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VIA FIRST LEGAL NETWORK

March 8, 2017

Sharon Bronson, Chair
Mr. Steve Christy
Mr. Richard Elias
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 Bonds – Senior Living Facility Revenue Refunding Bonds (Christian Care Tucson, Inc. Project), Tax-Exempt Series 2017A, Taxable Senior Living Facility Revenue Refunding Bonds (Christian Care Tucson, Inc. Project), Taxable Series 2017B and Senior Living Facility Revenue Bonds (Christian Care Tucson, Inc. Project), Tax-Exempt Series 2017C – In an Aggregate Amount Not to Exceed $36,000,000

Dear Ms. Chair and Members of the Board:

Subject to your approval, at a regular meeting to held on March 17, 2017, 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 Senior Living Facility Revenue Refunding Bonds (Christian Care Tucson, Inc. Project), Series 2017, in one or more series or subseries (the "*2017 Bonds*"), in an aggregate principal amount not to exceed $36,000,000, the proceeds of which will be loaned to Christian Care Tucson, Inc., an Arizona nonprofit corporation (the "*Borrower*"), which is exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the "*Code*").

As always, this issuance of the 2017 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 March 21, 2017, 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 March 17, 2017, the Authority will hold a public hearing in order to comply with the Federal tax requirements. You will be immediately informed if there are any objections at the hearing to the Project or the issuance of the 2017 Bonds.

In 2006, the Authority previously issued its Senior Living Revenue Refunding Bonds (Christian Care Tucson, Inc. Project), Series 2006A and Subordinate Series 2006B, in the original principal amount of $30,580,000 (the "*2006 Bonds*"), to benefit the Borrower. The proceeds of the 2006 Bonds were used to (i) refinance the acquisition, equipping and furnishing of an existing mid-rise multifamily residential property known as Fellowship Square Tucson located at 8111 East Broadway Boulevard, in Tucson, Arizona (the "*Facility*"), and certain other related property, (ii) to fund a debt service reserve for the 2006 Bonds, (iii) to fund amounts for certain improvements to the Facility, and (iv) to pay certain costs of issuing the 2006 Bonds; (b) capitalize reserves relating to the 2006 Bonds and the Facility, including, without limitation, a debt service reserve fund; and (c) pay certain costs and expenses incidental thereto (the "*Refunding Project*").

The proceeds of the 2017 Bonds are to be loaned to the Borrower to be used to (a) refund the outstanding portion of the Authority's Senior Living Revenue Refunding Bonds (Christian Care Tucson, Inc. Project), Series 2006A and Subordinate Series 2006B, the proceeds of which were used for the Refunding Project, as well as (b) financing a portion of the costs of improving and refurbishing the Facility, and (c) financing a portion of the costs of rehabilitating the Facility (the "*New Money Project*" and together with the Refunding Project, collectively referred to as the "*2017 Project*"). A more detailed description of the 2017 Project is contained in the attached Fact Summary.

The 2017 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "*Act*"). The 2017 Bonds are expected to receive an investment grade rating and publicly sold by Jefferies LLC. The 2017 Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof.

As always, the 2017 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 and secured by a deed of trust on the Facility and pledged to the bondholders pursuant to an indenture of trust between the Authority and the trustee noted therein. 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 2017 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/ala
Enclosures

c: Ms. Julie Castañeda (with enclosures)
Regina L. Nassen, Esq., Counsel to the Board
Charles Huckelberry, Pima County Administrator
Jan Lesher, Deputy Pima County Administrator

FACT SUMMARY

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA SENIOR LIVING FACILITY REVENUE REFUNDING BONDS (CHRISTIAN CARE TUCSON, INC. PROJECT), TAX-EXEMPT SERIES 2017A, TAXABLE SERIES 2017B, AND TAX-EXEMPT SERIES 2017C

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

The 2017 Bonds	The Authority will issue its Senior Living Facility Revenue Refunding Bonds (Christian Care Tucson, Inc. Project) Series 2017, in one or more series or subseries (the "*2017 Bonds*"), in an original principal amount not to exceed $36,000,000 and a maturity date not to exceed forty (40) years. The 2017 Bonds will be fixed-rate bonds. The average interest rate on all series of the 2017 Bonds shall not be greater than ten percent (10%) per annum. The 2017 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 2017 Bonds will be issuable in denominations of $5,000 or integral multiples thereof since they are rated.
Public Sale	The 2017 Bonds will be publicly offered by Jefferies LLC (the "*Underwriter*") pursuant to an Official Statement. The Underwriter will be applying for a rating from Standard and Poor's and expects to receive an investment grade rating on the 2017 Bonds.
The Borrower	Christian Care Tucson, Inc. is an Arizona nonprofit corporation, which is an entity recognized as exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the "*Code*"). The Borrower currently owns the real property and the facilities and an affiliate of the Borrower manages the existing facilities.
The 2006 Bonds	The Authority previously issued its Senior Living Facilities Revenue Bonds (Christian Care Tucson, Inc. Project), Series 2006A, in the original principal amount of $23,910,000 and its Subordinate Senior Living Revenue Refunding Bonds, (Christian Care Tucson, Inc. Project), Series 2006B, in the original principal amount of $4,600,000 (collectively, the"*2006 Bonds*"), to benefit the Borrower. The proceeds of the 2006 Bonds were used to finance the 2006 Project (defined below).

The Facility	As part of the 2006 Bonds, the Borrower refinanced the acquisition, equipping, furnishing and improvement of an existing mid-rise multifamily residential property known as Fellowship Square Tucson located at 8111 East Broadway Boulevard, in Tucson, Arizona (the "*Facility*"), and certain other related property.
The 2006 Project	The proceeds of the 2006 Bonds were used for the purpose of (a) (i) refinancing the Facility, (ii) funding a debt service reserve for the 2006 Bonds, (iii) funding amounts for certain improvements to the Facility, and (iv) paying certain costs of issuing the 2006 Bonds; (b) capitalizing reserves relating to the 2006 Bonds and the Facility, including, without limitation, a debt service reserve fund; and (c) paying certain costs and expenses incidental thereto (collectively, the "*2006 Project*").
Bond Proceeds	The proceeds of the 2017 Bonds will be used to refund the 2006 Bonds, as well as (i) financing a portion of the costs of improving and refurbishing the Facility, including, but not limited to, the costs of acquiring, constructing and installing new heating and cooling systems, hot water boilers, electrical upgrades, emergency medical call system, magnetic deadbolts on exterior doors, kitchen equipment, and miscellaneous other mechanical equipment located at the Facility, and (ii) financing a portion of the costs of rehabilitating the Facility, including, but not limited to, installing new roofs, repainting interior and exterior walls, replacing single paned windows, asphalt repair, replacement of the parking areas, installation of perimeter security fencing, remodeling and redecorating dining rooms and other common areas, upgrading exercise rooms, remodeling unit interiors and replacing security cameras.
The 2017 Project	The 2017 Project consists of (a) refinancing the 2006 Project and funding certain improvements, (b) refurbishing and rehabilitating the Facility, (c) funding a debt service reserve fund, and (d) paying certain costs and expenses related thereto.
Documentation for the 2017 Bonds	Pursuant to the 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 2017 Bonds when due. As set forth in the Trust Indenture, the 2017 Bonds will be secured by the Loan Agreement. 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 trustee named therein under the Trust Indenture.

Security for the 2017 Bonds . . . .

The Trustee 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 2017 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 2017 Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the 2017 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 2017 Bonds.

RESOLUTION NO. 2017 - ___

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 $36,000,000 SENIOR LIVING FACILITY REVENUE REFUNDING BONDS (CHRISTIAN CARE TUCSON, INC. PROJECT), SERIES 2017 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 Jefferies LLC (the "*Purchaser*") its Senior Living Facility Revenue Refunding Bonds (Christian Care Tucson, Inc. Project), Series 2017, in one or more series (the "*2017 Bonds*"), the proceeds of which are to be loaned to Christian Care Tucson, Inc., an Arizona corporation (the "*Borrower*"), to (A) finance and (a) refund the outstanding portion of the Authority's Senior Living Facilities Revenue Bonds (Christian Care Tucson, Inc. Project), Series 2006 (the "*2006 Bonds*"), the proceeds of which were used to (i) refinance the acquisition, equipping and furnishing of an existing mid-rise multifamily residential property known as Fellowship Square Tucson located at 8111 East Broadway Boulevard, in Tucson, Arizona (the "*Facility*"), and certain other related property, (ii) to fund a debt service reserve for the 2006 Bonds, (iii) to fund amounts for certain improvements to the Facility, and (iv) to pay certain costs of issuing the 2006 Bonds; (b) capitalize reserves relating to the 2006 Bonds and the Facility, including, without limitation, a debt service reserve fund; and (c) pay certain costs and expenses incidental thereto (the "*Refunding Project*"), and (B) financing a portion of the costs of improving and refurbishing the Facility, and (C) financing a portion of the costs of rehabilitating the Facility (collectively, the "*Project*"); and

WHEREAS, on March 17, 2017, the Authority resolved to issue the 2017 Bonds in an aggregate amount not to exceed $36,000,000 (the "*Authority's Resolution*"), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the 2017 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 2017 Bonds, the execution and delivery of (i) a Trust Indenture relating to the 2017 Bonds, dated as of May 1, 2017 (the "*Trust Indenture*"), (ii) a Financing Agreement relating to the 2017 Bonds, dated as of May 1, 2017 (the "*Financing Agreement*"), among the Authority and the Borrower, and (iii) such other documents as required for the issuance of the 2017 Bonds; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the 2017 Bonds are set forth in the forms of the Trust Indenture, the Financing Agreement and the 2017 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, Lewis Roca Rothgerber Christie LLP, 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 2017 Bonds are to be issued require the approval of the Board of Supervisors of the issuance of the 2017 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 2017 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 2017 Bonds and information regarding the public hearing held by the Authority concerning the 2017 Bonds and is further informed and advised with regard to the 2017 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 2017 Bonds, hereby approves the 2017 Bonds and the proceedings under which the 2017 Bonds are to be issued by the Authority, including specifically the resolution described above, the Financing Agreement, the Trust 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 2017 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 ________________, 2017.

____
Sharon Bronson, Chair
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

____
Julie Castañeda, Clerk
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

LEWIS ROCA ROTHGERBER CHRISTIE LLP
Bond Counsel

By:______________________________