

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
STEPHEN T. PORTELL
PATRICK E. BROOM

RUSSELL RUSSO
OF COUNSEL
JOSEPH D. CHIMIENTI

VIA PREMIER SUPPORT SERVICE

May 7, 2014

Ms. 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, 11th Floor

Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of Intention to Issue Bonds – Education Revenue Bonds (Arizona Community Development Corporation-La Paloma Academy Schools Project), Series 2014 – In an Amount Not to Exceed \$20,000,000

Dear Ms. Chair and Members of the Board:

As part of its statewide program for financing Arizona charter schools, at a special meeting held on April 11, 2014, The Industrial Development Authority of the County of Pima granted its approval to a resolution authorizing the issuance of its Education Revenue Bonds (Arizona Community Development Corporation-La Paloma Academy Schools Project), Series 2014 (the “2014 Bonds”), in one or more series and in an aggregate principal amount not to exceed \$20,000,000, the proceeds of which will be loaned to Arizona Community Development Corporation, dba La Paloma Academy (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. At a meeting to be held on May 16, 2014, the Authority will consider amending its resolution to expand the Project to the definition contained herein. The Borrower operates three (3) charter schools throughout the City of Tucson, pursuant to charters from the Arizona State Board for Charter Schools.

As always, this issuance of 2014 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 May 20, 2014, 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 2014 Bonds.

In 2005, the Authority issued its revenue bonds (the “2005 Bonds”) and loaned the proceeds of the 2005 Bonds to the Borrower to finance, among other things, the costs incurred by the Borrower in the acquiring, constructing, improving, renovating and equipping of (i) an approximately 6.4 acre site and an approximately 40,000 square foot charter school facility located at the intersection of Wilmot Road, Grant Road and Tanque Verde Road in Tucson, Arizona, (ii) an approximately 6.78 acre site and an approximately 52,241 square foot charter school facility located at 8140 East Golf Links Road in Tucson, Arizona, and (iii) an approximately 12,000 square foot, leased charter school facility located at 225 North Country Club Road in Tucson, Arizona (the “2005 Project”).

The proceeds of the 2014 Bonds will be loaned to the Borrower to (i) finance or refinance the costs to acquire, construct, renovate, improve and equip education and related facilities located at (a) 2050 North Wilmot Road, (b) 8140 East Golf Links Road, (c) 5660 South 12th Avenue, and (d) property currently used as a parking lot and contiguous with the facilities located at 8140 East Golf Links Road, all in Tucson, Arizona (collectively, the “Series 2014 Facilities”), (ii) fund any reserves, as set forth in the Indenture, (iii) pay capitalized interest, if any, on the 2014 Bonds, (iv) pay certain issuance expenses, and (v) refund the Authority’s 2005 Bonds.

The 2014 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “Act”). The 2014 Bonds will be sold by RBC Capital Markets, LLC with either (i) issued with an investment grade rating, from a nationally recognized rating agency, and in minimum denominations of \$5,000, or (ii) issued without rating, but 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 2014 Bonds are not part of any pool bond issue.

As always, the 2014 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 2014 Project and pledged to the bondholders pursuant to the Series 2014 Indenture of Trust between the Authority and U.S. 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 2014 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: 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
(ARIZONA COMMUNITY DEVELOPMENT CORPORATION-LA PALOMA
ACADEMY SCHOOLS PROJECT), SERIES 2014

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 (Arizona Community Development Corporation-La Paloma Academy Schools Project), Series 2014 (the “2014 Bonds”) in an original principal amount not to exceed \$20,000,000 and a maturity date not to exceed 40 years. The 2014 Bonds will bear interest at a fixed rate. The average interest rate on the 2014 Bonds shall not be greater than 12 percent per annum. The 2014 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 2014 Bonds will either be (i) issued with an investment grade rating, from a nationally-recognized rating agency, and sold in minimum denominations of \$5,000 or (ii) issued without a rating, but 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 offering and sale of securities without registration adopted pursuant to the Securities Act of 1933, as amended.
The Borrower	Arizona Community Development Corporation, an Arizona nonprofit corporation, dba La Paloma Academy (the “Borrower”), 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 2005 Bonds	The Authority previously issued its Education Revenue Bonds (Arizona Community Development-La Paloma Academy Schools Project), Series 2005 in an aggregate principal amount of \$13,180,000 (the “2005 Bonds”), to benefit the Borrower.

The 2005 Project	<p>Proceeds of the 2005 Bonds were used to, among other things, finance the costs of acquiring, constructing, improving, renovating and equipping of (i) an approximately 6.4 acre site and an approximately 40,000 square foot charter school facility located at the intersection of Wilmot Road, Grant Road and Tanque Verde Road in Tucson, Arizona, (ii) an approximately 6.78 acre site and an approximately 52,241 square foot charter school facility located at 8140 East Golf Links Road in Tucson, Arizona, and (iii) an approximately 12,000 square foot, leased charter school facility located at 225 North Country Club Road in Tucson, Arizona (the “2005 Project”).</p>
The 2014 Project	<p>The 2014 Bonds will be used to (i) finance or refinance the costs to acquire, construct, renovate, improve and equip education and related facilities located at (a) 2050 North Wilmot Road, (b) 8140 East Golf Links Road, (c) 5660 South 12th Avenue, and (d) property currently used as a parking lot and contiguous with the facilities located at 8140 East Golf Links Road, all in Tucson, Arizona (collectively, the “Series 2014 Facilities”), (ii) fund of any required reserves as set forth in the Indenture, (iii) pay capitalized interest, if any, on the Series 2014 Bonds, (iv) pay certain issuance expenses, and (v) refund the 2005 Bonds.</p>
Documentation	<p>Pursuant to a Series 2014 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 2014 Bonds when due.</p>
Security for the 2014 Bonds ..	<p>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 2014 Project, and (ii) an assignment of the leases, rents and all other revenues of the Borrower (including certain State revenues due to the Borrower).</p> <p>The Authority has no taxing power. The 2014 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 2014 Bonds are payable solely out of the revenues derived from the Series 2014 Loan Agreement (other than to the extent payable out of proceeds of the 2014 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 2014 Bonds.</p>

RESOLUTION NO. 2014 - ____

**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 REVENUE BONDS (ARIZONA COMMUNITY
DEVELOPMENT CORPORATION - LA PALOMA
ACADEMY SCHOOLS PROJECT), SERIES 2014 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 (Arizona Community Development Corporation-La Paloma Academy Schools Project), Series 2014, in one or more series or subseries (the "*Bonds*"), the proceeds of which are to be loaned to Arizona Community Development Corporation, dba La Paloma Academy (the "*Borrower*"), an Arizona nonprofit corporation, to aid in the financing or refinancing of (i) the costs to acquire, construct, renovate, improve and equip education and related facilities located at (a) 2050 North Wilmot Road, (b) 8140 East Golf Links Road, (c) 5660 South 12th Avenue, and (d) property currently used as a parking lot and contiguous with the facilities located at 8140 East Golf Links Road, all in Tucson, Arizona (collectively, the "Series 2014 Facilities"), (ii) funding of any requires reserves as set forth in the Indenture (defined below), (iii) paying capitalized interest, if any, on the Bonds, (iv) paying certain issuance expenses, and (v) refunding the Authority's previously issued Education Facility Revenue Bonds (Arizona Community Development Corporation La Paloma Academy Schools Project), Series 2005, which were issued to finance charter school facilities (the "*2014 Project*"); and

WHEREAS, on April 11, 2014, as amended on May 16, 2014, the Authority resolved to issue the Bonds in one or more series or subseries and 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 (i) a Series 2014 Indenture of Trust, between the Authority and U.S. Bank National Association, as trustee, (the "*Trust Indenture*"), (ii) a Series 2014 Loan Agreement relating to the Bonds (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, 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 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 _____, 2014.

Sharon Bronson, Chair
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

Robin Brigode, Clerk

APPROVED AS TO FORM:

KUTAK ROCK LLP
Bond Counsel

By:

A handwritten signature in black ink, appearing to read "Shane K. Fernandez", written over a horizontal line.