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***VIA FIRST LEGAL NETWORK***

November 9, 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 Bonds (North Star Charter School Project), Series 2016 – In an Amount Not to Exceed \$10,000,000

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 November 18, 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 Bonds (North Star Charter School Project), Series 2016, in one or more series or subseries (the “*2016 Bonds*”), in an aggregate principal amount not to exceed \$10,000,000, the proceeds of which will be loaned to North Star Charter 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 2016 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 November 22, 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.

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 2016 Bonds.

In 2015, the Authority previously issued its Education Facility Revenue Bonds (North Star Charter School Project), Series 2015, in an aggregate principal amount of \$3,900,000 (the “*2015 Bonds*”), to benefit the Borrower. The proceeds of the 2015 Bonds were used to finance the costs of acquisition, construction, improvement,

renovation, operation and equipping of charter school facilities located at 4200 North 99<sup>th</sup> Avenue in Phoenix, Arizona (the “2015 Project”).

The proceeds of the 2016 Bonds will be loaned to the Borrower for the purposes of (i) refinancing the 2015 Project through the refunding of the 2015 Bonds, (ii) financing or refinancing the costs of constructing, improving, operating and furnishing of the charter school facilities located at 4200 North 99<sup>th</sup> Avenue in Phoenix, Arizona, (iii) refinancing a loan from Community Investment Corporation, (iv) funding certain project start-up expenses, (v) funding of any required reserves as set forth in the Indenture, (vi) paying capitalized interest, if any, on the 2016 Bonds, and (vii) paying certain issuance expenses (the “2016 Project”).

The 2016 Bonds will be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “Act”). Dougherty & Company, LLC has been chosen by the Borrower to act as the Underwriter. The Underwriter will sell the 2016 Bonds as unrated bonds in certain authorized denominations of \$25,000 and integral multiples of \$5,000 thereafter (unless it is an Individual Bond, where the authorized denominations are \$50,000 and 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 Acts 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 2016 Bonds are not part of any pool bond issue. The 2016 Bonds will be additional bonds to the 2015 Bonds under the Indenture, if any 2015 Bonds remain outstanding.

As always, the 2016 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 (or supplement to the existing Loan Agreement) and secured by a deed of trust on the facilities and pledged to the Bondholders pursuant to a new Indenture of Trust or a supplement to the existing Indenture of Trust (the “Indenture”), between the Authority and BOKF, NA, 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 2016 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/ala  
Enclosures

c: Robin Brigode, Clerk (w/enclosures)  
Regina Nassen, Esq., Counsel to the Board  
Charles Huckelberry, Pima County Administrator  
Jan Leshner, Assistant Pima County Administrator

# FACT SUMMARY

## THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA EDUCATION FACILITY REVENUE BONDS (NORTH STAR CHARTER SCHOOL PROJECT), SERIES 2016

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

- The 2016 Bonds ..... As part of its program for financing Arizona charter schools, the Authority will issue its Education Facility Revenue Bonds (North Star Charter School Project), Series 2016, in one or more series (the “2016 Bonds”) in an original principal amount not to exceed \$10,000,000 and a maturity date not to exceed 40 years. The Bonds will bear interest at a fixed rate. The average interest rate on the Bonds shall not be greater than twelve percent (12%) per annum. The 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 2016 Bonds will be issued without a rating, but in minimum denominations of \$25,000 and \$5,000 thereafter (unless it is an Individual Bond, where the authorized denominations are \$50,000 and multiples of \$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 Bonds will be sold by Dougherty & Company, LLC pursuant to an Official Statement. The 2016 Bonds will not be part of a charter school pool issue.
- The Borrower ..... North Star Charter School, Inc. 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 2016 Bonds.
- The 2015 Bonds ..... The Authority previously issued its Education Facility Revenue Bonds (North Star Charter School Project), Series 2015 in the original principal amount of \$3,900,000 (the “2015 Bonds”), to benefit the Borrower. The proceeds of the 2015 Bonds were used to finance the 2015 Project (defined below).

The 2015 Project .....	The 2015 Project consisted of (i) financing the costs of acquisition, construction, improvement, renovation, operation and equipping of the charter school facilities located at 4200 North 99 <sup>th</sup> Avenue in Phoenix, Arizona (the “ <i>Series 2015 Facilities</i> ”), (ii) funding of any required reserve fund as set forth in the Indenture, (iii) paying capitalized interest on the 2015 Bonds, and (iv) paying certain issuance expenses.
The 2016 Project .....	The 2016 Project will consist of (i) financing or refinancing the costs of constructing, improving, operating and furnishing of additional charter school facilities located at the Series 2015 Facilities (the “ <i>2016 Project Site</i> ”). The 2016 Project will consist of additional charter school facilities of approximately 3.0 acres of land north of the Series 2015 Facilities, approximately 8,100 square foot classroom building that will consist of four standard classrooms, a home economics room, a therapy room, a skills lab, kitchen, dining and other life skills facilities.
2016 Bond Proceeds .....	The proceeds of the 2016 Bonds will be used for the (i) refinancing the 2015 Project through the refunding of the 2015 Bonds, (ii) financing or refinancing the costs of constructing, improving, operating and furnishing of the charter school facilities located at the 2015 Project, (iii) refinancing a loan from Community Investment Corporation, (iv) funding certain project start-up expenses, (v) funding of any required reserve funds, as set forth in the Indenture, (vi) paying capitalized interest, if any, on the 2016 Bonds and (vii) paying certain issuance expenses.
Documentation .....	Pursuant to either a supplement to the existing Loan Agreement or a new Loan Agreement (the “ <i>Loan Agreement</i> ”), 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 2016 Bonds when due. The Borrower’s obligations under the Loan Agreement will be secured by a deed of trust (or amended deed of trust), which will be recorded on the 2016 Project Site.
Security for the Bonds .....	The payment of the 2016 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 2016 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 Series 2016 Bonds will be issued as Additional Bonds under the Indenture and will be secured on parity with the 2015 Bonds, if they remain outstanding.

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

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 \$10,000,000  
EDUCATION FACILITY REVENUE BONDS (NORTH STAR  
CHARTER SCHOOL 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 Bonds (North Star Charter School Project), Series 2016, in one or more series or subseries (the "*Bonds*"), the proceeds of which are to be loaned to North Star Charter School, Inc. (the "*Borrower*"), an Arizona nonprofit corporation, for use in (i) refinancing the Authority's Education Facility Revenue Bonds (North Star Charter School Project), Series 2015, (ii) financing or refinancing the costs of constructing, improving, operating and furnishing of the charter school facilities located at 4200 North 99<sup>th</sup> Avenue in Phoenix, Arizona, (iii) refinancing a loan from Community Investment Corporation, (iv) funding certain project start-up expenses, (v) funding any required reserve funds, as set forth in the Indenture (as defined below), (vi) paying capitalized interest on the Bonds, and (vii) paying certain issuance expenses related to the Bonds (the "*Series 2016 Project*"); and

WHEREAS, on November 18, 2016, the Authority resolved to issue the Bonds in an aggregate amount not to exceed \$10,000,000 (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) either a new Indenture of Trust or a supplement to the existing Indenture of Trust (collectively, the "*Indenture*"), each between the Authority and BOKF, NA, (b) either a new Loan Agreement or a supplement to the existing Loan Agreement (collectively, the "*Loan Agreement*"), each 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 had presented to it information regarding the Bonds and has been 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 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 \_\_\_\_\_, 2016.

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Sharon Bronson, Chair  
PIMA COUNTY BOARD OF SUPERVISORS

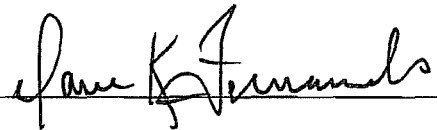
ATTEST:

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Robin Brigode, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP,  
Bond Counsel

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