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VIA EMAIL AND HAND DELIVERY

August 24, 2022

Sharon Bronson, Chair
Mr. Steve Christy
Ms. Adelita Grijalva
Dr. Matt Heinz
Mr. Rex Scott

PIMA COUNTY BOARD OF SUPERVISORS

33 N. Stone, Suite 100
Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of Intention to Issue Bonds – Multifamily Housing Revenue Bonds (Cascade Apartments Project), Series 2022 – In an Amount Not to Exceed \$14,000,000

Dear Madame Chair and Members of the Board:

At its special meeting held on August 16, 2022, The Industrial Development Authority of the County of Pima (the “*Authority*”), granted its final approval to a resolution authorizing the issuance of its Multifamily Housing Revenue Bonds (Cascade Apartments Project), Series 2022 (the “*Bonds*”), in one or more series, on a tax-exempt and/or taxable basis and in an aggregate principal amount not to exceed \$14,000,000, the proceeds of which will be loaned to Cascade Apartments, LLC, an Arizona limited liability company (the “*Borrower*”), the managing member of which is COPE Cascade, LLC, an Arizona limited liability company (the sole member of which is Cope Community Services, 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 September 6, 2022, 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 was held on August 16, 2022 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 identified therein 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 (i) financing or refinancing all or a portion of the costs of the acquisition, construction, improvement, development, equipping, and/or operation of residential real property consisting of approximately 70 units, some or all of which will provide housing for low-to-moderate-income tenants (including facilities functionally related and subordinate thereto), on certain real property located at 1346 N. Stone Avenue in Tucson, Pima County, Arizona and to be commonly known as the "Cascade Apartments", (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 directly purchased by COPE Community Services, Inc., an Arizona nonprofit corporation and/or its assignees (the "*Purchaser*"), subject to accredited investor transfer restrictions. The Bonds will be issued as fully registered Bonds in denominations of \$100,000 or integral multiples of \$5,000 thereafter.

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 and pledged to 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.

/s/

Michael A. Slania
Attorney for the Authority

MAS/ub
Enclosures

c: Ms. Melissa Manriquez, Clerk (with enclosures)
Lesley Lukach, 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 (CASCADE APARTMENTS PROJECT), SERIES 2022

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

The Bonds

The Authority will issue its Multifamily Housing Revenue Bonds (Cascade Apartments Project) Series 2022 in one or more series or subseries (the “*Bonds*”), in an original principal amount not to exceed \$14,000,000 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 the consent of the Authority and, under certain circumstances, must be redeemed prior to their stated maturity date.

Direct Purchase

The Bonds will be directly purchased by COPE Community Services, Inc., an Arizona nonprofit corporation, and/or its assignees (the “*Purchaser*”). 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 integral multiples of \$5,000 in excess thereof 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

Cascade Apartments, LLC, an Arizona limited liability company (the “*Borrower*”), the managing member of which is COPE Cascade, LLC (the sole member of which is COPE Community Services, Inc., an Arizona nonprofit corporation) or its assignee. COPE Community Services, Inc. is an Arizona 501(c)(3) nonprofit corporation who experienced in providing community services, real estate development, housing development, management of supportive housing units and has been providing a vast array of medical and behavioral health services in Southern Arizona for over 50 years. COPE provides primary care and general medical services in an

integrated healthcare setting and their mission includes the provision of housing. COPE serves community members throughout Tucson and Pima County. COPE Community Services, Inc. has extensive real estate development experience, with over twenty eight (28) currently owned and operating facilities, all of which were purchased, leased, renovated, constructed, or otherwise developed by COPE. The Borrower is acquiring the Site (as defined herein) and the Borrower has chosen Stonecorner Real Estate and Development, Inc. as the property manager to manage the completed Project.

The Site

As part of the Project, the Borrower will acquire certain real property located at 1346 N. Stone Avenue, in Tucson, Pima County, Arizona (the “*Site*”).

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 or refinancing all or a portion of the cost of the acquisition, construction, improvement, development, equipping, and/or operation of residential real property for the new construction of seventy (70) one-bedroom/one bathroom units which will provide housing for low-to-moderate-income tenants who are 55 years of age and older. The Project includes the acquisition and demolition of an existing building located at the Site. The housing units will then be newly constructed (including facilities functionally related and subordinate thereto), located at the Site and to be commonly known as the “Cascade Apartments”.

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 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. 2022 - ____

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 \$14,000,000 MULTIFAMILY HOUSING REVENUE BONDS (CASCADE APARTMENTS PROJECT), SERIES 2022 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 COPE Community Services, Inc. an Arizona nonprofit corporation, and/or its assignees (the “*Purchaser*”) its Multifamily Housing Revenue Bonds (Cascade Apartments Project), Series 2022 in one or more tax-exempt and/or taxable series (collectively, the “*Bonds*”), the proceeds of which are to be loaned to Cascade Apartments, LLC, an Arizona limited liability company (the “*Borrower*”), the managing member of which is COPE Cascade, LLC, an Arizona limited liability company (the sole member of which is Cope Community Services, Inc., an Arizona nonprofit corporation) or its assignee, for the purpose of (i) financing or refinancing all or a portion of the cost of the acquisition, construction, improvement development, equipping and/or operation of residential real property consisting of approximately 70 units, some or all of which will provide housing for low-to-moderate-income tenants (including facilities functionally related and subordinate thereto), on certain real property located at 1346 N. Stone Avenue in Tucson, Pima County, Arizona and to be commonly known as the “Cascade Apartments” (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*”); and

WHEREAS, on August 16, 2022, the Authority resolved to issue the Bonds in an aggregate principal amount not to exceed \$14,000,000 (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 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 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 Section 35-721.B of 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 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 6th day of September, 2022.

Sharon Bronson, 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: 