

RESOLUTION NO. 2008- 270

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA VALLEY HEALTH CARE DISTRICT ORDERING AN ELECTION TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS, ESTABLISHING SPECIFICATIONS OF THE ELECTION ORDER, AND CERTAIN RELATED MATTERS**

WHEREAS, in the judgment of the Board of Directors (the "Board") of the Sonoma Valley Health Care District (the "District"), it is advisable to call an election to submit to the electors of the District the question whether general obligation bonds of the District shall be issued and sold for the purpose of raising money for the financing and refinancing of the upgrading, improving, equipping and renovating of health facilities of the District;

WHEREAS, Article XIII A, Section 1(b), of the California Constitution ("Article XIII A") provides an exception to the limit on *ad valorem* property taxes for bonded indebtedness for the acquisition or improvement of real property approved by two-thirds (2/3) of the votes cast by the voters voting on the proposition;

WHEREAS, the Board is specifically authorized to pursue the authorization and issuance of bonds by a two-thirds (2/3) vote of the electorate on the question of whether bonds of the District shall be issued and sold for specified purposes, pursuant to section 32300 *et seq.* of the California Health and Safety Code (being California's Local Health Care District Law) (the "Law");

WHEREAS, pursuant to section 10403 *et seq.* of the California Elections Code, it is appropriate for the Board to request the Sonoma County (the "County") Registrar of Voters to perform required election services for the District;

WHEREAS, certain provisions of the California Government Code (sections 53410 *et seq.*) require that a local agency submitting a bond measure to the voters provide specific accountability measures; and

WHEREAS, it is the intent of the Board to set forth by this Resolution the specified accountability measures with respect to the proceeds of the bonds to be authorized by the election called pursuant to this Resolution;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF SONOMA VALLEY HEALTH CARE DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

*Section 1. Call for Election.* The Board hereby orders an election and submits to the electors of the District the question of whether general obligation bonds (the "Bonds") of the District shall be authorized to be issued and sold in a principal amount not to exceed \$35,000,000 for the purpose of financing and refinancing the upgrading, improving, equipping and renovating of existing health facilities of the District, and to pay costs incident thereto (the "Project"), as set forth more fully in the ballot proposition approved pursuant to Section 3 of this Resolution. This Resolution constitutes the order of the District to call such election.

*Section 2. Election Date.* Pursuant to section 32300 *et seq.* of the California Health and Safety Code, an election shall be held within the boundaries of the District on November 4, 2008. The election shall be consolidated with the statewide general election on such date.

*Section 3. Purpose of Election; Ballot Measure.* The purpose of the election shall be for the voters in the District to vote on a ballot measure, a copy of which is attached hereto and marked Exhibit A, containing the question of whether the District shall issue the Bonds to finance the Project, which is hereby approved and adopted by the Board. The Board hereby determines to include within the ballot pamphlet the Full Ballot Text attached hereto as Exhibit B, which is hereby approved and adopted by the Board. The County Registrar of Voters is hereby requested to reprint the measure in its entirety (the Full Ballot Text located in Exhibit B) in the voter information pamphlet to be distributed to voters, together with the tax rate information (attached as Exhibit C) required by the Law.

The Chief Executive Officer, the Chief Financial Officer, and each of them, or their respective designee(s), are hereby authorized and directed to make any changes to the text of the ballot measure as required to conform to any requirements of Article XIII A, the Law, the California Elections Code, and the County Registrar of Voters.

*Section 4. Authority for Election.* The authority for ordering the election and for the specification of this election order are contained in section 32301 of the Law and Article XIII A, Section 1(b)(2), of the California Constitution. The District hereby finds that the bonded indebtedness proposed herein, together with all outstanding bonded indebtedness of the District, shall not exceed 2.5% of the assessed value of all taxable property in the District, as shown by the last equalized assessment role of Sonoma County in accordance with section 32308 of the Law.

*Section 5. Terms of the Bonds upon Approval by the Electorate.* As required under section 32302 of the Law, in the event two-thirds (2/3) of the voters voting in the District approve the issuance of the Bonds, the Board shall cause the Bonds to be issued in one or more series in an aggregate principal amount not to exceed \$35,000,000; provided that such aggregate maximum amount shall be equal to the par amount of the Bonds, which shall not include any premium at which the Bonds or any series thereof may be issued. The Bonds shall bear interest payable at a rate not exceeding the legal limit (at the current time twelve percent (12%) per annum), and any series of which shall have a maturity date no later than twenty-one (21) years following the date of issuance of such series. The Board shall apply the Bond proceeds only to the specific purposes stated in the ballot measure, shall cause the continuation or creation of funds and accounts into which Bond proceeds shall be deposited; and shall cause the preparation of an annual report pursuant to sections 53410-53411 of the California Government Code.

*Section 6. Accountability Provisions.*

(a) **No Money for Salaries.** Proceeds from the sale of the Bonds authorized by this proposition shall be used only for costs incurred in connection with funding of the Project and the cost of the issuance of the Bonds, and not for any other purpose, including staff and administrator salaries and other operating expenses.

(b) **Special Bond Proceeds Account; Annual Audit and Report to Board.** The Board hereby directs that a separate account shall be established for deposit of proceeds of the sale of the Bonds if the measure is approved by District voters. For so long as any proceeds of Bonds remain unexpended, the chief financial officer of the District (the "Chief Financial Officer") shall cause a report to be filed with the Board no later than five (5) months after the end of each fiscal year, commencing with the first fiscal year during which any proceeds of Bonds authorized by this measure shall have been received. The report shall state (1) the amount of Bond proceeds received and expended in such fiscal year and (2) the status of any projects funded or to be funded from the proceeds of Bonds authorized to be issued by this measure. The report may be

incorporated into or filed with the audit or other appropriate routine report provided to the Board. Audited financial statements of the District will continue to be made available in accordance with applicable requirements.

(c) **Independent Citizens' Oversight Committee.** The Board shall establish an independent citizens' oversight committee to ensure Bond proceeds are expended only for the Project authorized by the ballot measure. The committee shall be established within 90 days after the election.

*Section 7. Request to County Officers to Conduct Election.* The Board of Supervisors of Sonoma County is hereby requested to permit the Sonoma County Registrar of Voters to provide such services as may be necessary to properly and lawfully hold and conduct a general election in the District on November 4, 2008, including but not restricted to the providing and printing of ballots and polling place cards, election supplies, voting booths, flags, registration lists and any other materials and services required to lawfully conduct the election. The Board of Supervisors of the County is authorized and requested to canvass the returns of the election, pursuant to section 10411 of the California Elections Code.

*Section 8. Delivery of Order of Election to County Officers.* The Clerk of the Board of Directors of the District is hereby directed to deliver, no later than 5:00 p.m. on August 8, 2008 (which date is 88 days prior to the date set for the election), one copy of this Resolution to the Registrar of Voters of Sonoma County together with the Tax Rate Statement (attached hereto as Exhibit C), completed and signed by the Chair, Board of Directors of the District, and shall file a copy of this Resolution with the Clerk of the Board of Supervisors of Sonoma County.

*Section 9. Impartial Analysis; Ballot Arguments; Further Authorization.* The Sonoma County Counsel is hereby requested to prepare the impartial analysis of the ballot measure in accordance with section 9160 of the California Elections Code and transmit it to the Sonoma County election officer. Any and all members of the Board, the Chief Executive Officer and the Chief Financial Officer of the District, or any of their respective designees, are hereby authorized to act as an author of any ballot argument prepared in connection with the election, including a rebuttal argument. Each of the Chair of the Board, the Chief Executive Officer and the Chief Financial Officer of the District, or any of their respective designees, are each hereby authorized, empowered, and directed, for and on behalf of the District, to execute any and all documents, and to perform any and all acts necessary or appropriate to place the Bond measure on the ballot.

*Section 10. Effective Date.* This resolution shall take effect immediately on and after its adoption.

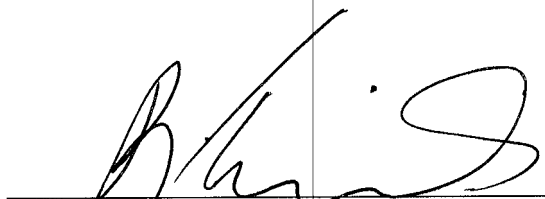
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PASSED AND ADOPTED this 6th day of August, 2008, by the following vote:

AYES: 5

NAYS: 0

ABSENT: 0



Chair, Board of Directors  
Sonoma Valley Health Care District

RICHARD F. H. KIRK/M. I.

ATTEST:

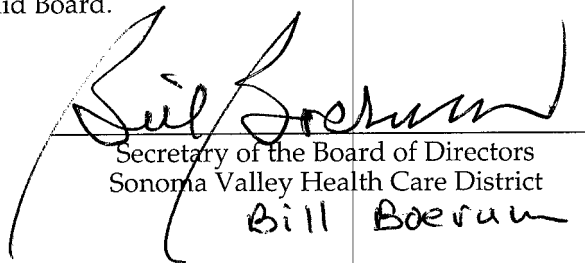


Clerk, Board of Directors  
Sonoma Valley Health Care District

LAVON ALLAN

#### CERTIFICATION

I, Bill Boerum, Secretary of the Board of Directors of Sonoma Valley Health Care District, Sonoma County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2008-270 passed and adopted by said Board of Directors at a meeting held on the 6th day of August, 2008, and that the minutes of said Board of Directors show that five (5) members of said Board voted for, and zero (0) members of said Board voted against, the adoption of said Resolution (with zero (0) member absent), and said Resolution is now spread upon the minutes of said Board.



Secretary of the Board of Directors  
Sonoma Valley Health Care District

Bill Boerum

**EXHIBIT A**  
**BALLOT MEASURE**

To preserve essential emergency services by upgrading existing outdated buildings and equipment, meet state-mandated earthquake safety standards, upgrade energy, electrical, surgical and information technology systems, rebuild the hospital's central utility plant, and refinance debt incurred to retrofit the west wing of the main hospital building, shall the Sonoma Valley Health Care District issue \$35 million in bonds, none of which will pay staff salaries, with expenditures to be monitored by an independent citizens' oversight committee?

**EXHIBIT B**  
**FULL BALLOT TEXT**

The following is the full ballot text of the measure to be presented to the voters by Sonoma Valley Health Care District in the ballot pamphlet:

To preserve essential emergency services by upgrading existing outdated buildings and equipment, meet state-mandated earthquake safety standards, upgrade energy, electrical, surgical and information technology systems, rebuild the hospital's central utility plant, and refinance debt incurred to retrofit the west wing of the main hospital building, shall the Sonoma Valley Health Care District issue \$35 million in bonds, none of which will pay staff salaries, with expenditures to be monitored by an independent citizens' oversight committee?

**Purpose of the Bonds.** Facility improvements resulting from this bond will preserve or enhance the quality of healthcare available to the residents of the Sonoma Valley Health Care District and patients requiring medical care in the region. Proceeds from this bond may be used to upgrade, improve, equip and renovate the existing health facilities of the District, and to provide for retirement of up to \$4 million of existing debt incurred to retrofit the west wing of the main hospital building.

**Special Bond Account and Mandatory Annual Audits.** A separate account shall be established for deposit of proceeds of the sale of the Bonds. This account shall be audited annually and a report shall be made detailing (1) the amount of Bond proceeds received and expended in such fiscal year and (2) the status of any projects funded or to be funded from the proceeds of Bonds authorized to be issued by this measure.

**No Money for Salaries.** Proceeds from the sale of the Bonds authorized by this proposition shall be used only for costs incurred in connection with funding of the Project and the cost of the issuance of the Bonds, and not for any other purpose, including staff and administrator salaries and other operating expenses.

**Independent Citizens' Oversight Committee.** The Board shall establish an independent citizens' oversight committee to ensure Bond proceeds are expended only for the Projects authorized by the ballot measure. The committee shall be established within 90 days after the election.

**EXHIBIT C**  
**TAX RATE STATEMENT**

An election will be held in the Sonoma Valley Health Care District (the "District") on November 4, 2008, to authorize the sale of not to exceed \$35,000,000 in bonds of the District to finance and refinance hospital facilities as described in the ballot measure. If the bonds are approved, the District expects to sell the bonds in one series (but may issue the bonds in more than one series). Principal and interest on the bonds will be payable from the proceeds of tax levies made upon the taxable property in the District. The following information is provided in compliance with sections 9400-9404 of the California Elections Code:

1. The best estimate of the tax rate that would be required to be levied to fund this bond issue during the first fiscal year after the sale of the bonds, based on estimated assessed valuations available at the time of filing this statement, is \$13.96 per \$100,000 of assessed valuation in fiscal year 2009-10.

2. The District's best estimate of the average tax rate that would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing this statement, is \$13.69 per \$100,000 of assessed valuation.

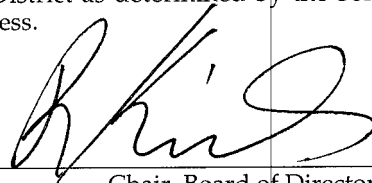
3. The best estimate of the highest tax rate that would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing this statement, is \$13.96 per \$100,000 of assessed valuation in fiscal year 2009-10, decreasing each year thereafter.

Voters should note that the estimated tax rates are based on the assessed value of taxable property on the Sonoma County official tax rolls, not on the market value of property. Property owners should consult their own property tax bills to determine their property's assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that the foregoing information is based on the District's projections and estimates only, which are not binding upon the District. The actual tax rates and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of the sale of the bonds, the amount of bonds sold and market interest rates at the time of the sale, and actual assessed valuations over the term of repayment of the bonds.

The date of sale and the amount of bonds sold at any given time will be determined by the District based on the need for construction funds and other factors, including the legal limitations approved by a 2/3 vote. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each bond sale, among other factors. Actual future assessed valuation will depend on the amount and value of taxable property within the District as determined by the Sonoma County Assessor in the annual assessment and the equalization process.

Dated: August 6, 2008



Chair, Board of Directors  
Sonoma Valley Health Care District  
RICHARD F.A. KIRK, M.D.