

ARIZONA HEALTH FACILITIES AUTHORITY

FIVE-YEAR-REVIEW REPORT

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 35. THE ARIZONA HEALTH FACILITIES AUTHORITY

ARTICLE 1. GENERAL PROVISIONS

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DECEMBER 2012

Introduction

The Arizona legislature established the Arizona Health Facilities Authority (the “Authority”) in 1977 to issue bonds for the purpose of improving health care for residents of Arizona by providing less expensive financing for health care facilities. The Authority finances health care projects throughout the entire state, including rural and underserved areas.

Interest on the Authority's bonds, including other financing obligations, is exempt from income taxation under the Federal tax code, which means that the Authority may offer lower market interest rates for its bonds than the interest rate on taxable bonds. Upon the issuance of bonds, the Authority loans the bond proceeds to a health care institution to finance its project at lower interest rates than would generally be available from a bank or from other forms of financing. In this way the Authority acts as a conduit to provide less expensive forms of financing. As a result of the Authority's less expensive financings, health care costs are reduced and the availability of services is improved for residents of Arizona, including rural and underserved areas.

The Authority does not receive any funding from the State of Arizona. Rather, the Authority's operations are funded by the health care providers who obtain bond financing through the Authority.

Historically, the Authority issued tax-exempt bonds exclusively for Arizona’s largest and highest credit rated hospitals. However, the Authority realized that those hospitals with the greatest need for financing would not qualify for Authority issued tax-exempt financing due to their credit rating. Additionally, smaller non-hospital facilities were not eligible for financing under the Authority’s enabling legislation.

In 1996 the Authority began a process to expand its mission to encompass a broader spectrum of health care financing. The Authority desired an enhanced ability to address unmet need for healthcare facilities in rural and underserved areas of the state. The Authority developed a strategic plan that would position it to be responsive to the needs of rural and underserved areas of the state while maintaining its historical commitment to the large nonprofit hospitals.

In 1997 the Authority led a successful effort to amend its enabling legislation to allow more flexibility in issuing its bonds. These amendments permitted the Authority to finance a greater array of health care projects.

In 2003 and 2007 the Authority again led successful efforts to amend its enabling legislation. These amendments permitted the Authority to issue bonds for nonprofit health care organizations with multi-state operations and expanded the Authority’s ability to issue taxable debt for health care facilities.

Since its inception, the Authority has financed more than \$6 billion for Arizona health care facilities. Project sizes have ranged from \$1M for Hacienda de los Angeles to \$850M for Banner Health Systems. Since January 1, 2008, the Authority received 20

applications from 12 institutions. Of these applications, 18 have been approved by the Authority

The Authority presents the attached 5-Year-Review Report to the Governor's Regulatory Review Council. The Board of Directors of the Authority has previously identified non-substantive changes that could be made to its rules, but was not able to move forward with those changes due to the rulemaking moratorium enacted by the Legislature and implemented by Governor Brewer. With the moratorium no longer applicable to the Authority, as noted below, the Authority plans to move forward with the following changes to its rules:

- R4-35-201 – to be amended to change the date of its annual meeting to match monthly meeting dates.
- R4-35-203 – to be amended to match the 24 hour notice requirement contained in the Arizona Open Meeting Law, A.R.S. § 38-431 et seq. The Authority complies with the Open Meeting Law.
- R4-35-501 – to be amended to clarify the Authority's ability to indemnify the Board of Directors, purchase insurance and to conform to the state's risk management laws.
- R4-35-507 – to be amended to cross-reference A.R.S. § 41-1032, to remove an incorrect reference to A.R.S. § 41-1004, and to conform to changes made to the Administrative Procedure Act (the "APA") since the adoption of this rule.

The Authority routinely reviews its rules with the goal of always being open to the improvement of its process. It has remained focused on the need for consistency and clarity of its rules, including the effort to eliminate unnecessary jargon from the text of the rules due to the age of the rules, changes made to the Authority's statutes, or changes made to the APA. Moreover, the Authority also stays abreast of changes made to other statutes related to the business of the Authority, including tax, accounting and surety requirements.¹

The following information addresses the matters prescribed by A.R.S. § 41-1056 in the order specified in A.A.C. R1-6-111:

¹ Through these activities, the Authority has identified additional non-substantive changes that could be made to its rules to improve clarity and consistency.

TABLE OF IDENTICAL INFORMATION

This chart complies with the requirements of R1-6-111(B), which prescribes that information shall be provided only once for any group of rules for which the information on a particular issue is the same.

	Paragraph 1	Paragraph 3	Paragraph 4	Paragraph 5	Paragraph 6	Paragraph 7	Paragraph 9	Paragraph 10	Paragraph 11	Paragraph 12	Paragraph 13
Rule Number	General statute: A.R.S. §§ 36-483(C)	The rule is effective in achieving its objective.	The rule is consistent with its statutes, other rules made by the agency, and current agency policy.	The rule is enforced as written.	The rule is clear, concise, and understandable.	No written criticism of the rule has been received by the Department within the past five years.	No person or entity has submitted input to the Authority comparing the impact of these rules on Arizona's business competitiveness compared to other states.	Due to the rulemaking moratorium, the agency did not complete the course of action indicated in the agency's previous five-year review report.	The Rules enable eligible facilities to secure tax exempt financing. The Authority believes that the rules impose the least burden and costs to persons regulated by the rule, including paperwork and other compliance costs necessary to achieve the regulatory objective to promote health care facility financing.	The Authority's rules are compliant with applicable federal law, do not exceed the requirements of federal law, and enable eligible health care facilities to obtain tax exempt financing for construction and redevelopment under a process recognized and permissible under the Internal Revenue Code.	The Authority has not adopted rules since July 29, 2010.
R4-35-101	X	X	X	X	X	X	X	X	X	X	X
R4-35-201	X	X		X	X	X	X	X	X	X	X
R4-35-202	X	X	X	X	X	X	X	X	X	X	X
R4-35-203	X	X		X	X	X	X	X	X	X	X
R4-35-204	X	X	X	X	X	X	X	X	X	X	X
R4-35-205	X	X	X	X	X	X	X	X	X	X	X
R4-35-206	X	X	X	X	X	X	X	X	X	X	X
R4-35-207	X	X	X	X	X	X	X	X	X	X	X
R4-35-208	X	X	X	X	X	X	X	X	X	X	X
R4-35-209	X	X	X	X	X	X	X	X	X	X	X
R4-35-210	X	X	X	X	X	X	X	X	X	X	X
R4-35-301	X	X	X	X	X	X	X	X	X	X	X
R4-35-302	X	X	X	X	X	X	X	X	X	X	X
R4-35-303	X	X	X	X	X	X	X	X	X	X	X
R4-35-304	X	X	X	X	X	X	X	X	X	X	X

TABLE OF IDENTICAL INFORMATION (CONTINUED)

	Paragraph 1	Paragraph 3	Paragraph 4	Paragraph 5	Paragraph 6	Paragraph 7	Paragraph 9	Paragraph 10	Paragraph 11	Paragraph 12	Paragraph 13
Rule Number	General statute: A.R.S. §§ 36-483(C)	The rule is effective in achieving its objective.	The rule is consistent with its statutes, other rules made by the agency, and current agency policy.	The rule is enforced as written.	The rule is clear, concise, and understandable.	No written criticism of the rule has been received by the Department within the past five years.	No person or entity has submitted input to the Authority comparing the impact of these rules on Arizona's business competitiveness compared to other states.	Due to the rulemaking moratorium, the agency did not complete the course of action indicated in the agency's previous five-year review report.	The Rules enable eligible facilities to secure tax exempt financing for construction and redevelopment. The Authority believes that the rules impose the least burden and costs to persons regulated by the rule, including paperwork and other compliance costs necessary to achieve the regulatory objective to promote health care facility financing.	The Authority's rules are compliant with applicable federal law, do not exceed the requirements of federal law, and enable eligible health care facilities to obtain tax exempt financing for construction and redevelopment under a process recognized and permissible under the Internal Revenue Code.	The Authority has not adopted rules since July 29, 2010.
R4-35-305	X	X	X	X	X	X	X	X	X	X	X
R4-35-306	X	X	X	X	X	X	X	X	X	X	X
R4-35-307	X	X	X	X	X	X	X	X	X	X	X
R4-35-308	X	X	X	X	X	X	X	X	X	X	X
R4-35-309	X	X	X	X	X	X	X	X	X	X	X
R4-35-401	X	X	X	X	X	X	X	X	X	X	X
R4-35-402	X	X	X	X	X	X	X	X	X	X	X
R4-35-501	X	X			X	X	X	X	X	X	X
R4-35-502	X	X	X	X	X	X	X	X	X	X	X
R4-35-503	X	X	X	X	X	X	X	X	X	X	X
R4-35-504	X	X	X	X	X	X	X	X	X	X	X
R4-35-505	X	X	X	X	X	X	X	X	X	X	X
R4-35-506	X	X	X	X	X	X	X	X	X	X	X
R4-35-507	X	X			X	X	X	X	X	X	X
R4-35-601		X		X	X	X	X	X	X	X	X
R4-35-602		X		X	X	X	X	X	X	X	X

INFORMATION FOR GROUPS OF RULES

ARTICLE 2. BOARD OF DIRECTORS

1. *General and specific statutes authorizing the rules.*

R4-35-201 through R4-35-210 are authorized generally by A.R.S. § 36-483(C) and specifically by A.R.S. § 36-483(D).

8. *Estimated economic, small business, and consumer impact of the rules.*

Article 2 addresses the operation of the Authority's Board of Directors. Several of the rules have a minor economic impact on the Board, as they pertain primarily to the internal operations of the Board. The topics covered by the rules include the convening and scheduling of regular and special meetings, meeting notices, quorum requirements, the manner of voting and presumption of assent, the establishment of the committees of the Board, the keeping of meeting minutes, and the issuance and effective dates of resolutions. In addition, the rules have an operational impact on the Authority's Board of Directors, staff and counsel, who must shoulder the cost of implementing these operations-related rules.

No comparison may be drawn to an initial economic, small business and consumer impact statement of these rules as a requirement for a statement of this sort did not exist when the Authority initially adopted these rules.

14. *Anticipated course of action.*

The Authority anticipates filing a notice of proposed rulemaking docket opening and proposed changes to the rules as described in this report no later than June 30, 2014. These anticipated changes consist of the following:

- R4-35-201 – to be amended to change the date of its annual meeting to match monthly meeting dates.
- R4-35-203 – to be amended to match the 24 hour notice requirement contained in the Arizona Open Meeting Law, A.R.S. § 38-431 et seq. The Authority complies with the Open Meeting Law.

ARTICLE 3. OFFICERS

8. *Estimated economic, small business, and consumer impact of the rules.*

R4-35-303, which allows the Board to require an officer or employee to post a surety bond to ensure performance of duties, could impose an economic impact if used. Similarly, providing salaries as authorized in R4-35-305 has a direct cost to the Authority. Consistent with A.R.S. § 36-484 and recognized practices involving enterprises that handle funds for third parties, the Authority maintains a surety bond, as

provided by R4-35-303, to safeguard the Authority from the potential of the theft or other loss of funds, were an officer or employee due to misuse or otherwise convert funds to a purpose other than a purpose authorized by law and the Authority. With the exception of these specific instances, the Authority does not believe that the rules have an economic, small business or consumer impact.

No comparison may be drawn to an initial economic, small business and consumer impact statement of these rules as a requirement for a statement of this sort did not exist when the Authority initially adopted these rules.

14. *Anticipated course of action.*

The Authority anticipates no changes to rules in Article 3.

ARTICLE 4. RESIGNATIONS AND VACANCIES

8. *Estimated economic, small business, and consumer impact of the rules.*

The economic impact of the rules for resignations and vacancies has no significant upon small business or consumers.

No comparison may be drawn to an initial economic, small business and consumer impact statement of these rules as a requirement for a statement of this sort did not exist when the Authority initially adopted these rules.

14. *Anticipated course of action.*

The Authority anticipates no changes to rules in Article 4.

ARTICLE 5. OTHER MATTERS

5. *Agency enforcement policy.*

The Authority plans to propose amendments to R4-35-501 and R4-35-507, to clarify the Authority's power to purchase insurance and to correct references to the APA, and will propose other necessary amendments to the rules covered in this part of its Report to ensure their consistency with existing law.

8. *Estimated economic, small business, and consumer impact of the rules.*

R4-35-501 has an economic impact of the cost of the insurance to provide indemnification for its directors and employees. Consistent with A.R.S. § 36-485(9) and recognized practices involving enterprises that handle funds, the Authority maintains insurance, as provided by R4-35-501, to indemnify the Authority and its officers and employees from damage claims that may be brought for actions taken by the Authority. Similarly, the annual audit required by R4-35-504 has a direct cost to the Authority. Consistent with A.R.S. § 36-485(9) and recognized practices involving enterprises that

handle funds, the Authority conducts regular audits of its accounts to demonstrate that it properly manages its financing responsibilities pursuant to the statutes and rules that govern and guide the Authority. With the exception of these specific instances, the Authority does not believe that the rules have an economic, small business or consumer impact.

No comparison may be drawn to an initial economic, small business and consumer impact statement of these rules as a requirement for a statement of this sort did not exist when the Authority initially adopted these rules.

14. *Anticipated course of action.*

The Authority anticipates filing a notice of proposed rulemaking docket opening and proposed changes to the rules as described in this report no later than June 30, 2014. These anticipated changes consist of the following:

- R4-35-501 – to be amended to clarify the Authority’s ability to indemnify the Board of Directors, purchase insurance and to conform to the state’s risk management laws.
- R4-35-507 – to be amended to cross-reference A.R.S. § 41-1032, to remove an incorrect reference to A.R.S. § 41-1004, and to conform to changes made to the Administrative Procedure Act (the “APA”) since the adoption of this rule.

ARTICLE 6. APPLICATIONS FOR, AND ISSUANCE OF, BONDS

1. *General and specific statutes authorizing the rules.*

R4-35-601 and R4-35-602 are authorized specifically by A.R.S. § 36-485 and A.R.S. § 36-491.

4. *Consistency of the rule with its statutes or other rules made by the agency and current agency enforcement policy.*

The Authority considers these rules to be appropriate and acceptable. Any changes required by other applicable law, including the APA, will be proposed for R4-35-601 and R4-35-602.

8. *Estimated economic, small business, and consumer impact of the rules.*

The Authority anticipates filing a notice of proposed rulemaking docket opening and proposed changes to the rules as described in this report no later than June 30, 2014.

R4-35-601 and R4-35-602 have an economic impact for participating facilities receiving approval from the Authority for tax-exempt bond financing. For example, the rules prescribe an application and approval process, the completion of which imposes

costs on facilities approved for financing from the Authority. In addition, the rules promote the issuance of tax-exempt bond financing which reduces the capital costs for financed projects.

14. *Anticipated course of action.*

The Authority anticipates no changes to rules in Article 6.

INFORMATION FOR INDIVIDUAL RULES

ARTICLE 1. GENERAL PROVISIONS

R4-35-101. Statutory Authorization

2. *Objectives.*

The rule references the statutory authorization granted to the Authority to promulgate rules.

8. *Estimated economic, small business, and consumer impact of the rule.*

No comparison may be drawn to an initial economic, small business and consumer impact statement of these rules as a requirement for a statement of this sort did not exist when the Authority initially adopted these rules.

14. *Anticipated course of action.*

The Authority anticipates no changes to rules in Article 1.

ARTICLE 2. BOARD OF DIRECTORS

R4-35-201. Regular Meetings

2. *Objectives.*

The rule establishes the timing of, and procedures for the deferral of, the regular annual meeting of the Authority's Board of Directors.

4. *Consistency of the rule with its statutes or other rules made by the agency and current agency enforcement policy.*

The Authority intends to amend R4-35-201 to change the date of its annual meeting to a date consistent with its regularly scheduled monthly meetings and add a provision for the holding of regular monthly meetings as noticed pursuant to A.R.S. § 38-431.02.

R4-35-202. Special Meetings

2. Objectives.

The rule provides for the calling of special meetings of the Authority's Board of Directors.

R4-35-203. Notices

2. Objectives.

The rule provides for notice, waiver of notice, and adjournment of meetings of the Authority's Board of Directors.

4. Consistency of the rule with its statutes or other rules made by the agency and current agency enforcement policy.

The Authority fully complies with the state's Open Meeting Law. Its rules could be clarified to make this point more explicit. The Authority intends to amend R4-35-203 to reconcile the notice requirements contained in its rules with those contained in the Open Meeting Law. When amended, R4-35-203, consistent with current practice, will provide for 24 hours' notice of the time, place, and agenda of all meetings of the Board of Directors of the Authority.

R4-35-204. Quorum

2. Objectives.

The rule establishes the quorum requirement for meetings of the Authority's Board of Directors.

R4-35-205. Voting

2. Objectives.

The rule establishes the manner of voting on all matters at meetings of the Board, and mandates that a majority is required for matters submitted to voting by the Authority's Board of Directors.

R4-35-206. Executive Committee

2. Objectives.

The rule authorizes the establishment and actions of the Executive Committee of the Authority's Board of Directors when the Board is not meeting.

R4-35-207. Other Committees

2. Objectives.

The rule authorizes the establishment of other committees among the Authority's Board of Directors.

R4-35-208. Minutes

2. Objectives.

The rule provides for minutes and signing of minutes for meetings, to reflect the proceedings at each meeting of the Board.

R4-35-209. Presumption of Assent

2. Objectives.

The rule provides that a director's presence at a meeting is deemed to constitute assent to actions taken, unless dissent is properly noted.

R4-35-210. Resolutions and Effective Dates

2. Objectives.

The rule establishes how resolutions of the Authority are to be presented, and how resolutions become effective upon adoption.

ARTICLE 3. OFFICERS

R4-35-301. Officers

2. Objectives.

The rule establishes the officers of the Authority and describes the powers of assistant officers in absence of his or her superior officer.

R4-35-302. Elections

2. Objectives.

The rule establishes procedures for elections of officers and for the continuing service of officers.

R4-35-303. Bonds and Other Requirements

2. Objectives.

The rule authorizes the Board of Directors to require surety bonds to safeguard funds handled by the Authority against theft or other loss.

R4-35-304. Removal or Delegations

2. Objectives.

The rule establishes procedures for removal of an officer and for the temporary delegation of the duties of a particular office.

R4-35-305. Salaries

2. Objectives.

The rule authorizes the establishment of salaries for employees and prohibits members of the Board of Directors from receiving compensation other than meeting fees and expenses.

R4-35-306. Chairman

2. Objectives.

The rule describes responsibilities and powers of Chairman. Those duties include general supervision of the Authority and the power to sign contracts and other documents on behalf of the Authority. Those duties include general supervision of the Authority and the power to sign contracts and other documents on behalf of the Authority.

R4-35-307. Vice-Chairman

2. Objectives.

The rule describes responsibilities and powers of Vice-Chairman, which consists of the power to serve as acting chairman when the chairman is absent.

R4-35-308. Secretary

2. Objectives.

The rule describes responsibilities and powers of Secretary, which includes keeping minutes, issuing notices, and serving as custodian of the records of the Authority.

R4-35-309. Treasurer

2. Objectives.

The rule describes responsibilities and powers of Treasurer, which include responsibility for the custody of funds and securities, and to keep full and accurate account of the financial records of the Authority.

ARTICLE 4. RESIGNATIONS AND VACANCIES

R4-35-401. Resignations

2. Objectives.

The rule establishes procedures for resignation of the directors and officers of the Authority.

4. Consistency of the rule with its statutes or other rules made by the agency and current agency enforcement policy.

The Authority considered whether the resignation provisions are consistent with A.R.S. § 38-294 and determined that this statute is not inconsistent with R4-35-401 of the Authority's rules. The Authority is unaware of any other statutes or rule that should be considered for consistency with these rules.

R4-35-402. Vacancies

2. Objectives.

The rule authorizes the Board of Directors to fill vacancies in the event the office of any committee member or officer becomes vacant.

ARTICLE 5. OTHER MATTERS

R4-35-501. Indemnification

2. Objectives.

The rule provides for indemnification of directors, officers, and employees of the Authority and authorizes the purchase of insurance insuring against liabilities incurred by directors, officers, and employees.

4. Consistency of the rule with its statutes or other rules made by the agency and current agency enforcement policy.

As noted at the outset of this report, the Authority plans to propose amendments to R4-35-501 and R4-35-507 to modernize the rules and to repeal outdated provisions or

provisions that pertain solely to informal operations. For example, R4-35-505 permits the Authority to maintain an office, a power adequately prescribed by A.R.S § 36-485(2).

R4-35-502. Seal

2. Objectives.

The rule authorizes the adoption and use of an official seal for the Authority.

R4-35-503. Fiscal Year

2. Objectives.

The rule establishes that the Authority's fiscal year shall end on June 30 of each year.

R4-35-504. Audit of Accounts and Annual Reports

2. Objectives.

The rule provides for annual reviews of the accounts of the Authority and authorizes the preparation and distribution of annual reports. This process helps to ensure the proper review and oversight of the Authority's business.

R4-35-505. Administrative Offices

2. Objectives.

The rule authorizes the establishment of an office for administration of the Authority.

R4-35-506. Conflicts of Interest

2. Objectives.

The rule provides for disclosure of conflicts of interest by members of the Board of Directors and establishes procedures for members of the Board to follow in matters involving conflicts of interest.

R4-35-507. Amendments

2. Objectives.

The rule specifies the process for amending the rules of the Authority in compliance with applicable law including the Administrative Procedure Act.

4. *Consistency of the rule with its statutes or other rules made by the agency and current agency enforcement policy.*

As noted at the outset of this report, the Authority plans to propose amendments to R4-35-501 and R4-35-507.

ARTICLE 6. APPLICATIONS FOR, AND ISSUANCE OF, BONDS

R4-35-601. Eligibility

2. *Objectives.*

The rule establishes eligibility requirements for participating facilities to receive financing from the Authority

R4-35-602. Procedures

2. *Objectives.*

The rule authorizes the Authority to adopt and revise the general guidelines for applications to the Authority for financing.

Appendix

The Arizona Health Facilities Authority

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 35. THE ARIZONA HEALTH FACILITIES AUTHORITY

(Authority: A.R.S. § 36-481 et seq.)

ARTICLE 1. GENERAL PROVISIONS

Section
R4-35-101. Statutory authorization

ARTICLE 2. BOARD OF DIRECTORS

Section
R4-35-201. Regular meetings
R4-35-202. Special meetings
R4-35-203. Notices
R4-35-204. Quorum
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R4-35-208. Minutes
R4-35-209. Presumption of assent
R4-35-210. Resolutions and effective dates

ARTICLE 3. OFFICERS

Section
R4-35-301. Officers
R4-35-302. Elections
R4-35-303. Bonds and other requirements
R4-35-304. Removal or delegations
R4-35-305. Salaries
R4-35-306. Chairman
R4-35-307. Vice-chairman
R4-35-308. Secretary
R4-35-309. Treasurer

ARTICLE 4. RESIGNATIONS AND VACANCIES

Section
R4-35-401. Resignations
R4-35-402. Vacancies

ARTICLE 5. OTHER MATTERS

Section
R4-35-501. Indemnification
R4-35-502. Seal
R4-35-503. Fiscal year
R4-35-504. Audit of accounts and annual reports
R4-35-505. Administrative offices
R4-35-506. Conflicts of interest
R4-35-507. Amendments

ARTICLE 6. APPLICATIONS FOR, AND ISSUANCE OF, BONDS

Section
R4-35-601. Eligibility
R4-35-602. Procedures
R4-35-603. Expired

ARTICLE 1. GENERAL PROVISIONS

R4-35-101. Statutory authorization

These rules and regulations are adopted under and pursuant to the authority therefor contained in Chapter 4.2, Title 36, Arizona Revised Statutes.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

The Arizona Health Facilities Authority

ARTICLE 2. BOARD OF DIRECTORS

R4-35-201. Regular meetings

The regular annual meeting of the Board of Directors shall be held on the first Monday of February in each year, provided that the Chairman may, with the concurrence of two other members of the Board of Directors, defer such meeting for a period not to exceed 45 days.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-202. Special meetings

Special meetings of the Board of Directors may, and upon request of two members of the Board shall, be held at such time, date and place as may be determined by the Chairman of the Board of Directors.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-203. Notices

No notice need be given of the regular annual meeting of the Board of Directors unless such meeting is deferred as herein provided. Except as otherwise provided herein, written notice of the time and place (but not necessarily the purpose or all of the purposes) of any deferred regular annual or special meeting will be given to each director in person or via mail or telegram addressed to him or her at his or her latest address appearing on the Authority's records. Notice to any director of any such meeting will be sufficient when deposited in the United States mail, with postage prepaid, at least five days before the meeting date, or personally handed to the director or delivered to the telegraph office at least 48 hours prior to the convening of the meeting. Any director may waive notice of any meeting at any time before, during or after the meeting. Attendance of a director at any meeting will automatically evidence his or her waiver of notice of such meeting unless he or she is attending the meeting for the express purpose of objecting to the transaction of business because the meeting has not been properly noticed or convened. No notice of a meeting of directors will be necessary if each of them waives notice in writing or by attendance as aforesaid. Any meeting, once properly noticed (or as to which notice has been waived) and at which a quorum is formed, may be adjourned to another time and place by a majority of those in attendance.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-204. Quorum

Four directors shall constitute a quorum for the transaction of business at any meeting or adjourned meeting of the directors.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-205. Voting

Voting on all matters at meetings of the Board shall be by voice vote. Affirmative, negative and abstaining votes shall be entered in the minutes of the meeting, except that the individual votes of the directors with respect to the election of officers need not be recorded. Any matter submitted to a vote at any meeting of the Board will be resolved by the vote of a majority of those directors present and voting thereon.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-206. Executive committee

The Board of Directors may, by resolution adopted by a majority of the whole Board, name three or more of its members as an Executive Committee. Such Executive Committee will have and may exercise such powers of the Board of Directors in the management of the operations of the Authority while the Board is not in session as may be provided in the Board's resolution, provided that any such Executive Committee shall not be empowered to take any action which by statute must be taken by the Board of Directors nor to take any action in any manner which would constitute or give rise to a violation of applicable laws of the state of Arizona. A majority of those named to the Executive Committee will constitute a quorum of the Committee, and the Executive Committee may at any time act, subject to the limitations set forth above, by the written consent of a quorum thereof, although not formally convened.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-207. Other committees

Other standing or temporary committees may from time to time be appointed from its own membership by the Board of Directors and be vested with such duties as the Board may by resolution provide, subject to the limitations set forth in rule R4-35-206 hereof.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-208. Minutes

Minutes shall be kept and maintained reflecting the proceedings and transactions at each regular or special meeting of the Board of Directors. The minutes shall be prepared by, or at the direction of, and signed by, the person acting as secretary at the meeting and shall be

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attested by the person acting as chairman. All committees will keep regular minutes or other records of their transactions and make such minutes and records available to the Board of Directors.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-209. Presumption of assent

A director who is present at a meeting of the Board of Directors, or of any committee, at which action is taken on any manner will be presumed to have assented to the action taken unless his or her dissent or abstention is entered in the minutes of the meeting or unless he or she files written notice of dissent or abstention by registered or certified mail to the Secretary of the Authority immediately after the adjournment of the meeting. A right to dissent will not be available to a director who voted in favor of any action.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-210. Resolutions and effective dates

All resolutions of the Authority shall be in writing and shall be set forth in the minute books of the Authority. A resolution shall become effective immediately upon adoption unless otherwise provided in the resolution.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

ARTICLE 3. OFFICERS

R4-35-301. Officers

The officers of the Authority shall consist of a Chairman, a Secretary, a Treasurer, who shall be elected from among the members of the Board of Directors, and such assistants and other executive or administrative officers as the Board of Directors may from time to time determine. Each assistant officer (in the order, if any, designated by the Board) will be vested with all of the powers and charged with all of the duties (including those specifically set forth herein) of his or her superior officer in the event of such superior officer's absence, disability or inability to act for any reason.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-302. Elections

Officers will be elected at the regular annual meeting of the Board of Directors but officers may be elected at any other meeting of the Board when necessary to fill a vacancy in any existing or newly-created office. Officers will continue in office until the election of a successor subject to earlier action pursuant to rule R4-35-304 or rule R4-35-401 below.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-303. Bonds and other requirements

The Board of Directors may require any officer or employee to provide a surety bond in a reasonable amount, and conditioned upon the faithful performance of his or her duties, and to comply with such other conditions as may from time to time be established by the Board and by the laws of the state of Arizona.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-304. Removal or delegations

Provided that a majority of the whole membership thereof concurs, the Board of Directors may at any time, with or without cause, remove any officer of the Authority and declare his or her office or offices vacant. In the case of the absence or disability of any officer or for any other reason considered sufficient, the Board of Directors may temporarily delegate his or her powers and duties to any other officer or to any director.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-305. Salaries

The salaries, if any, of the officers and employees of the Authority shall be fixed by the Board of Directors, except that no member of the Board may receive compensation for his or her services except as provided in A.R.S. § 36-483.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-306. Chairman

The Chairman shall preside at all meetings of the Board of Directors and shall have general supervision over the business and affairs of the Authority. Except as otherwise provided herein, or by resolution of the Board of Directors, the Chairman shall sign all orders, contracts and other instruments to be executed on behalf of the Authority.

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Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-307. Vice-chairman

A Vice-chairman may be elected from among the members of the Board of Directors of the Authority and, except as prohibited by law or these rules and regulations, shall serve as the acting Chairman of the Board of Directors and perform the duties of the Chairman in the event of the absence, disability or inability to act of the Chairman.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-308. Secretary

The Secretary shall keep the minutes of the meetings of the Board of Directors and, if directed by the Board, perform the same duties for the committees of the Board of Directors; shall give or cause to be given all notices as required by law or these rules and regulations; shall be custodian of the records and the seal, if any, of the Authority; shall, when necessary or appropriate, attest to the signature of the Chairman or Vice-chairman; and shall, in general, perform all customary duties incident to the office of Secretary and such other duties as may be determined by the Board of Directors from time to time.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-309. Treasurer

The Treasurer shall have custody of the funds and securities of the Authority; shall keep full and accurate accounts of receipts and disbursements relating to the operations of the Authority in books and ledgers belonging to the Authority; shall deposit all moneys and other valuable effects in the name or to the credit of the Authority in such depositories as shall be designated by the Board; shall disburse the funds of the Authority in such manner and at such times as may be ordered by the Board, taking proper receipts or vouchers for such disbursements; shall render to the Board, whenever requested by the Board, an accounting of all of the financial transactions and the financial condition of the Authority; and shall, in the event of his or her resignation, retirement, removal or death, deliver or provide for the delivery to the Authority of all books, papers, vouchers, records, ledgers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Authority.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

ARTICLE 4. RESIGNATIONS AND VACANCIES

R4-35-401. Resignations

Any director, committee member or officer may resign at any time by written notice delivered or addressed to the Authority at its principal office, and, in the case of the resignation of any director, to the Governor of the state of Arizona. Any such resignation will be effective upon acceptance by the Authority, in the case of any committee member or officer, or by the Governor, in the case of any director, unless, in either case, some later date is specified therein, in which event the resignation will be effective upon the date so specified.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-402. Vacancies

In the event the office of any committee member or officer becomes vacant for any reason, the Board of Directors may, subject to the limitations contained in these rules and regulations, choose a qualified successor to hold such office for the unexpired term.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

ARTICLE 5. OTHER MATTERS

R4-35-501. Indemnification

The Authority may and, to the extent required by law, shall indemnify any and all of its present or former directors, officers, employees and agents to the fullest extent and in the manner provided by the laws of the state of Arizona as in effect from time to time hereafter, provided that such indemnification shall not be exclusive of any rights to which any present or former director, officer, employee or agent may be entitled by agreement or otherwise. The Authority may purchase and maintain insurance on behalf of any present or former director, officer, employee or agent of the Authority against any liability incurred by him or her in any such capacity arising out of his or her status as such, whether or not the Authority would have the power to indemnify such person under the provisions of this rule.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-502. Seal

The Authority may adopt an official seal which shall be inscribed with the words: "The Arizona Health Facilities Authority, Seal, 1974, Arizona". Such seal may be affixed by impressing the same or by causing any facsimile or reproduction thereof to be impressed, affixed or reproduced on any document or instrument.

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Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-503. Fiscal year

The fiscal year of the Authority shall end on June 30 of each year.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-504. Audit of accounts and annual reports

The accounts of the Authority shall be reviewed at least once for each fiscal year and, if directed by the Board, shall be reported upon by an independent certified public accountant or accounting firm selected by the Board of Directors. The Board of Directors may prepare and distribute an annual report containing such information pertaining to the activities and financial condition of the Authority as the Board of Directors may determine.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-505. Administrative offices

The Board may establish such office or offices for the administration of the Authority at such location or locations in the state of Arizona as may be determined by the Board.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-506. Conflicts of interest

In the event any matter being considered at any time by the Board of Directors shall involve any hospital, association, enterprise or other entity, transaction, or other matter in or with which any director is or has been involved, or associated, in a professional capacity or otherwise, such relationship shall be fully disclosed to the Board, and counsel for the Authority shall be requested to advise the Board concerning the permissible manner and extent of such director's further participation in connection with the matter being considered by the Board.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-507. Amendments

Subject to compliance with the provisions of Chapter 6, Title 41, Arizona Revised Statutes, any and all of the provisions hereof may be amended, modified, altered or repealed by a majority vote of those directors present and voting at any regular annual or special meeting of the Board, the notice or waiver of notice for which contains or is accompanied by a general description or the exact test of the portion to be amended, modified, altered or repealed. Any such amendments, modifications, alterations or repeals shall become effective upon the filing of certified copies of these rules and regulations reflecting such changes with the Secretary of State of the state of Arizona in compliance with A.R.S. § 41-1004.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

ARTICLE 6. APPLICATIONS FOR, AND ISSUANCE OF, BONDS

R4-35-601. Eligibility

Any participating facility, as that term is defined in A.R.S. § 36-481, shall be eligible to apply for, and receive through the Authority, financing for the acquisition, erection, construction, reconstruction, improvement, remodeling, repair, replacement, alteration, extension, development, furnishing or equipping of a health care facility, as that term is defined in A.R.S. § 36-481, or the refunding at or in advance of maturity of any such participating facility's outstanding bonds or other indebtedness.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-602. Procedures

The Authority may adopt and revise from time to time general guidelines for the information of prospective financing applicants pertaining to preliminary and final application procedures and other matters concerning the documentation, costs and expenses, and timing involved in the Authority's issuance of bonds on behalf of any participating facility.

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2).

R4-35-603. Expired

Historical Note

Adopted effective April 27, 1981 (Supp. 81-2). Section expired under A.R.S. § 1056(E) at 14 A.A.R. 1446, effective March 31, 2008 (Supp. 08-2).