

# ADDENDUM B



**PALOMAR POMERADO HEALTH**

**RESOLUTION NO. 04-25-06 (01) - 10**

**RESOLUTION OF THE BOARD OF DIRECTORS OF PALOMAR POMERADO HEALTH AUTHORIZING ACTIONS NECESSARY TO COMPLETE IMPLEMENTATION OF THE FACILITIES MASTER PLAN ADOPTED IN 2004, INCLUDING AN INCREASE IN THE CAPITAL PROJECT ASSOCIATED WITH THE FACILITIES MASTER PLAN AND APPROVAL OF A REVISED PLAN OF FINANCE AND A REVISED INTEGRATED PLAN OF FINANCE IN CONNECTION THEREWITH.**

**WHEREAS**, in order to continue to provide accessible health care services, management of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District"), developed a comprehensive plan to address the future health care needs of the population of the District (such plan being hereinafter referred to as the "Facilities Master Plan");

**WHEREAS**, in order to implement the Facilities Master Plan, management of the District developed a plan of finance, involving the use of several financing vehicles, including tax-exempt general obligation bonds, tax-exempt revenue bonds, cash reserves and philanthropy (such plan being hereinafter referred to the "Plan of Finance");

**WHEREAS**, in order to maintain credit-worthiness during implementation of the Facilities Master Plan, management of the District reviewed and updated the District's existing strategic financial and capital plan;

**WHEREAS**, the development of the Plan of Finance and the above-referenced review of the District's strategic financial and capital plan resulted in the development of an integrated plan of finance (hereinafter referred to as the "Integrated Plan of Finance");

**WHEREAS**, the Facilities Master Plan, the Plan of Finance and the Integrated Plan of Finance were each approved by the Board of Directors of the District (the "Board of Directors") in 2004;

**WHEREAS**, at the time the Facilities Master Plan was approved by the Board of Directors, the cost of the capital project (the "Capital Project") associated with the Facilities Master Plan was \$754.9 million;

**WHEREAS**, subsequent increases in costs of construction due to material and labor scarcity and in other costs and changes in scope have resulted in an increase in the cost of the Capital Project;

**WHEREAS**, in order to complete implementation of the Facilities Master Plan, it will be necessary to increase the amount of the Capital Project to \$982.6 million, such amount to be comprised of \$496 million of tax-exempt general obligation bonds approved by the voters of

the District in an election held on November 2, 2004, approximately \$375 million of tax-exempt revenue bonds, which management of the District currently anticipates will be comprised of (i) approximately \$283 million of tax-exempt revenue bonds to be issued in fiscal year 2007, expected to provide approximately \$220 million for capital projects, and approximately \$92 million of tax-exempt revenue bonds to be issued in fiscal year 2011, expected to provide approximately \$75 million for capital projects, cash reserves and philanthropy;

**WHEREAS**, in order to complete implementation of the Facilities Master Plan, it may be desirable to restructure or refund all or a portion of the District's existing revenue bond indebtedness;

**WHEREAS**, management of the District has presented to the Board of Directors a Financial and Capital Plan Update, dated April 25, 2006 (the "Financial and Capital Plan Update"), which includes a revised Plan of Finance and a revised Integrated Plan of Finance, which contemplates the restructuring or refunding of all or a portion of the District's existing revenue bond indebtedness;

**WHEREAS**, the Board of Directors desires to approve an increase in the amount of the Capital Project to \$982.6 million; and

**WHEREAS**, the Board of Directors desires to approve the revised Plan of Finance and the revised Integrated Plan of Finance, including the restructuring or refunding of all or a portion of the District's existing revenue bond indebtedness, as set forth in the Financial and Capital Plan Update;

**NOW, THEREFORE, BE IT RESOLVED THAT:**

**Section 1. Recitals.** The foregoing recitals are true and correct, and the Board of Directors so finds and determines.

**Section 2. Approval of Increase in Amount of Capital Project.** The Board of Directors hereby approves an increase in the amount of the Capital Project to \$982.6 million.

**Section 3. Approval of Revised Plan of Finance and Revised Integrated Plan of Finance.** The Board of Directors hereby approves the revised Plan of Finance and the revised Integrated Plan of Finance, including the restructuring or refunding of all or a portion of the District's existing revenue bond indebtedness, as set forth in the Financial and Capital Plan Update.

**Section 4. Ratification of Actions.** All actions heretofore taken by management of the District in connection with the actions described herein are hereby ratified, confirmed and approved.

**Section 5. Effective Date.** This Resolution shall take effect from the date of adoption hereof.

**PASSED AND ADOPTED** by the Board of Directors of Palomar Pomerado Health on the 25th day of April, 2006, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

**Dated:** April 25, 2006.

By:

---

Marcelo Rivera, M.D.  
Chair, Board of Directors  
Palomar Pomerado Health

Attested:

---

Linda Greer, R. N.  
Secretary, Board of Directors