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VIA PREMIER SUPPORT SERVICE

January 9, 2019

Richard Elias, Chair
Ms. Sharon Bronson
Mr. Steve Christy
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 Refunding Bonds (Liberty Traditional Project), Series 2019 – In an Amount Not to Exceed \$17,000,000

Mr. Chair and Members of the Board:

As part of its program for financing Arizona charter schools, at its regular meeting to be held on January 14, 2019, 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 Refunding Bonds (Liberty Traditional Project), Series 2019, in one or more series (the “*2019 Bonds*”), in an aggregate principal amount not to exceed \$17,000,000, the proceeds of which will be loaned to Liberty Traditional 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 2019 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 January 22, 2019, 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 2019 Bonds.

In 2007, the Authority previously issued its Education Facility Revenue Bonds (Heritage Elementary School), Series 2007, in the original principal amount of \$17,000,000, (the “*2007 Bonds*”), to benefit Heritage Elementary School (“*Heritage*”). The proceeds of the 2007 Bonds were loaned to

Heritage for the purposes of (i) refunding certain prior bonds of the Authority that financed or refinanced, among other things, the acquisition, construction, improving, renovating and equipping of land and/or facilities located (a) at 13419 West Ocotillo Road in Glendale, Arizona (b) at and adjacent to 6805 North 125th Avenue in Maricopa County, Arizona and (c) at 790 East Rodeo Road, Williams, Arizona, (ii) funding of any required reserves, (iii) paying capitalized interest, if any, and (iv) paying certain issuance expenses (the “2007 Project”). Heritage subsequently merged with the Borrower and the Borrower assumed Heritage’s obligations with respect to the 2007 Bonds.

The proceeds of the 2019 Bonds will be loaned to the Borrower for the purposes of (i) refunding the 2007 Bonds, (ii) funding any required reserves, (iii) paying capitalized interest, if any on the 2019 Bonds, and (iv) paying certain issuance expenses related to the Bonds (the “2019 Project”).

The 2019 Bonds will be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “Act”). The Underwriter intends to obtain a rating on the 2019 Bonds; if the rating is investment grade, the authorized denominations will be \$5,000 and integral multiples thereof, but if the rating is not investment grade, the authorized denominations will be \$25,000 and integral multiples of \$5,000 in excess thereof, subject to an investor letter. The 2019 Bonds will be sold through a Limited Offering Memorandum by Piper Jaffray & Co., the Underwriter selected by the Borrower. The 2019 Bonds are not part of any pool bond issue.

As always, the 2019 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 the Indenture of Trust, between the Authority and the trustee named therein, 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 2019 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/at
Enclosures

c: Julie Castañeda, Clerk (w/enclosures)
Regina Nassen, Esq., Counsel to the Board
Charles Huckelberry, Pima County Administrator
Jan Leshner, Deputy Pima County Administrator
Patrick Cavanaugh, Economic Development Office

FACT SUMMARY

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA EDUCATION FACILITY REFUNDING BONDS (LIBERTY TRADITIONAL PROJECT), SERIES 2019

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

The 2019 Bonds	As part of its program for financing Arizona charter schools, the Authority will issue its Education Facility Refunding Bonds (Liberty Traditional Project), Series 2019, in one or more series (the “2019 Bonds”) in an original principal amount not to exceed \$17,000,000 and a maturity date not to exceed 40 years. The 2019 Bonds will bear interest at a fixed rate. The average interest rate on the 2019 Bonds shall not be greater than twelve percent (12%) per annum. The 2019 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 2019 Bonds will be sold by Piper Jaffray & Co. pursuant to a Limited Offering Memorandum. The 2019 Bonds will not be part of a charter school pool issue.
Rating	A rating on the 2019 Bonds will be applied for by the Borrower and Underwriter. If the rating received is investment grade, the authorized denominations will be \$5,000 and integral multiples thereof; if the rating is not investment grade, the authorized denominations will be \$25,000 and \$5,000 integral multiples thereof and the 2019 Bonds will be 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, as evidenced by an investor letter.
The Borrower	Liberty Traditional Charter School, Inc. (the “Borrower”), is an Arizona nonprofit corporation which has received its status as exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”). After a merger with Heritage Elementary School (“Heritage”), the Borrower assumed all of Heritage’s obligations with respect to the 2007 Bonds on March 31, 2017. The Borrower owns the buildings, equipment and improvements to be financed and/or refinanced with proceeds of the 2019 Bonds.

The 2007 Bonds	The Authority previously issued its Education Facility Revenue Bonds (Heritage Elementary School Project), Series 2007, in the original principal amount of \$17,000,000 (the “2007 Bonds”), to benefit Heritage. The proceeds of the 2007 Bonds were used to finance the 2007 Project (defined below).
The 2007 Project	The proceeds of the 2007 Bonds were used for (i) refunding the 2004 Bonds of the Authority that financed or refinanced, among other things, the acquisition, construction, improving, renovating and equipping of land and/or facilities located (a) at 13419 West Ocotillo Road in Glendale, Arizona (b) at and adjacent to 6805 North 125 th Avenue in Maricopa County, Arizona and (c) at 790 East Rodeo Road, Williams, Arizona, (ii) funding of any required reserves, (iii) paying capitalized interest, if any, and (iv) paying certain issuance expenses (the “2007 Project”).
The 2004 Bonds	The Authority previously issued its Education Revenue Bonds (Heritage Elementary School Project), Series 2004 in an aggregate principal amount of \$5,985,000 (the “2004 Bonds”) to benefit Heritage and to finance the 2004 Project. In addition, the 2004 Bonds were secured by a guaranty from the Borrower.
The 2004 Project	The 2004 Project included acquiring, constructing, improving, renovating and equipping of charter school facilities located at 13419 West Ocotillo Road in Glendale, Arizona and 6805 North 125 th Avenue in unincorporated Maricopa County, Arizona.
The 2019 Project Site	The 2019 Project Site consists of the land and/or facilities located at or adjacent to 6805 North 125 th Avenue in Maricopa County, Arizona and at 790 East Rodeo Road, Williams, Arizona (the “2019 Project Site”).
2019 Bond Proceeds	The proceeds of the 2019 Bonds will be used for (i) refunding the outstanding Series 2007 Bonds; (ii) funding of any required reserves as set forth in the Indenture; (iii) paying capitalized interest, if any, on the 2019 Bonds; and (iv) paying certain issuance expenses (collectively, the “2019 Project”).
Documentation	Pursuant to the Loan Agreement between the Authority and the Borrower, the Borrower will agree to make payments to the Authority sufficient to pay the principal of, premium, if any, and interest on the 2019 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 2019 Project Site.
Security for the 2019 Bonds	The payment of the 2019 Bonds will be secured by (a) the deeds of trust and a security interest in the land, buildings, fixtures and equipment owned by the Borrower at the 2019 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 2019 Bonds and the interest thereon are special limited obligations of the Authority and are not a general obligation of the Authority nor 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 2019 Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the 2019 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 2019 Bonds.

RESOLUTION NO. 2019 - _____

**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 \$17,000,000
EDUCATION FACILITY REFUNDING BONDS (LIBERTY
TRADITIONAL PROJECT), SERIES 2019 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 Refunding Bonds (Liberty Traditional Project), Series 2019, in one or more series or subseries (the “*Bonds*”), the proceeds of which are to be loaned to Liberty Traditional Charter School, Inc. (the “*Borrower*”), an Arizona nonprofit corporation, for the purposes of (i) refunding the Authority’s outstanding Education Revenue Bonds (Heritage Elementary School Project), Series 2007 issued in the original principal amount of \$17,000,000 (the “*Series 2007 Bonds*”); (ii) funding of any required reserves as set forth in the Indenture (defined below); (iii) paying capitalized interest, if any, on the Bonds, and (iv) paying certain issuance expenses (the “*Project*”); and

WHEREAS, on January 14, 2019, the Authority resolved to issue the Bonds in an aggregate amount not to exceed \$17,000,000 (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) an Indenture of Trust between the Authority and the trustee named therein (the “*Indenture*”), (ii) a Loan Agreement between the Authority and the Borrower (the “*Loan Agreement*”), 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 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 _____, 2019.

Richard Elias, 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:_____