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VIA PREMIER SUPPORT SERVICE

July 20, 2016

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 Facility Revenue Refunding Bonds (The Excalibur Charter School Project), Series 2016 – In an Amount Not to Exceed \$6,500,000

Ms. Chair and Members of the Board:

As part of its program for financing Arizona charter schools, at its regular meeting held on July 15, 2016, The Industrial Development Authority of the County of Pima (the “*Authority*”), granted its final approval to a resolution authorizing the issuance of its Education Facility Revenue Refunding Bonds (The Excalibur Charter School Project), Series 2016, in one or more series (the “*2016 Bonds*”), in an aggregate principal amount not to exceed \$6,500,000, the proceeds of which will be loaned to The Excalibur Charter School, 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 2016 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 August 2, 2016, 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 2016 Bonds.

In 2003, the Authority previously issued its Education Facility Revenue Bonds (The Excalibur Charter School Project), Series 2003, in the original principal amount of \$4,690,000 (the “*2003 Bonds*”), to benefit the Borrower. The proceeds of the 2003 Bonds were used to (i) finance the acquisition, construction, improvement and equipping of charter school facilities located at San Marcos Road and 12th Avenue (now known as 1045 South San

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Marcos Road) in Apache Junction, Arizona (the "*Project Site*"), (ii) funding of a debt service reserve fund and an operating reserve fund, (iii) paying capitalized interest on the 2003 Bonds, and (iv) paying certain issuance expenses for the 2003 Bonds (the "*2003 Project*").

The proceeds of the 2016 Bonds will be loaned to the Borrower for the purposes of (i) refinancing the 2003 Project through the refunding of the 2003 Bonds, (ii) financing or refinancing the costs of furniture, fixtures, equipment and additional improvements to the charter school facilities located on the Project Site, (iii) funding of any required reserves as set forth in the Indenture, (iv) paying capitalized interest, if any, on the 2016 Bonds, and (v) paying certain issuance expenses (the "*2016 Project*").

The 2016 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 2016 Bonds as unrated bonds in authorized denominations of \$25,000 and \$5,000 thereafter, subject to an investor letter. The 2016 Bonds will be publicly sold through an Official Statement by Dougherty & Company, LLC, the Underwriter selected by the Borrower. The 2016 Bonds are not part of any pool bond issue.

As always, the 2016 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 and secured by a deed of trust on the facilities and pledged to the Bondholders pursuant to an Indenture of Trust, between the Authority and BOKF, NA, 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 2016 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
Jan Leshner, Deputy Pima County Administrator

FACT SUMMARY

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA EDUCATION FACILITY REVENUE REFUNDING BONDS (THE EXCALIBUR CHARTER SCHOOL PROJECT), SERIES 2016

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

The 2016 Bonds	As part of its program for financing Arizona charter schools, the Authority will issue its Education Facility Revenue Refunding Bonds (The Excalibur Charter School Project), Series 2016, in one or more series (the “ <i>2016 Bonds</i> ”) in an original principal amount not to exceed \$6,500,000 and a maturity date not to exceed 40 years. The 2016 Bonds will bear interest at a fixed rate. The average interest rate on the 2016 Bonds shall not be greater than twelve percent (12%) per annum. The 2016 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 2016 Bonds will be issued without a rating, but in minimum denominations of \$25,000 (and \$5,000 thereafter) and sold only to “Qualified Institutional Buyers” within the meaning of Rule 144(A) 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 Bonds will be sold by Dougherty & Company, LLC pursuant to an Official Statement. The 2016 Bonds will not be part of a charter school pool issue.
The Borrower	The Excalibur Charter School, Inc. is 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 “ <i>Code</i> ”). The Borrower will own the building, equipment and improvements to be financed and/or refinanced with proceeds of the Bonds.
The 2003 Bonds	The Authority previously issued its Education Facility Revenue Bonds (The Excalibur Charter School Project), Series 2003 in the original principal amount of \$4,690,000 (the “ <i>2003 Bonds</i> ”), to benefit the Borrower. The proceeds of the 2003 Bonds were used to finance the 2003 Project (defined below).
The Project Site	As part of the 2003 Bonds, the Borrower acquired an approximately 5 acre site for a charter school located at San Marcos Road and 12 th Avenue (now known as 1045 South San Marcos Road) in Apache Junction, Arizona (the “ <i>Project Site</i> ”).

The 2003 Project	The proceeds of the 2003 Bonds were used for the purpose of (i) financing the acquisition of the Project Site, and the construction, improvement, operation and equipping of approximately 21,900 square feet of charter school facilities (the “ <i>Facilities</i> ”), used for the operation of a charter school thereon, and related improvements, (ii) funding of a debt service reserve fund and an operating reserve fund, (iii) paying capitalized interest on the 2003 Bonds, and (iv) paying certain issuance expenses for the 2003 Bonds (collectively, the “ <i>2003 Project</i> ”).
The 2016 Project	The 2016 Project will consist of refinancing the costs relating to the 2003 Project and make certain repairs, replacements and improvements (collectively, the “ <i>Improvements</i> ”) the Facilities.
2016 Bond Proceeds	The proceeds of the 2016 Bonds will be used for the (i) refunding of the 2003 Bonds, (ii) the financing and/or refinancing the costs of furniture, equipment, fixtures and additional improvements to the charter school located on the Project Site, (ii) funding of any required reserve funds, as set forth in the Indenture, (iii) paying capitalized interest, if any, on the 2016 Bonds and (iv) paying certain issuance expenses.
Documentation	Pursuant to the 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 2016 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 Project Site and will include the Facilities.
Security for the Bonds	<p>The payment of the 2016 Bonds will be secured by (a) a mortgage lien and security interest in the land, buildings, fixtures and equipment owned by the Borrower at the Project Site (including the Facilities), and (b) 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 2016 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 2016 Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the 2016 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 Bonds.</p>

RESOLUTION NO. 2016 - _____

**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 \$6,500,000
EDUCATION FACILITY REVENUE REFUNDING BONDS
(THE EXCALIBUR CHARTER SCHOOL PROJECT), SERIES
2016 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 (The Excalibur Charter School Project), Series 2016, in one or more series or subseries (the “*Bonds*”), the proceeds of which are to be loaned to The Excalibur Charter School, Inc. (the “*Borrower*”), an Arizona nonprofit corporation, for use in (a) refunding the Authority’s outstanding Education Facility Revenue Bonds (The Excalibur Charter School Project), Series 2003, (b) financing and/or refinancing and/or reimbursing the costs of furniture, equipment, fixtures and additional improvements to the charter school facilities located at 1045 South San Marcos Road in Apache Junction, Arizona, (c) funding any required reserve funds, as set forth in the Indenture, (c) paying capitalized interest on the Bonds, and (d) paying certain issuance expenses related to the Bonds (the “*Project*”); and

WHEREAS, on July 15, 2016, the Authority resolved to issue the Bonds in an aggregate amount not to exceed \$6,500,000 (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 BOKF, NA (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 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 _____, 2016.

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: 