



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: 5/2/2023

***= Mandatory, information must be provided**

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

***Title:**

RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA APPROVING FOR PURPOSES OF SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") THE ISSUANCE BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF MARICOPA OF NOT TO EXCEED \$95,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS REVENUE BONDS (BANNER HEALTH), SERIES 2023 AND APPROVING SUCH OTHER MATTERS FOR PURPOSES OF SECTION 147(f) OF THE CODE AS SET FORTH HEREIN

***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 redeem the Maricopa Authority's Revenue Bonds Series 2017B which were used to construct, furnish, and equip a patient and clinical care tower at Banner-University Medical Center Tucson Campus ("Banner UMC Tucson"). 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 public hearing, authorized by Pima County Board of Supervisors Resolution 2023-5, was held on Friday April 14, 2023. The Report of Public Hearing to the Pima County Board of Supervisors is included with this resolution. The Report documents that the hearing was noticed and conducted and that no one requested to comment or be heard. This resolution approves using a portion of the proceeds from the Maricopa County IDA 2023 tax-exempt bonds to refinance the Banner UMC Tucson taxable loan.

***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 of the bond issuance will be solely for the purpose of satisfying the requirements of Section 147(f) of the Internal Revenue code requiring public approval for the tax-exempt status of the Maricopa County Industrial Development Authority's bonds.

***Conclusion:**

Because the bonds will not be Pima County debt, because a portion of the Maricopa County IDA's bond proceeds will benefit Banner UMC Tucson and because no one spoke or commented against using the proceeds for the refinancing within Pima County, staff recommends that Pima County approve the use of tax-exempt bond proceeds to refinance the Banner UMC Tucson taxable loan.

***Recommendation:**

Approve this resolution to use Maricopa County IDA's 2023 tax-exempt bond proceeds to refinance the taxable loan

***Fiscal Impact:**

There will be no direct fiscal impact to Pima County. Pima County benefits from the improved health care facilities at Banner UMC Tucson.

***Board of Supervisor District:**

1 2 3 4 5 All

Department: Finance and Risk Management Telephone: 724-3138

Department Director Signature: Moulton Date: 4/14/23

Deputy County Administrator Signature: _____ Date: _____

County Administrator Signature: Jeff Date: 4/14/23

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA APPROVING FOR PURPOSES OF SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) THE ISSUANCE BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF MARICOPA OF NOT TO EXCEED \$95,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS REVENUE BONDS (BANNER HEALTH), SERIES 2023 AND APPROVING SUCH OTHER MATTERS FOR PURPOSES OF SECTION 147(f) OF THE CODE AS SET FORTH HEREIN

WHEREAS, the Industrial Development Authority of the County of Maricopa (the “Maricopa Authority”) proposes to issue its Revenue Bonds (Banner Health), Series 2023 (the “Bonds”) and to loan a portion of the proceeds from the sale of the Bonds in an aggregate principal amount not to exceed \$95,000,000 to Banner Health (the “Corporation”) to provide for a plan of refinancing of the costs of the projects described herein in Tucson, Pima County, Arizona (hereinafter collectively referred to as the “Tucson Projects”).

WHEREAS, 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.

WHEREAS, prior to the issuance of the Bonds, the public hearing and approval requirements of Section 147(f) of the Code 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.

WHEREAS, by previous action of the Board of Supervisors of Pima County, Ellen Moulton, Director of Finance and Risk Management of Pima County, or her designee, was appointed to hold and conduct a public hearing on behalf of Pima County, with respect to the proposed issuance of the Bonds, and to report to the Board of Supervisors with regard to such public hearing.

WHEREAS, on April 14, 2023 at 10:00 A.M. in the First Floor Lobby of the general office building located at 97 East Congress Street, Tucson, Arizona 85701, Director of Finance and Risk Management of Pima County, Ellen Moulton, held and conducted a public hearing (the “Public Hearing”), after public notice was given by publication in the *Daily Territorial* (a copy of the published Notice of Public Hearing being attached hereto as Exhibit 1), for the purposes of satisfying the requirements of Section 147(f) of the Code.

WHEREAS, the Notice of Public Hearing indicates that the Tucson Projects are owned and operated by the Corporation through its wholly owned affiliates, Banner-University Medical Center Tucson Campus, LLC and Banner-University Medical Center South Campus, LLC., and are located at the addresses set forth in the Notice of Public Hearing.

WHEREAS, following the Public Hearing, this Board was provided a Report of Public Hearing (a copy of such Report of Public Hearing being attached hereto as Exhibit 2), and such Report of Public Hearing indicates that no persons requested to comment or be heard at the Public Hearing, either in person or by written submission, with respect to any aspect of the Tucson Projects or the proposed issuance of the Bonds.

WHEREAS, the Bonds are to be issued in one or more series or sub-series, from time to time, commencing on the date of adoption and approval of this Resolution, and the Corporation intends to issue one or more series or sub-series of Bonds not later than one year from the date of adoption and approval of this Resolution.

WHEREAS, the Bonds will be special limited obligations of the Maricopa Authority, and will not be a debt, obligation or liability of Pima County.

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

1. Solely for the purpose of satisfying the requirements of Section 147(f) of the Code, the issuance of the Bonds by the Maricopa Authority to provide funds to refinance the Tucson Projects located in Pima County is approved.

2. The Bonds shall not constitute a debt, obligation or liability of Pima County or any political subdivision of Pima County, and neither Pima County or any political subdivision of Pima County shall be obligated for the payment of the Bonds, for the manner or extent to which the proceeds from the sale of the Bonds are expended or allocated or for any aspect whatsoever of the Tucson Projects.

ADOPTED AND APPROVED this 2nd day of May, 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

RESOLUTION NO. 2023 - 5

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.

Adelita S. Grijalva APR 04 2023
Chair, Board of Supervisors
Pima County, Arizona

ATTEST:

Meissa Mariano
Clerk, Board of Supervisors
Pima County, Arizona

APPROVED AS TO FORM:

Bobby Yu

Bobby Yu, Deputy County Attorney

PIMA COUNTY, ARIZONA

**REPORT OF PUBLIC HEARING WITH RESPECT TO
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF MARICOPA REVENUE BONDS
(BANNER HEALTH)
SERIES 2023**

On Friday, April 14, 2023, commencing at 10:00 a.m., in the First Floor Lobby of the general office building located at 97 East Congress Street, Tucson, Arizona 85701, the undersigned Ellen Moulton, Director of Finance and Risk Management for Pima County, Arizona, conducted a Public Hearing on behalf of Pima County, Arizona, pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), regarding 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"), a portion of which in the maximum aggregate principal amount of \$95,000,000 will be for the benefit of Banner Health (the "Corporation"), an Arizona nonprofit corporation, to provide a plan of refinancing of the projects described herein in Tucson, Pima County, Arizona and to pay costs of issuance of the Bonds.

The Notice of Public Hearing states that 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.

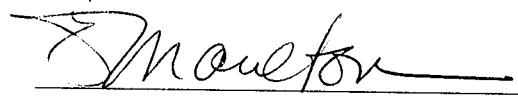
The Notice of Public Hearing states that the owner and operator of Banner UMC Tucson is the Corporation through its wholly owned affiliates, Banner-University Medical Center Tucson Campus, LLC and Banner-University Medical Center South Campus, LLC. The projects to be refinanced with the proceeds of the Bonds as described in the Notice of Public Hearing are located at the address set forth therein.

The Notice of Public Hearing was published in the *Daily Territorial* on April 6, 2023, and a copy of the Affidavit of Publication of Notice of Public Hearing is attached to this report.

At the time and place set for the Public Hearing, I announced that the Public Hearing was open and asked if there were interested persons wishing to comment and be heard with respect to the matters for which the Public Hearing was being conducted.

No persons appeared at the Public Hearing requesting to comment or be heard with regard to the matters for which the Public Hearing was conducted and no written comments or submissions were received prior to the Public Hearing, whereupon I declared the Public Hearing closed.

DATED: April 14, 2023.



Ellen Moulton

Director of Finance and Risk Management,
Pima County, Arizona

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



THE DAILY TERRITORIAL

100 N. Stone Ave. Suite #300
Tucson, AZ 85701

AFFIDAVIT OF PUBLICATION

Notice of Hearing Banner 2023

STATE OF ARIZONA)

:SS.

County of Pima)

Marco Pablo Coppola, being first duly sworn, deposes and says that (s)he is the Public Notice Clerk of the Daily Territorial (Tucson) newspaper printed and published in the County of Pima, State of Arizona, and of general circulation in the City of Tucson, County of Pima, State of Arizona and elsewhere, that this affidavit is Page 1 of 2 with the full text of the sworn-to notice set forth on the pages that follow, and the hereto attached:

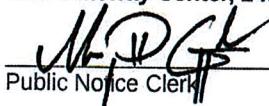
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6 Apr 2023

Notice ID: nrXMP3XG9Gd4W1Sf5GII

Publisher ID: DT-003058

Request of: Lisa Laurella
One Gateway Center, 24th Floor Newark NJ 07102



Public Notice Clerk

VERIFICATION

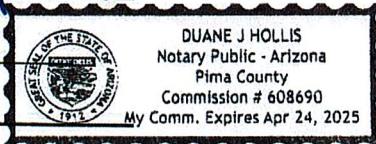
STATE OF ARIZONA
COUNTY OF PIMA

Signed or attested before me on this

day of April, 2023.

Notary Public

My Commission Expires:



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 1825 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

Publish: The Daily Territorial
Date: April 6, 2023