



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: August 1, 2017

Title: Resolution to conduct a public hearing on Maricopa County Industrial Development Authority Revenue Bonds - a portion of which will be spent on Banner Facilities in Pima County.

Introduction/Background:

Maricopa County's Industrial Development Authority plans to issue \$550 million of revenue bonds of which \$225 will be spent on Banner Health facilities in Pima County. Because a portion of the proceeds will be spent on projects within Pima County, in order for Maricopa County's Industrial Development Authority to issue tax exempt bonds, Pima County must approve the bonds after a public hearing. The public hearing and approval of Pima County is required by the Internal Revenue Code of 1986, Section 147(f). When Pima County's Industrial Development Authority issues bonds, its representatives, under a long-standing practice, hold the required public hearing. In this case, the Maricopa IDA has asked Pima County to take formal action directing the hearing to be held. This resolution appoints Pima County's Finance Director or his designee to conduct the public meeting and report on the public hearing to Pima County's Board of Supervisors at which time the Board will be asked to take formal action approving the bonds.

Discussion:

The bonds will not be Pima County's debt. Neither the faith and credit, nor the taxing power of Pima County will be pledged for the bonds. Similarly, none of Pima County's revenues will be pledged to repay the bonds. Pima County's approval will be solely for purpose of satisfying the requirements of 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 will receive the benefits of enhanced health care facilities in Pima County, Pima County should cause a public hearing to be conducted and then consider approving the bonds. A significant portion of the proceeds will be spent on health care facilities within Pima County.

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 will receive the benefits of improved health care facilities in Pima County.

Board of Supervisor District:

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Department: Finance and Risk Management Telephone: 520.724.8496

Contact: Keith Dommer Telephone: 520.724.8496

Department Director Signature/Date:  7/19/17

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RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA APPOINTING KEITH DOMMER, DIRECTOR OF FINANCE AND RISK MANAGEMENT OF PIMA COUNTY, OR HIS 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 2017

WHEREAS, The Industrial Development Authority of the County of Maricopa (the "Authority") proposes to issue its Revenue Bonds (Banner Health) Series 2017 (the "Bonds") and to loan a portion of the proceeds from the sale of the Bonds to Banner Health (the "Borrower"), to (i) finance the construction and equipping of a new, approximately 700,000 square-foot, 204-bed patient and clinical care tower to be located at Banner-University Medical Center Tucson, and to finance and refinance miscellaneous capital projects at the Banner-University Medical Center Tucson campus (the "2017 Project"), 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) ("Section 147(f)") of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder (the "Regulations"); and

WHEREAS, the Borrower has previously financed the construction of certain non-clinical facilities located in Mesa, Arizona (the "Prior Project") with the proceeds of certain tax-exempt Bonds issued for the Borrower by the Arizona Health Facilities Authority (the "Prior Bonds"), and pursuant to the Code, the Borrower may determine to sell the Prior Project previously financed with the Prior Bonds to an unrelated third party and may determine to utilize the provisions of the Code and the Regulations relating to change-in-use of bond-financed assets to apply the proceeds of the sale of the Prior Project to finance alternate qualified capital projects at the Banner-University Medical Center Tucson campus (hereinafter referred to as the "Reallocation Transaction"), including the 2017 Project and other miscellaneous capital expenditures, including renovations, improvements, construction, furnishing and equipping of the Borrower's facilities located at the Banner-University Medical Center Tucson campus (such projects, together with the 2017 Project, are collectively referred to herein as the "Tucson Projects"); and

WHEREAS, Section 147(f) and the pertinent Regulations require that Pima County, being the governmental unit having jurisdiction over the area in which the Tucson Projects are or will be located, approve the issuance of the Bonds and approve the reallocation of the proceeds of the Prior Bonds to the Tucson Projects pursuant to the Reallocation Transaction.

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 and the Reallocation Transaction at which a reasonable opportunity to be heard shall be provided for persons with differing views on the issuance of the Bonds, the Reallocation Transaction and the location and nature of the Tucson Projects (the "Hearing"), (b) give public notice at least fourteen (14) 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:

Keith Dommer, Director of Finance and Risk Management of Pima County, or a person designated by him, is appointed to conduct the Hearing, after appropriate public notice, as required by the provisions of Section 147(f), with regard to the financing and refinancing of the Tucson Projects described herein, the Reallocation Transaction 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 and the Reallocation Transaction, solely for the purpose of satisfying the public approval requirement of Section 147(f), and provided that in no event shall Pima County, Arizona, be liable for the payment of the Bonds or the Prior Bonds nor shall the Bonds or the Prior Bonds constitute a debt of Pima County, Arizona.

ADOPTED AND APPROVED this _____ day of August, 2017.

Chairman, Board of Supervisors
Pima County, Arizona

ATTEST:

Clerk, Board of Supervisors
Pima County, Arizona

APPROVED AS TO FORM:


Deputy County Attorney
REGINA NASSEN