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VIA FIRST LEGAL NETWORK

May 2, 2018

Richard Elias, Chair
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 – Notice of Intention to Issue Notes – Multifamily Housing Revenue Notes (Menlo Park Apartments), Series 2018, In an Aggregate Amount Not to Exceed \$15,000,000 – 425-433 North Grande Avenue, Tucson, Arizona

Dear Mr. Chair and Members of the Board:

Subject to your approval, at a regular meeting to be held on May 14, 2018, The Industrial Development Authority of the County of Pima (the “*Authority*”), will consider granting its approval to a resolution granting final approval to and approving the issuance of its Multifamily Housing Revenue Notes (Menlo Park Apartments), Series 2018, in one or more series or subseries (the “*2018 Notes*”), in an aggregate principal amount not to exceed \$15,000,000, the proceeds of which will be loaned to Menlo Park Housing Partners, L.P., an Arizona limited partnership (the “*Borrower*”).

As always, this issuance of the 2018 Notes 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 May 15, 2018, 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 April 9, 2018, the Authority held a public hearing in order to comply with the Federal tax requirements. There were no objections at the hearing to the Project or the issuance of the 2018 Notes.

The proceeds of the 2018 Notes are to be loaned to the Borrower to be used to (1) finance or refinance the acquisition, construction, rehabilitation, development, equipping and/or operation of the Menlo Park Apartments, a 110-unit multifamily rental housing project located at 425-433 North Grande Avenue, Tucson, Arizona (the “*Facilities*”); and (2) pay certain expenses incurred in connection with the issuance of the Notes (collectively referred to as the “*2018 Project*”). The Facilities are to be owned by Menlo Park Housing Partners, L.P., an Arizona limited partnership (the “*Borrower*”) and operated by Biltmore Properties, Inc. A more detailed description of the 2018 Project is contained in the attached Fact Summary.

The 2018 Notes are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “*Act*”). The 2018 Notes are expected to be unrated and privately placed with Citibank, N.A. subject to accredited investor transfer restrictions. The 2018 Notes will be issued as fully registered notes without coupons as a single Note certificate for each series.

As always, the 2018 Notes will be special limited obligations of the Authority and will be payable solely from payments made by the Borrower pursuant to a borrower loan agreement between the Authority and the Borrower and secured by a deed of trust on the Facilities and pledged to the purchaser pursuant to a funding loan agreement between the Authority and Citibank, N.A., as Funding Lender. 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 2018 Notes. 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 CONSTRUCTION/PERMANENT NOTE (MENLO PARK APARTMENTS), SERIES 2018A AND MULTIFAMILY HOUSING REVENUE CONSTRUCTION NOTE (MENLO PARK APARTMENTS), SERIES 2018B

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

The 2018 Notes	The Authority will issue its Multifamily Housing Revenue Construction/Permanent Note (Menlo Park Apartments) Series 2018A and Multifamily Housing Revenue Construction Note (Menlo Park Apartments) Series 2018B, in one or more series or subseries (the “2018 Notes”), in an original principal amount not to exceed \$15,000,000 and a maturity date not to exceed forty (40) years. The 2018 Notes will be issued in two series. The 2018A Notes will be fixed-rate notes, while the 2018B Notes will have a variable rate. The average interest rate on all series of the 2018 Notes shall not be greater than twelve percent (12%) per annum. The 2018 Notes 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 2018 Notes will not be rated and will be issuable in a single Note certificate for each series.
Private Placement	The 2018 Notes will be privately placed with Citibank, N.A. (the “Purchaser”).
The Borrower	Menlo Park Housing Partners, L.P. is an Arizona limited partnership. The Borrower is acquiring the real property and the Facilities (as defined herein) and the Borrower has chosen a separate property manager to manage the Facilities.
The Facilities	As part of the 2018 Project, the Borrower will acquire approximately 6.4 acres of real property and an existing multifamily residential property known as Menlo Park Apartments, located at 425-433 North Grande Avenue, in Tucson, Arizona (the “Facilities”).
Note Proceeds	The proceeds of the 2018 Notes will be used to (i) finance or refinance the acquisition, construction, rehabilitation, development, equipping and/or operation of the Facilities, and (ii) pay certain expenses incurred in connection with the issuance of the Notes.

The 2018 Project	The 2018 Project consists of the acquisition, construction, rehabilitation, development, equipping and/or operation of a multifamily rental housing project located at the Facilities, including the renovation of the existing five two-story residential concrete block buildings, the renovation of the existing ancillary buildings currently used for laundry, leasing and community rooms and the construction of a new building with additional amenities, including a pool, playground and basketball court. Additional energy efficiency changes will be made, including solar panels.
Documentation for the 2018 Notes	Pursuant to the Borrower Loan Agreement between the Authority and the Borrower, 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 2018 Notes when due. Pursuant to the Funding Loan Agreement, the 2018 Notes will be secured by the Borrower Loan Agreement. All rights of the Authority in and to the Borrower Loan Agreement, except certain rights to indemnification and payment of expenses, will be assigned to the Purchaser (as Funding Lender) pursuant to the Funding Loan Agreement.
Security for the 2018 Notes	The Purchaser will receive, as security for the loan to the Borrower, a pledge of the revenues of the Borrower Loan Agreement. The Authority has no taxing power. The 2018 Notes 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 2018 Notes are payable solely out of the revenues derived from the Borrower Loan Agreement (other than to the extent payable out of proceeds of the 2018 Notes 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 2018 Notes.

RESOLUTION NO. 2018 - ____

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 \$15,000,000 MULTIFAMILY HOUSING REVENUE NOTES (MENLO PARK APARTMENTS), SERIES 2018 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 Citibank, N.A. (the "*Purchaser*") its Multifamily Housing Revenue Note (Menlo Park Apartments), Series 2018A and its Multifamily Housing Revenue Construction Note Construction/Permanent (Menlo Park Apartments), Series 2018B, in one or more series (collectively, the "*2018 Notes*"), the proceeds of which are to be loaned to Menlo Park Housing Partners, L.P., an Arizona limited partnership (the "*Borrower*"), to (i) finance or refinance the acquisition, construction, rehabilitation, development, equipping and/or operation of the Menlo Park Apartments, a 110-unit multifamily rental housing project located at 425-433 North Grande Avenue, Tucson, Arizona; and (ii) pay certain expenses incurred in connection with the issuance of the 2018 Notes (collectively, the "*Project*"); and

WHEREAS, on May 14, 2018, the Authority resolved to issue the 2018 Notes in an aggregate amount not to exceed \$15,000,000 (the "*Authority's Resolution*"), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the 2018 Notes 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 2018 Notes, the execution and delivery of (i) a Borrower Loan Agreement relating to the 2018 Notes (the "*Borrower Loan Agreement*") between the Authority and the Borrower, (ii) a Funding Loan Agreement relating to the 2018 Notes (the "*Funding Loan Agreement*"), between the Authority and Citibank, N.A., as the Funding Lender and (iii) such other documents as required for the issuance of the 2018 Notes; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the 2018 Notes are set forth in the forms of the Borrower Loan Agreement, the Funding Loan Agreement and the 2018 Notes 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 Note Counsel, Orrick, Herrington & Sutcliffe LLP, and said Note 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 2018 Notes are to be issued require the approval of the Board of Supervisors of the issuance of the 2018 Notes; 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 2018 Notes 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 2018 Notes and information regarding the public hearing held by the Authority concerning the 2018 Notes and is further informed and advised with regard to the 2018 Notes.

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 2018 Notes, hereby approves the 2018 Notes and the proceedings under which the 2018 Notes are to be issued by the Authority, including specifically the resolution described above, the Borrower Loan Agreement, the Funding Loan 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 2018 Notes.
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 _____, 2018.

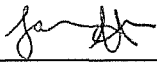
Richard Elias, Chair
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

Julie Castañeda, Clerk
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

ORRICK, HERRINGTON & SUTCLIFFE LLP
Note Counsel

By:  _____