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VIA FIRST LEGAL NETWORK

May 3, 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, 11th 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 (American Leadership Academy Signal Butte Project), Series 2017 – In an Amount Not to Exceed \$13,000,000

Dear Ms. 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 May 10, 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 Loan Obligations (American Leadership Academy Signal Butte Project), Series 2017 (the “*2017 Obligations*”), in one or more series and in an aggregate principal amount not to exceed \$13,000,000, the proceeds of which will be loaned to American Leadership 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 2017 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 May 16, 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 Internal Revenue Code and federal income tax regulations for the issuance of the 2017 Obligations.

In 2012, the Authority previously issued its Education Facility Revenue Bonds (American Leadership Academy Project), Series 2012A, in the original principal amount of \$10,975,000 and its subordinate Education Facility Revenue Bonds (American Leadership Academy Project), Series 2012B, in the original aggregate principal amount of \$454,025 (collectively, the “*2012 Bonds*”), to benefit the

Borrower. The proceeds of the 2012 Bonds were used to finance and/or refinance the costs of acquiring, constructing, improving, equipping and operating a charter school facility located at or near 34696 North Village Lane in San Tan Valley, Arizona, (ii) the funding of any required reserve fund as set forth in such Indenture, (iii) paying capitalized interest, if any, and (iv) paying certain issuance expenses (the "2012 Project").

In 2015, the Authority previously issued its Education Facility Revenue Bonds (American Leadership Academy Project), Series 2015, (the "2015 Bonds"), to (i) refinance the 2012 Project through the refunding of the Authority's 2012 Bonds, (ii) finance or refinance the costs of acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at 34696 North Village Lane in San Tan Valley, Arizona, 4507 South Mountain Road in Mesa, Arizona, and 4308 North Hunt Highway in Florence, Arizona, (iii) fund any required reserves as set forth in the Indenture applicable to the 2015 Bonds, (iv) pay capitalized interest, if any, on the 2015 Bonds, and (v) pay certain issuance expenses relating to the 2015 Bonds.

The proceeds of the 2017 Obligations will be loaned to the Borrower to (i) finance or refinance the costs to acquire, construct, improve, rehabilitate, renovate, expand, operate and equip land and charter school facilities located at 22512 South Signal Butte Road in Queen Creek, Arizona, (ii) funding of any required reserves, (iii) paying capitalized interest, if any, on the 2017 Obligations, and (iv) paying certain issuance expenses (the "2017 Project").

The 2017 Obligations are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "Act"). The 2017 Obligations will be issued as two series of fully registered bonds and the senior series will be privately placed with CoBiz Public Finance, Inc. and the subordinate series will be privately placed with Portfolio Charter Fund XVII. The 2017 Obligations will be issued without a rating. The 2017 Obligations will not be part of any pool bond issue (but have a relationship with the prior 2015 Bond documents).

As always, the 2017 Obligations are special limited obligations of the Authority. The 2017 Obligations are payable solely from payments made by the Borrower pursuant to a financing agreement and secured by a deed of trust on the 2017 Project site. 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 2017 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: Ms. Julie Castañeda (with enclosures)
Regina L. 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
(AMERICAN LEADERSHIP ACADEMY SIGNAL BUTTE PROJECT),
SERIES 2017

The following is a brief Fact Summary of the proposed loan obligations.

- The 2017 Loan Obligations As part of its program for financing Arizona charter schools, the Authority will issue its Education Facility Revenue Loan Obligations (American Leadership Academy Signal Butte Project), Series 2017 (the “2017 Obligations”), in an original principal amount not to exceed \$13,000,000 and a maturity date not to exceed 40 years. The 2017 Obligations will bear interest at a fixed rate. The average interest rate on the 2017 Obligations shall not be greater than 12 percent per annum. The 2017 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. The 2017 Obligations will be issued as unrated certificates in the denominations of \$25,000 or greater, with an investor letter required for any transfer.
- Private Placement The Senior 2017 Obligations will be privately placed with CoBiz Public Finance, Inc. and the Subordinate 2017 Obligations will be purchased by Portfolio Charter Fund XVII. Each Investor is expected to execute an investor letter acknowledging their accredited investor status.
- The Borrower American Leadership 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 2012 Bonds The Authority previously issued its Education Facility Revenue Bonds (American Leadership Academy Project), Series 2012A, in the original principal amount of \$10,975,000 and its subordinate Education Facility Revenue Bonds (American Leadership Academy Project), Series 2012B, in the original aggregate principal amount of \$454,025 (collectively, the “2012 Bonds”) to benefit of the Borrower. The proceeds of the 2012 Bonds were used to finance the 2012 Project (defined below). The 2012 Bonds were refinanced by the 2015 Bonds (described below).
- The 2012 Project Site The Borrower acquired an approximately 8.5 acre site for a charter school located at or near 34696 North Village Lane in San Tan Valley, Arizona (the “San Tan Site”).
- The 2012 Project The proceeds of the 2012 Bonds were used for the purpose of (i) financing and/or refinancing the acquisition of the San Tan Site, and the construction, improvement, operation and equipping of

approximately 38,000 square feet of charter school facilities, used for the operation of a K-12 charter school thereon, and the improvements, (ii) funding of any required reserve fund as set forth in that 2012 Indenture, (iii) paying capitalized interest on the 2012 Bonds, and (iv) paying certain issuance expenses (collectively, the “2012 Project”).

The 2015 Project The proceeds of the 2015 Bonds were used to (i) refinance the 2012 Project through the refunding of the Authority’s 2012 Bonds, (ii) finance or refinance the costs of acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at the San Tan Site, 4507 South Mountain Road in Mesa, Arizona, and 4380 North Hunt Highway in Florence, Arizona, (iii) fund any required reserves as set forth in the Indenture, (iv) pay capitalized interest, if any, on the 2015 Bonds, and (v) pay certain issuance expenses.

The 2017 Project The proceeds of the 2017 Obligations will be used to (i) finance or refinance the costs to acquire, construct, improve, rehabilitate, renovate, expand, operate and equip land and charter school facilities located at 22512 South Signal Butte Road in Queen Creek, Arizona (the “2017 Project Site”), (ii) funding of any required reserves, (iii) paying capitalized interest, if any, on the 2017 Obligations, and (iv) paying certain issuance expenses.

Documentation Pursuant to a Financing and Trust Agreement among the Authority, CoBiz Public Finance, Inc., the Borrower and BOKF, NA, as trustee, the Borrower has agreed to make payments to the Authority sufficient to pay the principal of, premium, if any, and interest on the 2017 Obligations when due. The Borrower’s obligations under the Financing Agreement will be secured by one or more Deeds of Trust, which will be recorded on the 2017 Project Site.

Security for the 2017 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 campus at 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 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 2017 Obligations are payable solely out of the revenues of the Borrower. 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 Obligations.

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 \$13,000,000 EDUCATION FACILITY REVENUE LOAN OBLIGATIONS (AMERICAN LEADERSHIP ACADEMY SIGNAL BUTTE 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 revenue bonds or other forms of indebtedness, including its Education Facility Revenue Loan Obligations (American Leadership Academy Signal Butte Project), Series 2017, in one or more series or subseries (the “*Obligations*”), the proceeds of which are to be loaned to American Leadership Academy, Inc. (the “*Borrower*”), an Arizona nonprofit corporation, to assist the Borrower to (i) finance or refinance the costs to acquire, construct, improve, rehabilitate, renovate, expand, operate and equip land and charter school facilities located at 22512 South Signal Butte Road in Queen Creek, Arizona, (ii) fund any required reserves, (iii) pay capitalized interest, if any, on the Obligations, and (iv) pay certain issuance expenses (the “*2017 Project*”); and

WHEREAS, on May 10, 2017, the Authority resolved to issue the Obligations in one or more series or subseries and in an aggregate amount not to exceed \$13,000,000 (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 Financing and Trust Agreement (the “*Financing Agreement*”), among the Authority, CoBiz Public Finance, Inc., the Borrower and BOKF, NA, as trustee, 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 Financing 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 Financing 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 May, 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: 