

Request for Board Action
HENDERSON COUNTY
BOARD OF COMMISSIONERS

MEETING DATE: 16 February 2005

SUBJECT: Henderson County Hospital Corporation
Reimbursement Agreement amendment

ATTACHMENTS:

- 20 December 2004 letter from BB&T
- Original agreement text
- Text as sought to be modified
- Comparison document highlighting changes

SUMMARY OF REQUEST:

Henderson County Hospital Corporation ("the Corporation") seeks the Board's approval of certain modifications to the Letter of Credit and Reimbursement Agreement concerning the "\$15,300,000 County of Henderson, North Carolina, Hospital Revenue Bonds (Margaret R. Pardee Memorial Hospital Project) Series 2001".

There are two effects of the proposed changes:

- 1) Allows substitution of each actual year's expenditures on capital expense for the *pro forma* projection of the same used in the original, as the basis for determining each year's maximum capital expenditures by the Corporation; and,
- 2) Excludes expenditures for capital and operating leases from the expenditure calculation.

The Corporation seeks these modifications, which have been approved by Branch Banking and Trust Company, in order to bring calculations in line with actual expenditures, rather than with a projected budget prepared when the bond issue was first approved. The Corporation's board of directors approved this language on 26 January 2005.

COUNTY MANAGER RECOMMENDATION/BOARD ACTION REQUESTED:

County staff and representatives from Henderson County Hospital Corporation will be present and prepared if requested to give further information on this matter. The County manager supports this proposal.

(i) Capital Expenditures. With respect to the Corporation or the Hospital System, make or become committed to make, directly or indirectly, at any time (1) Capital Expenditures (other than Capital Expenditures funded with proceeds of the Bonds or interest earnings thereon) or (2) in respect of real or personal property, rental obligations or other commitments to make any direct or indirect payment during the course of a Fiscal Year of the Corporation, whether as rent or otherwise for fixed or minimum rentals, percentage rentals, property taxes or insurance premiums, amounting to in excess of the amortization in the Pro Forma Projections attached hereto as Exhibit B plus an amount not in excess of 3% of budgeted gross revenues for the Hospital System as shown in the budget delivered to the Bank for such Fiscal Year.

Original Language

(i) **Capital Expenditures.** With respect to the Corporation or the Hospital System, make during any Fiscal Year capital expenditures as defined by generally accepted accounting standards, excluding capital expenditures funded with proceeds of the Bonds or interest earnings thereon, expenditures under Capital Leases and payments on noncancellable operating leases on real or personal property, amounting to a sum in excess of (A) budgeted depreciation and amortization as shown in the budget delivered to the Bank plus (B) an amount not in excess of 3% of budgeted gross revenues for the Hospital System as shown in the budget delivered to the Bank for such Fiscal Year. Budgeted information shall be based on the final amended budget at September 30 of the applicable Fiscal Year.

Language As Proposed

(i) **Capital Expenditures.** With respect to the Corporation or the Hospital System, make during any Fiscal Year capital expenditures as defined by generally accepted accounting standards, excluding capital expenditures funded with proceeds of the Bonds or interest earnings thereon, expenditures under Capital Leases and payments on noncancellable operating leases on real or personal property, amounting to a sum in excess of (A) budgeted depreciation and amortization as shown in the budget delivered to the Bank plus (B) an amount not in excess of 3% of budgeted gross revenues for the Hospital System as shown in the budget delivered to the Bank for such Fiscal Year. Budgeted information shall be based on the final amended budget at September 30 of the applicable Fiscal Year.

Deleted: or become committed to make, directly or indirectly, at

Deleted: time (1) Capital Expenditures (other than Capital Expenditures

Deleted:) or (2) in respect of

Deleted: rental obligations or other commitments to make any direct or indirect payment during the course of

Deleted: Fiscal Year of the Corporation, whether as rent or otherwise for fixed or minimum rentals, percentage rentals, property taxes or insurance premiums, amounting to

Deleted: the

Deleted: in the Pro Forma Projections attached hereto as Exhibit B

Comparison Copy