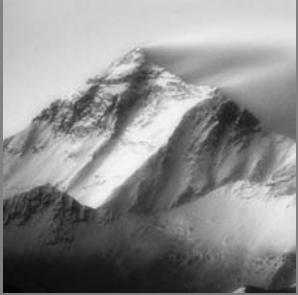


# Update on Bond Financing

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- Plan of finance includes approximately \$38 million of new money and refunding of Series 1997 and 1999 (\$15,000,000) for a total issue, with reserve fund, in \$55 million range.
- Management will meet with Moody's on June 28<sup>th</sup>.
- City, as issuer, will take action on authorizing ordinance at its June 27<sup>th</sup> meeting.
- Bonds will be sold as 30-year fixed rate bonds based on the credit rating of LMH since bond insurance, while available, is not cost effective.
- Long-term fixed rates remain favorable with an average estimated rate of 5.25%.
- Rating is expected to be received in early July and the bond offering and closing will occur in late July.

# Bond Authorizing Resolution

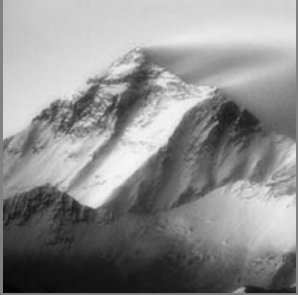
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- This resolution gives necessary LMH governance approval to issue Series 2006 bonds.
- The Board resolution approves issuance of tax exempt Hospital Revenue Bonds for the purposes of:
  - Financing and reimbursing the Hospital for a portion of the costs of the Project (energy center, patient tower, birthing rooms, ED and surgery facilities).
  - Advance refunding the Series 1997 bonds and 1999 bonds for debt service savings.
  - Funding a Debt Service reserve fund approximately \$3.6 million.
- The resolution sets certain “not to exceed parameters” to avoid need for an additional board meeting if market conditions change.
  - Issue size may not exceed \$56,000,000.
  - Average interest rate may not exceed 6%.
  - As mentioned, actual issuance size expected at closer to \$55 million with current average interest rate estimated at 5.25%.

# Bond Authorizing Resolution (continued)

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- This resolution authorizes LMH to enter into bond documents necessary to complete transaction.
  - Fifth Supplemental Indenture and Fifth Supplemental Lease Agreement (governs repayment terms of bonds).
  - Continuing Disclosure Agreement (commits LMH to provide certain operating and financial information to the marketplace).
  - Purchase contract with Piper Jaffray (agreement setting forth the purchase of the bonds by Piper Jaffray and interest rates and structure of debt).
  - Fourth Amendment Guaranty agreement (guarantees loan repayments by LMH to Trustee).
  - Escrow Deposit Agreement (provides for advance refunding of Series 1997 and 1999 bonds).
  - Preliminary and Final Official Statement (disclosure information about LMH and the bonds used to sell the debt).
- The resolution delegates authority to Chair, Vice Chair and/or CEO to approve terms and sign documents on behalf of LMH.