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VIA FIRST LEGAL SUPPORT SERVICE

November 6, 2019

Mr. Richard Elias, Chairman

Ms. Sharon Bronson

Mr. Steve Christy

Ms. Ally Miller

Mr. Ramón Valadez

PIMA COUNTY BOARD OF SUPERVISORS

County Administration Building

130 West Congress Street, 11th Floor

Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of Intention to Issue Tax-Exempt Lease Obligations for the Benefit of Tucson Medical Center (the “*Obligations*”) – In an Amount Not to Exceed \$20,000,000

Dear Mr. Chairman and Members of the Board:

Subject to your approval, at its special meeting to be held on November 15, 2019, The Industrial Development Authority of the County of Pima (the “*Authority*”) will consider granting its final approval to a resolution approving the issuance of its tax-exempt lease obligations (the “*Obligations*”), in one or more series and in an aggregate principal amount not to exceed \$20,000,000, for the benefit of Tucson Medical Center, (the “*Company*”), an Arizona nonprofit corporation which is a healthcare institution as defined in Arizona Revised Statutes Section 36-401, and which is exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended(the “*Code*”).

As always, this issuance of the Obligations by the Authority is subject to the approval of the Pima County Board of Supervisors. Therefore, the Authority respectfully requests that this matter be placed on the Board of Supervisors’ Regular Meeting Agenda scheduled for November 19, 2019, 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 November 15, 2019, the Authority will hold a public hearing in order to comply with certain Code requirements. You will be immediately informed if there are any objections at the hearing about the Project (defined below) or the issuance of the Obligations.

The Authority, Banc of America Public Capital Corp. and the Company have previously entered into the Master Lease and Sublease Agreement dated as of December 1, 2013 (the “*Master Lease*”), pursuant to

which the Authority issued its Lease Obligations for the Company in 2013. The Lease Obligations in 2013 financed certain equipment for the Company as set forth in Equipment Schedule No. 1. The Authority will now lease to the Company, again pursuant to the Master Lease, certain equipment (to be set forth in an Equipment Schedule No. 2), to be used at the Company's healthcare facilities located at (i) 5301 East Grant Road, (ii) 5099 East Grant Road, (iii) 2715 North Wyatt Drive, (iv) 2625 North Craycroft Road, #111, (v) 2695 North Craycroft Road, (vi) 2424 North Wyatt Drive, (vii) 1400 North Wilmot Road, (viii) 2221 North Rosemont Boulevard, and (ix) 2100 North Rosemont Boulevard, all in Tucson, Arizona (the "*Project*"). A more detailed description of the Project is contained in the attached Fact Summary.

The Obligations are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "*Act*"). The Obligations will be issued as fully registered unrated tax-exempt lease obligations. The Obligations will be issued pursuant to the previously created Master Lease, including Equipment Schedule No. 2, and accompanied by an investor letter from the purchaser, Banc of America Public Capital Corp.

As always, the Obligations will be special limited obligations of the Authority and will be payable solely from payments for Equipment Schedule No. 2 made under the Master Lease, secured by a pledge and assignment of payments made by the Borrower under the Master Lease, as well as 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/at
Enclosures

c: Ms. Julie Castañeda (w/enclosures)
Regina Nassen, Esq., Counsel to the Board
Mr. Charles Huckelberry, Pima County Administrator
Ms. Jan Leshner, Deputy Pima County Administrator
Mr. Patrick Cavanaugh, Economic Development Office

FACT SUMMARY

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA TAX-EXEMPT LEASE OBLIGATIONS FOR THE BENEFIT OF TUCSON MEDICAL CENTER

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

The Obligations	The Authority will issue its tax-exempt lease obligations for the benefit of Tucson Medical Center (the " <i>Obligations</i> ") in a principal amount not to exceed \$20,000,000. The Obligations will be the lease payments under the hereinafter described Lease.
The Lease	The Authority, Tucson Medical Center and Banc of America Public Capital Corp (the " <i>Bank</i> ") have previously entered into the Master Lease and Sub-Lease Agreement dated as of December 1, 2013 (the " <i>Master Lease</i> ") and will enter into a new schedule of equipment covered thereunder (collectively, the " <i>Lease</i> "), for the purpose of financing the Project.
The Company	Tucson Medical Center, an Arizona nonprofit corporation, will be the Company. The Company currently owns and manages the real property and the facilities comprising the Project. The Company has 650 licensed beds in a single story facility located at the Campus (defined below) and is the largest hospital in Southern Arizona and is one of the 300 largest hospitals in the United States.
The Campus	The Company's Campus is located at (i) 5301 East Grant Road, (ii) 5099 East Grant Road, (iii) 2715 North Wyatt Drive, (iv) 2625 North Craycroft Road, #111, (v) 2695 North Craycroft Road, (vi) 2424 North Wyatt Drive, (vii) 1400 North Wilmot Road, (iv) 2221 North Rosemont Boulevard, and (ix) 2100 North Rosemont Boulevard, , all in Tucson, Arizona and consists of 115 acres.
The 2013 Obligations	The Authority previously issued its Tax-Exempt Lease Obligations for the benefit of the Company in the amount of \$15,000,000 in 2013, pursuant to the Master Lease and Equipment Schedule No. 1.
The Project	The Project will consist of financing and/or refinancing the acquisition, purchase and installation of the equipment listed or Equipment Schedule No. 2, including but not limited to, information technology and medical equipment such as ultrasound, generator, cath labs and CT scanners, all to be located on the Campus.

Documentation

Pursuant to the Lease among the Authority, the Company and the Bank, the Company 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 Lease, the Obligations will evidence the lease payments made under the Lease. The lease payments required to be made under the Lease by the Company will be guaranteed by TMC Healthcare pursuant to a Guaranty. An Escrow Agreement will be entered into among Bank of America, National Association as Escrow Agent, the Bank, as lessor, the Authority as lessee and the Company as sub lessee.

Security

The Bank will receive, as security for the Obligations, a pledge of the sub-lessee payments and lease payments under the Lease and of any payments made under the Guaranty. The obligations of the Company under the Lease are secured by the equipment financed thereby. The Authority has no taxing power. The Obligations and the 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 Obligations are payable solely out of the payments made from the 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 Obligations or the payments under the Lease.

RESOLUTION NO. 2019 - ____

**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 TAX-EXEMPT LEASE
OBLIGATIONS IN A PRINCIPAL AMOUNT NOT-TO-
EXCEED \$20,000,000 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 tax-exempt lease obligations (the "*Obligations*") under that Master Lease and Sublease Agreement (the "*Master Lease Agreement*") dated as of December 1, 2013 including Equipment Schedule No. 2 attached thereto ("*Schedule No. 2*," and together with the Master Lease Agreement, the "*Lease*"), each among the Authority, Tucson Medical Center, an Arizona nonprofit corporation (the "*Company*"), 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 healthcare facilities located at (a) 5301 East Grant Road, (b) 5099 East Grant Road, (c) 2715 North Wyatt Drive, (d) 2625 North Craycroft Road, #111, (e) 2695 North Craycroft Road, (f) 2424 North Wyatt Drive, (g) 1400 North Wilmot Road, (h) 2221 North Rosemont Boulevard, and (i) 2100 North Rosemont Boulevard, , all in Tucson, Arizona;; and (ii) paying certain costs of issuance (collectively, the "*Project*"); and

WHEREAS, on November 15, 2019, the Authority resolved to issue the Obligations in one or more series or subseries and in an aggregate principal amount not to exceed \$20,000,000 (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) Schedule No. 2, issued pursuant to the Master Lease Agreement, (ii) an Escrow Agreement (the "*Escrow Agreement*") among the Authority, the Company, the Lessor and an escrow agent to be named therein, (iii) a Guaranty (the "*Guaranty*") by TMC Healthcare for the benefit of the Authority and 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, including the Schedule No. 2 thereto, and the form of the Obligations themselves; 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, Engelman Berger, P.C., 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 Pima County 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 Pima County 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 Pima County Board of Supervisors 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 Pima County 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 Authority's Resolution, the Lease (including Schedule No. 2 thereto), the Escrow Agreement and 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 _____, 2019.

Richard Elias, Chairman
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

Julie Castañeda, Clerk
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

ENGELMAN BERGER, P.C.
Bond Counsel

By: 
