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***VIA E-Z MESSENGER***

April 3, 2013

**PIMA COUNTY BOARD OF SUPERVISORS**

Ms. Robin Brigode, Clerk  
County Administration Building  
130 West Congress Street, 5<sup>th</sup> Floor  
Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of  
Intention to Issue Bonds – Education Revenue Bonds (BASIS Schools,  
Inc. Project), Series 2013 – In an Amount Not to Exceed \$11,500,000

Dear Ms. Brigode:

I have enclosed the letter describing the Bonds, the Fact Summary and the Resolution of the Board of Supervisors for the above-captioned Bonds. I will forward three (3) original Resolutions of the Board of Supervisors to you once they have been signed by Greenberg Traurig, LLP, Bond Counsel. Please return two copies of the executed Resolution of the Board of Supervisors once it has been approved and executed.

It is my understanding that you will place this matter on the Board of Supervisors' April 16, 2013 Meeting Agenda.

Should you have any questions, please do not hesitate to contact me. Thank you for your assistance with this matter.

Sincerely,

RUSSO, RUSSO & SLANIA, P.C.

/s/

Michael A. Slania  
Attorney for the Authority

MAS/alc  
Enclosures

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April 3, 2013

Mr. Ramón Valadez, Chair

Ms. Sharon Bronson

Mr. Raymond Carroll

Mr. Richard Elias

Ms. Ally Miller

**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 Revenue Bonds (BASIS Schools,  
Inc. Project), Series 2013 – In an Amount Not to Exceed \$11,500,000

Dear Mr. Chair and Members of the Board:

As part of its statewide program for financing Arizona charter schools, at a special meeting to be held on April 12, 2013, The Industrial Development Authority of the County of Pima will consider granting its final approval to a resolution authorizing the issuance of its Education Revenue Bonds (BASIS Schools, Inc. Project), Series 2013 (the "2013 Bonds"), in one or more series and in an aggregate principal amount not to exceed \$11,500,000, the proceeds of which will be loaned to BASIS Schools, 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 Borrower operates multiple charter schools throughout the State of Arizona, pursuant to charters from the Arizona State Board for Charter Schools, as well as other schools nationally.

As always, this issuance of 2013 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 April 16, 2013, 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 for the issuance of the 2013 Bonds.

In 2004, the Authority issued its revenue bonds (the "*2004 Bonds*") and loaned the proceeds of the 2004 Bonds to the Borrower to finance, among other things, the costs incurred by the Borrower in the acquisition, construction, improvement and equipping of a charter school facility located at 3825 East Second Street in Tucson, Arizona (the "*2004 Project*"). In 2006, the Authority issued its revenue bonds (the "*2006 Bonds*") and loaned the proceeds of the 2006 Bonds to the Borrower to, among other things, (i) refund the 2004 Bonds to refinance the 2004 Project, (ii) finance the costs of the acquisition, construction, improvement, renovation and equipping of an additional approximately 10,300 square foot charter school facility located at 3434 East Broadway Boulevard in Tucson, Arizona (the "*2006 Project*") and completing certain renovation to the 2004 Project. In 2007, the Authority issued its revenue bonds (the "*2007 Bonds*") and loaned the proceeds of the 2007 Bonds to the Borrower to, among other things, (i) finance the costs of acquiring, constructing, improving, renovating and equipping additions to the 2006 Project, and (ii) finance the acquisition, construction, improvement, renovation and equipping of an additional approximately 31,000 square foot charter school facility located at 11440 North 136<sup>th</sup> Street, Scottsdale, Arizona (the "*2007 Project*"). In 2012, the Authority issued its revenue bonds (the "*2012 Bonds*") and loaned the proceeds of the 2012 Bonds to the Borrower to, among other things, finance the costs of acquiring, constructing, improving and equipping an additional approximately 56,000 square foot charter school facility located at 5740 East River Road in Tucson, Arizona (the "*2012 Project*").

The proceeds of the 2013 Bonds will be loaned to the Borrower to (i) finance the costs of acquiring land and a building located adjacent to the 2004 Project at 3833 East Second Street in Tucson, Arizona (the "*2013 Project*") and constructing, improving, renovating and equipping, as applicable, additions to one or both of the 2004 Project and the 2013 Project that together will comprise approximately 40,000 square feet of charter school facilities and constructing, improving, renovating and equipping an approximately 4,000 square foot addition to the 2006 Project, (ii) fund an operating reserve fund, as set forth in the Indenture, (iii) pay capitalized interest on the 2013 Bonds, and (iv) pay certain issuance expenses relating to the 2013 Bonds.

The 2013 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "*Act*"). The 2013 Bonds will have no rating and will be publicly sold through a Limited Offering Memorandum by RBC Capital Markets, LLC. The 2013 Bonds will be issued as fully registered bonds in minimum denominations of \$25,000 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, as amended. The 2013 Bonds are not part of any pool bond issue.

As always, the 2013 Bonds will be special limited obligations of the Authority and will be payable solely from payments made by the Borrower pursuant to a loan agreement and secured by the prior deeds on the project site of the 2013 Project and pledged to the bondholders pursuant to the Series 2013 Supplemental Indenture of Trust, supplementing the existing

Indenture of Trust between the Authority and BOKF, NA, dba Bank of Arizona, (successor in interest to U.S. Bank National Association and Wells Fargo Bank, 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, will be pledged to the payment of the 2013 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/alc  
Enclosures

c: Ms. Robin Brigode w/enclosures  
Regina Nassen, Esq., Counsel to the Board  
Mr. Charles Huckelberry, Pima County Administrator  
Mr. Hank Atha, Deputy Pima County Administrator

**FACT SUMMARY**  
**THE INDUSTRIAL DEVELOPMENT AUTHORITY**  
**OF THE COUNTY OF PIMA**  
**EDUCATION REVENUE BONDS**  
**(BASIS SCHOOLS, INC. PROJECT), SERIES 2013**

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

The 2013 Bonds .....	As part of its program for financing Arizona charter schools, the Authority will issue its Education Revenue Bonds (BASIS Schools, Inc. Project), Series 2013 (the " <i>2013 Bonds</i> ") in an original principal amount not to exceed \$11,500,000 and a maturity date not to exceed 40 years. The 2013 Bonds will bear interest at a fixed rate. The average interest rate on the 2013 Bonds shall not be greater than 12 percent per annum. The 2013 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. The 2013 Bonds will be issuable in minimum denominations of \$25,000 or \$5,000 integral multiples thereafter.
Sale .....	The 2013 Bonds will have no rating and will be 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.
The Borrower .....	BASIS Schools, Inc., an Arizona nonprofit corporation (the " <i>Borrower</i> "), has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. The Borrower owns or will own the real property, equipment and improvements.
The 2004 Bonds .....	The Authority previously issued its Education Revenue Bonds (BASIS School, Inc. Project), Series 2004 in an aggregate principal amount of \$1,885,000 (the " <i>2004 Bonds</i> ") to benefit the Borrower.
The 2004 Project .....	Proceeds of the 2004 Bonds were used to, among other things, finance the costs of acquiring land and an existing 15,000 square-foot charter school facility located at 3825 East Second Street in Tucson, Arizona (the " <i>2004 Project</i> ").
The 2006 Bonds .....	The Authority previously issued its Education Revenue Bonds (BASIS School, Inc. Project), Series 2006 in an aggregate principal amount of \$5,155,000 (the " <i>2006 Bonds</i> ") to benefit the Borrower.

The 2006 Project .....	Proceeds of the 2006 Bonds were used to, among other things,(i) refund the 2004 Bonds to refinance the 2004 Project and (ii) finance the costs of acquiring, constructing, improving, renovating and equipping an additional approximately 10,300 square-foot charter school facility located at 3434 East Broadway Boulevard in Tucson, Arizona (the “2006 Project”), and completing certain renovations to the 2004 Project.
The 2007 Bonds .....	The Authority previously issued its Education Revenue Bonds (BASIS School, Inc. Project), Series 2007 in an aggregate amount of \$9,000,000 (the “2007 Bonds”) to benefit the Borrower. The 2007 Bonds were issued on parity with the 2006 Bonds.
The 2007 Project .....	Proceeds of the 2007 Bonds were used to, among other things, (i) finance the costs of acquiring, constructing, improving, renovating and equipping additions to the 2006 Project, and (ii) finance the acquisition, construction, improvement, renovation and equipping of an additional approximately 31,000 square foot charter school facility located at 11440 North 136 <sup>th</sup> Street, Scottsdale, Arizona (the “2007 Project”).
The 2012 Bonds .....	The Authority previously issued its Education Revenue Bonds (BASIS Tucson North Project), Series 2012 in an aggregate amount of \$10,000,000 (the “2012 Bonds”) to benefit the Borrower. The 2012 Bonds were issued on parity with the 2006 Bonds and the 2007 Bonds.
The 2012 Project .....	Proceeds of the 2012 Bonds were used to, among other things, (i) finance the costs of acquiring, constructing, improving and equipping an approximately 56,000 square foot charter school facility located at the southwest corner of the intersection of East River Road and North Calle Rosario in Tucson, Arizona (the “2012 Project”), (ii) fund an operating reserve fund as set forth in the Indenture, (iii) pay capitalized interest on the 2012 Bonds, and (iv) pay certain issuance expenses.
The 2013 Project .....	The 2013 Bonds, which will be issued on a parity with the 2006 Bonds, the 2007 Bonds and the 2012 Bonds, will be used to (i) finance the costs of acquiring land and a building located adjacent to the 2004 Project at 3833 East Second Street in Tucson, Arizona (the “2013 Project”) and constructing, improving, renovating and equipping, as applicable, additions to one or both of the 2004 Project and the 2013 Project that together will comprise approximately 40,000 square feet of charter school facilities and constructing, improving, renovating and equipping an approximately 4,000 square foot addition to the 2007 Project, (ii) fund an operating reserve fund as set forth in the Indenture, (iii) pay capitalized interest on the 2013 Bonds, and (iv) pay certain issuance expenses.

Documentation ..... Pursuant to a Series 2013 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 2013 Bonds when due.

Security for the 2013 Bonds .. The loan to the Borrower will be secured by (i) a mortgage lien and security interest in the land, buildings, fixtures and equipment constituting the 2004 Project, the 2006 Project, the 2007 Project, the 2012 Project and the 2013 Project, and (ii) 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 2013 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 2013 Bonds are payable solely out of the revenues derived from the Series 2013 Loan Agreement (other than to the extent payable out of proceeds of the 2013 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 2013 Bonds.

**RESOLUTION NO. 2013 - \_\_\_\_**

**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 \$11,500,000  
EDUCATION REVENUE BONDS (BASIS SCHOOLS, INC.  
PROJECT) SERIES 2013 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 Revenue Bonds (BASIS Schools, Inc. Project), Series 2013, in one or more series or subseries (the "*Bonds*"), the proceeds of which are to be loaned to BASIS Schools, Inc. (the "*Borrower*"), an Arizona nonprofit corporation, to aid in the financing of (i) the costs of acquiring, constructing, renovating, improving and equipping, as applicable, charter school facilities located at 3825 and 3833 East Second Street in Tucson, Arizona and adding approximately 4,000 square feet of additional space at the Borrower's existing charter school facilities located at 11440 North 136<sup>th</sup> Street in Scottsdale, Arizona, (ii) fund an operating reserve fund as set forth in the Indenture (as hereinafter defined), (iii) pay capitalized interest on the Bonds, and (iv) pay certain issuance expenses (the "*2013 Project*"); and

WHEREAS, on April 12, 2013, the Authority resolved to issue the Bonds in one or more series or subseries and in an aggregate amount not to exceed \$11,500,000 (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 (i) a Series 2013 Supplemental Indenture of Trust, dated as of May 1, 2013, amending and supplementing that certain Indenture of Trust, dated as of May 1, 2006 between the Authority and BOKF, NA, dba Bank of Arizona (successor in interest to U.S. Bank National Association and Wells Fargo Bank, National Association), as trustee, as previously supplemented (the "*Trust Indenture*"), (ii) a Series 2013 Loan Agreement relating to the Bonds dated as of May 1, 2013 (the "*Loan Agreement*") among the Authority and the Borrower, and (iii) 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 Trust 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, Greenberg Traurig, 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 Authority's Resolution, the Trust 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 April, 2013.

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Ramón Valadez, Chair  
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

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Robin Brigode, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

GREENBERG TRAURIG, LLP,  
Bond Counsel

By: Brigitte Finley Green