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VIA FIRST LEGAL SUPPORT SERVICE

June 24, 2020

Ramón Valadez, Chair

Ms. Sharon Bronson

Mr. Steve Christy

Ms. Ally Miller

Ms. Betty Villegas

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 Bonds – Multifamily Housing Revenue Bonds (Center of Hope Apartments Project), Series 2020, In an Aggregate Amount Not to Exceed \$10,000,000 – 4554 S. Palo Verde Road, Tucson, Arizona

Dear Mr. Chairman and Members of the Board:

Subject to your approval, at a special meeting to be held on June 30, 2020, The Industrial Development Authority of the County of Pima (the “*Authority*”), will consider adopting a resolution granting final approval to the issuance of its Multifamily Housing Revenue Bonds (Center of Hope Apartments Project), Series 2020, in one or more series or subseries (the “*Bonds*”), in an aggregate principal amount not to exceed \$10,000,000, the proceeds of which will be loaned to Center of Hope Apartments LP, an Arizona limited partnership (the “*Borrower*”).

As always, this issuance of the Bonds is subject to the approval of the Pima County Board of Supervisors. The Authority respectfully requests that this matter be placed on the Board of Supervisors’ Regular Meeting Agenda scheduled for July 7, 2020, 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, at its special meeting on June 30, 2020, the Authority will hold a public hearing in order to comply with Federal tax requirements. You will be immediately informed if there are any objections at the hearing to the below-defined Project or the issuance of the Bonds.

The proceeds of the Bonds are to be loaned to the Borrower to be used to (1) finance or refinance all or a portion of the costs of the acquisition, construction, improvement, rehabilitation, development, equipping

and/or operation of residential real property consisting of 100 units, some or all of which will provide housing for low-income tenants (including facilities functionally related and subordinate thereto), on certain real property located at 4554 S. Palo Verde Road in Tucson, Pima County, Arizona to be commonly known as the "Center of Hope Apartments" (collectively, the "*Facilities*"); (2) fund any required reserve funds; (3) pay capitalized interest, if any, on the Bonds; and (4) pay the costs of issuance for the Bonds (collectively referred to as the "*Project*"). The Facilities are to be owned by Center of Hope Apartments, LP, an Arizona limited partnership (the "*Borrower*"). La Frontera Partners, Inc. an Arizona corporation, will act as property manager. A more detailed description of the Project is contained in the attached Fact Summary.

The Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "*Act*"). The Bonds are expected to be unrated and privately placed with BMO Harris Bank NA (the "*Purchaser*"), subject to accredited investor transfer restrictions. The Bonds will be issued as fully registered Bonds without coupons as a single Bond certificate for each series.

As always, the Bonds will be special limited obligations of the Authority and will be payable solely from payments made by the Borrower pursuant to a financing agreement among the Authority the Borrower and the Purchaser and secured by a deed of trust on the Facilities and pledged to the Purchaser. 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 Bonds. The Authority has no taxing power.

I will be available prior to the meeting to answer any questions you may have, or I am available 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 (with enclosures)
Regina L. Nassen, Esq., Counsel to the Board
Charles Huckelberry, Pima County Administrator
Jan Leshner, Deputy Pima County Administrator
Patrick Cavanaugh, Economic Development Office

FACT SUMMARY

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA MULTIFAMILY HOUSING REVENUE BONDS (CENTER OF HOPE APARTMENTS PROJECT), SERIES 2020

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

The Bonds	The Authority will issue its Multifamily Housing Revenue Bonds (Center of Hope Apartments Project) Series 2020 in one or more series or subseries (the “ <i>Bonds</i> ”), in an original principal amount not to exceed \$10,000,000 and a maturity date not to exceed forty (40) years. The Bonds will be issued in one or more series. The Bonds will be variable-rate bonds. The average interest rate on the Bonds shall not be greater than twelve percent (12%) per annum. The Bonds may be redeemed at the option of the Borrower with the consent of the Authority and, under certain circumstances, must be redeemed prior to their stated maturity date. The Bonds will not be rated and will be issuable in a single Bond certificate.
Private Placement	The Bonds will be privately placed with BMO Harris Bank NA (the “ <i>Purchaser</i> ”).
The Borrower	Center of Hope Apartments, LP is an Arizona limited partnership. The Borrower is acquiring the Facilities (as defined herein) and the Borrower has chosen La Frontera Partners, Inc. as the property manager to manage the Facilities.
The Facilities	As part of the Project, the Borrower will acquire a portion of the six (6) story tower building and its adjoining parking lot of a former hotel (previously known as Holiday Inn Holidome, Clarion or Radisson), located at 4554 S. Palo Verde Road, in Tucson, Pima County, Arizona (the “ <i>Facilities</i> ”).
Bond Proceeds	The proceeds of the Bonds will be used to (i) finance or refinance all or a portion of the costs of the acquisition, construction, improvement, rehabilitation, development, equipping and/or operation of the Facilities, (ii) fund any required reserve funds; (iii) pay capitalized interest, if any, on the Bonds and (iv) pay the costs of issuance of the Bonds.
The Project	The Project consists of the acquisition, construction, improvement, rehabilitation, development, equipping and/or operation of the Facilities, including the renovation of the existing six story building into 100 one-bed/one-bath units each of approximately 600 square feet and conversion of

some spaces into additional community spaces, including community rooms, community laundry facilities, food pantry and administrative and supportive services offices. The 2020 Project will serve low income persons in need of on-site supportive services whose income ranges between 40 and 60% of area median income as a “Permanent Supportive Housing Project”. The Project has applied for eighty (80) project based vouchers which if granted by the Department of Housing and Urban Development, will be used to provide rental assistance to those tenants earning 40 to 50% of AMI. It is anticipated that the Project will serve persons who are homeless and/or are elderly in need of supportive services in order to remain independent.

Documentation for the
Bonds

Pursuant to the Financing Agreement among the Authority, the Borrower and the Purchaser, the Borrower has agreed to make payments (on a non-recourse basis) to the Authority sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. All rights of the Authority in and to the Financing Agreement, except certain rights to indemnification and payment of expenses, will be assigned to the Purchaser pursuant to the Financing Agreement.

Security for the Bonds . . .

The Purchaser will receive, as security for the loan to the Borrower, a pledge of the revenues of the Financing Agreement. The Authority has no taxing power. The Bonds and the interest thereon 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. Principal of, premium, if any, and interest on the Bonds are payable solely out of the revenues derived from the Financing Agreement (other than to the extent payable out of proceeds of the Bonds or income from the temporary investment thereof). 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 payment of the principal of, premium, if any, or interest on the Bonds.

RESOLUTION NO. 2020 - ____

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 NOT-TO-EXCEED \$10,000,000 MULTIFAMILY HOUSING REVENUE BONDS (CENTER OF HOPE APARTMENTS PROJECT), SERIES 2020 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 issue and sell to BMO Harris Bank NA (the “*Purchaser*”) its Multifamily Housing Revenue Bonds (Center of Hope Apartments Project), Series 2020 in one or more series or subseries (collectively, the “*Bonds*”), the proceeds of which are to be loaned to Center of Hope Apartments, LP, an Arizona limited partnership (the “*Borrower*”), to (i) finance or refinance all or a portion of the costs of the acquisition, construction, improvement, rehabilitation, development, equipping and/or operation of residential real property consisting of 100 units, some or all of which will be provide housing for low-income tenants (including facilities functionally related and subordinate thereto), on certain real property located at 4554 S. Palo Verde Road in Tucson, Pima County, Arizona to be commonly known as the “Center of Hope Apartments”; (ii) fund any required reserve funds; (iii) pay capitalized interest, if any, on the Bonds and (iv) pay the costs of issuance for the Bonds (collectively, the “*Project*”); and

WHEREAS, on June 30, 2020, the Authority resolved to issue the Bonds in an aggregate amount not to exceed \$10,000,000 (the “*Authority’s Resolution*”), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the Bonds 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 Bonds, the execution and delivery of (i) a Financing Agreement relating to the Bonds (the “*Loan Agreement*”) among the Authority, the Borrower and the Purchaser, and (ii) such other documents as required for the issuance of the Bonds; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the Bonds are set forth in the forms of the Financing Agreement and the Bonds 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, Kutak Rock LLP, and said Bond Counsel has determined that said documents adequately meet the requirements of the Act and applicable provisions of 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 Bonds are to be issued require the approval of the Board of Supervisors of the issuance of the Bonds; and

WHEREAS, pursuant to Section 147(f) of the Code, the chief elected official representing this Board of Supervisors must approve the issuance of the Bonds after a public hearing following reasonable public notice, which hearing has been conducted by the Authority; and

WHEREAS, this Board has presented to it information regarding the Bonds and information regarding the public hearing held by the Authority concerning the Bonds and is further informed and advised with regard to the Bonds.

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 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 Bonds, hereby approves the Bonds and the proceedings under which the Bonds are to be issued by the Authority, including specifically the Authority's Resolution described above, the Financing Agreement 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 Bonds.
4. It is necessary for the preservation of the peace, health and safety of the County that this resolution become 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 _____, 2020.

Ramón Valadez, Chair
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

Julie Castañeda, Clerk
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP
Bond Counsel

By: 