



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: 4/4/2023

**= Mandatory, information must be provided*

Click or tap the boxes to enter text. If not applicable, indicate "N/A".

***Title:**

Resolution to conduct a public hearing on Maricopa Industrial Development Authority Revenue Bonds – a portion of which will be used to refinance a taxable loan benefiting Banner University Medical Center Tucson.

***Introduction/Background:**

Maricopa County's Industrial Development Authority (IDA) plans to issue tax exempt revenue bonds, a portion of which will be used to refinance a taxable loan used to construct, furnish, and equip a patient and clinical care tower at Banner-University Medical Center Tucson Campus. A portion of these bonds will benefit Banner UMC Tucson within Pima County. In order for the IDA to issue tax exempt bonds, Pima County must approve the bond issuance after a public hearing. The public hearing and approval of Pima County is required by Section 147(f) of the Internal Revenue Code of 1986. The IDA has asked Pima County to take formal action directing the hearing to be held. This resolution appoints Pima County's Finance Director or her designee to conduct the public meeting and report on the public hearing to Pima County's Board of Supervisors. After the public hearing is held, the Board will be asked to take formal action on the bond issuance.

***Discussion:**

The bonds will not be Pima County's debt. Neither the taxing power of Pima County nor the County's revenues will be pledged to repay the bonds. Pima County's approval will be solely for the purpose of satisfying section 147(f) of the Internal Revenue Code requiring public approval for tax exempt status.

***Conclusion:**

Because the bonds will not be Pima County debt, and Pima County benefits from enhanced health care facilities in Pima County, Pima County should cause a public hearing to be conducted and then consider approving the bonds.

***Recommendation:**

Approve this resolution causing a public hearing to be conducted.

***Fiscal Impact:**

There will be no direct fiscal impact to Pima County. However, Pima County received the benefit of improved health care facilities at Banner UMC Tucson when the patient and clinical care tower was constructed.

***Board of Supervisor District:**

1 2 3 4 5 All

Department: Finance and Risk Management

Telephone: 724-3138

Contact: Ellen Moulton

Telephone: 724-3138

Department Director Signature: _____



Date: _____

3/10/23

Deputy County Administrator Signature: _____

Date: _____

County Administrator Signature: _____



Date: _____

3/20/23

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA APPOINTING ELLEN MOULTON, DIRECTOR OF FINANCE AND RISK MANAGEMENT OF PIMA COUNTY, OR HER DESIGNEE, TO CONDUCT A PUBLIC HEARING AS REQUIRED BY THE PROVISIONS OF SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, IN CONNECTION WITH THE ISSUANCE BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF MARICOPA OF ITS REVENUE BONDS (BANNER HEALTH), SERIES 2023

WHEREAS, The Industrial Development Authority of the County of Maricopa (the "Authority") proposes to issue its Revenue Bonds (Banner Health), Series 2023 (the "Bonds") and loan a portion of the proceeds of the Bonds to Banner Health (the "Borrower") to refinance a taxable loan, the proceeds of which were used to redeem the Authority's Revenue Bonds (Banner Health), Series 2017B (the "Prior Bonds"), a portion of the proceeds of which Prior Bonds were applied by the Borrower to (i) finance costs of constructing, furnishing and equipping an approximately 700,000 square-foot, 9-story, 204-bed patient and clinical care tower located on the Banner-University Medical Center Tucson campus ("Banner UMC Tucson"), and related campus improvements and miscellaneous capital expenditures at Banner UMC Tucson (collectively, the "Tucson Projects"), and (ii) pay costs of issuance of the Bonds; and

WHEREAS, prior to the issuance of the Bonds, the Borrower and the Authority must satisfy the public hearing and approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder (the "Regulations"); and

WHEREAS, the Code and the pertinent Regulations require that Pima County, being the governmental unit having jurisdiction over the area in which the Tucson Projects are located, approve the issuance of the Bonds. Pursuant to the Code and the pertinent Regulations, Pima County, Arizona may appoint an individual to: (a) hold a public hearing concerning the proposed issuance of the Bonds at which a reasonable opportunity to be heard shall be provided for persons with differing views on the issuance of the Bonds (the "Hearing"), (b) give public notice at least seven (7) days in advance thereof, and (c) report on the Hearing.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Pima County, Arizona as follows:

Ellen Moulton, Director of Finance and Risk Management of Pima County, or a person designated by her, is appointed to conduct the Hearing, after appropriate public notice, as required by the provisions of Section 147(f) of the Code, with regard to the refinancing of the Tucson Projects described herein and the issuance by the Authority of the Bonds,

and to report the results of the Hearing to this Board. Following such report, the Board will consider approving the issuance of the Bonds solely for the purpose of satisfying the public approval requirement of Section 147(f) of the Code; and provided that in no event shall Pima County, Arizona, be liable for the payment of the Bonds nor shall the Bonds constitute a debt of Pima County, Arizona.

ADOPTED AND APPROVED this 4th day of April, 2023.

Chair, Board of Supervisors
Pima County, Arizona

ATTEST:

Clerk, Board of Supervisors
Pima County, Arizona

APPROVED AS TO FORM:



Bobby Yu, Deputy County Attorney

NOTICE OF PUBLIC HEARING

Notice is hereby given that on April 14, 2023, a public hearing (the "Public Hearing") will be conducted by an authorized representative on behalf of the County of Pima, Arizona (the "County") at 10:00 a.m. in the First Floor Lobby of the general office building located at 97 East Congress Street, Tucson, Arizona 85701, with respect to the proposed issuance by The Industrial Development Authority of the County of Maricopa (the "Maricopa Authority") of its Revenue Bonds (Banner Health), Series 2023 (the "Bonds"), in the maximum aggregate principal amount of \$95,000,000. Proceeds of the Bonds will be used to assist Banner Health (the "Corporation"), an Arizona nonprofit corporation, to provide for a plan of refinancing of the costs of the projects described herein in Tucson, Pima County, Arizona and to pay costs of issuance of the Bonds.

A portion of the proceeds of the Bonds in a maximum principal amount of \$95,000,000 will be applied by the Corporation to refinance a taxable loan, the proceeds of which were used to redeem the Maricopa Authority's Revenue Bonds (Banner Health), Series 2017B (the "Prior Bonds"), a portion of the proceeds of which Prior Bonds were applied by the Corporation to finance costs of constructing, furnishing and equipping of an approximately 700,000 square-foot, 9-story, 204-bed patient and clinical care tower located on the Banner-University Medical Center Tucson campus ("Banner UMC Tucson"), located at 1625 North Campbell Avenue, Tucson, Arizona 85719, and related campus improvements and miscellaneous capital expenditures at Banner UMC Tucson.

The owner and operator of Banner UMC Tucson is the Corporation through its wholly owned affiliates, Banner-University Medical Center Tucson Campus, LLC and Banner-University Medical Center South Campus, LLC.

The Bonds will be special limited obligations of the Maricopa Authority, payable solely from payments to be made therefor by the Corporation, and will not constitute a general obligation or a pledge of the faith and credit or the taxing power of the Maricopa Authority, the County of Pima, Arizona, the County of Maricopa, Arizona, the State of Arizona or any agency or political subdivision thereof. The Maricopa Authority has no taxing power.

The Bonds are to be issued from time to time, in one or more series or sub-series, commencing on the date of approval of the plan of refinancing described herein. The Corporation intends to issue the Bonds not later than one year from the date of approval of the plan of refinancing described herein.

Any person may appear at such hearing and express his or her views, or may submit his or her views in writing, regarding the Bonds and the location and nature of the projects described herein to be refinanced with the proceeds of the Bonds. Any written submissions must be sent to the County at 97 East Congress Street, Tucson, Arizona 85701, Attention: Ellen Moulton, Director of Finance and Risk Management and clearly marked "Banner Health Projects." Written submissions should be mailed or delivered in sufficient time to be received on or before April 11, 2023.

THE COUNTY OF PIMA, ARIZONA