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VIA E-Z MESSENGER

February 25, 2015

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 Refunding Bonds (Noah Webster
Schools-Mesa Project), Series 2015 – 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 March 5, 2015, 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 Refunding Bonds (Noah Webster Schools-Mesa Project), Series 2015 (the “*2015 Bonds*”), 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 LAS School Foundation (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 currently leases the financed facility to Noah Webster Schools-Mesa, which operates a charter school at that location, pursuant to a charter from the Arizona State Board for Charter Schools.

As always, this issuance of the 2015 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 March 10, 2015, 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 2015 Bonds.

In 2004, the Authority issued its Education Revenue Bonds (the “2004 Bonds”), on behalf of the Borrower, and loaned the proceeds of the 2004 Bonds to finance the costs incurred in the acquisition of land for the construction of an educational facility operated by Noah Webster Schools-Mesa as a charter school located at 7301 East Baseline Road in Mesa, Arizona. The 2004 Bonds will be refunded through the issuance of the Series 2015 Bonds.

In 2004, the Authority also issued its Qualified Zone Academy Revenue Bonds and loaned the proceeds of such bonds to Noah Webster Schools-Mesa, a Borrower affiliate, to acquire equipment for use in such charter school. The Qualified Zone Academy Revenue Bonds issued in 2004 were paid in full in 2011. In 2011, the Authority issued its Qualified Zone Academy Revenue Bonds and loaned the proceeds to Noah Webster Schools-Mesa to acquire additional capital equipment and fixtures for use in such charter school (the “2011 QZABs”). In 2014, the Authority issued its Education Revenue Bonds (the “2014 Bonds”), on behalf of the Borrower and its affiliate, Noah Webster Schools-Pima, and loaned the proceeds of such Bonds to the Borrower to finance or refinance the costs of construction, improvement, renovation and equipping of charter school facilities located at 5399 North Pima Road in Scottsdale, Arizona (the “Series 2014 Facilities”). The Borrower leases the Series 2014 Facilities to Noah Webster Schools-Pima.

The proceeds of the 2015 Bonds will be loaned to the Borrower to (i) finance or refinance the costs of construction, improvement, renovation, operating and equipping of charter school facilities located at 7301 East Baseline Road in Mesa, Arizona through the refunding of the Series 2014 Bonds, (ii) fund any required reserves as set forth in the Indenture, and (iii) pay certain issuance expenses relating to the 2015 Bonds (the “2015 Project”).

The 2015 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “Act”). The 2015 Bonds will be publicly sold through a Preliminary Official Statement by Robert W. Baird & Co. (the “Underwriter”). The Borrower is applying for a rating on the 2015 Bonds; if the rating is investment grade, the 2015 Bonds will be issued as fully registered bonds in minimum denominations of \$5,000 and integral multiples thereafter; if the investment grade rating is not received, the Underwriter will sell the 2015 Bonds as unrated bonds in the same denominations, but with a minimum purchase of \$10,000, subject to an investor letter. The 2015 Bonds will not be part of any pool bond issue, except that Noah Webster Schools-Mesa previously provided a guaranty for the 2014 Bonds, which guaranty is secured on a parity basis with certain collateral securing the 2015 Bonds. For so long as the Guaranty is in place, certain of Noah Webster Schools-Mesa’s state revenues will be pledged on a parity basis with respect to its payments due under the Series 2015 Lease Agreement, the Guaranty and the 2011 QZABs.

As always, the 2015 Bonds are special limited obligations of the Authority. The 2015 Bonds are payable solely from payments made by the Borrower pursuant to a loan agreement and secured by a deed of trust on the 2015 Project site. Such payments are pledged to the Bondholders pursuant to an indenture of trust between the Authority and Zions First National Bank, as trustee. 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 2015 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 REFUNDING BONDS
(NOAH WEBSTER SCHOOLS-MESA PROJECT), SERIES 2015

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

The 2015 Bonds	As part of its program for financing Arizona charter schools, the Authority will issue its Education Refunding Bonds (Noah Webster Schools-Mesa Project), Series 2015 (the “2015 Bonds”) in an original principal amount not to exceed \$13,000,000 and a maturity date not to exceed 40 years. The 2015 Bonds will bear interest at a fixed rate. The average interest rate on the 2015 Bonds shall not be greater than 12 percent per annum. The 2015 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 2015 Bonds will be issued either with an investment grade rating and in denominations of \$5,000 and integral multiples thereafter, or as unrated bonds in the same denominations, but with a minimum purchase amount of \$10,000 and an investor letter.
Public Sale	The 2015 Bonds will be publicly sold by Robert W. Baird & Co. pursuant to a Preliminary Official Statement. The Borrower will apply for a rating on the 2015 Bonds. If no investment grade rating applies, the 2015 Bonds will be sold with an investor letter 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	LAS School Foundation, 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 Borrower has and will continue to lease the 2015 Project to Noah Webster Schools-Mesa, an Arizona charter school, an Arizona nonprofit corporation, formerly known as Noah Webster Basic School.
The Refunded Bonds	The Authority previously issued its Education Revenue Bonds (Noah Webster Basic School Project), Series 2004A, in an aggregate principal amount of \$12,280,000, and its Education Revenue Bonds (Noah Webster Basic School Project), Taxable Series 2004A-T, in an aggregate principal amount of \$215,000.

The Prior Bonds	<p>The Authority previously issued its (i) Qualified Zone Academy Revenue Bonds (Noah Webster Basic School Project), Series 2004, in an aggregate principal amount of \$1,600,000 (which have been paid off), (ii) Qualified Zone Academy Revenue Bonds (Noah Webster Basic School Project), Series 2011, in an aggregate principal amount of \$3,400,000 to benefit the Borrower and its affiliate, Noah Webster Schools-Mesa (the “2011 QZABs”). In addition, the Authority previously issued its Education Revenue Bonds (Noah Webster Schools-Pima Project), Series 2014, in an aggregate principal amount of \$10,880,000 (the “2014 Bonds”) to benefit the Borrower and its affiliates, Noah Webster Schools-Pima and Noah Webster Schools-Mesa, and to finance related charter schools.</p>
The Refunded Bond Project . . .	<p>Proceeds of the Refunded Bonds were used to, among other things, on behalf of the Borrower, finance the costs incurred by the Borrower in the acquisition of land for the construction of an educational facility to be used as a charter school located at 7301 East Baseline Road in Mesa, Arizona.</p>
The Prior Bond Projects	<p>The Authority also issued its Qualified Zone Academy Revenue Bonds in 2004 and loaned the proceeds of the Bonds to Noah Webster Schools-Mesa to acquire equipment for use in such educational facilities to be used as a charter school. The Qualified Zone Academy Revenue Bonds issued in 2004 were paid in full in 2011.</p>
	<p>Proceeds of the 2011 QZABs, on behalf of Noah Webster Schools-Mesa, were used to acquire additional capital equipment and fixtures for use in such educational facilities.</p>
	<p>Proceeds of the 2014 Bonds were used to (i) finance or refinance the costs of construction, improvement, renovation, operation and equipping of charter school facilities located at 5399 North Pima Road in Scottsdale, Arizona (the “2014 Project”), (ii) fund any required reserves as set forth in the Indenture, (iii) pay capitalized interest, if any, on the 2014 Bonds, and (iv) pay certain issuance expenses.</p>
The 2015 Project	<p>The proceeds of the 2015 Bonds will be used to (i) finance or refinance the costs of construction, improvement, renovation, operation and equipping of charter school facilities located at 7301 East Baseline Road in Mesa, Arizona through the refunding of the Education Revenue Bonds (Noah Webster Basic School Project), Series 2004,, (ii) fund any required reserves as set forth in the Indenture, and (iii) pay certain issuance expenses (the “2015 Project”).</p>

Documentation Pursuant to a Series 2015 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 2015 Bonds when due.

Security for the 2015 Bonds ... The loan to the Borrower will be secured by (i) a deed of trust on the 2015 Project site, (ii) a lien and security interest in the buildings and fixtures constituting the 2015 Project, and (iii) an assignment of the leases, rents and all other revenues of the Borrower (including certain State revenues due to Noah Webster Schools-Mesa). Additionally, the Noah Webster Schools-Mesa will provided a guaranty for the 2014 Bonds. For so long as the Guaranty is in place, certain of Noah Webster Schools-Mesa’s state revenues will be pledged on a parity basis with respect to its payments due under the Series 2015 Lease Agreement, the Guaranty and the 2011 QZABs.

The Authority has no taxing power. The 2015 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 2015 Bonds are payable solely out of the revenues derived from the Series 2015 Loan Agreement (other than to the extent payable out of proceeds of the 2015 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 2015 Bonds.

RESOLUTION NO. 2015 - ____

**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 REFUNDING BONDS (NOAH WEBSTER
SCHOOLS-MESA PROJECT), SERIES 2015 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 Refunding Bonds (Noah Webster Schools-Mesa Project), Series 2015, in one or more series or subseries (the "*Bonds*"), the proceeds of which are to be loaned to LAS School Foundation (the "*Borrower*"), an Arizona nonprofit corporation, to aid in the (i) financing or refinancing the costs of constructing, improving, renovating, operating and equipping of charter school facilities located at 7301 East Baseline Road in Mesa, Arizona through the refunding of the Authority's previously issued Education Revenue Bonds (Noah Webster Basic School Project), Series 2004, (ii) funding of any required reserves, as set forth in the Indenture (as hereinafter defined), and (iii) paying certain issuance expenses (the "*2015 Project*"); and

WHEREAS, on March 5, 2015, the Authority resolved to issue the Bonds 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 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) an Indenture of Trust, between the Authority and Zions First National Bank (the "*Indenture*"), (b) a Loan Agreement (the "*Loan Agreement*"), among 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 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 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 March, 2015.

Sharon Bronson, Chair
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

Robin Brigode, Clerk
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP,
Bond Counsel

By: 