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VIA FIRST LEGAL SUPPORT SERVICE

December 4, 2019

Richard Elias, Chairman

Ms. Sharon Bronson

Mr. Steve Christy

Ms. Ally Miller

Mr. Ramón Valadez

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 Revenue Bonds (EMPACT - SPC Project), Series 2012 (2019 Reissuance) – In an Amount Not to Exceed \$3,250,000

Dear Mr. Chairman and Members of the Board:

Subject to your approval, at its regular meeting scheduled for December 13, 2019, The Industrial Development Authority of the County of Pima will consider granting its final approval to a resolution approving the re-issuance of the previously issued Revenue Bonds (EMPACT - SPC Project), Series 2012 (the “*Bonds*”) in an aggregate principal amount not to exceed \$3,250,000, for the benefit of EMPACT Suicide Prevention Center, an Arizona nonprofit corporation (the “*Borrower*”).

The Authority respectfully requests that this matter be placed on the Board of Supervisors’ Regular Meeting Agenda scheduled for December 17, 2019, 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, on December 13, 2019, the Authority will hold a public hearing in order to comply with the Federal requirements. You will be immediately informed if there are any objections at the hearing on the Project or the re-issuance of the Bonds.

The proceeds of the Bonds were loaned to the Borrower to (i) finance or refinance the acquisition, construction, improvement, equipping or operating of healthcare and administrative facilities located at 618 South Madison Street in Tempe, Arizona; and (ii) to pay costs of issuance of the Bonds (the “*Project*”).

A letter from the Borrower's Counsel regarding the re-issuance is attached. A more detailed description of the Project is contained in the attached Fact Summary.

After the reissuance, the Bonds will be secured by Deeds of Trust on the Borrower's properties and properties of certain of the Borrower's affiliates. The Bonds are unrated and were privately placed with Wells Fargo Bank, National Association (or one of its affiliates), who will continue to hold the Bonds. The Bonds will be reissued as fully registered Bonds without coupons, in denominations of \$250,000 and multiples of \$0.01 in excess thereof. The Bonds can be sold or transferred only to "Qualified Institutional Buyers" within the meaning of Rule 144A of the Rules adopted pursuant to the Securities Act of 1933, as amended.

As always, the Bonds are, and will remain after the reissuance, special limited obligations of the Authority which are payable solely from payments made on or secured by a pledge and assignment of certain funds by the Borrower and held by 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 to meet with you at your convenience.

Thank you for your consideration of this matter.

Sincerely,

RUSSO, RUSSO & SLANIA, P.C.

Michael A. Slania
Attorney for the Authority

MAS/at
Enclosures

c: Ms. Julie Castañeda (with enclosures)
Regina Nassen, Esq., Counsel to the Board
Mr. Charles Huckelberry, Pima County Administrator
Ms. Jan Leshner, Deputy Pima County Administrator
Mr. Patrick Cavanaugh, Economic Development Office

FACT SUMMARY

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA REVENUE BONDS (EMPACT - SPC PROJECT), SERIES 2012

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

The 2012 Bonds	The Authority issued its Revenue Bonds (EMPACT - SPC Project), Series 2012, in one or more series (the “2012 Bonds”) in an original principal amount not to exceed \$3,250,000. The 2012 Bonds bear interest at a variable rate pursuant to the Indenture. The average interest rate on the 2012 Bonds was not greater than twelve percent (12%) per annum. The 2012 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 2012 Bonds were issuable in denominations of \$100,000 or integral multiples of \$5,000 thereafter.
The Reissued Bonds	By making amendments to the 2012 Bond documents, the Authority will re-issue for tax purposes its Revenue Bonds (EMPACT - SPC Project), Series 2012 (2019 Reissuance), (the “Reissued Bonds”) in an original principal amount not to exceed \$3,250,000. The Reissued Bonds are expected to bear interest at either a variable rate or a fixed rate. The average interest rate on the Reissued Bonds shall not be greater than twelve percent (12%) per annum. The Reissued 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 Reissued Bonds will be issuable in denominations of \$250,000 and multiples of \$0.01 in in excess thereof.
Private Placement	The 2012 Bonds were privately placed, and the Reissued Bonds will continue to be held, by Wells Fargo Bank, National Association (or one of its affiliates) (the “Purchaser”).
The Borrower	EMPACT Suicide Prevention Center, an Arizona nonprofit corporation, is the Borrower and it or its affiliates operates the Project. EMPACT Suicide Prevention Center is affiliated with La Frontera, Inc. and La Frontera Center, Inc., each an Arizona nonprofit corporation.
Bond Proceeds of the 2012 Bonds	The proceeds of the Bonds were used to (i) finance or refinance the acquisition, construction, improvement, equipping or operating of healthcare and administrative facilities located at 618 South

Madison Street in Tempe, Arizona; and (ii) to pay costs of issuance of the 2012 Bonds (the “*Project*”).

Documentation

Pursuant to the Loan Agreement dated as of February 1, 2012 among the Authority and the Borrower (the “*Loan Agreement*”), 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 Reissued Bonds when due. The Reissued Bonds will be secured by Deeds of Trust, Fixture Filings and Security Agreements on the Borrower’s facilities and on facilities of certain affiliates of the Borrower. All rights of the Authority in and to the Loan Agreement, except certain rights to indemnification and payment of expenses, will be assigned to the Purchaser.

Security for the
Reissued Bonds

The Purchaser will receive, as security for the loan to the Borrower, a pledge of the revenues of the Loan Agreement. The Authority has no taxing power. The Reissued 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 Reissued Bonds is payable solely out of the revenues derived from the Loan 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 Reissued Bonds.

RESOLUTION NO. 2019 - ____

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 RE-ISSUANCE OF ITS REVENUE BONDS (EMPACT - SPC PROJECT), SERIES 2012 (2019 REISSUANCE) IN AN AGGREGATE PRINCIPAL AMOUNT NOT-TO-EXCEED \$3,250,000 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*"), has previously authorized, issued and sold to Wells Fargo Bank, National Association (the "*Purchaser*") its Revenue Bonds (EMPACT - SPC Project), Series 2012 (the "*2012 Bonds*"), the proceeds of which were loaned to EMPACT Suicide Prevention Center, an Arizona nonprofit corporation (the "*Borrower*"), to finance or refinance the acquisition, construction, improvement, equipping or operating of healthcare and administrative facilities located at 618 South Madison Street in Tempe, Arizona; and (ii) to pay costs of issuance of the 2012 Bonds (the "*Project*"); and

WHEREAS, the Borrower and the Purchaser have requested that the Authority take action to re-issue the 2012 Bonds (the "*Reissued Bonds*") for tax purposes, due to the changes in certain Bond-related provisions and covenants; and

WHEREAS, on December 13, 2019, the Authority resolved to issue the Reissued Bonds in an aggregate amount not to exceed \$3,250,000 (the "*Authority's Resolution*"), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the Reissued 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 Reissued Bonds, and the execution and delivery of (i) a First Supplemental Indenture of Trust, supplementing the Indenture of Trust dated February 1, 2012 between the Authority and Wells Fargo Bank, National Association (collectively, the "*Indenture*") and (ii) such other documents as required for the issuance of the Reissued Bonds; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the Reissued Bonds is set forth in the Indenture and the form of the Bonds itself; 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, Kline Alvarado Veio, PC, and said Bond Counsel

has determined that said documents adequately meet the requirements of the Act and 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 Reissued Bonds are to be issued require the approval of the Board of Supervisors of the issuance of the Reissued 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 Reissued 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 Reissued Bonds and is further informed and advised with regard to the Reissued 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 Reissued Bonds, hereby approves the Reissued Bonds and the proceedings under which the Reissued Bonds are to be issued by the Authority, including specifically the Resolution described above, the Indenture 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 Reissued Bonds.
4. It is necessary for the preservation of the peace, health and safety of the County that this Resolution becomes 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 _____, 2019.

Richard Elias, Chairman
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

Julie Castañeda, Clerk
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KLINE ALVARADO VEIO, PC

By: *Kent C. Veio*

J O E F . T A R V E R P C

ATTORNEY AT LAW

December 3, 2019

VIA EMAIL

The Industrial Development Authority of the County of Pima
c/o Russo, Russo & Slania, P.C.
6700 North Oracle Road, Suite 100
Tucson, Arizona 85704

Re: The Industrial Development Authority of the County of Pima
Revenue Bonds (EMPACT - SPC Project), Series 2012 (2019
Reissuance)

Request For Hearing and Action Regarding Re-Issuance of Bonds

Ladies and Gentlemen:

I am counsel for EMPACT-Suicide Prevention Center, an Arizona nonprofit corporation ("EMPACT"), and am writing this letter on behalf of EMPACT. EMPACT is a part of the La Frontera Arizona family of organizations.

EMPACT is one of the largest providers of mental health services to low-income persons in Maricopa and Pinal Counties and has many facilities, including its main administration building located at 618 South Madison Street in Tempe, Arizona (the "Madison Street Facility"). EMPACT is particularly known for its crisis hotlines and suicide prevention services, and it works closely with law enforcement agencies in responding to crisis situations. EMPACT is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

This is a request for The Industrial Development Authority of the County of Pima (the "Authority") to hold a hearing and take action to approve a re-issuance of its Revenue Bonds (EMPACT - SPC Project), Series 2012 (the "Bonds"), for the reasons set forth below.

In 2012, the Authority issued the Bonds, in an aggregate principal amount not to exceed \$3,250,000. The Bonds were issued for the purchase and improvement of the Madison Street Facility. All of the Bonds were privately placed with and are still held by Wells Fargo Bank, National Association, or one of its affiliates ("Wells Fargo").

The current outstanding indebtedness of the Bonds is \$2,225,900. The interest rate on the Bonds is variable, currently being 4.436% per annum. The mandatory tender date on the Bonds is July 1, 2022.

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JOE F. TARVER, P.C.

**The Industrial Development Authority of the County of Pima
December 3, 2019**

Page 2

Wells Fargo is amenable to modifying the terms of repayment of the debt evidenced by the Bonds and is also amenable to continuing to hold the Bonds.

On the basis of the terms proposed and consented to by Wells Fargo, the proposed modification would result in the lowering of the interest rate on the Bonds to an initial rate of 3.28% per annum, based on current market factors, with payments of interest only through 2023, and would also result in an extension of the mandatory tender date on the Bonds to November 26, 2026.

Additionally, Wells Fargo has proposed that the security for repayment of the Bonds be enhanced by cross-collateralizing the security with other properties owned by other entities in the La Frontera Arizona family of organizations, which is acceptable to EMPACT.

EMPACT has agreed to pay all attorney's fees and other fees and costs incurred by all involved parties in connection with the Re-Issuance.

EMPACT believes that, by substantially reducing its borrowing costs, this proposed modification of the terms of repayment of the indebtedness evidenced by the Bonds would be greatly beneficial to its mission of providing affordable mental health services and crisis services to the citizens of Maricopa and Pinal Counties.

Bond counsel has advised that the proposed modification of the terms of the indebtedness evidenced by the Bonds would require a re-issuance of the Bonds (the "Re-Issuance"), on account of the changes in the terms of repayment and security, as set forth above, and that the Re-Issuance would require a hearing by the Authority and formal approval by the Authority and the Pima County Board of Supervisors.

This is a request that the Authority hold a public hearing and take action on the proposed Re-Issuance at the earliest possible opportunity, if possible, on December 13, 2019. This is also a request that the Authority take such action as is necessary to have the Re-Issuance placed on the agenda of the Pima County Board of Supervisors, if possible, on December 17, 2019.

JOE F. TARVER, P.C.

**The Industrial Development Authority of the County of Pima
December 3, 2019**

Page 3

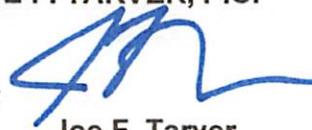
This is also a request that the Authority waive any requirement for the filing of a new application and any application fee, since this is a re-issuance of the Bonds and not an issuance of new bonds.

Thank you for your consideration, and please do not hesitate to contact us if you have any questions.

Respectfully submitted,

JOE F. TARVER, P.C.

By



**Joe F. Tarver
On behalf of EMPACT-Suicide
Prevention Center**