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***VIA FIRST LEGAL NETWORK***

September 12, 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 – Education Facility Revenue Bonds (Compass High School Project), Series 2017 – In an Amount Not to Exceed \$9,000,000

Dear Ms. Chair and Members of the Board:

As part of its program for financing Arizona charter schools, at its regular meeting to be held on September 12, 2017, The Industrial Development Authority of the County of Pima (the “*Authority*”), will consider granting its final approval to a resolution authorizing the issuance of its Education Facility Revenue Bonds (Compass High School Project), Series 2017 (the “*2017 Bonds*”), in one or more series and in an aggregate principal amount not to exceed \$9,000,000, the proceeds of which will be loaned to Compass High School, Inc., (the “*Borrower*”), an Arizona nonprofit corporation.

As always, this issuance of the 2017 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 19, 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.

Attached is a copy of the Resolution approved by the Authority. In the opinion of Bond Counsel, no public hearing is required to be held pursuant to the code and federal income tax regulations for the issuance of the 2017 Bonds.

The proceeds of the 2017 Bonds will be loaned to the Borrower to (i) finance or refinance the costs of acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at 8250 East 22<sup>nd</sup> Street in Tucson, Arizona, (ii) fund any required reserves as set forth in the Indenture, (iii) pay capitalized interest, if any, on the 2017 Bonds, and (iv) pay certain issuance expenses relating to the 2017 Bonds (the “2017 Project”).

The 2017 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “Act”). The 2017 Bonds will be issued as fully registered Bonds and will be publicly offered by John W. Loofburrow Associates, Inc. and/or NM Capital Markets, Inc. The 2017 Bonds will be issued without a rating in denominations of \$25,000 and integral multiples of \$5,000 thereafter 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. The 2017 Bonds will not be part of any pool bond issue.

As always, the 2017 Bonds are special limited obligations of the Authority. The 2017 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 2017 Project. Such payments are pledged to the Bondholders pursuant to an indenture of trust between the Authority and Zions Bank, a division of ZB, National Association, as trustee. 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 2017 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,

RUSSO, RUSSO & SLANIA, P.C.

/s/

Michael A. Slania  
Attorney for the Authority

MAS/jc  
Enclosures

c: Julie Castañeda, Clerk (w/enclosures)  
Regina 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**  
**EDUCATION FACILITY REVENUE BONDS**  
**(COMPASS HIGH SCHOOL PROJECT), SERIES 2017**

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

- The 2017 Bonds ..... As part of its program for financing Arizona charter schools, the Authority will issue its Education Facility Revenue Bonds (Compass High School Project), Series 2017 (the “2017 Bonds”), in an original principal amount not to exceed \$9,000,000 and a maturity date not to exceed 40 years. The 2017 Bonds will bear interest at a fixed rate. The average interest rate on the 2017 Bonds shall not be greater than 12 percent per annum. The 2017 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 2017 Bonds will be issued without a rating, but in minimum denominations of \$25,000 and \$5,000 thereafter, 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 2017 Bonds will be sold by John W. Loofburrow Associates, Inc. and/or NW Capital Markets, Inc. pursuant to a Limited Offering Memorandum.
- The Borrower ..... Compass High School, Inc. is an Arizona nonprofit corporation (the “Borrower”).
- The 2017 Project . . . . . The proceeds of the 2017 Bonds will be used for the purpose of (i) financing and/or refinancing the acquisition, construction, improvement, operation and equipping of land and charter school facilities located at 8250 East 22<sup>nd</sup> Street in Tucson, Arizona (the “Project Site”), to be used for the operation of a charter school thereon, (ii) funding of any required reserve fund as set forth in the Indenture, (iii) paying capitalized interest on the 2017 Bonds, and (iv) paying certain issuance expenses.

Documentation . . . . .

Pursuant to a Loan Agreement between the Authority and the Borrower, the Borrower has agreed to make payments to the Authority sufficient to pay the principal of, premium, if any, and interest on the 2017 Bonds when due. The Borrower's obligations under the Loan Agreement will be secured by a Deed of Trust, which will be recorded on the Project Site.

Security for the 2017 Bonds . . . . .

The loan to the Borrower will be secured by (a) a mortgage lien and security interest in the land, buildings, fixtures and equipment owned by the Borrower constituting the charter school campuses at the Project Site, and (b) an assignment of the leases, rents and all other revenues of the Borrower (including certain State revenues due to the Borrower).

The Authority has no taxing power. The 2017 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 2017 Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the 2017 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 2017 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 \$9,000,000 EDUCATION FACILITY REVENUE BONDS (COMPASS HIGH SCHOOL 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 its Education Facility Revenue Bonds (Compass High School Project), Series 2017, in one or more series or subseries (the “*Bonds*”), the proceeds of which are to be loaned to Compass High School, Inc., (the “*Borrower*”), an Arizona nonprofit corporation, to aid in the (i) financing or refinancing the costs of acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities at 8250 East 22<sup>nd</sup> Street in Tucson, Arizona, (ii) funding of any required reserves, as set forth in the Indenture (as hereinafter defined), (iii) paying capitalized interest, if any, on the Bonds, and (iv) paying certain issuance expenses (the “*2017 Project*”); and

WHEREAS, on September 12, 2017, the Authority resolved to issue the Bonds in one or more series or subseries and in an aggregate amount not to exceed \$9,000,000 (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 (a) an Indenture of Trust, between the Authority and Zions Bank, a division of ZB, National Association (the “*Indenture*”), (b) a Loan Agreement (the “*Loan Agreement*”), between the Authority and the Borrower, and (c) 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 Indenture, the Loan Agreement 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 Gust Rosenfield P.L.C., 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, this Board has presented to it information regarding 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 the Act, the Board of Supervisors, as the governing body of the Authority, 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 Indenture, the Loan 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 the 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 \_\_\_\_ day of September, 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:

Gust Rosenfield P.L.C.  
Bond Counsel

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

