

524

APPLICATION FOR EXEMPTION UNDER

SECTION 359-f(2)

1. This Application is submitted on behalf of The Health Care Authority of Shelby County (the "Applicant"), whose address is c/o Shelby County Courthouse, Columbiana, Alabama 35051. The Applicant is a public corporation organized and existing under the provisions of Code of Alabama 1975, Title 22, Chapter 21, Article 11. The Applicant was incorporated pursuant to a Certificate of Incorporation filed for record in the Office of the Judge of Probate of Shelby County, Alabama, on November 6, 1985. The Applicant is organized for the purpose of acquiring, expanding, improving, equipping, maintaining, operating, leasing, and disposing of health care facilities.

2. The undersigned affiant, W. Paul Yeager, resides at P.O. Box 67, Pelham, Alabama 35124. The affiant is the Chairman of the Applicant as well as an engineer for the City of Pelham. The affiant's business address is c/o City of Pelham, P.O. Box 277, Pelham, Alabama 35124.

3. In addition to the affiant, the directors of the Applicant and their respective addresses are as follows: Ronald R. Kilgo, 2028 Diane Lane, Alabaster, Alabama; and J. D. Falkner, Main Street, Columbiana, Alabama 35051. There are no other principals or controlling persons of the Applicant.

4. No officer, director, or other principal of the Applicant has ever been adjudged a bankrupt, made an assignment for the benefit of creditors, or was an officer, director, or principal of any entity which was reorganized in bankruptcy, adjudged a bankrupt, or which made an assignment for the benefit of creditors.

5. No officer, director, or other principal of the Applicant has ever been convicted of any crime, or has been the subject of any injunction, cease and desist order, suspension or restraining order, revocation of a license to practice a trade, occupation, profession, or denial of an application to renew same, stipulation or consent to desist from any act or practice, or any other disciplinary action by any court or administrative agency, nor is any such action or proceeding presently pending against any officer, director, or other principal.

6. The purpose of the offering is to acquire funds for the acquisition of land and the construction and equipping on such land of a chemical dependency treatment facility that will be leased to and operated by FloWarr Management, Inc., an Alabama corporation. The amount of the offering is \$5,225,000, and the offering will consist solely of first mortgage gross revenue bonds in denominations of \$5,000.

29 PAGE 734

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7. Attached hereto are copies of both the Preliminary Official Statement and the Official Statement for the offering of the Applicant. Although none are anticipated, any amendments to such documents and any other offering literature will be filed with the Department of Law. The Applicant has not prepared an annual report.

8. Exemption is sought under paragraph (c) of subdivision 2 of section 359-f.

9. WHEREFORE, it is respectfully requested that the offering for sale of the securities of The Health Care Authority of Shelby County be exempted under § 359-f, Subd. 2 from the provisions contained in § 352-e and § 359-e, Subds. 2, 3, 4, 5 and 6 of the General Business Law.

Dated: January 7, 1986.

W. Paul Yeager
W. Paul Yeager, Affiant
Chairman of The Health Care Authority
of Shelby County

STATE OF ALABAMA)

COUNTY OF SHELBY)

W. Paul Yeager, being duly sworn, deposes and says that I am the Chairman of The Health Care Authority of Shelby County, and I signed the above Application. I have read the information supplied above, and it is true, accurate, and complete.

W. Paul Yeager
W. Paul Yeager

Sworn to and subscribed before me
this 7 day of ~~January~~ February, 1986.

Judy L. Stephens
Notary Public

My Commission Expires:

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED
1986 FEB 11 AM 10:57

Thomas W. Shumaker, Jr.
JUDGE OF PROBATE