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VIA PREMIER SUPPORT SERVICE

January 3, 2018

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, 11th Floor

Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of Intention to Issue Bonds – Education Facility Revenue Bonds (Academy Del Sol Project), Series 2018 – In an Amount Not to Exceed \$14,000,000

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 January 8, 2018, 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 (Academy Del Sol Project), Series 2018, in one or more series (the “*2018 Bonds*”), in an aggregate principal amount not to exceed \$14,000,000, the proceeds of which will be loaned to Academy Del Sol, 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 2018 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 January 16, 2018, 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 2018 Bonds.

In 2016, the Authority previously issued its Education Facility Revenue Bonds (Academy Del Sol Project), Series 2016, in the original principal amount of \$10,000,000, (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 at 7102 West Valley Crest Place in Tucson, Arizona, (the “Series 2016 Facilities”) (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 2018 Bonds were loaned to the Borrower for the purposes of (i) financing the costs of acquisition, construction, improvement, and furnishing of (a) land and charter school facilities located at 1955 West Valencia Road in Tucson, Arizona, and (b) additions to the existing charter school facilities located at the Series 2016 Facilities, (ii) funding any required reserve funds, as set forth in the Indenture, (iii) paying capitalized interest on the 2018 Bonds, and (iv) paying certain issuance expenses related to the Bonds (the “2018 Project”).

The 2018 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 2018 Bonds as unrated bonds in authorized denominations of \$5,000 and \$5,000 thereafter, subject to an investor letter. The 2018 Bonds will be sold as a limited offering through a Limited Offering Memorandum by George K. Baum & Company, the Underwriter selected by the Borrower. Although the 2018 Bonds will be on parity with the 2016 Bonds, the 2018 Bonds are not part of any pool bond issue.

As always, the 2018 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, as supplemented, and secured by a deed of trust on the facilities and pledged to the Bondholders pursuant to, the Indenture, as supplemented, 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 2018 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/at
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
(ACADEMY DEL SOL PROJECT), SERIES 2018**

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

- The 2018 Bonds As part of its program for financing Arizona charter schools, the Authority will issue its Education Facility Revenue Bonds (Academy Del Sol Project), Series 2018, in one or more series (the “2018 Bonds”) in an original principal amount not to exceed \$14,000,000 and a maturity date not to exceed 40 years. The 2018 Bonds will bear interest at a fixed rate. The average interest rate on the 2018 Bonds shall not be greater than twelve percent (12%) per annum. The 2018 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 2018 Bonds will be issued without a rating, but in minimum denominations of \$5,000 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 2018 Bonds will be sold by George K. Baum & Company pursuant to a Limited Offering Memorandum. The 2018 Bonds will not be part of a charter school pool issue.
- The Borrower Academy Del Sol, 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 2018 Bonds.
- The 2016 Bonds The Authority previously issued its Education Facility Revenue Bonds (Academy Del Sol Project), Series 2016, in the original principal amount of \$10,000,000 (the “2016 Bonds”), to benefit the Borrower. The proceeds of the 2016 Bonds were used to finance the 2016 Project (defined below).
- The 2016 Project Site The 2016 Project Site consisted of approximately 2.13 acres of land and charter school facilities located thereon at or near 7102 West Valley Crest Place in Tucson, Arizona (the “2016 Project Site”).

RESOLUTION NO. 2018 - _____

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 \$14,000,000 EDUCATION FACILITY REVENUE BONDS (ACADEMY DEL SOL PROJECT), SERIES 2018 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 (Academy Del Sol Project), Series 2018, in one or more series or subseries (the "*Bonds*"), the proceeds of which are to be loaned to Academy Del Sol, Inc. (the "*Borrower*"), an Arizona nonprofit corporation, for the purposes of (i) financing the costs of acquisition, construction, improvement, and furnishing of (a) land and charter school facilities located at 1955 West Valencia Road in Tucson, Arizona, and (b) additions to the existing charter school facilities located at 7102 West Valley Crest Place in Tucson, Arizona, (ii) funding any required reserve funds, as set forth in the Indenture, (iii) paying capitalized interest on the Bonds, and (iv) paying certain issuance expenses related to the Bonds (the "*Project*"); and

WHEREAS, on January 8, 2018, the Authority resolved to issue the Bonds in an aggregate amount not to exceed \$14,000,000 (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 (i) a First Supplemental Indenture of Trust supplementing the current Indenture of Trust, between the Authority and the trustee named therein (the "*Indenture*"), (ii) a Loan Agreement Supplement No. 1 which supplements the current Loan Agreement (the "*Loan Agreement*"), between 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 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 _____, 2018.

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:  _____