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***VIA E-Z MESSENGER***

November 27, 2013

**PIMA COUNTY BOARD OF SUPERVISORS**

Ms. Robin Brigode, Clerk  
County Administration Building  
130 West Congress Street, 5<sup>th</sup> Floor  
Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of  
Intention to Issue Debt Obligations for the Benefit of Tucson Medical  
Center – In an Amount Not to Exceed \$16,000,000

Dear Ms. Brigode:

I have enclosed the letter describing the Obligations, the Fact Summary and the Resolution of the Board of Supervisors for the above-captioned obligations. I will forward three (3) original Resolutions of the Board of Supervisors to you once they have been signed by Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Please return two copies of the executed Resolution of the Board of Supervisors once it has been approved and executed.

It is my understanding that you will place this matter on the Board of Supervisors' December 10, 2013 Meeting Agenda.

Should you have any questions, please do not hesitate to contact me. Thank you for your assistance with this matter.

Sincerely,

RUSSO, RUSSO & SLANIA, P.C.

/s/

Michael A. Slania  
Attorney for the Authority

MAS/ala  
Enclosures

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***VIA E-Z MESSENGER***

November 27, 2013

Mr. Ramón Valadez, Chairman  
Ms. Sharon Bronson  
Mr. Raymond Carroll  
Mr. Richard Elias  
Ms. Ally Miller

**PIMA COUNTY BOARD OF SUPERVISORS**

County Administration Building  
130 West Congress Street, 11<sup>th</sup> Floor  
Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of Intention to Issue Debt Obligations for the Benefit of Tucson Medical Center (the “*Obligations*”) – In an Amount Not to Exceed \$16,000,000

Dear Mr. Chairman and Members of the Board:

Subject to your approval, The Industrial Development Authority of the County of Pima will consider granting its final approval to a resolution approving the issuance of its debt obligations (the “*Obligations*”), in an aggregate principal amount not to exceed \$16,000,000, for the benefit of Tucson Medical Center, an Arizona nonprofit corporation (the “*Company*”), at a special meeting to be held on December 6, 2013.

The Authority respectfully requests that this matter be placed on the Board of Supervisors’ Regular Meeting Agenda scheduled for December 10, 2013, for the purpose of having the Board of Supervisors approve the action of the Authority. Enclosed herewith are the following:

1. Fact Summary; and
2. Resolution of the Board of Supervisors.

Additionally, on December 6, 2013, the Authority will hold a public hearing in order to comply with the Federal requirements. You will be immediately informed if there are any objections at the hearing on the Project or the issuance of the Obligations.

The Authority will lease to the Company certain equipment to be used at the facilities at or near the property or properties located in Tucson, Arizona, bounded on the south by Grant Road, on the east by Craycroft Road, on the north by Glenn, and extending to the west boundary of the property to the west of

Wyatt Road (the "*Project*"). A more detailed description of the Project is contained in the attached Fact Summary.

The Obligations will be evidenced by the Master Lease entered into among the Authority, the Borrower and Banc of America Public Capital Corp, and accompanied with an investor letter.

As always, the Obligations will be special limited obligations of the Authority and will be payable solely from payments made on or secured by a pledge and assignment of payments made by the Borrower under the Master Lease and payments made by TMC Healthcare under a Guaranty. Neither the faith and credit, nor the taxing power of the Authority or Pima County or any other political subdivision thereof, will be pledged to the payment of the Obligations. The Authority has no taxing power.

I will be available prior to the meeting to answer any questions you may have or to meet with you at your convenience.

Thank you for your consideration of this matter.

Sincerely,

RUSSO, RUSSO & SLANIA, P.C.

/s/

Michael A. Slania  
Attorney for the Authority

MAS/ala  
Enclosures

c: Ms. Robin Brigode (w/enclosures)  
Regina Nassen, Esq., Counsel to the Board  
Mr. Charles Huckelberry, Pima County Administrator  
Mr. Hank Altha, Deputy Pima County Administrator

# FACT SUMMARY

## THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA DEBT OBLIGATIONS FOR THE BENEFIT OF TUCSON MEDICAL CENTER

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The following is a brief Fact Summary of the proposed debit obligations issue:

The Obligations .....	The Authority will issue its debt obligations for the benefit of Tucson Medical Center Project (the " <i>Obligations</i> ") in a principal amount not to exceed \$16,000,000. The Obligations will be the lease payments under the hereinafter described Master Lease.
The Lease .....	The Authority, Tucson Medical Center and Banc of America Public Capital Corp (the " <i>Bank</i> ") will enter into the Master Lease and Sub-Lease Agreement (the " <i>Master Lease</i> "), for the purpose of financing the Project. A schedule will be prepared for each list of equipment to be included in the Master Lease.
The Borrower .....	Tucson Medical Center, an Arizona nonprofit corporation, will be the Borrower. The Borrower currently owns and manages the real property and the facilities comprising the Project. The Borrower has 650 licensed beds in a single story facility located in Tucson at Grant and Craycroft Roads, on a 115-acre campus and is the largest hospital in Southern Arizona, and is one of the 300 largest hospitals in the United States.
The Project .....	The Project will consist of financing and/or refinancing the acquisition, purchase and installation of equipment for the facilities at or near the property or properties located in Tucson, Arizona, bounded on the south by Grant Road, on the east by Craycroft Road, on the north by Glenn, and extending to the west boundary of the property to the west of Wyatt Road.
Documentation .....	Pursuant to the Master Lease among the Authority, the Borrower and the Bank, the Borrower will agree to make payments (on a non-recourse basis) to the Authority sufficient to pay the sub-lessee payments (which will be approximately equal to the lease payments of the Authority) when due. As set forth in the Master Lease, the Obligations will evidence the lease payments made under the Master Lease. The lease payments required to be made under the Master Lease by the Borrower will be guaranteed by TMC Healthcare pursuant to a Guaranty.

Security.....

The Bank will receive, as security for the Obligations, a pledge of the sub-lessee payments and lease payments under the Master Lease and of the payments made under the Guaranty. The obligations of the Borrower under the Master Lease are secured by the equipment financed thereby. The Authority has no taxing power. The Obligations and the Master Lease are not a general obligation of the Authority and are not an indebtedness of the Authority, Pima County, the State of Arizona, or any political subdivision thereof within the meaning of any Arizona constitutional or statutory provision whatsoever. Payments on the Bonds are payable solely out of the payments made from the Master Lease and from the Guaranty. Neither the faith and credit nor the taxing power, if any, of the Authority, Pima County, the State of Arizona, or any political subdivision thereof, is pledged to the payments under the Master Lease.

RESOLUTION NO. 2013 - \_\_\_\_

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF  
PIMA COUNTY, ARIZONA APPROVING THE  
PROCEEDINGS OF THE INDUSTRIAL DEVELOPMENT  
AUTHORITY OF THE COUNTY OF PIMA REGARDING  
THE ISSUANCE OF ITS DEBT OBLIGATIONS IN A  
PRINCIPAL AMOUNT NOT-TO-EXCEED \$16,000,000 FOR  
THE BENEFIT OF TUCSON MEDICAL CENTER AND  
DECLARING AN EMERGENCY**

WHEREAS, The Industrial Development Authority of the County of Pima (the "*Authority*") pursuant to the Industrial Development Financing Act, Title 35, Chapter 5, Arizona Revised Statutes, as amended (the "*Act*"), is authorized to participate in the issuance of debt obligations (the "*Obligations*") under a Master Lease and Sublease Agreement (the "*Master Lease Agreement*") and Schedule No. 1 ("*Schedule No. 1*," and together with the Master Lease Agreement, the "*Lease*") each among the Authority, Tucson Medical Center, an Arizona corporation (the "*Corporation*"), and Banc of America Public Capital Corp (the "*Lessor*") for the purpose of (i) financing and/or refinancing the acquisition, purchase and installation of equipment for the facilities at or near the property or properties located in Tucson, Arizona, bounded on the south by Grant Road, on the east by Craycroft Road, on the north by Glenn, and extending to the west boundary of the property to the west of Wyatt Road; and (ii) paying certain costs of issuance (collectively, the "*Project*"); and

WHEREAS, on December 6, 2013, the Authority resolved to issue the Obligations in an aggregate principal amount not to exceed \$16,000,000 (the "*Authority's Resolution*"), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the Obligations by the Pima County Board of Supervisors; and

WHEREAS, the Authority's Resolution has been made available to the Pima County Board of Supervisors, and the Authority's Resolution has been duly considered this date; and

WHEREAS, the Authority's Resolution authorizes, among other things, the issuance of the Obligations and the execution and delivery of (i) the Master Lease Agreement, (ii) Schedule No. 1 (iii) an Escrow Agreement (the "*Escrow Agreement*") among the Authority, the Corporation, the Lessor and an escrow agent to be named therein, (iv) at the option of the Lessor, a Guaranty (the "*Guaranty*") by TMC Healthcare for the benefit of the Authority and/or the Lessor and (iv) such other documents as required for the issuance of, or security for, the Obligations; and

WHEREAS, the terms, security and sources of payment for the Obligations are set forth in the Lease; subject to modification at the time of execution of the Lease as provided in the Authority's Resolution; and

WHEREAS, copies of said documents have been made available to the Pima County Board of Supervisors, together with the Authority's Resolution; and

WHEREAS, the Pima County Board of Supervisors has been informed that said documents have been reviewed by competent Bond Counsel, Orrick, Herrington & Sutcliffe LLP, and said

Bond Counsel has determined that said documents adequately meet the requirements of the Act and the Internal Revenue Code of 1986, as amended (the "*Code*"); and

WHEREAS, in accordance with Section 35-721.B of the Act, the proceedings of the Authority under which the Obligations are to be issued require the approval of the Board of Supervisors of the issuance of the Obligations; and

WHEREAS, pursuant to Section 147(f) of the Code, the chief elected official representing this Board of Supervisors must approve the issuance of the Obligations after a public hearing following reasonable public notice, which hearing has been conducted by the Authority; and

WHEREAS, this Board has presented to it information regarding the Obligations and information regarding the public hearing held by the Authority concerning the Obligations and is further informed and advised with regard to the Obligations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, as follows:

1. Pursuant to Section 147(f) of the Code and the Act, the Board of Supervisors, as the governing body of the Authority and the applicable elected representative of a governmental unit having jurisdiction over the facilities to be financed or refinanced with the proceeds of the Obligations, hereby approves the Obligations and the proceedings under which the Obligations are to be issued by the Authority, including specifically the resolution described above, the Lease, the Escrow Agreement and/or the Guaranty and all other related or appropriate documents.
2. This Resolution shall be in full force and effect from and after its passage as provided by law, and any provisions of any previous resolutions in conflict with the provisions herein are hereby superseded.
3. The appropriate officers of the Pima County Board of Supervisors are hereby authorized and directed to do all such things and to execute and deliver all such documents on behalf of Pima County as may be necessary or desirable to effectuate the intent of this Resolution and the Authority's Resolution in connection with the issuance of the Obligations.
4. It is necessary for the preservation of the peace, health and safety of the County that this resolution becomes immediately effective, and, accordingly, an emergency is hereby declared to exist, and this resolution shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County,  
Arizona this \_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Ramón Valadez, Chairman  
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

\_\_\_\_\_  
Robin Brigode, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

ORRICK, HERRINGTON & SUTCLIFFE LLP  
Bond Counsel

By: \_\_\_\_\_

