

(R-86-1783)

RESOLUTION NUMBER R- 265339

ADOPTED ON MAR 31 1986

WHEREAS, in connection with the continued operation of the Physicians and Surgeons Hospital, the City, on February 25, 1985, entered into a Lease Option Agreement with National Medical Enterprises, Inc., NME Hospitals, Inc., and Hospital Reimbursement Associates, Inc. which established in said parties a right to lease the hospital from the City for a 15-year term commencing in 2002; and

WHEREAS, one of the conditions precedent to the exercise of the option and contained in Section 8.1 of the Option Agreement specifies that an Internal Revenue Service ruling must be obtained to the effect that the Option and Lease Agreements will not affect the continued tax exempt status of the bonds or the continued non-taxability of the interest payable under the bonds; and

WHEREAS, said condition precedent was incorporated into the option for the benefit of the City and the bondholders and does not benefit or affect the rights of the optionees, National Medical Enterprises, et al; and

WHEREAS, all of the bondholders have waived any rights they may have with regard to the condition precedent as contained in Section 8.1 of the Option; and

WHEREAS, Merrill Lynch Pierce Fenner & Smith, Inc., representing a majority of the bondholders, has entered into an


agreement pursuant to which it agrees to assume the defense of, indemnify, protect and hold the City free and harmless from any and all damages or actions whatsoever resulting from a waiver by the City of the condition precedent contained in Section 8.1 of the Option; and

WHEREAS, City has determined that it is in the best interests of the City and the community served by Physicians and Surgeons Hospital to waive the requirements of said Section 8.1 of the Option; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that the City of San Diego hereby waives the condition precedent as set forth in Section 8.1 of the above described Lease Option Agreement.

BE IT FURTHER RESOLVED, that the City hereby accepts the offer of Merrill Lynch Pierce Fenner & Smith, Inc. to hold the City free and harmless as described above.

APPROVED: JOHN W. WITT, City Attorney

By 
Harold O. Valderhaug
Deputy City Attorney

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03/26/86
Or.Dept:Mgr.
R-86-1783
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MAR 31 1986

Passed and adopted by the Council of The City of San Diego on
by the following vote:

Councilmen	Yeas	Nays	Not Present	Ineligible
Abbe Wolfsheimer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bill Cleator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gloria McColl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William Jones	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ed Struiksma	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mike Gotch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Uvaldo Martinez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VACANT

AUTHENTICATED BY:

ED STRUIKSMA

Deputy Mayor of The City of San Diego, California.

(Seal)

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California .

By *June A. Blackwell*, Deputy.

Office of the City Clerk, San Diego, California

Resolution Number *R-265339* Adopted *MAR 31 1986*

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