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***VIA FIRST LEGAL NETWORK***

October 4, 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, 11<sup>th</sup> Floor

Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of Intention to Issue Bonds – Senior Living Revenue Bonds (Nakoma Sky Project), Series 2017– In an Aggregate Amount Not to Exceed \$190,000,000

Dear Ms. Chair and Members of the Board:

Subject to your approval, at a special meeting held on October 2, 2017, The Industrial Development Authority of the County of Pima (the “*Authority*”), granted its approval to a resolution granting final approval to and approving the issuance of its Senior Living Revenue Bonds (Nakoma Sky Project), Series 2017, in one or more series or subseries (the “*Bonds*”), in an aggregate principal amount not to exceed \$190,000,000, the proceeds of which will be loaned to Nakoma Sky LLC (the “*Borrower*”), the sole member of which is La Posada at Park Centre, Inc., an Arizona nonprofit corporation (“*La Posada*”) 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 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 October 17, 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 September 11, 2017, the Authority held a public hearing in order to comply with the Federal tax requirements. There was no public in attendance and no objections at the hearing to the Project or the issuance of the Bonds.

The proceeds of the Bonds are to be loaned to the Borrower to be used to financing and/or refinancing the costs of acquiring, constructing, equipping, furnishing and improving a senior living facility located at 10930 N. 1<sup>st</sup> Avenue in Oro Valley, Arizona and paying associated costs therewith (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 will be issued as fully registered bonds and will be publicly sold by B.C. Ziegler and Company. The Borrower intends to apply for a rating on the Bonds; if the rating is investment grade, the Bonds will be issued as fully registered bonds in minimum denominations of \$5,000 and integral multiples thereafter; if the rating is not investment grade, the Bonds will be sold only to "Qualified Institutional Buyers" within the meaning of Rule 144A 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 offer and sale of securities without registration under the Securities Act of 1933 and in denominations of \$100,000 and integral multiples of \$5,000 thereafter until such time as the rating on the Bonds is investment grade.

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 loan agreement as well as a Master Trust Indenture Obligation issued pursuant to the Master Trust Indenture between the Borrower, La Posada and U.S. Bank National Association, secured by a deed of trust on the Project and La Posada's facilities. Such payments will be 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 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/jc  
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

# FACT SUMMARY

## THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA SENIOR LIVING REVENUE BONDS (NAKOMASKY PROJECT), SERIES 2017

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

The Bonds . . . . .	The Authority will issue its Senior Living Revenue Bonds (Nakoma Sky Project) Series 2017, in one or more series or subseries (the " <i>Bonds</i> "), in an original principal amount not to exceed \$190,000,000 and a maturity date not to exceed forty (40) years. The Bonds will be fixed-rate bonds. The average interest rate on all series of the Bonds shall not be greater than seven percent (7%) 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..
Public Sale . . . . .	The Bonds will be publicly offered by B.C. Ziegler and Company (the " <i>Underwriter</i> ") pursuant to an Official Statement. The Borrower intends to apply for a rating on the Bonds; if the rating is investment grade, the Bonds will be issued as fully registered bonds in minimum denominations of \$5,000 and integral multiples thereafter; if the rating is not investment grade, the Bonds will be sold only to "Qualified Institutional Buyers" within the meaning of Rule 144A 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 offer and sale of securities without registration under the Securities Act of 1933 and in denominations of \$100,000 and integral multiples of \$5,000 thereafter until such time as the rating on the Bonds is investment grade.
The Borrower . . . . .	Nakoma Sky LLC, the sole member of which is La Posada at Park Centre, Inc., an Arizona nonprofit corporation (" <i>La Posada</i> "), which is an entity recognized as exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code of 1986, (the " <i>Code</i> ").
The Facility . . . . .	As part of the Bonds, the Borrower will acquire the real estate and finance and/or refinance the acquisition, construction, equipping, furnishing and improvement of a senior living facility located at 10930 N. 1 <sup>st</sup> Avenue in Oro Valley, Arizona (the " <i>Facility</i> ").
The Project . . . . .	The Project consists of financing certain costs of acquiring, constructing and equipping a senior living community to be known as Nakoma Sky consisting of approximately 217 independent living

apartments and common areas for use by the residents, approximately 24 assisted living apartments and approximately 24 memory care assisted living apartments and related parking, and all necessary and attendant facilities, equipment, site work, zoning and utilities related thereto, to be located on the Facility.

Bond Proceeds . . . . .

The proceeds of the Bonds will be used to (i) pay or reimburse the Borrower for the payment of, or refinance certain taxable indebtedness of the Borrower and La Posada used to finance, certain costs of acquiring, constructing and equipping the Project; (ii) fund any required reserve funds; (iii) pay a portion of the interest on the Bonds, if any; and (iv) pay certain expenses relating to issuance of the Bonds.

Documentation for the 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 Bonds when due. As set forth in the Trust Indenture, the 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. The Borrower's obligations will also be secured by one or more obligations issued under the Master Trust Indenture by and among the Borrower and La Posada, as members of an Obligated Group, and US Bank National Association, as Master Trustee (the "*Master Trust Indenture*").

Security for the Bonds . . . . .

The Trustee will receive, as security for the loan to the Borrower, a pledge of the revenues of the Loan Agreement. The Trustee will also receive a Master Indenture Obligation issued pursuant to the Master Trust Indenture, the security for which Obligation will include a deed of trust, security agreement, assignment of rents and leases and fixture filing on the Facility.

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 Loan Agreement (other than to the extent payable out of proceeds of the Bonds or income from the temporary investment thereof) and the Master Trust Indenture Obligation. 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. 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 \$190,000,000 SENIOR LIVING REVENUE BONDS (NAKOMA SKY 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 B.C. Ziegler and Company (the "*Purchaser*") its Senior Living Revenue Bonds (Nakoma Sky Project), Series 2017, in one or more series or subseries (the "*Bonds*"), the proceeds of which are to be loaned to Nakoma Sky LLC, an Arizona limited liability company (the "*Borrower*"), the sole member of which is La Posada at Park Centre, Inc., an Arizona nonprofit corporation ("*La Posada*") (i) to finance and/or refinance the cost of acquisition, constructing, equipping, furnishing and improving a senior living facility located at 10930 N. 1<sup>st</sup> Avenue in Oro Valley, Arizona (the "*Facility*"), (ii) to fund a debt service reserve for the Bonds, (iii) to pay capitalized interest on the Bonds, if any, and (iv) to pay certain costs of issuing the Bonds; and

WHEREAS, on October 2, 2017, the Authority resolved to issue the Bonds in an aggregate amount not to exceed \$190,000,000 (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 Board of Supervisors of Pima County, Arizona (the "*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 Bond Trust Indenture relating to the Bonds, between the Authority and the trustee named therein (the "*Trust Indenture*"), (ii) a Loan Agreement relating to the Bonds, (the "*Loan Agreement*"), between the Authority and the Borrower, and (iii) 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 Trust Indenture, the Loan Agreement and the Bonds themselves; and

WHEREAS, copies of said documents have been made available to the Board of Supervisors, together with the Authority's Resolution; and

WHEREAS, the Board of Supervisors has been informed that said documents have been reviewed by competent Bond Counsel, Chapman and Cutler, 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 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 was conducted by the Authority on September 11, 2017; and

WHEREAS, this Board of Supervisors has had 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 resolution described above, the Loan 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 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 Pima 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  
17th day of October, 2017.

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Sharon Bronson, Chair  
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

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Julie Castañeda, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

CHAPMAN AND CUTLER, LLP  
Bond Counsel

By: \_\_\_\_\_

A handwritten signature in cursive script, appearing to read "Amy Lu", is written over a horizontal line.