

**NOTICE OF ADVERSE TAX OPINION OR EVENT AFFECTING TAX-EXEMPT
STATUS
NOTICE OF PROPOSED ISSUE**

**Santa Cruz County Jail District of Santa Cruz County, Arizona Pledged Revenue
Refunding Obligations Series 2017
CUSIP No. 80182JAP5**

March 23, 2021

This notice is being provided by the Santa Cruz County Jail District of Santa Cruz County, Arizona (the “District”), pursuant to the requirements of numbered paragraph 5 of the Continuing Disclosure Certificate of the District dated June 29, 2017 (the “Continuing Disclosure Undertaking”), as a notification of the occurrence or the following event:

By letter dated March 10, 2021, the Internal Revenue Services (the “Service”) issued a Notice of Proposed Issue (IRS Form 5701-B) (the “Notice”) relating to the Santa Cruz County Jail District of Santa Cruz County, Arizona Pledged Revenue Refunding Obligations Series 2017 (the “Bonds”). The Notice contains a preliminary determination that the Bonds are taxable retroactively to the date of issuance because the Bonds meet the private business use and private payment tests contained in Sections 141(b)(1) and 141(b)(2) of the Internal Revenue Code of 1986, as amended. The issue primarily concerns contracts with federal government agencies for housing of federal prisoners. The District strongly disagrees with the Service’s position and has engaged legal counsel to represent it in further proceedings with the Service.

This is a preliminary determination, not a proposed adverse determination or a final determination.

This notice is provided solely to comply with the Continuing Disclosure Undertaking referred to above and does not speak to any other event or information about the District and does not imply there has been no change in any other information relating to District or any of the District’s outstanding bonds. Nothing contained in this notice is, or should be construed as, a representation by the District that the information included in this notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any securities issued by the District or otherwise related to the District. Although the District may provide additional information from time to time regarding the matters in this Notice, it is not required to do so other than as provided in the Continuing Disclosure Undertaking.