

**YUMA REGIONAL MEDICAL CENTER**  
**APPLICATION FOR BOND ISSUANCE**  
**TO THE INDUSTRIAL DEVELOPMENT AUTHORITY**  
**OF THE CITY OF YUMA, AZ**

Pursuant to Section V of the Procedural Guidelines and Application Procedures of the Industrial Development Authority of the City of Yuma, Yuma Regional Medical Center, an Arizona non-profit corporation, (Applicant) submits the following application.

1. Name: Yuma Regional Medical Center (YRMC).
2. The principal business office of YRMC and Applicant's principal Arizona office is 2400 South Avenue A, Yuma, AZ 85364.
3. The principal executive officers of YRMC are:
  - a. Robert Trenchel, D.O., President and Chief Executive Officer

Dr. Robert "Bob" Trenchel brings nearly 20 years of healthcare and medical management experience to Yuma Regional Medical Center. His strong focus on population health emphasizes the hospital's responsibility to utilize its resources in a way that benefits the overall health and well-being of the community and region. The vision of Yuma Regional Medical Center is to become the model regional medical center. Building on the foundation of legacy and innovation will help YRMC evolve into a future as the best system of integrated healthcare in the area.

Creating a system that promotes the practice of caregiving with ease, supports and rewards staff and ultimately provides the best patient experience is a triad of success that Dr. Trenchel believes will help YRMC live out its mission and vision. Dr. Trenchel served as a physician in a private practice from 1990-1993. He graduated medical school from Nova Southeastern University in Fort Lauderdale, FL, and holds a Masters of Public Health from Florida International University.

- b. David G. Willie, Chief Financial Officer

David G. Willie, CPA, Chief Financial Officer, joined YRMC on August 5, 2013 and has been employed in healthcare for over 30 years. Prior to coming to YRMC he served for six and a half years as Regional Chief Financial

Officer / Executive Vice President of Finance for PeaceHealth Southwest Medical Center / Southwest Washington Medical Center in Vancouver, Washington. He also served for 13 years as Chief Financial Officer of CaroMont Health in Gastonia, North Carolina.

Mr. Willie held other various financial positions with Holmes Regional Medical Center in Melbourne, Florida, and Intermountain Healthcare of Salt Lake City, Utah. Mr. Willie received an M.B.A from Utah State University in Logan, Utah and a B.A., Accounting from Weber State University in Ogden, Utah.

c. Bharat Magu, M.D., Chief Medical Officer

Dr. Magu has an extensive background in healthcare, both as a medical provider and in leadership positions. Dr. Magu has over six years of experience practicing medicine in Yuma, caring for the needs of our patients and collaborating with all medical staff to provide exceptional care. During his time as the Medical Director of the In Compass Health Hospitalist group, he successfully led a team of 22 hospitalists to earn recognition as one of the best hospitalist programs under the In-Compass umbrella. Dr. Magu has also designed and implemented internal medicine curriculum for the YRMC Family and Community Medicine Residency Program and has initiated faculty development for hospitalist group physicians. Dr. Magu graduated from Gajra Raja Medical College in Gwalior, India, and completed his residency in internal medicine at New York Medical College in Mount Vernon, New York. He was initially appointed to YRMC's medical staff in August 2009.

d. Trudie Milner, PhD, Vice President of Operations

Dr. Milner joined YRMC in January 2014 bringing with her more than 26 years of knowledge and executive leadership experience. She is responsible for building aligned focus among hospital leadership and physicians to further improve clinical and operational performance. She leads the Clinical Laboratory, Radiology, Pharmacy, Support Services (EVS, Security, Facilities, Patient Transport and Dietary), Surgery (inpatient and outpatient), Supply Chain (Materials Management), Rehabilitation Services, Institutional Research and Yuma Regional Cancer Center.

Dr. Milner holds a PhD in Sociology with expertise in policy and organizational behavior. Prior to joining the team at YRMC, she served as the Vice Chair of Finance and Administration in the Department of Orthopaedic Surgery in the College of Medicine and retains a faculty appointment in the College of Health Professions at the Medical University

of South Carolina. Dr. Milner served as a subject matter expert on health care operations for the Jack Welch Management Institute and is an Associate Professor in the university's MBA program.

- 4 & 5. YRMC's principal contact for purposes of this Application is Morgan Hay, Administrative Director of Finance; telephone (928) 336-2552.
6. The Lessor that will finance this new issuance is Banc of America Public Capital Corp (c/o Dan Lemon, Senior Vice President) 2087 E. Crescent Way., Gilbert, Arizona 85298; telephone (480) 243-6254.
7. The certified public accountants for YRMC are Moss Adams, LLP, 5415 E. High Street, Suite 350, Phoenix, AZ 85054; telephone (480) 444-3424.
8. YRMC's principal commercial banker is JPMorgan Chase Bank, N.A.
9. Four credit references for YRMC are:
  - a. GE Healthcare
  - b. Stryker Endoscopy
  - c. Cardinal Healthcare
  - d. Waxie Sanitary Supply
10. Applicant's counsel is: Robert Seibel, General Counsel, 2400 South Avenue A, Yuma Arizona 85364; telephone (928) 336-7013.
11. Bond Counsel is Orrick Herrington & Sutcliffe, 405 Howard Street, San Francisco, California 94105; telephone (415) 773-5700. Principal contact is Robyn Helmlinger, telephone: (415) 773-5925.
12. Bank counsel is Susan Ariel of P.O.B. 1096, New Shoreham, Rhode Island 02807 telephone (973) 801-2403.
13. Unknown
14. YRMC's business is described as follows:
  - a. YRMC was organized in 1972 as a 501(c)(3) non-profit corporation. It operates and manages an acute care hospital owned by Yuma County Hospital District No. 1, a political subdivision of the State of Arizona. The main hospital is located on a 36.4 acre campus with licensed in-patient units. The 406 bed acute care facility has 296 medical/surgical beds; 28 maternity beds; 20 pediatric beds; 20 NICU beds, and 42 intensive/cardiac care beds. YRMC's Parkview Medical Plaza is located on a 3.6 acre campus, which is contiguous with the main campus described above, and which includes Diagnostic Imaging, Out Patient Surgery, and Outpatient Laboratory Services. YRMC also has a 49% interest in a Joint

Venture partnership with HealthSouth, the Yuma Rehab Hospital (YRH). The Yuma Rehab Hospital leases 5.2 acres of a 9.8 acre site that is owned by YRMC. YRMC also has several subsidiaries that provide Outpatient Laboratory services, Ambulatory Surgery Center, Cancer Center, Professional Services Group and Outpatient Urgent Care Clinics. There is also a 38-acre parcel of land owned by YRMC on the South Frontage Road of Interstate 8 in the Foothills area approximately 13 miles east of the main facility.

- b. YRMC provides hospital and related inpatient and outpatient medical services to this community of over 200,000 under a community board. The mission of YRMC is to improve the health and well-being of individuals, families, and the communities we serve through excellence, innovation and prudent use of resources. The YRMC operating board oversees the hospital activities in meeting the mission statement, recognizing that the privilege of being a sole-provider hospital carries an even higher responsibility to meet the needs of the communities we serve. The hospital focuses on meeting all general medical/surgical needs as well as advanced cardiac, neonatal intensive care services, comprehensive adult intensive care services and disease management processes with a focus on patient centered care coordination. The hospital further promotes the health of the population through transitional care services as well as wellness support programs for residents and employers in the community.
- c. YRMC's customers are the citizens of Yuma County and the surrounding area as well as a large winter visitor population.
- d. YRMC has numerous suppliers of medical and other supplies. General supplies are purchased from Waxie Sanitary Supply. Major suppliers of medical supplies include Cardinal Healthcare, Stryker Endoscopy and GE Healthcare.
- e. YRMC is the only acute care medical facility located in Southwestern Arizona. Its principal competition is from hospitals located in Phoenix and Tucson, Arizona, and San Diego, California.
- f. The facilities on the main campus are owned by Hospital District No. 1. Yuma Regional Medical Center is managed and operated under a long-term lease agreement with Hospital District No. 1. YRMC is governed by a local community Board of Directors and is a not-for-profit corporation described in Section 501(c)(3) of the Internal Revenue Code.
- g. There is no pending or threatened litigation against YRMC except: (i) litigation being defended by insurance companies on behalf of YRMC in which the probable recovery of costs of defense (in the opinion of Applicant's counsel) will be within YRMC's insurance limits (subject to applicable deductibles) and (ii) matters where the probable recoveries and litigation expenses will not (in the opinion of YRMC's management) adversely affect YRMC's operations or financial condition.
- h. No officer or director of YRMC has been indicted or convicted of a felony or misdemeanor involving moral turpitude.

- i. Audited financial reports for YRMC for the past five (5) years (fiscal years ended September 2014-2018) are on file with the IDA.
  - j. There are no current appraisals.
15. The new financing will be a lease financing under an equipment lease financing structure by supplementing the Master Lease and Sublease Agreement, previously entered into in March 2017 among Banc of America Public Capital Corp, Industrial Development Authority of the City of Yuma, Arizona and YRMC, with an Equipment Schedule No. 3. Proceeds will be used to purchase the EPIC Lab Module (\$2.5 million) and Chemistry Analyzers (\$2.2 million). YRMC will also be replacing certain aged business systems (\$3.4 million), a large bore 1.5T MRI scanner (\$3.5M), automated pharmacy cabinets (\$3.2 million), chiller units (\$1.0 million), and defibrillators (\$1.2 million). YRMC will be purchasing additional new and replacement major moveable equipment and software up to the balance of \$20 million.
16. The amount of financing will not exceed \$20,000,000 in aggregate par amount.
17. The proceeds of the new money series of bonds will be applied as follows:

Major Moveable Medical Equipment and/or Computer Hardware and/or Software  
\$20,000000

YRMC is still compiling estimated costs of issuance and understands that no more than 2% of the proceeds of the aggregate principal amount of the bonds may be applied toward costs of issuing the bonds.

18. Not applicable.
19. Not applicable.
20. YRMC's cash flow for the past five (5) years is shown in its financial statements as submitted to the IDA.
21. Not applicable.
22. Applicant presently employs over 2,400 employees. Additional staffing increases will be identified related to equipment upgrades.
23. Land is owned by Hospital District No. 1, Yuma County, Arizona.
24. The facility is currently zoned for use as a hospital facility so the new building projects on Hospital District No. 1 property will not be an issue as far as zoning is concerned.

25. Applicant is not required to file a 10K or other Disclosure Statements with the Securities and Exchange Commission.
26. In March 2017, YRMC entered into two separate equipment leases under the Master Lease and Sublease Agreement (earlier described in paragraph no. 15) (the “2017 Equipment Leases”) to finance certain equipment and the expansion and upgrade of the Medical Center’s electronic medical record system. The first equipment lease was for \$15,000,000 and the second equipment lease was for \$5,000,000. Under the 2017 Equipment Leases, the Medical Center received \$20,000,000 that was deposited into an escrow account owned by the Medical Center in exchange for a first security interest in the assets to be acquired. The proceeds are restricted for certain equipment and the expansion and upgrade of the Medical Center’s electronic medical record system.

In September 2015, YRMC entered into a Master Lease and Sublease Agreement with Arizona Health Facilities Authority (the “Equipment Lease”). Under the Equipment Lease, the Medical Center received \$20,000,000 that was deposited into an escrow account owned by the Medical Center in exchange for a first security interest in its electronic medical record system. The lease proceeds were restricted for future build out materials and other capital expenses related to the construction of a new emergency department.

In February 2014, The Industrial Development Authority of the City of Yuma, Arizona (the “Authority”), issued \$73,030,000 in Series 2014A Hospital Revenue Bonds (Series 2014A Bonds) and loaned the proceeds to YRMC to finance improvements and renovations to the hospital. The Series 2014A Bonds mature in installments ranging from \$3,745,000 to \$10,000,000 beginning in 2019. The final maturity date is August 1, 2032.

In February 2014, the Authority also issued \$51,885,000 in Series 2014B Variable Rate Hospital Revenue Bonds (Series 2014B Bonds) and \$51,885,000 in Series 2014C Variable Rate Hospital Revenue Bonds (Series 2014C Bonds). The proceeds of these bonds were loaned to YRMC and used to refund the Series 2008 Bonds. The Series 2014B and 2014C Bonds mature on August 1, 2043. The Series 2014A, 2014B, and 2014C Bonds are collateralized by a Master Indenture, as supplemented.

In 2008, the Authority issued \$109,025,000 Hospital Revenue Refunding Bonds (Yuma Regional Medical Center) Series 2008, and loaned the proceeds to YRMC to refund certain bonds issued in 2004 by the Authority for the benefit of YRMC.

In 2004, the Authority issued \$56,150,000 Hospital Revenue Bonds, Series 2004A (2004A Bonds) and \$57,925,000 Hospital Revenue Bonds, Series 2004B, and loaned the proceeds to YRMC to finance costs of health care facilities operated by YRMC and to refund certain bonds issued in 2001 by the Authority for the benefit of YRMC.



In 2001, the Authority issued \$53,280,000 Hospital Revenue Bonds, Series 2001 (Yuma Regional Medical Center), and loaned the proceeds to YRMC to finance costs of health care facilities operated by YRMC.

In 1997, the Authority issued \$29,690,000 Hospital Revenue Refunding Bonds, Series 1997 (Yuma Regional Medical Center), and loaned the proceeds to YRMC to refund certain bonds issued in 1992 for the benefit of YRMC.

**Certification**

The undersigned, being the Administrative Director of Finance of YRMC, certifies that, to the best of his knowledge the information contained in the foregoing Application is true and correct in all material respects and does not omit to state a material fact necessary to make the information therein not misleading.

DATED this 16 day of July, 2019\_\_

**YUMA REGIONAL MEDICAL CENTER**

By   
Morgan Hay  
Administrative Director of Finance