

# SLANIA LAW, PLLC

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VIA EMAIL AND HAND DELIVERY

September 22, 2021

Sharon Bronson, Chair

Mr. Steve Christy

Ms. Adelita Grijalva

Dr. Matt Heinz

Mr. Rex Scott

**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 – Multifamily Housing Revenue Bonds (Talavera Apartments Project), Series 2021– In an Amount Not to Exceed \$15,000,000 - 1355 West Roger Road in Pima County, Arizona

Dear Ms. Chair and Members of the Board:

At a regular meeting held on September 10, 2021, The Industrial Development Authority of the County of Pima (the “Authority”), granted its final approval to a resolution authorizing the issuance of its Revenue Bonds (Talavera Apartments Project), Series 2021 (the “2021 Bonds”), in one or more series and in an aggregate principal amount not to exceed \$15,000,000, the proceeds of which will be loaned to Talavera Apartments, LLC (the “Borrower”), an Arizona limited liability company, 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 2021 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 October 5, 2021, 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 considered by the Authority. In the opinion of Bond Counsel, a public hearing was required to be held pursuant to the Internal Revenue Code and federal income tax regulations for the issuance of the 2021 Bonds. The public hearing was held on September 10, 2021 and [no comments or objections to the Project or the issuance of the 2021 Bonds were received prior to or during the hearing].

The proceeds of the 2021 Bonds will be loaned to the Borrower to (i) finance and/or refinance the costs of acquisition, construction, improvement or equipping of residential real property consisting of 96 units, some of which will provide housing for low-income tenants, on certain real property located at 1355 West Roger Road in Pima County, Arizona and commonly known as the “Talavera Apartments,” (ii) funding of any required reserve funds, (iii) paying capitalized interest, if any, on such Bonds, and (iv) paying certain issuance

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expenses related to the Bonds (collectively, the "2021 Project"). A more detailed description of the 2021 Project is contained in the attached Fact Summary.

The 2021 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "Act"). The 2021 Bonds will be issued as unrated, fully registered Bonds and will be privately placed with Zions Bancorporation, N.A. dba California Bank & Trust, as holder (the "Purchaser"). The 2021 Bonds will be issued without a rating in denominations of \$250,000 and any integral multiples of \$1.00 in excess thereof and 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, with an investor letter.

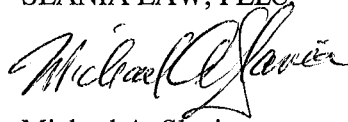
As always, the 2021 Bonds are special limited obligations of the Authority. The 2021 Bonds are payable solely from payments made by the Borrower pursuant to a loan agreement and secured by a deed of trust on the site of the 2021 Project. Such payments are pledged to the Purchaser, as the holder of the Bonds, pursuant to a Master Pledge and Assignment among the Authority, Zions Bancorporation, N.A. dba California Bank & Trust, as agent, and Zions Bancorporation, N.A. dba California Bank & Trust, as holder. 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 2021 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,

SLANIA LAW, PLLC



Michael A. Slania  
Attorney for the Authority

MAS/ub  
Enclosures

c: Julie Casteñada, Clerk (w/enclosures)  
Lesley Lukach, Esq., Counsel to the Board  
Charles Huckelberry, Pima County Administrator  
Jan Leshner, Chief Deputy Pima County Administrator  
Patrick Cavanaugh, Deputy Director Pima County Economic Development Office

# FACT SUMMARY

## THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA MULTIFAMILY HOUSING REVENUE BONDS (TALAVERA APARTMENT PROJECT), SERIES 2021

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

The 2021 Bonds . . . . .	The Authority will issue its Multifamily Housing Revenue Bonds (Talavera Apartments Project), Series 2021 (the “2021 Bonds”) in one or more series, in an original principal amount not to exceed \$15,000,000 and a maturity date not to exceed 40 years. The 2021 Bonds will bear interest at either a fixed or a variable rate initially, during the construction/renovation phase, and at a fixed rate during the permanent phase. The average interest rate on the 2021 Bonds shall not be greater than 12 percent per annum. The 2021 Bonds may be redeemed at the option of the Borrower and, under certain circumstances, must be redeemed prior to their stated maturity date.
Private Placement . . . . .	The 2021 Bonds will be privately placed and purchased by Zions Bancorporation, N.A. dba California Bank and Trust as the initial holder (the “Holder”) and may be further sold to an approved institutional buyer. The 2021 Bonds will be issued without a rating, but in minimum denominations of \$250,000 and any integral multiple of \$1.00 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 . . . . .	At closing of the 2021 Bonds, Talavera Apartments, LLC, an Arizona limited liability company (the “Borrower”) will acquire and own the real property, equipment and improvements to be financed and/or refinanced with the proceeds of the 2021 Bonds. The managing member the Borrower is Talavera MM, LLC, an Arizona limited liability company, the initial sole member of such limited liability company is Family Housing Resources, Inc., an Arizona nonprofit corporation.
2021 Bond Proceeds . . . . .	The proceeds of the 2021 Bonds will be used to (i) finance and/or refinance the 2021 Project as defined below, (ii) fund of any required reserve funds, (iii) pay capitalized interest, if any, on such Bonds, and (iv) pay certain issuance expenses related to the Bonds.
2021 Project . . . . .	The 2021 Project will consist of financing and/or refinancing the costs of acquisition, construction, improvement or equipping of residential real property consisting of 96 units, some of which will provide housing for low-income tenants, on certain real property

located at 1355 West Roger Road in Pima County, Arizona and commonly known as the “Talavera Apartments”.

Documentation . . . . . Pursuant to a Promissory Note (the “*Note*”), from the Borrower to Zions Bancorporation, N.A. dba California Bank and Trust (acting as the “*Agent*”), the Borrower will agree to make payments to the Holder sufficient to pay the principal of, premium, if any, and interest on the 2021 Bonds when due. The 2021 Bonds will be secured by the Master Pledge and Assignment. All rights of the Authority in and to the Master Pledge and Assignment, except certain rights to indemnification and payment of expenses, will be assigned to the Agent under the Master Agency Agreement.

Security for the 2021 Bonds . . . . The Borrower’s obligation to repay all disbursements of the proceeds of the loan will be evidenced by the Note and secured by a Construction and Permanent Trust Deed with Assignment of Rents, Security Agreement and Fixture Filing.

The Authority has no taxing power. The 2021 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 2021 Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the 2021 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 2021 Bonds.

**RESOLUTION NO. 2021 - \_\_**

**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 BONDS (TALAVERA  
APARTMENTS PROJECT), SERIES 2021 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 its Multifamily Housing Revenue Bonds (Talavera Apartments Project), Series 2021, in one or more series or subseries (the “*Bonds*”), the proceeds of which are to be loaned to Talavera Apartments, LLC ( the “*Borrower*”), an Arizona limited liability company, to aid in the (i) financing and/or refinancing of the costs of acquisition, construction, improvement or equipping of residential real property consisting of 96 units, some of which will provide housing for low-income tenants, on certain real property located at 1355 West Roger Road in Pima County, Arizona and commonly known as the “Talavera Apartments,” (ii) funding of any required reserve funds, (iii) paying capitalized interest, if any, on such Bonds, and (iv) paying certain issuance expenses related to the Bonds (collectively, the “*Project*”); and

WHEREAS, on September 10, 2021, the Authority resolved to issue the Bonds in one or more series or subseries and 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 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 and the execution and delivery of (a) a Master Pledge and Assignment (the “*Pledge and Assignment*”) among the Authority, Zions Bancorporation, N.A. dba California Bank & Trust, as holder and Zions Bancorporation, N.A. dba California Bank & Trust, as agent (b) a Master Agency Agreement between the Authority and Zions Bancorporation, N.A. dba California Bank & Trust, as agent (the “*Agency Agreement*”); (c) a Regulatory Agreement and Declaration of Restrictive Covenants (the “*Regulatory Agreement*”) among the Authority, the Borrower, and Family Housing Resources, Inc., as compliance monitor, (d) 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 Pledge and Assignment and the form of 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 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 Pima County Board of Supervisors must approve the issuance of the Bonds after a public hearing following reasonable 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 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 and/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, the Pledge and Assignment, the Agency Agreement, the Regulatory 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; and
4. It is necessary for the preservation of the peace, health and safety of Pima 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 5<sup>th</sup> day of October, 2021.

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Sharon Bronson, Chair  
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

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Julie Casteñada, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP,  
Bond Counsel

By: 