costs incurred by or on behalf of a participating health institution necessary or incident to the acquisition, construction, rehabilitation or improvement of a health facility, or the refunding or refinancing of obligations incurred to finance such acquisition, construction, rehabilitation or improvement. "Cost" shall include all such costs which under generally accepted accounting principles are not properly chargeable as an expense of operation and maintenance, including, without limitation, the cost of all lands, structures, real or personal property, franchises, rights and interests acquired or used in connection with a health facility, the cost of demolishing or removing any structures (including the cost of acquiring

any lands to which such structures may be moved), the cost of engineering, architectural, financial and legal services, plans, specifications, studies, surveys, estimates, administration expenses or other expenses necessary or incident to determining the feasibility of or to acquiring, constructing, rehabilitating, improving or financing a health facility, including all costs of issuance of bonds for such purposes.

- d. "Council" means the City Council of The City of San Diego.
- e. "Health facility" means any facility, place or building within the City which is maintained and operated for the diagnosis, care, prevention and treatment of human illness, physical or mental, including convalescence, rehabilitation and care during and after pregnancy or for any one or more of these services, and which provides and will continue providing to residents of the City essential health care services designated as such in an agreement between the City and the participating health institution providing or operating such facility, place or building.

Health facility includes a portion of one of the above types of facilities and includes the following facilities if operated in conjunction with one of the above types of facilities: a laboratory, a laundry, a nurses' or interns' residence, a housing facility for patients, staff or employees and the families of any of

them, an administration building, a research, maintenance, storage, utility or parking facility and all
structures, facilities, equipment and furnishings
related to any of the foregoing or required or useful
for the operation of a health facility.

Health facility shall not include any facility, place or building used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship.

- f. "Participating health institution" means a private nonprofit corporation or association authorized by the laws of the State to provide or operate a health facility as defined in this article and which, pursuant to the provisions of this article, undertakes the financing of the acquisition, construction, rehabilitation or improvement of a health facility or undertakes the refunding or refinancing of obligations incurred to finance such acquisition, construction, rehabilitation or improvement.
- g. "Revenues" means amounts received by the City as repayment of principal, interest, and all other charges with respect to a loan under this article, any proceeds received by the City from mortgage, hazard or other insurance on or with respect to such a loan (or any property securing such loan), all other rents, charges, fees, income and receipts derived by the City from the financing of a health facility under this

article (whether by loan, lease, installment sale or any other method authorized by this article), any amounts received by the City as investment earnings on moneys deposited in any fund or account securing bonds, and such other moneys as the Council may, in its discretion, lawfully designate as revenues.

DIVISION 2

FINANCING HEALTH FACILITIES

SEC. 47.0201 LOAN FOR A HEALTH FACILITY

The City may make, purchase, or otherwise contract for the making of a mortgage or other secured or unsecured loan, upon such terms and conditions as the City shall deem proper, to any participating health institution for the cost of acquiring, constructing, rehabilitating or improving a health facility; provided, however, that no such loan shall exceed the total cost of such health facility as determined by the participating health institution and approved by the City.

SEC. 47.0202 LOAN TO REFUND OR REFINANCE A HEALTH FACILITY

The City may make, purchase, or otherwise contract for the making of a mortgage or other secured or unsecured loan, upon such terms and conditions as the City shall deem proper, to any participating health institution to refund or refinance outstanding obligations of such participating health institution incurred to finance the cost of acquiring, constructing, rehabilitating or improving a health facility, whether such obligations

were incurred prior to or after the enactment of this article, if the City finds that such refunding or refinancing is in the public interest and either alleviates a financial or operating hardship of such participating health institution or is necessary or appropriate in connection with other financing by the City for such participating health institution or may be expected to result in lower costs of health care than would otherwise prevail and a saving to third parties, including government, and to others who must pay for care, or any combination thereof.

SEC. 47.0203 SALE OR LEASE OF A HEALTH FACILITY BY CITY

The City may acquire, construct, enlarge, remodel, renovate, alter, improve, furnish, equip, own and lease as lessee a health facility for the purpose of selling or leasing such health facility to a participating health institution, and may designate such participating health institution as its agent to undertake to construct, enlarge, remodel, renovate, alter, improve, furnish and equip such health facility.

The City may sell or lease, upon such terms and conditions as the City shall deem proper, to a participating health institution any health facility owned by the City under this article, including a health facility conveyed to the City in connection with a financing under this article but not being financed or refinanced hereunder.

SEC. 47.0204 RECOVERY OF COSTS AND EXPENSES BY CITY

The City may charge participating health institutions application, commitment, financing and other fees, in order to recover all administrative and other costs and expenses incurred in the exercise of the powers and duties conferred by this article.

SEC. 47.0205 INSURANCE OR GUARANTEE OF PAYMENT

The City may obtain, or aid in obtaining, from any department or agency of the United States or of the State of California or any private company, any insurance or guarantee as to, or of, or for the payment or repayment of, interest or principal, or both, or any part thereof, on any loan, lease or sale obligation or any instrument evidencing or securing the same, made or entered into pursuant to the provisions of this article; and may accept payment in such manner and form as provided therein in the event of default by a participating health institution, and may assign any such insurance or guarantee as security for bonds.

SEC. 47.0206 FIXING RENTS, FEES, RATES, ETC.

The City may fix rents, payments, fees, charges and interest rates for financing under this article and may agree to revise from time to time such rents, payments, fees, charges and interest rates to reflect changes in interest rates on bonds, losses due to defaults or changes in other expenses related to this article, including City administrative expenses.

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SEC. 47.0207 DEEDS OF TRUST OR MORTGAGES AS SECURITY

The City may hold deeds of trust or mortgages as security for loans under this article and may pledge or assign the same as security for repayment of bonds. Such deeds of trust or mortgages may be assigned to, and held on behalf of the City by, any bank or trust company appointed to act as trustee by the City in any resolution or indenture providing for issuance of bonds.

SEC. 47.0208 EMPLOYMENT OF EXPERTS AND CONSULTANTS

The City may employ such engineering, architectural, financial, accounting, legal or other services as may be necessary in the judgment of the City for the purposes of this article.

SEC. 47.0209 DO ALL THINGS NECESSARY AND CONVENIENT

In addition to all other powers specifically granted by this chapter, the City may do all things necessary or convenient to carry out the purposes of this article.

DIVISION 3

BONDS

SEC. 47.0301 ISSUE LIMITED OBLIGATION BONDS

- a. The City may, from time to time, issue bonds for any of the purposes specified in Sections 46.0201, 46.0202 and 46.0203. Bonds shall be negotiable instruments for all purposes, subject only to the provisions of such bonds for registration.
- b. Every issue of bonds shall be a limited obligation of the City payable from all or any specified part

of the revenues and the moneys and assets authorized in this article to be pledged or assigned to secure payment of bonds. Such revenues, moneys or assets shall be the sole source of repayment of such issue of bonds. Bonds issued under the provisions of this article shall not be deemed to constitute a debt or liability of the City or a pledge of the faith and credit of the City but shall be payable solely from specified revenues, moneys and assets. The issuance of bonds shall not directly, indirectly, or contingently obligate the City to levy or pledge any form of taxation or to make any appropriation for their payment.

All bonds shall contain on the face thereof a statement to the following effect:

Neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal of or premium or interest on this bond.

SEC. 47.0302 AMOUNT OF BONDS

In determining the amount of bonds to be issued, the City may include all costs of the issuance of such bonds, reserves for debt service and for repairs, replacements, additions and improvements, and capitalized bond interest for such period as the City may determine.

SEC. 47.0303 TYPE, FORM AND SALE OF BONDS

Bonds may be issued as serial bonds, term bonds,

installment bonds or pass-through certificates or any combination thereof. Bonds shall be authorized by resolution of the Council and shall bear such date or dates, mature at such time or times, bear interest at such fixed or variable rate or rates, be payable at such time or times, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America at such place or places, be subject to such terms of redemption and have such other terms and conditions as such resolution or any indenture authorized by such resolution to be entered into by the City may provide. Bonds may be sold at either a public or private sale and for such prices as the City shall determine. Pending preparation of definitive bonds, the City may issue temporary bonds, which shall be exchanged for such definitive bonds when prepared.

SEC. 47.0304 TERMS AND CONDITIONS OF BONDS

Any resolution authorizing any bonds or any issue of bonds, or any indenture authorized by such resolution to be entered into by the City, may contain provisions respecting any of the following terms and conditions, which shall be a part of the contract with the holders of such bonds:

a. the terms, conditions and form of such bonds and the interest and principal to be paid thereon,

b. limitations on the uses and purposes to which the proceeds of sale of such bonds may be applied, and the pledge or assignment of such proceeds to secure the payment of such bonds,

- c. limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bonds,
- d. the setting aside of reserves and sinking funds and the regulation and disposition thereof,
- e. the pledge or assignment of all or any part of the revenues and the use and disposition thereof, subject to such agreements with the holders of bonds as may then be outstanding,
- f. limitation on the use of revenues for expenditures for operating, administration or other expenses of the City,
- g. specification of the acts or omissions to act which shall constitute a default in the duties of the City to holders of such bonds, and providing the rights and remedies of such holders in the event of default, including any limitations on the right of action by individual bondholders,
- h. the appointment of a corporate trustee to act on behalf of the City and the holders of its bonds, the pledge or assignment of loans, deeds of trust, mortgages and any other contracts or agreements to such trustee, and the rights of such trustee,

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- i. the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of such bonds the holders of which must consent thereto, and the manner in which such consent may be given, and
- j. any other provisions which the Council may deem reasonable and proper for the purposes of this article and the security of the bondholders.

 SEC. 47.0305 PLEDGE OF REVENUES, ETC.

Any pledge of revenues or other moneys or assets pursuant to the provisions of this article shall be valid and binding from the time such pledge is made. Revenues, moneys and assets so pledged and thereafter received by the City shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the City, irrespective of whether such parties have notice thereof. Neither the resolution nor any indenture by which a pledge is created need be filed or recorded except in the records of the City.

SEC. 47.0306 LIABILITY OF COUNCIL, ETC.

Neither the members of the Council, the officers or employees of the City, nor any person executing any bonds shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the

issuance thereof.

SEC. 47.0307 PURCHASE OF BONDS BY CITY

The City shall have the power out of any funds available therefor to purchase its bonds. The City may hold, pledge, cancel, or resell such bonds, subject to and in accordance with agreements with the bondholders. SEC. 47.0308 COMPELLING PERFORMANCE, ETC.

Any holder of bonds issued under the provisions of this article or any of the coupons appertaining thereto, and any trustee appointed pursuant to any resolution authorizing the issuance of bonds, except to the extent the rights thereof may be restricted by such resolution or any indenture authorized thereby to be entered into by the City, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect or enforce any and all rights specified in law or in such resolution or indenture, and may enforce and compel the performance of all duties required by this article or by such resolution or indenture to be performed by the City or by any officer, employee, or agent thereof, including the fixing, charging, and collecting of rates, fees, interest, and charges authorized and required by the provisions of such resolution or indenture to be fixed, charged, and collected.

SEC. 47.0309 REFUNDING BONDS--USE OF PROCEEDS

a. The City may issue bonds for the purpose of refunding any bonds then outstanding including the

payment of any redemption premiums thereof and any interest accrued or to accrue to the earliest or any subsequent date or dates of redemption, purchase, or maturity of such bonds.

- b. The proceeds of bonds issued for the purpose of refunding any outstanding bonds may, in the discretion of the City, be applied to the purchase or retirement at maturity or redemption of such outstanding bonds, either at their earliest or any subsequent redemption date or dates or upon the purchase or retirement at the maturity thereof and may, pending such application, be placed in escrow, to be applied to such purchase or retirement at maturity or redemption on such date or dates as may be determined by the City.
- c. Pending use for purchase, retirement at maturity or redemption of outstanding bonds, any proceeds held in escrow pursuant to subdivision (b) may be invested and reinvested as provided in the resolution or indenture.

 Any interest or other increment earned or realized on any such investment may be applied to the payment of the outstanding bonds to be refunded or to the payment of interest on the refunding bonds.
- d. All bonds issued pursuant to this section shall be subject to the provisions of this article in the same manner and to the same extent as other bonds issued pursuant to this article.

SEC. 47.0310 INDEPENDENT VALIDITY OF BONDS

The validity of the authorization and issuance of any bonds is not dependent on and shall not be affected in any way by any proceedings taken by the City for the making of any loan or the entering into of any agreement, or by the failure to make any loan or enter into any agreement, for which bonds are authorized to be issued under this article.

DIVISION 4

SUPPLEMENTAL PROVISIONS

SEC. 47.0401 LIBERAL CONSTRUCTION

This article being necessary for the welfare of the City and its inhabitants, shall be liberally construed to effect its purposes.

SEC. 47.0402 EFFECT OF OMISSION OR DEFECT

If the jurisdiction of the Council to order the proposed act is not affected, any omission of any officer or the City in proceedings under this article or any other defect in the proceedings shall not invalidate such proceedings or the bonds issued pursuant to this article. SEC. 47.0403 AUTHORITY

This article is full authority for the issuance of bonds by the City for the purposes specified herein.

SEC. 47.0404 PROVISIONS OF THIS ARTICLE ARE COMPLETE, ALTERNATIVE, ETC.

This article shall be deemed to provide a complete, additional, and alternative method for doing the things

authorized thereby, and shall be regarded as supplemental and additional to the powers conferred by other laws. The issuance of bonds under the provisions of this article need not comply with the requirements of any other law applicable to the issuance of bonds. The purposes authorized hereby may be effectuated and bonds may be issued for any such purposes under this article notwithstanding that any other law may provide for such purposes or for the issuance of bonds for like purposes and without regard to the requirements, restrictions, limitations or other provisions contained in any other law.

SEC. 47.0405 PROVISIONS OF THIS ARTICLE CONTROL

SEC. 47.0406 EFFECT OF PARTIAL INVALIDITY

To the extent that the provisions of this article are inconsistent with the provisions of any general statute or special act or parts thereof the provisions of this article shall be deemed controlling.

If any provision of this article or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect any other provision or application of this article which can be given effect without the invalid provision or application, and to this end the provisions of this article are declared to be severable. The Council hereby declares that it would have adopted and passed this article and each division, section, subsection, sentence, clause, phrase and word

hereof, irrespective of the fact that any one or more of the other divisions, sections, subsections, sentences, clauses, phrases or words hereof be declared invalid or unconstitutional.

Section 2. The City Manager and other proper officers of the City are authorized to prepare and to enter into for and in the name and on behalf of the City, in accordance with the San Diego Health Facility Revenue Bond Law (enacted by this ordinance), an agreement or agreements with Mercy Hospital and Medical Center, San Diego (the "Hospital") providing for a loan by the City to the Hospital to be funded by the issuance of hospital revenue bonds by the City in a principal amount not to exceed \$35,000,000 and for a term not to exceed forty years, and an indenture between the City and a corporate trustee setting forth the terms of said bonds and providing for the payment and security thereof, and all necessary and appropriate documents in connection therewith; provided, however, that the final form of said agreement or agreements and of said indenture shall be submitted to the Council for approva! by resolution prior to their respective execution by the City.

Section 3. The City Clerk is hereby authorized and directed to cause a digest or a copy of this ordinance to be published at least once in The San Diego Daily Transcript within fifteen days after the adoption of this ordinance pursuant to Section 18 of the City Charter.

Section 4. This ordinance shall take effect and be in force 30 days after its date of adoption.

APPROVED: JOHN W. WATT, City Attorney.

Robert S. Teaze

Assistant City Attorney

RST:rb 112 X-502.1 10-26-79- REVISED 11-1-79 Orig.Dept.: City Atty.

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				NOV 1 3 1979		
Passed and adopted by the Council of The by the following vote:	he City of San	Diego on				
Councilmen Bill Mitchell Maureen F. O'Connor Bill Lowery Leon L. Williams Fred Schnaubelt Tom Gade Larry Stirling Lucy Killea	Yeas O D D D D D D D D D D D D	Nays	Not Present	Ineligible		
Mayor Pete Wilson	J			EON.		
AUTHENTICATED BY:	PETE WILSON Mayor of The City of San Diego, California.					
(Seal)	Е	City Clei	CHARLES G. A	an Diego, Califo	rnia.	
I HEREBY CERTIFY that the foregon elapsed between the day of its introduct. OCT 29 1979	ion and the da	y of its fina NO	V 1 3 1979	e, on	r days had	
I FURTHER CERTIFY that the real less than a majority of the members elect of each member of the Council and the said ordinance.	ed to the Cou	ncil, and tha	t there was avai	lable for the co	nsideration	
(Seal)	E	City Cl	HARLES G. AI erk of The City of the Chr	San Diego, Calif		

Ordinance 0 - 15074 Adopted NOV 1 3 1979

Office of the City Clerk, San Diego, California

CERTIFICATE OF PUBLICATION

San Diego, City of 12th floor, City Admin. Bldg. 202 C St. San Diego, CA 92101 Attn: Rita Andrews

IN THE MATTER OF

NO.

ORDINANCE NO. 0-15074 (New Series)

OFIDINANCE NO. 0-15074

AN ORDINANCE PROVIDING FOR THE CITY OF SAN DIEGO HEALTH FACILITY REVENUE BOND LAW INCLUDING GENERAL PROVISIONS AND DEFINITIONS, POWERS AND PROCEDURED TO ISSUE REVENUE BONDS FOR THE PURPOSE OF PROVIDING FINANCING. TO PARTICIPATING HEALTH INSTITUTIONS ROW BPCIFIED PURPOSES AND AUTHORIZING AN AGREEMENT MITH MERCY HOSIPTAL AND MEDICAL CENTER, SAN DISCO AND THE ISSUANCE OF HOSRITAL REVENUE BONDS IN ACCORDANCE THEREWITH, IN A PRINCIPAL AMOUNT NOT ACCORDANCE THEREWITH, IN A PRINCIPAL AND ON THE TERMS AND CONDITIONS THEREOF.

SECTION 335,000,000 AND FOR A TERM NOT EXCEEDING FORTY YEARS, SUBJECT TO COUNCIL APPROVAL OF THE TERMS AND CONDITIONS THEREOF.

SECTION 1 of the ordinance adds a new article to Chapter IV of this Bandilly Bond Law. The City Council determined that such a law well as to refund and reinance existing facilities. If also parmits the City to acquire, sell or lease such a facility for almit proposes. It provides for the obtaining of adequate security, insurance, or guerantees to repay any loans made and for the recovery of all city expenses. In connection therewith, the City is empowered to fix any necessary rents, isses and charges, secure any necessary mortgage or deed of trust, employ needed experts and any other thing necessary rents, isses and charges, secure any necessary mortgage or deed of trust, employ needed experts and any other thing necessary rents, isses and charges, secure any necessary mortgage or deed of trust, employ needed experts and any other thing necessary or convenient to effect the purposes of the law. In order to the containing of the bonds on their tace are required to so state. Other matters provided for are the amount, type, form and sale of the bonds; the londs the limited liability of the Council and City officers; and the rights of bond

Itability of the Council and City officers; and the rights of permetholders.

Section 2 of the ordinance authorizes the City Manager to enter not be accounted to the council and Medical Center utilizing the afforementioned San Diego Health Facility Revenue Bond Law to provide for issuance of bonds for the financing of improvements in an amount not to exceed \$35,000,000 and for a term not exceeding forty years. All agreements will require specific Council approval.

Introduced on October 29, 1979.

Passed and adopted by the Council of The City of San Diego on November 13, 1979.

AUTHENTICATED BY:

PETE WILSON.

Mayor of The City of San Diego, California.

CHARLES G. ABDELNOUR,
City Clerk of The City of San Diego, California.

(SEAL)
By RITA ANDREWS, Deputy.
Published November 27, 1979

Camille Simpson ., am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the principal clerk of the San Diego Daily Transcript, a newspaper of general circulation, printed and published daily, except Saturdays and Sundays, in the City of San Diego, County of San Diego, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of San Diego, State of California, under the date of January 23, 1909, Decree No. 14894; and the

ORDINANCE

is a true and correct copy of which the annexed is a printed copy and was published in said newspaper on the following date(s), to wit:

November 27, 1979

I certify under penalty of perjury that the foregoing is true and correct.

Dated at San Diego, California this 28th day of Nov., 19 79.

(Signature)