

CAPITAL TRUST AGENCY

315 Fairpoint Drive • Gulf Breeze, Florida 32561 • Office 850-934-4046 • Fax 850-934-4048

July 31, 2018

Via Electronic Delivery

Sarah B. Johnson, City Clerk
City of Colorado Springs, Colorado
30 S. Nevada Ave, Suite 101
Colorado Springs, Colorado 80903
sbjohnson@springsgov.com

Re: Action Requested: Adoption of a resolution of the City Council (the "City Council") of the City of Colorado Springs, Colorado (the "City"), for the purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), approving the issuance by the Capital Trust Agency of its bonds for the purpose of financing the proposed acquisition of seventeen senior living facilities, including a 60-unit senior living facility at 2850 North Academy Boulevard, Colorado Springs, El Paso County, Colorado (the "Colorado Springs Project").

Dear Ms. Johnson,

I am the Executive Director of the Capital Trust Agency (the "CTA"). The CTA was created in 1999 through the use of Florida and federal laws that allow governmental entities to sponsor and facilitate public purpose financings that meet applicable state and federal laws. We have worked with numerous counties and municipalities throughout Florida and other states to issue tax-exempt and taxable debt to provide capital funding of projects beneficial to the citizens of Florida and such other states.

The CTA has been asked to serve as the issuer of bonds to finance the proposed acquisition of seventeen senior living facilities located in Alabama, Colorado, Florida, Minnesota, Ohio, Tennessee, Texas and Wisconsin (collectively, the "Project"), including the Colorado Springs Project, a 60-unit senior living facility at 2850 North Academy Boulevard, Colorado Springs, El Paso County, Colorado. The proposed financing will include the issuance by the CTA of tax-exempt and taxable bonds in an aggregate amount not to exceed \$275,000,000 for the Project. The proceeds of the proposed bonds will be loaned to American Eagle Delaware Holding Company LLC, a Delaware limited liability company (the "Borrower"), and the nineteen single-purpose, limited liability companies wholly owned by the Borrower and formed by the development team to own and operate the Project. The Borrower is wholly owned by American Eagle LifeCare Corporation, a Tennessee not for profit corporation (the "Parent") and

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an organization described in Section 501(c)(3) of the Code. The City will have no legal or fiduciary obligation to pay the bonds nor will they be reflected on the City's financial statements.

To begin the process of issuing the bonds, the CTA accepted an application from the principals of the Parent and Piper Jaffray & Co., the investment banking firm they selected. Our Board adopted a preliminary resolution on July 17, 2018 stating our intent to issue bonds to finance the Project. That preliminary resolution also requires that the adoption of a final authorizing resolution (to be considered by the CTA at a later date) be conditioned on the transaction passing financial feasibility review and meeting all legal requirements for a project such as this to be financed on a tax exempt basis.

In order for the bonds to be issued as tax-exempt bonds, certain requirements of the Code relating to the issuance of the bonds must be met, including (i) obtaining the City's approval of the issuance of the bonds by the CTA through a resolution of the City Council, in accordance with the Tax Equity and Fiscal Responsibility Act ("TEFRA") and Section 147(f) of the Code and (ii) conducting a public hearing regarding the bonds prior to the City Council's consideration of such TEFRA resolution. Accordingly, the CTA respectfully requests on behalf of the Borrower that the City consider providing its TEFRA approval by resolution of the City Council. We look forward to addressing any questions and discussing with you the timing for the publication of the notice, holding the public hearing and the consideration of the resolution by the City Council. Please also note that the Code requires that notice of the public hearing be published at least 14 days prior to the public hearing.

With the permission of the City, CTA is prepared to publish the required notice of public hearing. Also, if desirable, CTA can also hold this public hearing and provide a transcript and report of the hearing officer to the City thus relieving the City of any administrative burden.

Attached are proposed forms of the following documents:

1. The proposed form of a resolution to be considered by the City Council, which expressly provides that the City will have no liability to pay principal of or interest on the bonds and the issuance of the bonds will have no financial impact on the City. The Bonds will be limited obligations of CTA, payable solely from the revenue derived from the Borrower and pledged to the payment of the Bonds;
2. The proposed form of a TEFRA Script that the City Council might use as an aid in conducting the TEFRA Hearing; and
3. The proposed form of a TEFRA Notice required to be published in a newspaper of

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general circulation within the City at least 14 days before the TEFRA Hearing. If you determine that we can move forward, we will coordinate the publication of the TEFRA Notice with the Clerk's office and will provide you with an affidavit of publication.

As noted above, the bonds are not obligations of the City, and the City, the City Council and the City's employees and agents are appropriately indemnified pursuant to the borrower and underwriter indemnity agreements attached to the resolution.

The Borrower's legal counsel is Dinsmore & Shohl (Glen Pratt, phone: (614) 223-5390, e-mail: glendon.pratt@dinsmore.com), and the contact information for the Borrower's principals is as follows:

F. Scott Kellman, CEO
Phone: (734) 222-5264

E-mail: scott@americaneaglelifecare.com

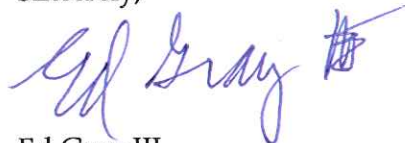
Elan Ruggill, President
Phone: (734) 222-5275

E-mail: elan.ruggill@americaneagle.com

The Jacksonville office of Foley & Lardner LLP is bond counsel for the transaction. The primary contact at Foley is Chauncey W. Lever, Jr. at (904) 359-8774 or clever@foley.com. For any professional counsel and advice the City may deem necessary to solicit, the Borrower will make restitution for all reasonable expenses incurred by the City.

We truly believe this financing is a positive for all involved. We are pleased to be a part of it, and very much appreciate the City giving this request for TEFRA approval due consideration. If you foresee any issues with scheduling this item for the City Council's agenda, or if you or any of the members of the City Council or your staff require any additional information, please contact me directly.

Sincerely,



Ed Gray III
Executive Director

Attachments:

Inducement Resolution by the Board of CTA, July 17, 2018
Proposed Hearing Notice and Script
Proposed Resolution for adoption by the City