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***VIA PREMIER SUPPORT SERVICE***

December 2, 2015

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 Refunding Bonds (Premier Charter High School Project), Series 2015 – In an Amount Not to Exceed \$8,000,000

Dear Ms. Chair and Members of the Board:

As part of its program for financing Arizona charter schools, at its special meeting to be held on December 11, 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 Facility Revenue Refunding Bonds (Premier Charter High School Project), Series 2015 (the “*2015 Bonds*”), in one or more series and in an aggregate principal amount not to exceed \$8,000,000, the proceeds of which will be loaned to Premier Charter High School (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 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 December 15, 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 2005, the Authority previously issued its Education Facility Revenue Bonds (Premier and Air Academy Charter High Schools Project), Series 2005, in the original principal amount of \$10,895,000 (the “*2005 Bonds*”), to benefit the Borrower and another borrowing charter school (whose portion has been

retired). The proceeds of the 2005 Bonds were used to (i) finance the acquisition, construction, improvement and equipping of a charter school facility located at 7544 West Indian School Road in Phoenix, Arizona, and a charter school facility located at 51<sup>st</sup> Avenue and Southern Avenue in Laveen, Arizona, (ii) funding a debt service reserve fund, (iii) paying capitalized interest, and (iv) paying certain issuance expenses (the "2005 Project").

The proceeds of the 2015 Bonds (in three series – 2015A, 2015B and 2015C) will be loaned to the Borrower to (i) refinance the Borrower's portion of the 2005 Project through the refunding of any outstanding Series 2005 Bonds (the "2015 Project"), (ii) fund any required reserves as set forth in the Indenture, (iii) pay capitalized interest, if any, on the 2015 Bonds, and (iv) pay certain issuance expenses relating to the 2015 Bonds.

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 issued as fully registered Bonds and will be offered by Dougherty & Company LLC. The 2015 Bonds will be issued as fully registered bonds with minimum denominations of \$25,000 or \$5,000 integral multiples thereafter for the 2015A Bonds and the minimum denominations of the principal amount for the 2015B Bonds and 2015C Bonds, and sold only to "Qualified Institutional Buyers" within the meaning of Rule 144A of the Rule adopted pursuant to the Securities Act of 1933, as amended, or "Accredited Investors" within the meaning of Rule 501 of the Rule governing the limited offer and sale of securities without registration under the Securities Act of 1933. The 2015 Bonds will not be part of any pool bond issue.

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 UMB 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  
Charles Huckelberry, Pima County Administrator

**FACT SUMMARY**  
**THE INDUSTRIAL DEVELOPMENT AUTHORITY**  
**OF THE COUNTY OF PIMA**  
**EDUCATION FACILITY REVENUE REFUNDING BONDS**  
**(PREMIER CHARTER HIGH SCHOOL PROJECT), SERIES 2015**

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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 Facility Revenue Refunding Bonds (Premier Charter High School Project), Series 2015A (the “2015A Bonds”), Subordinate Education Facility Revenue Refunding Bonds (Premier Charter High School Project), Series 2015B (the “2015B Bonds”), and Junior Subordinate Education Facility Revenue Refunding Bonds (Premier Charter High School Project), Series 2015C (the “2015C Bonds”, together with the 2015A Bonds and the 2015B Bonds, the “2015 Bonds”) in an original principal amount not to exceed \$8,000,000 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 2015A Bonds will be issued in minimum denominations of \$25,000 or \$5,000 integral multiples thereafter, the 2015B Bonds will be issued in minimum denominations equal to the original principal amount of the 2015B Bonds, and the 2015C Bonds will be issued in minimum denominations equal to the original principal amount of the 2015C Bonds.
Limited Offering. . . . .	The 2015 Bonds will be offered by Dougherty & Company LLC under a Limited Offering Memorandum Agreement. The 2015 Bonds will have no rating and will be offered 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. Dougherty & Company LLC, or each Investor, will then execute an investor letter acknowledging such qualifications.
The Borrower . . . . .	Premier Charter High School, 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 2005 Bonds	The Authority previously issued its Education Facility Revenue Bonds (Premier and Air Academy Charter High Schools Project), Series 2005, in the original principal amount of \$10,895,000 (the “2005 Bonds”) to benefit the Borrower. The proceeds of the 2005 Bonds were used to finance the Borrower’s portion of the 2005 Project (defined below). There was another Borrower on the 2005 Bonds, Air Academy Charter High School dba John Glenn Charter High School and dba Thomas Jefferson High School (“ <i>Air Academy</i> ”), whose portion of the 2005 Bonds (relating to Air Academy’s portion of the 2005 Project) has been retired.
The 2005 Project Site	Air Academy owned the real property, equipment and improvements located at the northeast corner of 51 <sup>st</sup> Avenue and Southern Avenue, in Laveen, Arizona (the “ <i>AA Site</i> ”), and Premier owns the real property, equipment and improvements located at 7544 West Indian School Road in Phoenix, Arizona (the “ <i>Premier Site</i> ”). The Borrower still owns the Premier Site.
The 2005 Project	The proceeds of the 2005 Bonds were used for the purpose of (i) financing the acquisition, construction, improvement and equipping of a charter school facility located at the Premier Site and a charter school facility at the AA Site, (ii) funding a debt service reserve fund and an operating reserve fund, (iii) paying capitalized interest, and (iv) paying certain issuance expenses (collectively, the “ <i>2005 Project</i> ”).
The 2015 Project	The proceeds of the 2015 Bonds will be used to (i) refinancing of the Borrower’s portion of the 2005 Project through the refunding of any outstanding 2005 Bonds, (ii) fund any required reserves as set forth in the Indenture, (iii) pay capitalized interest, if any, on the 2015 Bonds, and (iv) pay certain issuance expenses.
Documentation	Pursuant to a 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. The Borrower’s obligations under the Loan Agreement will be secured by a Deed of Trust, which will be recorded on the Premier Site.
Security for the 2015 Bonds	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 Premier 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 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 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 \$8,000,000  
EDUCATION FACILITY REVENUE REFUNDING BONDS  
(PREMIER CHARTER HIGH SCHOOL 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 Facility Revenue Refunding Bonds (Premier Charter High School Project), Series 2015, in one or more series or subseries (the "*Bonds*"), the proceeds of which are to be loaned to Premier Charter High School (the "*Borrower*"), an Arizona nonprofit corporation, to aid in the (i) refinancing the outstanding portion of the Authority's Education Facility Revenue Bonds (Premier and Air Academy Charter High Schools Project), Series 2005, and the Borrower's portion of charter school facilities financed thereby through the refunding of the outstanding amount of such Series 2005 Bonds, funding of any required reserves, as set forth in the Indenture (as hereinafter defined), paying capitalized interest, if any, on the Bonds, and paying certain issuance expenses (the "*2015 Project*"); and

WHEREAS, on December 11, 2015, the Authority resolved to issue the Bonds in one or more series or subseries and in an aggregate amount not to exceed \$8,000,000 (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 UMB Bank (the "*Indenture*"), (b) a Loan Agreement (the "*Loan Agreement*"), 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 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 December, 2015.

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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: \_\_\_\_\_  
Dan K. Ferrell