



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: August 7, 2019

DEPARTMENT: City Attorney

DIVISION:

- ☐ Motion
- ☒ Resolution
- ☐ Ordinance - Introduction
- ☐ Ordinance - Adoption
- ☐ Public Hearing

TITLE:

Equipment Schedule No. 3 to Master Lease and Sublease

SUMMARY RECOMMENDATION:

Approve Equipment Schedule No. 3 to the Master Lease and Sublease between the Industrial Development Authority of the City of Yuma, Banc of America Public Capital Corp, and Yuma Regional Medical Center (2019 Project). (City Attorney) (Richard W. Files)

REPORT:

A.R.S. § 35-701 *et seq.* provides for the creation of industrial development authorities as funding entities for specific statutory purposes, including health care institutions that provide medical services. Provided all statutory requirements are met, particularly A.R.S. §35-721 and 26 U.S.C.A. § 147 (both of which require particularized funding approval by the creating governmental body), the interest on the funding passes through to investors with favorable tax treatment.

In March 2017, the Industrial Development Authority of the City of Yuma, Arizona (IDA) entered into a Master Lease and Sublease Agreement for funding of medical equipment described in Equipment Schedule No. 1 and Equipment Schedule No. 2. The Master Lease and Sublease is between Banc of America Public Corp (Banc of America) as lessor and the IDA as lessee. The Sublease portion is between the IDA as sublessor and Yuma Regional Medical Center (YRMC) as sublessee. The Master Lease and Sublease anticipate additional Equipment Schedules to be added from time to time.

On July 16, 2019, the Industrial Development Authority approved Equipment Schedule No. 3 to the Master Lease and Sublease Agreement in an amount not to exceed \$20,000,000 (2019 Lease). Under the 2019 Lease, Banc of America will deposit funds in escrow which will be used to purchase the equipment for YRMC. The equipment is then leased to the IDA, which subleases the equipment to YRMC. The terms of the Sublease require YRMC to make payments to the IDA, but, under the Master Lease, the IDA assigns all those payments to Banc of America, so YRMC's payments are made directly to Banc of America.

City Council approval of Equipment Schedule No. 3 is required but statutorily (A.R.S. § 35-742), City Council approval does not make the City liable for the performance of any obligation or agreement of any kind undertaken by the IDA, and none of the IDA's obligations or agreements may be construed to

constitute indebtedness of the City. Upon City Council's approval of the proposed Resolution, the transaction is anticipated to fund and close in September 2019.

FISCAL REQUIREMENTS	CITY FUNDS:	\$0.00	BUDGETED:	\$0.00
	STATE FUNDS:	\$0.00	AVAILABLE TO TRANSFER:	\$0.00
	FEDERAL FUNDS:	\$0.00	IN CONTINGENCY:	\$0.00
	OTHER SOURCES:	\$0.00 \$0.00 \$0.00	FUNDING FOR THIS ITEM IS FOUND IN THE FOLLOWING ACCOUNT / FUND / CIP:	
	TOTAL:	\$0.00		
	FISCAL IMPACT STATEMENT:			
ADDITIONAL INFORMATION	SUPPORTING INFORMATION NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT IS ON FILE IN THE OFFICE OF THE CITY CLERK: 1. 2. 3. 4. 5.			
	IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL? <input type="radio"/> Department <input checked="" type="radio"/> City Clerk's Office <input type="checkbox"/> Document to be recorded			
SIGNATURES	CITY ADMINISTRATOR:		DATE:	
	John D. Simonton		7/31/2019	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Richard W. Files		7/31/2019	
	RECOMMENDED BY (DEPT/DIV HEAD):		DATE:	
SIGNATURES	WRITTEN/SUBMITTED BY:		DATE:	
	Joseph D. Estes		7/30/2019	