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VIA EMAIL AND HAND DELIVERY

July 12, 2023

Adelita Grijalva, Chair

Ms. Sharon Bronson

Mr. Steve Christy

Dr. Matt Heinz

Mr. Rex Scott

PIMA COUNTY BOARD OF SUPERVISORS

County Administration Building

33 North Stone Avenue, 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 (Sleepy Hollow Estates Project), Series 2023 – In an Amount Not to Exceed \$18,000,000

Dear Madame Chair and Members of the Board:

At its regular meeting held on July 14, 2023, The Industrial Development Authority of the County of Pima (the “*Authority*”), will consider granting its final approval to a resolution authorizing the issuance of its Multifamily Housing Revenue Bonds (Sleepy Hollow Estates Project), Series 2023 (the “*Bonds*”), in one or more series, on a tax-exempt and/or taxable basis and in an aggregate principal amount not to exceed \$18,000,000, the proceeds of which will be loaned to Sleepy Hollow Estates, LP, an Arizona limited partnership (the “*Borrower*”) (the general partner of which is LF Sleepy Hollow Housing, Inc., an Arizona corporation, the sole shareholder of which is La Frontera Partners, Inc. an Arizona nonprofit corporation, which is exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended).

As always, this issuance of the Bonds is subject to the approval of the Pima County Board of Supervisors. Therefore, the Authority respectfully requests that this matter be placed on the Board of Supervisors’ Regular Meeting Agenda scheduled for July 25, 2023, 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.

Attached is a copy of the Resolution to be considered by the Authority. Pursuant to the opinion of Bond Counsel, a public hearing will be held on July 14, 2023 pursuant to the Internal Revenue Code and federal income tax regulations relating to the issuance of the Bonds. If there are comments or objections to the Project (as defined below) or the issuance of the Bonds, we will let you know.

The proceeds of the Bonds will be loaned to the Borrower to be used for the purpose of financing and/or refinancing, as applicable, all or a portion of the costs of: (i) the acquisition, construction, improvement, development equipping and/or operation of residential real property (including improvements and facilities functionally related and subordinate thereto) consisting of approximately 44 units, some or all of which will provide housing for low-to-moderate income tenants, on certain real property located at 615 West Alturas Street in Tucson, Pima County, Arizona to be commonly known as the "Sleepy Hollow Estates" (collectively, the "*Facilities*"), (ii) funding any required reserve funds, (iii) paying capitalized interest, if any, on the Bonds and (iv) paying the costs of issuance for the Bonds (collectively, the "*Project*"). 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 N.A. or its assignee (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 are special limited obligations of the Authority. The Bonds are 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 for the benefit of the Purchaser. Neither the faith and credit, nor the taxing power of the Authority or Pima County or any other political subdivision thereof, are pledged to the payment of the Bonds. The Authority has no taxing power.

Please contact me prior to the meeting to answer any questions you may have, or I can meet with you at your convenience.

Thank you for your consideration of this matter.

Sincerely,

SLANIA LAW, PLLC.



Michael A. Slania
Attorney for the Authority

MAS/ub
Enclosures

c: Ms. Melissa Manriquez, Clerk (with enclosures)
Bobby Yu, Esq., Counsel to the Board
Jan Leshner, Pima County Administrator
Patrick Cavanaugh, Deputy Director Economic Development Office

FACT SUMMARY

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA MULTIFAMILY HOUSING REVENUE BONDS (SLEEPY HOLLOW ESTATES PROJECT), SERIES 2023

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

The Bonds	The Authority will issue its Multifamily Housing Revenue Bonds (Sleepy Hollow Estates Project) Series 2023 in one or more series or subseries (the “ <i>Bonds</i> ”), in an original principal amount not to exceed \$18,000,000 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 notice to the Authority and, under certain circumstances, must be redeemed prior to their stated maturity date.
Private Placement	The Bonds will be privately placed with BMO Harris Bank N.A. (the “ <i>Purchaser</i> ”). The Bonds will not be rated and will be issuable in a single Bond certificate. The Bonds will be issued without a rating, but in minimum denominations of \$100,000 and \$5,000 thereafter, and sold only to “Qualified Institutional Buyers” within the meaning of Rule 144(A) of the rules adopted pursuant to the Securities Act of 1933, as amended, or “Accredited Investors” within the meaning of Rule 501 of the rules governing the limited offering and sale of securities without registration adopted pursuant to the Securities Act of 1933, as amended, as evidenced by an investor letter.
The Borrower	Sleepy Hollow Estates, LP, an Arizona limited partnership (the “ <i>Borrower</i> ”) (the general partner of which is LF Sleepy Hollow Housing, Inc., an Arizona corporation, the sole shareholder of which is La Frontera Partners, Inc. an Arizona nonprofit corporation) or its assignee is acquiring the Facilities (as defined herein). The Borrower has chosen Stonecorner Real Estate and Development, Inc., an Arizona corporation, as the property manager to manage the Facilities.

The Facilities	As part of the Project, the Borrower will acquire certain real property located at 615 West Alturas Street, in Tucson, Pima County, Arizona (the “Facilities”).
Bond Proceeds	The proceeds of the Bonds will be used to (i) finance and/or refinance the Project described below, (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 purpose of financing and/or refinancing, as applicable, all or a portion of the costs of: (i) the acquisition, construction, improvement, development, equipping and/or operation of residential real property consisting of approximately 44 units, some or all of which will provide housing for low-to-moderate income tenants, on certain real property located at 615 West Alturas Street in Pima County, Arizona to be commonly known as the “Sleepy Hollow Estates”. The “Sleepy Hollow Estates” Project represents new construction, which will be frame stucco/stick build and will include a total of twenty-two duplex style buildings with two units each plus a community building. The Project will include a total of forty-four units as follows: twelve (12) one-bedroom/one-bathroom units, twenty-two (22) two-bedroom/one-bathroom and ten (10) three-bedroom/two-bathroom units. The units will serve households earning up to 60% of the Area Median Income and include project based rental assistance from the City of Tucson and supportive services from La Frontera Center, Inc. The Project also includes a community center of approximately 2,000 square feet with offices for supportive services and property management staff. The Project will meet the mandatory design guidelines of the Arizona Department of Housing’s 2023 Qualified Allocation Plan and the City of Tucson’s Housing Quality Standards.
Documentation for the Bonds	Pursuant to the Financing Agreement among the Authority, the Borrower and the Purchaser, the Borrower has agreed to make payments 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 excluded rights (including without limitation 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. 2023 - ____

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 \$18,000,000 MULTIFAMILY HOUSING REVENUE BONDS (SLEEPY HOLLOW ESTATES PROJECT), SERIES 2023 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 N.A. or its assignee (the “*Purchaser*”) its Multifamily Housing Revenue Bonds (Sleepy Hollow Estates Project), Series 2023 in one or more taxable and/or tax-exempt series (collectively, the “*Bonds*”), the proceeds of which are to be loaned to Sleepy Hollow Estates, LP, an Arizona limited partnership (the general partner of which is LF Sleepy Hollow Housing, Inc., an Arizona corporation, the sole shareholder of which is La Frontera Partners, Inc. an Arizona nonprofit corporation) (the “*Borrower*”) or its assignee, for the purpose of financing and/or refinancing, as applicable, all or a portion of the costs of (i) the acquisition, construction, improvement, development, equipping and/or operation of residential real property (including improvements and facilities functionally related and subordinate thereto) consisting of approximately 44 units, some or all of which will provide housing for low-to-moderate income tenants, on certain real property located at 615 West Alturas Street in Tucson, Pima County, Arizona to be commonly known as the “Sleepy Hollow Estates”, (ii) funding any required reserve funds, (iii) paying capitalized interest, if any, on the Bonds and (iv) paying the costs of issuance for the Bonds; and

WHEREAS, on July 14, 2023, the Authority resolved to issue the Bonds in an aggregate amount not to exceed \$18,000,000 (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 “*Financing 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 Pima County 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 of Supervisors has been presented with 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 Section 35-721.B of the Act, the Pima County 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 25th day of July, 2023.

Adelita Grijalva, Chair
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

Melissa Manriquez, Clerk
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP
Bond Counsel

By:

