

FIRST READING: September 3, 2019

SECOND READING: September 17, 2019

ORDINANCE NO. 6340

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF LOVELAND, COLORADO, SKILLED NURSING FACILITY REVENUE BOND (LOVELAND ELDER GREEN HOUSES PROJECT), SERIES 2019, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$18,000,000 TO FINANCE AND REFINANCE SKILLED NURSING FACILITIES AT THE MIRASOL SENIOR COMMUNITY; AND AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF A FINANCING AGREEMENT, A BOND AND OTHER DOCUMENTS IN CONNECTION THEREWITH; MAKING DETERMINATIONS AS TO THE SUFFICIENCY OF REVENUES AND AS TO OTHER MATTERS RELATED TO THE PROJECT

WHEREAS, the City of Loveland, Colorado (the “City”) is a municipal corporation and a home rule city duly organized and existing under the laws of the State of Colorado and in particular under the provisions of Article XX of the Constitution of the State of Colorado and the Charter of the City (the “Charter”); and

WHEREAS, the City is authorized by the Charter, the County and Municipality Development Revenue Bond Act, constituting C.R.S. §§ 29-3-101 through 29-3-123, inclusive (the “Act”), and C.R.S. §§ 11-57-201 through 11-57-214, inclusive (the “Supplemental Public Securities Act”), to issue its Skilled Nursing Facility Revenue Bond (Loveland Elder Green Houses Project), Series 2019 (the “Bond”) for the purpose of financing and refinancing certain skilled nursing facilities at the Mirasol Senior Community; and

WHEREAS, the Charter, the Act and the Supplemental Public Securities Act authorize the City (a) to issue the Bond for the purpose of defraying the cost of financing or refinancing any project authorized by the Act and all incidental expenses incurred in connection with the issuance of such Bond; (b) to enter into a Financing Agreement (the “Financing Agreement”) with the Borrower (as hereinafter defined) and the Lender (as hereinafter defined) for the purpose of lending the proceeds of the Bond to the Borrower and providing for the payment of the Bond from certain revenues of the Borrower, which Bond is authorized to be issued by the City under the Charter, the Act and the Supplemental Public Securities Act and upon such terms and conditions as the City Council of the City may deem advisable; and (c) to secure the payment of the principal of, premium, if any, and interest on such Bond as provided in the Charter, the Act and the Supplemental Public Securities Act; and

WHEREAS, the City Council is authorized by the Supplemental Public Securities Act to delegate to any of its members, chief executive officer or chief financial officer the authority to sign a contract for the purchase of securities or to accept a binding bid for securities and, in addition, may delegate the following determinations, among others, to such member or officer without any requirement that the issuing authority approve such determinations: (a) the rate of interest on securities; (b) the conditions on which and the prices at which the applicable securities

may be redeemed before maturity; (c) the existence and amount of any capitalized interest or reserve funds; (d) the price at which the securities will be sold; (e) the principal amount and denominations of the securities; (f) the amount of principal maturing in any particular year; and (g) the dates on which principal and interest shall be paid; and

WHEREAS, Loveland Elder Green House Homes for Life Enrichment, a Colorado nonprofit corporation (the “LEGH”), presently owns six 10-bed skilled nursing facilities and support facilities (the “Existing Facilities”) at the Mirasol Senior Community located within the boundaries of the City; and

WHEREAS, LEGH desires to support the construction of three additional 10-bed skilled nursing facilities and support facilities (the “New Facilities”) at the Mirasol Senior Community located within the boundaries of the City; and

WHEREAS, LEGH has formed LEGH II LLC, a Colorado limited liability company (the “Borrower”) of which LEGH is the sole member to construct and own the New Facilities and, in conjunction with LEGH, to refinance the Existing Facilities (collectively, the “Project”); and

WHEREAS, the Borrower proposes that the City issue the Bond and enter into the Financing Agreement with the Borrower and the Lender in order to pay the costs of the Project including paying the costs of issuance of the Bond; and

WHEREAS, the Borrower has solicited proposals from various financial institutions and has determined that Bank of Colorado (the “Lender”) will provide the lowest interest rate and most favorable terms to the Borrower; and

WHEREAS, the Lender has agreed to make a loan by purchasing the Bond and enter into the Financing Agreement; and

WHEREAS, the City has determined that it is advisable and in the best interests of the City to issue and deliver the Bond, in a principal amount not to exceed \$18,000,000, to the Lender and to enter into the Financing Agreement to finance the Project; and

WHEREAS, the cost of the Project will be paid out of the proceeds of the Bond, and no cost or expense shall be borne by the City in connection with the issuance of the Bond, the preparation of any documents relating thereto, or any legal or financial consultants retained in connection therewith, and the Bond shall be a special, limited obligation of the City payable solely from the receipts and moneys provided by the Borrower; and

WHEREAS, the City caused to be published at least 7 days before the date of final adoption of this Ordinance a notice of public hearing with respect to the issuance of the Bond, inviting all interested persons to attend such hearing on the date of final adoption of this Ordinance; and

WHEREAS, such public hearing was held immediately prior to the final adoption of this Ordinance; and

WHEREAS, the proposed form of the Financing Agreement which has been modified between first and second reading of this Ordinance (with the form of the Bond attached thereto) is on file with the City Clerk.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1: All action (not inconsistent with the provisions of this Ordinance) heretofore taken by the City Council and the officers of the City directed toward the financing of the Project and the issuance and sale of the Bond therefor is hereby ratified, approved and confirmed.

Section 2: The City shall finance the Project subject to the terms of the Financing Agreement by the issuance, sale and delivery of the Bond.

Section 3: There is hereby authorized and created an issue of Revenue Bond designated as the "City of Loveland, Colorado Skilled Nursing Facility Revenue Bond (Loveland Elder Green Houses Project), Series 2019" in a principal amount not to exceed \$18,000,000, issuable as one fully registered Bond as provided in the Financing Agreement.

The City Council hereby elects to apply the Supplemental Public Securities Act to the Bond. Pursuant to such election, the City Council hereby delegates for a period of up to one year from the date of adoption of this ordinance to either the City Manager or the City Chief Financial Officer the independent authority to establish: (i) the principal amount and the interest rate on the Bond and the payment dates for principal and interest; (ii) the prior redemption provisions for the Bond; (iii) the date on which the Bond shall mature; and (iv) any other matters specified in C.R.S. § 11-57-205(1).

Notwithstanding the foregoing the principal amount of the Bond shall not exceed \$18,000,000 (the "Maximum Principal Amount"); the maximum interest rate on the Bond (assuming no event of default or event of taxability) shall not exceed 5.5%; the net effective interest rate for the Bond (assuming no event of default or event of taxability) shall not exceed 5.5% and the final maturity date of the Bond shall be not later than twenty years from the dated date of the Bond.

Section 4: The following determinations and findings are hereby made in accordance with Sections 29-3-113, 29-3-114 and 29-3-120 of the Act:

- (a) The maximum amount necessary in any year (other than the final year) to pay the principal of and the interest on the Bond is \$1,160,000 , assuming that the Bond is issued in the Maximum Principal Amount, bears interest at 5.5%, and is amortized over a thirty-five-year period, with approximately level debt service In the final year, all principal and interest (in the estimated amount of \$13,575,000) will come due.
- (b) Reserve funds are proposed to be established for the retirement of the Bond and the maintenance of the Project. It is anticipated that the initial balance of an operating and replacement reserve will be \$100,000 and that the Borrower will

make annual deposits of \$25,000 to such reserve. It is also anticipated that a debt service reserve will be established from proceeds of the Bond to secure payment of the Bond equal to annual debt service on the Bond but it is not anticipated that it will be necessary for the Borrower to pay any amounts into such reserve fund.

- (c) The terms under which the Project is to be financed provide that the Borrower shall maintain the Project and carry all proper insurance with respect thereto.
- (d) The revenues payable under the Financing Agreement are sufficient to pay, in addition to all other requirements of the Financing Agreement and this Ordinance, all sums referred to in paragraphs (a), (b) and (d) of this Section.
- (e) The revenues payable under the Financing Agreement are sufficient to pay, in addition to all other requirements of the Financing Agreement and this Ordinance, all taxes payable pursuant to Section 29-3-120 of the Act.

Section 5: The forms, terms and provisions of the Financing Agreement are hereby approved and the City shall enter into the Financing Agreement in substantially the form of such document presently on file with the City Clerk, with only such changes therein as are not inconsistent herewith and as approved by the City Manager or the City Chief Financial Officer as provided in Section 3 hereof, and the execution of the Financing Agreement by the City Manager, shall be conclusive evidence of the approval thereof. The City Manager is hereby authorized and directed to execute and deliver the Financing Agreement and the City Clerk is hereby authorized and directed to affix the City seal to and to attest the Financing Agreement.

Section 6: The form, terms and provisions of the Bond in substantially the form contained in the Financing Agreement are hereby approved, with only such changes therein as are not inconsistent herewith; and the City Manager is hereby authorized and directed to execute the Bond and the City Clerk is hereby authorized and directed to affix the seal of the City to the Bond and to attest the Bond. The signatures of the City Manager and the City Clerk on the Bond and the seal of the City on the Bond shall be affixed manually or by facsimile.

Section 7: The Bond is issued pursuant to the Act and the Supplemental Public Securities Act and the officers and employees of the City shall take all action in conformity with the Act and the Supplemental Public Securities Act necessary or reasonably required to effectuate the issuance of the Bond and shall take all action in conformity with the Act and the Supplemental Public Securities Act necessary or desirable to finance the cost of the Project and for carrying out, giving effect to and consummating the transactions contemplated by this Ordinance and the Financing Agreement, including, without limitation, the execution and delivery of any closing documents or tax agreement to be delivered in connection with the sale and delivery of the Bond.

Section 8: The cost of the Project, including incidental issuing expenses, will only be paid out of the proceeds of the Bond or moneys provided by the Borrower, and the Bond will not be the general obligation of the City, nor shall the Bond, including interest thereon, constitute the debt or indebtedness of the City within the meaning of the City Charter or the Constitution or statutes of the State of Colorado, nor shall anything contained in this Ordinance or

in the Bond, the Financing Agreement or any other instrument give rise to a pecuniary liability of the City, any multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the City, or a charge upon the general credit or taxing powers of the City, nor shall the breach of any agreement contained in this Ordinance, the Bond or the Financing Agreement impose any pecuniary liability on the City or a charge upon the general credit or taxing powers of the City, the City having no power to pay out of its general fund, or otherwise contribute any part of the costs of financing the Project, nor power to operate the Project as a business or in any manner, nor shall the City condemn any land or other property for the Project nor contribute any land or other property to the Project. Nothing contained in this Ordinance or the Financing Agreement shall give rise to any personal or pecuniary liability of any elected official, officer, director, employee, agent or attorney of the City.

Section 10: If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 11: All bylaws, orders, resolutions and ordinances, or parts hereof, inconsistent herewith and with the documents hereby approved, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance, or part thereof.

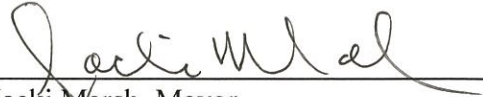
Section 12: After the Bond is issued, this Ordinance shall be and shall remain irrevocable until the Bond shall be fully paid, canceled and discharged.

Section 13: As provided in Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full.

Section 14: This Ordinance shall be in full force and effect ten days after its final publication, as provided in Charter Section 4-8(b).

ADOPTED this 17th day of September, 2019.

CITY OF LOVELAND, COLORADO



Jacki Marsh, Mayor


(SEAL)

ATTEST:



City Clerk

APPROVED AS TO FORM:


City Attorney

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF LOVELAND, COLORADO, SKILLED NURSING FACILITY REVENUE BOND (LOVELAND ELDER GREEN HOUSES PROJECT), SERIES 2019, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$18,000,000 TO FINANCE AND REFINANCE SKILLED NURSING FACILITIES AT THE MIRASOL SENIOR COMMUNITY; AND AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF A FINANCING AGREEMENT, A BOND AND OTHER DOCUMENTS IN CONNECTION THEREWITH; MAKING DETERMINATIONS AS TO THE SUFFICIENCY OF REVENUES AND AS TO OTHER MATTERS RELATED TO THE PROJECT

Ordinance 6340

I, Patti Garcia, City Clerk of the City of Loveland, Colorado, hereby certify that the above and foregoing Ordinance was introduced at a regular (or special) meeting of the City Council, held on September 3, 2019 and was initially published in the Loveland Daily Reporter-Herald, a newspaper published within the city limits, in full on September 7, 2019 and by title except for parts thereof which were amended after such initial publication which parts were published in full in said newspaper on September 21, 2019.



City Clerk

Effective Date: October 1, 2019



Office of the City Clerk

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**STATE OF COLORADO)
COUNTY OF LARIMER) ss
CITY OF LOVELAND.)**

I, Patti Garcia, City Clerk of Loveland, Colorado, do hereby certify the attached to be a true and complete copy of "Ordinance No. 6340" to the City of Loveland" adopted by the Loveland City Council acting as the Loveland Urban Renewal Authority at their regular meeting on September 17, 2019. I also certify that I am the keeper of the original document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Loveland this 17th day of September,

Patti Garcia
City Clerk
City of Loveland City Clerk's Office
500 East Third Street
Loveland, CO 80537

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