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***VIA FIRST LEGAL NETWORK***

October 5, 2016

Sharon Bronson, Chair

Mr. Raymond Carroll

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 Loan Obligations (Southgate Academy Project), Series 2016 – In an Amount Not to Exceed \$15,500,000

Dear Ms. Chair and Members of the Board:

As part of its program for financing Arizona charter schools, at its special meeting to be held on October 11, 2016, 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 Loan Obligations (Southgate Academy Project), Series 2016 (the “*2016 Obligations*”), in one or more series and in an aggregate principal amount not to exceed \$15,500,000, the proceeds of which will be loaned to Southgate Academy, Inc. (the “*Borrower*”), 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 2016 Obligations 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 18, 2016, 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 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 2016 Obligations.

The proceeds of the 2016 Obligations 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 820 West Valencia Road, 850 West Valencia Road, 902 West Valencia Road, 910 West Valencia Road, 916 West Valencia Road, 920 West Valencia Road, 924 West Valencia Road and 930 West Valencia Road, all in Tucson, Arizona, (ii) fund any required reserves, (iii) pay capitalized interest, if any, on the 2016 Obligations, and (iv) pay certain issuance expenses relating to the 2016 Obligations (the “2016 Project”).

The 2016 Obligations are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “Act”). The 2016 Obligations will be issued as fully registered bonds and will be privately placed with Western Alliance Bank (or one of its affiliates) (the “Lender”). The 2016 Obligations will be issued without a rating. The 2016 Obligations may be sold in whole, but not in part, 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 an affiliate of the Lender. The 2016 Obligations will not be part of any pool bond issue.

As always, the 2016 Obligations are special limited obligations of the Authority. The 2016 Obligations 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 2016 Project. Such payments are pledged to the Bondholders pursuant to the loan agreement. 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 2016 Obligations. 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/ala  
Enclosures

c: Robin Brigode, 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 LOAN OBLIGATIONS**  
**(SOUTHGATE ACADEMY PROJECT), SERIES 2016**

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

The 2016 Loan Obligations .....	As part of its program for financing Arizona charter schools, the Authority will issue its Education Facility Revenue Loan Obligations (Southgate Academy Project), Series 2016 (the “2016 Obligations”), in an original principal amount not to exceed \$15,500,000 and a maturity date not to exceed 40 years. The 2016 Obligations will bear interest at a fixed rate. The average interest rate on the 2016 Obligations shall not be greater than 12 percent per annum. The 2016 Obligations 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.
Private Placement .....	The 2016 Obligations will be issued without a rating. The 2016 Obligations will be privately placed with Western Alliance Bank (or one of its affiliates) (the “Lender”). The 2016 Obligations may be sold only in whole 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 an affiliate of the Lender.
The Borrower .....	Southgate Academy, Inc., an Arizona nonprofit corporation (the “Borrower”), has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code.
The 2016 Project .....	The proceeds of the 2016 Obligations will be used for the purpose of (i) financing and/or refinancing the acquisition, construction, improvement, operation and equipping of land and approximately 36,000 square feet of charter school facilities located at 820 West Valencia Road, 850 West Valencia Road, 902 West Valencia Road, 910 West Valencia Road, 916 West Valencia Road, 920 West Valencia Road, 924 West Valencia Road and 930 West Valencia Road, all in Tucson, Arizona (the “Project Site”), to be used for the operation of a charter school thereon, (ii) funding of any required reserve fund, (iii) paying capitalized interest on the 2016 Obligations, and (iv) paying certain issuance expenses (collectively, the “Project”).
Documentation .....	Pursuant to a Loan Agreement among the Lender, 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 2016 Obligations 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 2016 Obligations

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, (b) an assignment of the leases, rents and all other revenues of the Borrower (including certain State revenues due to the Borrower), (c) a gross revenue pledge, and (d) an intercept of payments from the State Treasurer.

The Authority has no taxing power. The 2016 Obligations 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 2016 Obligations are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the 2016 Obligations 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 2016 Obligations.

RESOLUTION NO. 2016 - \_\_\_\_

**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 \$15,500,000 EDUCATION FACILITY REVENUE LOAN OBLIGATIONS (SOUTHGATE ACADEMY PROJECT), SERIES 2016 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 Loan Obligations (Southgate Academy Project), Series 2016, in one or more series or subseries (the "*Obligations*"), the proceeds of which are to be loaned to Southgate Academy, 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 820 West Valencia Road, 850 West Valencia Road, 902 West Valencia Road, 910 West Valencia Road, 916 West Valencia Road, 920 West Valencia Road, 924 West Valencia Road and 930 West Valencia Road, all in Tucson, Arizona, (ii) funding of any required reserves, (iii) paying capitalized interest, if any, on the Obligations, and (iv) paying certain issuance expenses (the "*2016 Project*"); and

WHEREAS, on October 11, 2016, the Authority resolved to issue the Obligations in one or more series or subseries and in an aggregate amount not to exceed \$15,500,000 (the "*Authority's Resolution*"), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the Obligations 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 Obligations, the execution and delivery of (a) a Loan Agreement (the "*Loan Agreement*"), among the Authority, Western Alliance Bank (or an affiliate thereof) and the Borrower, and (b) such other documents as required for the issuance of the Obligations; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the Obligations are set forth in the Loan Agreement and the form of Obligations 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 Obligations are to be issued require the approval of the Board of Supervisors of the issuance of the Obligations; and

WHEREAS, this Board has presented to it information regarding the Obligations and is further informed and advised with regard to the Obligations.

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 Obligations and the proceedings under which the Obligations are to be issued by the Authority, including specifically the Authority’s Resolution, 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 Obligations; 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 October, 2016.

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Sharon Bronson, Chair  
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

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Robin Brigode, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP,  
Bond Counsel

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

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA AUTHORIZING THE ISSUANCE, OFFER, SALE AND DELIVERY OF ONE OR MORE SERIES OF ITS TAX-EXEMPT AND/OR TAXABLE LOAN OBLIGATIONS, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$15,500,000 FOR THE BENEFIT OF SOUTHGATE ACADEMY, INC. (THE "OBLIGATIONS"); AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND AN ASSIGNMENT AGREEMENT; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED AND DELIVERED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE OBLIGATIONS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF THE OBLIGATIONS.

WHEREAS, The Industrial Development Authority of the County of Pima (the "Issuer"), a nonprofit corporation designated a political subdivision of the State of Arizona (the "State"), incorporated with the approval of the County of Pima (the "County"), pursuant to the provisions of the Constitution of the State and under Title 35, Chapter 5, Arizona Revised Statutes, as amended (the "Act"), is authorized and empowered, among other things: (a) to issue its revenue bonds to pay costs of a "project" (as defined in Section 35-701 of the Act); (b) to make loans from the proceeds of the sale of its revenue bonds or other forms of indebtedness to any person to provide for financing and refinancing the costs of acquiring, constructing, improving, equipping and maintaining one or more "projects" and to pledge all or any part of the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds or other forms of indebtedness; (c) to enter into contracts and execute any agreements or instruments and do any other act necessary or appropriate to carry out its purposes; and (d) to enact this Resolution and to enter into the Loan Agreement and the Assignment Agreement, all as hereafter defined, upon the terms and conditions provided herein and therein; and

WHEREAS, Southgate Academy, Inc. (the "Borrower"), a duly organized and validly existing Arizona nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, operated exclusively for charitable and educational purposes as a charter school under Arizona Revised Statutes Title 15, Chapter 1, Article 8, as amended (the "Charter School Act"), has requested that the Issuer issue its tax-exempt and/or taxable revenue obligations for the purposes of: (i) financing or refinancing the costs of acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at 820, 850, 902, 910, 916 and 924 West Valencia Road in Tucson, Arizona (the "Series 2016 Facilities"); (ii) funding of any required reserves as set forth in the Loan Agreement (defined below); (iii) paying capitalized interest, if any, on the Education Facility Revenue Loan



Obligations (defined below); and (iv) paying certain issuance expenses (collectively, the “Series 2016 Project”); and

WHEREAS, in furtherance of the purposes of the Act, the Issuer proposes to issue its tax-exempt and/or taxable obligations in an aggregate principal amount of not to exceed \$15,500,000 (the “Education Facility Revenue Loan Obligations”) to WAB Investments, Inc. or an affiliate thereof (the “Lender”) pursuant to the Loan Agreement, to be dated as of the first day of the month in which the Education Facility Revenue Loan Obligations are issued (the “Loan Agreement”), by and among the Issuer, the Lender and the Borrower, and to lend the proceeds of the Education Facility Revenue Loan Obligations to the Borrower pursuant to the terms of such Loan Agreement (the “Borrower Loan”); and

WHEREAS, the Education Facility Revenue Loan Obligations are payable solely from revenues derived from the Borrower’s repayment of the Borrower Loan; and

WHEREAS, the repayment of the Education Facility Revenue Loan Obligations shall be secured by a Deed of Trust (the “Deed of Trust”) to be executed by the Borrower in favor of the Issuer, as beneficiary thereunder, and assigned to the Lender pursuant to the terms of an Assignment Agreement, to be dated as of the first day of the month in which the Education Facility Revenue Loan Obligations are issued, by and between the Issuer and the Lender (the “Assignment Agreement”); and

WHEREAS, there have been prepared and presented at this meeting and there are on file with the Secretary of this Board proposed forms of the following documents:

- (a) the Loan Agreement;
- (b) the Assignment Agreement; and
- (c) the Deed of Trust.

The documents identified in paragraphs (a) and (b) above are together referred to herein as the “Issuer Documents”; and

WHEREAS, this Board determines hereby that the execution and delivery of the Issuer Documents and the issuance and sale of the Education Facility Revenue Loan Obligations by the Issuer as contemplated by such documents and the effect thereof will each be in furtherance of the purposes of the Issuer and the Act; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA AS FOLLOWS:

Section 1. Authority. The Education Facility Revenue Loan Obligations herein authorized shall be issued pursuant to the laws of the State, the Act and the Code (defined below) and other applicable provisions of law.

It is hereby determined that the Series 2016 Project to be financed with the Education Facility Revenue Loan Obligations is a “project,” as defined in and permitted by the Act, and the

financing of the Series 2016 Project is in the public interest and is consistent with the purposes of the Act.

Section 2. Definitions. In addition to words and terms elsewhere defined in this Resolution, the following words and terms shall have the following meanings unless some other meaning is plainly intended and provided that the dated date of the documents described in this Resolution to which the Issuer is a party may be changed upon the advice of Russo, Russo & Slania, P.C., as counsel to the Issuer, to such date or dates as may be determined to best effectuate the provisions of this Resolution, such determination to be conclusively evidenced by the execution and delivery by an officer of the Issuer of the respective documents with such amended dates:

“Board” means the Board of Directors of The Industrial Development Authority of the County of Pima.

“Closing Date” means the date upon which the Education Facility Revenue Loan Obligations are issued for purposes of the Code.

“Code” means the Internal Revenue Code of 1986, and all applicable regulations (whether temporary or final) under that Code and the statutory predecessor of the Code, as applicable, and any official rulings and judicial determinations under the foregoing applicable to the Education Facility Revenue Loan Obligations.

Section 3. Authorization and Terms of Education Facility Revenue Loan Obligations. Pursuant to the Act and the terms of the Loan Agreement, there is hereby authorized the issuance and sale of the Education Facility Revenue Loan Obligations of the Issuer in an original aggregate principal amount of not to exceed \$15,500,000, for the purpose of paying costs of the Series 2016 Project. The Education Facility Revenue Loan Obligations shall be issued on the terms set forth therein and in the Loan Agreement.

The Education Facility Revenue Loan Obligations shall mature on such date or dates as set forth in the Loan Agreement, provided that the final maturity of the Education Facility Revenue Loan Obligations shall be not later than forty years after the Closing Date. The Education Facility Revenue Loan Obligations shall bear interest at the rate or rates of interest per year as set forth in the form of the Loan Agreement, provided that such rate or rates of interest shall not exceed 12% per year. Interest on the Education Facility Revenue Loan Obligations shall be payable on each interest payment date and at such other times as set forth in the form of the Loan Agreement until the principal sum is paid or duly provided for, and shall be calculated on the basis of a 360-day year of twelve 30-day months.

The Education Facility Revenue Loan Obligations shall be payable solely out of the payments, revenues and receipts received by the Issuer pursuant to the Loan Agreement, and other security provided in the Loan Agreement, and such payments, revenues and receipts as shall be pledged and assigned to the Issuer and assigned to the Lender as security for the payment of the Education Facility Revenue Loan Obligations as provided in the Loan Agreement. The approval of the Issuer of the final terms of the Education Facility Revenue

Loan Obligations as set forth in the Loan Agreement shall be conclusively evidenced by execution of the Indenture by the authorized officer of the Issuer executing the Loan Agreement.

The Education Facility Revenue Loan Obligations shall be subject to redemption prior to maturity as provided in the Loan Agreement, shall be in such denominations, shall be of such tenor and effect, and shall have such transfer restrictions, all as provided in the Loan Agreement.

Section 4. Execution of Documents. The forms, terms and provisions of the Issuer Documents related to the Education Facility Revenue Loan Obligations, in the forms of such documents (including the exhibits thereto) presented to this meeting, are hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are permitted by the Act and the Code, as shall be approved by those officers executing and delivering the same on behalf of the Issuer, and such execution and delivery or approval shall constitute conclusive evidence of their approval and of this Board's approval of any such changes from the respective forms thereof presented to this meeting. Any officer of the Issuer is hereby authorized to execute and deliver the Loan Agreement, the other Issuer Documents, and any other documents related to the Education Facility Revenue Loan Obligations on behalf of this Board. The authorization of the issuance of the Education Facility Revenue Loan Obligations is expressly conditioned upon the understanding that the Issuer will not execute any document or consent to the execution of any document until the form of such document is acceptable to Russo, Russo & Slania, P.C., counsel to the Issuer.

Section 5. Other Actions. To the extent permitted by law, any of the officers and agents of the Issuer are hereby authorized and directed to take all action necessary on its part or reasonably required by the parties to the Issuer Documents to carry out, give effect to and consummate the transactions contemplated thereby, including, without limitation, the authorization of payment of the Education Facility Revenue Loan Obligations as provided in the Loan Agreement and the execution and delivery of the closing and other documents necessary or appropriate to be delivered in connection with the issuance, execution, and delivery of the Education Facility Revenue Loan Obligations.

Section 6. Declaration of Intent to Authorize Reimbursement. The Issuer hereby expresses its intent to reimburse certain qualified expenditures incurred by the Borrower with respect to the acquisition, construction, equipping and furnishing of the Series 2016 Project with proceeds of the Education Facility Revenue Loan Obligations issued and sold pursuant to the provisions of the Act in a principal amount presently estimated not to exceed the amount set forth in Section 3 above.

Section 7. Limited Obligations. Nothing contained in this Resolution or in the Issuer Documents or any other document or instrument, shall be construed as obligating the Issuer, except to the extent provided in such documents or instruments, or as incurring a charge upon the general credit or taxing power of the Issuer, the County or the State or any other political subdivision thereof, nor shall the breach of any agreement contained in this Resolution, the Issuer Documents or any other instrument or document executed in connection therewith impose any charge upon the general credit or taxing power of the Issuer, the County or the State or any other political subdivision thereof. The Issuer has no taxing power.

Section 8. Actions of Officers, Directors and Agents. All actions of the officers, directors and agents of the Issuer which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance, sale and delivery of the Education Facility Revenue Loan Obligations as contemplated by this Resolution and the documents referred to herein, whether heretofore or hereafter taken, shall be and are hereby ratified, confirmed and approved. The proper officers, directors and agents of the Issuer are hereby authorized and directed to do all such acts and to execute, acknowledge and deliver all such documents on behalf of the Issuer as may be deemed necessary or desirable to carry out the terms and intent of this Resolution and of any of the documents referred to herein.

Section 9. Tax Covenants. The Issuer covenants that it will restrict the use of the proceeds of any Education Facility Revenue Loan Obligations the interest on which is excludable from gross income for federal income tax purposes (the "Tax-Exempt Education Facility Revenue Loan Obligations") in the manner and to the extent, if any, which may be necessary, after taking into account reasonable expectations at the time of the delivery of and payment for the Tax-Exempt Education Facility Revenue Loan Obligations, so that the Tax-Exempt Education Facility Revenue Loan Obligations will not constitute arbitrage bonds under Section 148 of the Code. To those ends, the President, or any other officer of the Board having responsibility for issuing the Education Facility Revenue Loan Obligations, is authorized and directed, alone or in conjunction with any of the foregoing or with any other officer, employee, consultant or agent of the Issuer to give: (i) an appropriate certificate of the Issuer, for inclusion in the transcript of proceedings for the Education Facility Revenue Loan Obligations, setting forth the reasonable expectations of the Issuer regarding the amount and use of the proceeds of the Tax-Exempt Education Facility Revenue Loan Obligations and the facts, estimates and circumstances on which those expectations are based, all as of the date of delivery of and payment for the Education Facility Revenue Loan Obligations, and (ii) the statement setting forth the information, with respect to the Tax-Exempt Education Facility Revenue Loan Obligations, required by Section 149(e) of the Code.

The Issuer covenants that it: (A) will take or require to be taken all actions that may be required of it for the interest on the Tax-Exempt Education Facility Revenue Loan Obligations to be and remain excluded from gross income for federal income tax purposes; and (B) will not take or authorize to be taken any actions that would adversely affect that exclusion under the provisions of the Code, and that it, or persons acting for it, will, among other acts of compliance: (i) restrict the yield on investment property acquired with the proceeds of the Tax-Exempt Education Facility Revenue Loan Obligations; (ii) make timely rebate payments to the federal government; and (iii) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code; and the appropriate officers of the Issuer are hereby authorized and directed to take any and all actions as may be appropriate to assure such exclusion of that interest. In its performance of these covenants and other covenants of the Issuer, including covenants in the Issuer Documents, pertaining to federal income tax laws, the Issuer may rely in good faith upon the advice of nationally recognized bond counsel which is in writing and is provided to the Trustee.

Section 10. Advice of Counsel. In the execution and delivery of any instruments authorized hereby, the President and any other officer of the Board are hereby authorized to rely on advice of Russo, Russo & Slania, P.C., as counsel to the Issuer, to make modifications therein

and to execute and deliver such additional instruments as may be reasonably required to effect the issuance, sale and delivery of the Education Facility Revenue Loan Obligations.

Section 11. Conditions. In addition to the other conditions set forth herein (including those conditions set forth in Section 13 hereof) and in the Issuer Documents, the issuance, delivery and sale of the Education Facility Revenue Loan Obligations is subject to satisfaction of the following conditions:

(i) unless the Education Facility Revenue Loan Obligations are rated “BBB-” or better (or an equivalent rating) from a nationally recognized bond rating agency, each purchaser of the Education Facility Revenue Loan Obligations shall execute and deliver an investor acknowledgement letter in form and substance satisfactory to the Issuer and its counsel;

(ii) the Borrower shall pay or cause to be paid on the Closing Date the reasonable fees and expenses of the Issuer, including without limitation, the fees and expenses of its counsel;

(iii) the Borrower shall agree to pay or cause to be paid the Issuer’s Fee (as defined in the Loan Agreement) in the amounts and at the times set forth in the Issuer Documents; and

(iv) the Borrower shall to retain Community Investment Corporation, as program administrator, in accordance with the terms of the Loan Agreement, and shall agree to pay or cause to be paid the fees due thereunder.

Section 12. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 13. County Approval. The approval of the Board of Supervisors of Pima County of the issuance of the Education Facility Revenue Loan Obligations shall be a condition precedent to such issuance. This Board hereby requests such approval and directs its Secretary to deliver promptly a certified copy of this Resolution to the Clerk of the Board of Supervisors.

Section 14. Delegation to Alternate Officers. In the event of the absence, unavailability or inability to act of the President or the Secretary, the then President, the Vice President, any assistant or acting Secretary, or any other member of this Board, are each authorized and empowered to take all actions, and to execute all documents and instruments and to deliver the same, as are herein authorized to be taken or executed and delivered by the President or the Secretary, as the case may be.

Section 15. Repeal of Conflicting Resolutions, Effective Date and Irrepealability. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, and this Resolution shall be in immediate effect from and after its adoption.

Section 16. Waivers. Any provisions of any bylaws, orders, procedural pamphlets and resolutions of the Issuer inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any bylaw, order, procedural pamphlet or resolution or any part thereof.

Section 17. Legal Compliance. It is found and determined that all formal actions of the Issuer and the Board concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Issuer.

ADOPTED AND APPROVED this 11<sup>th</sup> day of October, 2016.

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF  
THE COUNTY OF PIMA

**DRAFT**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_