

**RUSSO, RUSSO & SLANIA, P.C.**

ATTORNEYS AT LAW

6700 NORTH ORACLE ROAD

SUITE 100

TUCSON, ARIZONA 85704

(520) 529-1515

1-800-655-1336

FAX (520) 529-9040

STEVEN RUSSO  
MICHAEL A. SLANIA  
PATRICK E. BROOM

RUSSELL RUSSO  
OF COUNSEL  
JOSEPH D. CHIMIENTI  
ADAM J. PELZ

***VIA PREMIER SUPPORT SERVICE***

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 (San Tan Montessori School Project), Series 2017 – In an Amount Not to Exceed \$20,000,000

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 (San Tan Montessori School Project), Series 2017, in one or more series (the “*2017 Bonds*”), in an aggregate principal amount not to exceed \$20,000,000, the proceeds of which will be loaned to San Tan Montessori School, 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 (the “*Code*”).

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.

In the opinion of Bond Counsel, no public hearing is required to be held pursuant to the Code and Federal Income Tax Regulations relating to the issuance of the 2017 Bonds.

In 2014, the Authority previously issued its Education Facility Revenue Bonds (San Tan Montessori School Project), Series 2014A, in the original principal amount of \$12,120,000, and Education Facility Revenue Bonds (San Tan Montessori School Project), Taxable Series 2014B, in the original principal amount of \$795,000 (the “2014 Bonds”), to benefit the Borrower.

The proceeds of the 2014 Bonds were loaned to the Borrower for the purposes of (i) financing the costs of acquisition, construction, improvement, operation and equipping of land and charter school facilities located in Gilbert, Arizona, (ii) funding of any required reserves as set forth in the Indenture, (iii) paying capitalized interest, if any on the 2014 Bonds, and (iv) paying certain issuance expenses (the “2014 Project”).

In 2016, the Authority previously issued its Education Facility Revenue Bonds (San Tan Montessori School Project), Series 2016, in the original principal amount of \$4,600,000 (the “2016 Bonds”), to benefit the Borrower.

The proceeds of the 2016 Bonds were loaned to the Borrower for the purposes of (i) financing the costs of acquisition, construction, improvement, operation and equipping of land and charter school facilities located in Gilbert, Arizona, (ii) funding of any required reserves as set forth in the Indenture, (iii) paying capitalized interest, if any on the 2016 Bonds, and (iv) paying certain issuance expenses (the “2016 Project”).

The proceeds of the 2017 Bonds will be loaned to the Borrower for the purposes of (i) financing the costs of acquisition, construction, improvement and furnishing of additional charter school facilities located in Gilbert, Arizona, (ii) funding of any required reserves as set forth in the Indenture, (iii) paying capitalized interest, if any, on the 2017 Bonds, and (iv) paying certain issuance expenses (the “2017 Project”).

The 2017 Bonds will be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “Act”). The Underwriter will sell the 2017 Bonds as unrated bonds in authorized denominations of \$25,000 and \$5,000 thereafter, subject to an investor letter. The 2017 Bonds will be publicly sold through a Limited Offering Memorandum by Dougherty & Company, LLC, the Underwriter selected by the Borrower. Although the 2017 Bonds will be on parity with the 2014 Bonds and the 2016 Bonds, the 2017 Bonds are not part of any pool bond issue.

As always, the 2017 Bonds will be special limited obligations of the Authority and will be payable solely from payments made by the Borrower pursuant to the Loan Agreement and secured by one or more deeds of trust on the facilities and pledged to the Bondholders pursuant to an indenture of trust, between the Authority and the trustee named therein, as trustee. Neither the faith and credit, nor the taxing power of the Authority or Pima County or any other political subdivision thereof, will be 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 Leshar, Deputy Pima County Administrator

# FACT SUMMARY

## THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA EDUCATION FACILITY REVENUE BONDS (SAN TAN MONTESSORI SCHOOL PROJECT), SERIES 2017

---

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 (San Tan Montessori School Project), Series 2017, in one or more series (the “2017 Bonds”) in an original principal amount not to exceed \$20,000,000 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 twelve percent (12%) 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.
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 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 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 Dougherty & Company, LLC pursuant to a Limited Offering Memorandum. The 2017 Bonds will not be part of a charter school pool issue.
The Borrower .....	San Tan Montessori School, Inc. (the “Borrower”), is an Arizona nonprofit corporation which has received its status as exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”). The Borrower will own the building, equipment and improvements to be financed and/or refinanced with proceeds of the 2017 Bonds.
The 2014 Bonds .....	The Authority previously issued its Education Facility Revenue Bonds (San Tan Montessori School Project), Series 2014A, in the original principal amount of \$12,120,000, and its Education Facility Revenue Bonds (San Tan Montessori School Project), Taxable Series 2014B, in the original principal amount of \$795,000 (the “2014 Bonds”), to benefit the Borrower. The proceeds of the 2014 Bonds were used to finance the 2014 Project (defined below).
The 2014 Project Site .....	The 2014 Project Site consisted of approximately six and one half acres of land and charter school facilities located thereon at or near

the intersection of Recker Road and Elliot Road now known as 3959 East Elliot Road in Gilbert, Arizona (the “2014 Project Site”).

The 2014 Project . . . . .	The proceeds of the 2014 Bonds were used for (i) financing the costs of acquisition, construction, improvement, operation and equipping of the 2014 Project Site, (ii) funding of any required reserve funds, as set forth in the Indenture, (iii) paying capitalized interest, if any, on the 2014 Bonds, and (iv) paying certain issuance expenses (the “2014 Project”).
The 2016 Bonds . . . . .	The Authority previously issued its Education Facility Revenue Bonds (San Tan Montessori School Project), Series 2016, in the original principal amount of \$4,600,000 (the “2016 Bonds”), to benefit the Borrower. The proceeds of the 2016 Bonds were used to finance the 2016 Project (defined below).
The 2016 Bond Project . . . . .	The proceeds of the 2016 Bonds were used for (i) financing the costs of acquisition, construction, improvement, operation and equipping of charter school facilities located at the 2014 Project Site, (ii) funding of any required reserve funds, as set forth in the Indenture, (iii) paying capitalized interest, if any, on the 2016 Bonds and (iv) paying certain issuance expenses (the “2016 Project”).
The 2017 Project Site . . . . .	The 2017 Project Site will consist of approximately 20 acres of land and charter school facilities located thereon north of the northwest corner of Power Road and Elliot Street in Gilbert, Arizona (the “2017 Project Site”).
The 2017 Project . . . . .	The 2017 Project will consist of financing the costs of acquiring constructing, improving and furnishing of charter school facilities, including the construction of an approximately 75,000 square foot charter high school facility that will be comprised of three buildings: (i) an approximately 30,000 square foot high-school building, (ii) an approximately 14,000 square foot middle-school building, and (iii) an approximately 31,000 square foot gymnasium, all to be located at the 2017 Project Site.
2017 Bond Proceeds . . . . .	The proceeds of the 2017 Bonds will be used for (i) financing the costs of acquisition, construction, improvement and furnishing of the 2017 Project Site, (ii) funding of any required reserve funds, as set forth in the Indenture, (iii) paying capitalized interest, if any, on the 2017 Bonds and (iv) paying certain issuance expenses (the “2017 Project”).
Documentation . . . . .	Pursuant to the Loan Agreement between the Authority and the Borrower (as supplemented for the 2017 Bonds), the Borrower has agreed to make payments to the Authority sufficient to pay the principal of, premium, if any, and interest on the 2014 Bonds, 2016 Bonds and 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 2014 Project Site and the 2017 Project Site.

Security for the 2017 Bonds ..... The payment of the 2017 Bonds will be secured by (a) a mortgage lien and security interest in the land, buildings, fixtures and equipment owned by the Borrower at the 2014 Project Site and the 2017 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 \$20,000,000 EDUCATION FACILITY REVENUE BONDS (SAN TAN MONTESSORI 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 (San Tan Montessori School Project), Series 2017, in one or more series or subseries (the “*Bonds*”), the proceeds of which are to be loaned to San Tan Montessori School, Inc. (the “*Borrower*”), an Arizona nonprofit corporation, for the purposes of (a) financing the costs of acquisition, construction, improvement, and furnishing of charter school facilities to be located north of the northwest corner of Power Road and Elliot Road in Gilbert, Arizona, (b) funding any required reserve funds, as set forth in the Indenture, (c) paying capitalized interest on the Bonds, and (d) paying certain issuance expenses related to the Bonds (the “*Project*”); and

WHEREAS, on September 12, 2017, the Authority resolved to issue the Bonds in an aggregate amount not to exceed \$20,000,000 (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) a Second Supplemental Indenture of Trust supplementing the current Indenture of Trust, between the Authority and the trustee named therein (the “*Indenture*”), (b) a Loan Agreement Supplement No. 2 which supplements the current 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 itself; 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, 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 resolution described above, 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.
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.

---

Sharon Bronson, Chair  
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

---

Julie Castañeda, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP,  
Bond Counsel

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