

## Resolution No. 2024-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF SAN LUIS, ARIZONA GRANTING FINAL APPROVAL OF ISSUANCE OF DEBT IN THE MAXIMUM STATED PRINCIPAL AMOUNT OF \$80,000,000 IN ONE OR MORE SERIES OR ISSUANCES, THE PROCEEDS OF WHICH ARE TO BE LENT TO REGIONAL CENTER FOR BORDER HEALTH, INC.**

**WHEREAS**, The Industrial Development Authority of the City of San Luis, Arizona (the “Issuer”) is a nonprofit corporation designated as a political subdivision of the State of Arizona (the “State”), incorporated with the approval of the City of San Luis, Arizona (the “City”), pursuant to the provisions of the Constitution of the State and under Title 35, Chapter 5 of the Arizona Revised Statutes, as amended (the “Act”);

**WHEREAS**, the Issuer is authorized and empowered, among other things, (a) to issue debt and use the proceeds thereof in accordance with the Act, (b) to contract with and employ others to provide for and to pay compensation for professional services and other services as the Issuer shall deem necessary for the financing of “projects” as defined in the Act, and (c) to pledge its property and revenues to secure the payment of the principal of and premium, if any, and interest on such debt;

**WHEREAS**, Regional Center For Border Health, Inc. (the “Borrower”), an Arizona nonprofit corporation and an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”), has requested that the Issuer issue debt, in the form of bonds, a loan, a promissory note, or some other evidence of such debt (the “Subject Debt”), in an aggregate maximum stated principal amount of \$80,000,000 as described herein, and loan the proceeds thereof to the Borrower (collectively, the “Financing”) to aid in the financing of a portion of the costs associated with: (a) designing, constructing and equipping a new approximately 16-bed hospital in San Luis, Arizona, to be known as the “Border Health Medical Campus/San Luis Community Hospital” (the “Project”), which is expected to be approximately 64,000 square feet in size and to be constructed on a 10-acre parcel owned by the Borrower with an anticipated street address of 311 South Oak Avenue, San Luis, AZ, 85349, which is adjacent to the Borrower’s existing Medical Mall facilities located at 151 South Oak Avenue, San Luis, AZ, 85349 (all of the property to be financed with proceeds of the Subject Debt is collectively referred to herein as the “Financed Property”); (b) paying certain costs associated with the issuance of such debt; and (c) funding a reserve fund and certain interest, if applicable;

**WHEREAS**, the Project constitutes a “project” within the meaning of Section 35-701 of the Act;

**WHEREAS**, the Borrower will be the initial owner and operator of the Financed Property;

**WHEREAS**, all or a majority of the Subject Debt is expected to be issued as tax-exempt qualified 501(c)(3) bonds as defined in Section 145 of the Code;

**WHEREAS**, in accordance with the provisions of the Act, the Issuer will issue the Subject Debt pursuant to an Indenture of Trust (the “Indenture”) by and between the Issuer and a trustee, acting solely in its capacity as trustee thereunder (the “Trustee”);

**WHEREAS**, the Issuer will loan the proceeds from the Subject Debt to the Borrower (the “Loan”) pursuant to the terms of a loan agreement (the “Loan Agreement”) by and between the Issuer and the Borrower, and the Borrower will issue one or more notes to the Issuer (the “Borrower Obligation”), evidencing the Loan and the Borrower’s obligation to make payments sufficient to pay the principal of and interest on the Subject Debt when due;

**WHEREAS**, the Loan Agreement will provide that all amounts payable thereunder by the Borrower to the Issuer shall be paid to the Trustee, as assignee of the Issuer, and that the Subject Debt and the Borrower Obligation will be secured by a pledge of and lien on the revenues generated by the Borrower’s healthcare operations (less operating expenses), which will be on a parity with the lien of the Borrower’s outstanding USDA Financings (as defined in the Loan Agreement);

**WHEREAS**, the Borrower is required to secure USDA’s written consent prior to the issuance of any obligations that are to be on parity with the outstanding USDA Financings and, as of the date hereof, the Borrower is actively working with USDA to obtain such consent; and

**WHEREAS**, there have been presented at this meeting of the Board substantially final forms of certain documents necessary to carry out the completion of the Financing, including without limitation the proposed forms of: the Indenture, the Loan Agreement, a Deed of Trust with Assignment of Leases and Rents, Security Agreement and Fixture Filing by the Borrower to Stewart Title Arizona, as trustee, and in favor of the Trustee, as beneficiary (the “Deed of Trust”), and a Security Agreement and Assignment of Income, Accounts and Revenue, by the Borrower, as debtor, and the Trustee, as secured party (the “Security Agreement” and, together with the Indenture, the Loan Agreement, and the Deed of Trust, the “Issuer Documents”).

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of The Industrial Development Authority of the City of San Luis, Arizona that:

**SECTION 1. Definitions.** In addition to words and terms elsewhere defined in this Resolution, the capitalized words and terms used herein shall have the meanings given in the Loan Agreement and the Indenture.

**SECTION 2. Ratification of Actions.** All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Issuer and its directors, officers, counsel, advisors or agents directed toward the completion of the Financing are hereby approved and ratified. Further, all actions previously taken or to be taken by the Issuer’s officers, the Issuer’s legal advisors, the Law Offices of Glenn J. Gimbut, Attorney at Law (the “Issuer Counsel”), or Kutak Rock LLP (“Bond Counsel”), in connection with the preparation and publication of one or more Notices of Public Hearing or the conducting

of one or more public hearings on behalf of the Issuer are also hereby authorized, ratified, and confirmed and the Issuer hereby approves the Financing for all purposes under the Internal Revenue Code of 1986, as amended from time to time (the "Code").

**SECTION 3. Financing Authorization.** The Financing is hereby authorized and designated "The Industrial Development Authority of the City of San Luis, Arizona (Border Health Medical Campus/San Luis Community Hospital Project) Healthcare Facilities Revenue Bonds, Series 2024." The Subject Debt shall be issued in one or more series or issuances, and the Financing shall occur as set forth in the proposed forms of the Indenture and the Loan Agreement. The Subject Debt will mature on the dates and in the amounts and will bear interest at the rates set forth in the Indenture and the Loan Agreement and shall be payable and subject to redemption prior to maturity as provided in the Indenture.

**SECTION 4. Special, Limited Obligations; Other Obligations.** The Subject Debt shall be payable solely from the receipts and revenues received by, or on behalf of, the Issuer pursuant to the Indenture and the Loan Agreement. Nothing contained in (a) this Resolution, (b) any of the Issuer Documents, or (c) any other agreement, certificate, document or instrument executed in connection with the Financing shall be construed as obligating the Issuer (except as a special, limited obligation to the extent provided in such agreements, certificates, documents or instruments) or obligating the City, or as incurring a charge upon the general credit of the Issuer or of the City, nor shall the breach of any agreement contemplated by (x) this Resolution, (y) any of the Issuer Documents, or (z) any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Issuer or of the City. The Issuer has no taxing power.

Prior to the completion of the Financing, the Issuer has issued, and subsequent to the completion of the Financing, the Issuer may issue obligations in connection with the financing of other projects (said obligations together with any obligations issued by the Issuer between the date hereof and the completion of the Financing shall be referred to herein as the "Other Obligations"). Any pledge, mortgage, or assignment made in connection with the Other Obligations shall be protected, and any funds pledged or assigned for payment of principal, premium, if any, or interest on the Other Obligations shall not be used for the payment of principal, premium, if any, or interest on the Subject Debt. Any pledge, mortgage, or assignment made in connection with the Subject Debt shall be protected, and no funds pledged or assigned for the payment of the Subject Debt shall be used for the payment of principal, premium, if any, or interest on the Other Obligations.

**SECTION 5. Conditions.** The Financing shall not be completed unless and until: (a) the Financing is approved by the Mayor and City Council of the City of San Luis, Arizona; (b) the public hearing process is approved by both the Mayor and City Council of the City of San Luis, Arizona; (c) the Attorney General is duly notified pursuant to Arizona Revised Statutes 35-721.F; (d) all agreements, certificates, documents, or instruments requiring the execution or consent of the Issuer are in a form and substance acceptable to the Issuer's Counsel; and (e) the Issuer receives such opinions, certificates, comfort letters and consent letters in connection with the Financing as the Issuer's Counsel or other

advisors may deem necessary or appropriate, in form and substance satisfactory to the Issuer's Counsel and advisors.

**SECTION 6. Acknowledgement of Roles.** At the request of the Borrower, Kutak Rock LLP shall serve as Bond Counsel.

**SECTION 7. Financing Details.** The terms and provisions of the Financing, in accordance with the terms of the Indenture and the Loan Agreement, are hereby approved, with only such changes as are approved by the officers authorized to execute any Financing documents (which approval will be conclusively established by their execution thereof). Upon satisfaction of the conditions set forth in Section 5 hereof, the Issuer's President, Vice-President and Secretary/Treasurer are each hereby authorized to execute any Financing documents and each is hereby authorized to deliver them. The signatures of the Issuer's President, Vice-President and/or Secretary/Treasurer on any documents evidencing or in connection with the Financing may be by facsimile.

**SECTION 8. Issuer Documents.** The forms, terms, and provisions of each of the Issuer Documents in the forms of such documents (including the exhibits thereto) presented to the Board at this meeting are hereby approved, with such insertions, deletions, and changes as are approved by the officers authorized to execute the documents (which approval will be conclusively established by their execution thereof). Upon satisfaction of the conditions set forth in Section 5 hereof, the Issuer's President, Vice-President and Secretary/Treasurer are each hereby authorized to execute each of the Issuer Documents.

**SECTION 9. Further Actions.** The officers of the Issuer, upon satisfaction of the conditions set forth in Section 5 hereof, shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby and thereby, including without limitation, the execution and delivery of the Issuer Documents and closing and other documents required to be delivered in connection with the completion of the Financing.

**SECTION 10. Open Meeting Laws.** It is found and determined that all formal actions of the Issuer and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Issuer.

**SECTION 11. Irrepealability.** After the proceeds of the Subject Debt are delivered pursuant to the terms of the Loan Agreement and upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Subject Debt and interest thereon shall have been fully paid, canceled, and discharged.

**SECTION 12. Severability.** If any section, paragraph, clause, or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

**SECTION 13. Waiver.** Any provisions of the Issuer’s By-Laws, the Policy Guidelines and Application Procedure, or prior resolutions (except as specified in section 2 hereof) inconsistent herewith are waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any such By-Laws, the Policy Guidelines or Application Procedure, or prior resolutions or any part thereof.

**SECTION 14. Headings.** Subject headings included in this Resolution are included for purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

**SECTION 15. Effectiveness.** This Resolution shall be effective immediately.

**SECTION 16. Notice of A.R.S. Section 38-511 – Cancellation.** Notice of Arizona Revised Statutes section 38-511 is hereby given. The provisions of said Statute are by this reference incorporated herein to the extent of their applicability to the matters contained herein and under the laws of the State.

PASSED, ADOPTED, AND APPROVED on this 2<sup>nd</sup> day of October, 2024.

THE INDUSTRIAL DEVELOPMENT  
AUTHORITY OF THE CITY OF SAN LUIS,  
ARIZONA

By: \_\_\_\_\_  
President, Board of Directors

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Janet Taylor, Clerk of the Board

\_\_\_\_\_  
Glenn J. Gimbut, Issuer Counsel