

**RUSSO, RUSSO & SLANIA, P.C.**

ATTORNEYS AT LAW  
6700 NORTH ORACLE ROAD  
SUITE 100  
TUCSON, ARIZONA 85704

STEVEN RUSSO  
MICHAEL A. SLANIA  
PATRICK E. BROOM

RUSSELL RUSSO  
OF COUNSEL  
JOSEPH D. CHIMIENTI  
ADAM J. PELZ

(520) 529-1515

1-800-655-1336

FAX (520) 529-9040

***VIA PREMIER SUPPORT SERVICE***

April 3, 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, 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 Bonds (The Paideia Academies Project), Series 2019 – In an Amount Not to Exceed \$11,000,000

Dear Mr. Chair and Members of the Board:

As part of its statewide program for financing Arizona schools, at its regular meeting to be held on April 8, 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 Revenue Bonds (The Paideia Academies Project), Series 2019 (the “*2019 Bonds*”), in one or more series and in an aggregate principal amount not to exceed \$11,000,000, the proceeds of which will be loaned to The Paideia Academies, 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.

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 April 16, 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.

Additionally, at its regular meeting on April 8, 2019, the Authority will hold a public hearing in order to comply with the Federal tax requirements. You will be immediately informed if there are any objections at the hearing to the 2019 Project (defined below) or the issuance of the 2019 Bonds.

In 2015, the Authority previously issued its Education Facility Revenue Bonds (The Paideia Academies Project), Series 2015, in the original principal amount of \$10,280,000 (the “*2015 Bonds*”) to benefit the Borrower. The 2019 Bonds will be issued pursuant to supplements to the existing Indenture of Trust and Loan Agreement relating to the 2015 Bonds and will be on parity with the 2015 Bonds.

The proceeds of the 2015 Bonds were loaned to the Borrower for the purposes of (i) financing the costs of acquisition, construction, improvement, operation and equipping of land and charter school facilities located at 7777 South 15<sup>th</sup> Terrace in Phoenix, Arizona (the “*Series 2015 Facilities*”), (ii) funding of any required reserves as set forth in the Indenture, and (iii) paying certain issuance expenses (the “*2015 Project*”).

The proceeds of the 2019 Bonds will be loaned to the Borrower to assist the Borrower in (i) financing or refinancing the costs of acquiring, constructing, improving, operating, equipping and/or furnishing of (a) land, school facilities and interests located at 1535 East Baseline Road in Phoenix, Arizona, and (b) the Series 2015 Facilities (collectively, the “*Series 2019 Facilities*”), (ii) funding of any required reserves as set forth in the Indenture, (iii) paying capitalized interest on the 2019 Bonds, and (iv) paying certain issuance expenses related to the 2019 Bonds (collectively, the “*2019 Project*”).

The 2019 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “*Act*”). The 2019 Bonds will be issued as fully registered Bonds and will be publicly offered by BB&T Capital Markets, a division of BB&T Securities, Inc. The 2019 Bonds will be issued without a rating in minimum denominations of \$25,000 and integral multiples of \$5,000 thereafter. The 2019 Bonds will be offered 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. BB&T Capital Markets or each Investor will execute an investor letter acknowledging their qualifications. The 2019 Bonds will not be part of any pool bond issue.

As always, the 2019 Bonds are special limited obligations of the Authority. The 2019 Bonds are payable solely from payments made by the Borrower pursuant to the Loan Agreement relating to the 2015 Bonds (as supplemented for the 2019 Bonds) and secured by a deed of trust on the 2019 Project site. Such payments are pledged to the Bondholders pursuant to the Indenture of Trust relating to the 2015 Bonds (as supplemented for the 2019 Bonds) 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, are pledged to the payment of the 2019 Bonds. The Authority has no taxing power.

Pima County Board of Supervisors  
April 3, 2019  
Page 3

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 REVENUE BONDS**  
**(THE PAIDEIA ACADEMIES 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 Revenue Bonds (The Paideia Academies Project), Series 2019 (the “ <i>2019 Bonds</i> ”), in an original principal amount not to exceed \$11,000,000 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 12 percent 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. The 2019 Bonds will be issuable in minimum denominations of \$25,000 or integral multiples of \$5,000 thereafter.
Public Sale .....	The 2019 Bonds will be publicly sold by BB&T Capital Markets, a division of BB&T Securities, Inc., pursuant to a Preliminary Limited Offering Memorandum. The 2019 Bonds will be issued without a rating 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. BB&T Capital Markets or each Investor will execute an investor letter acknowledging their qualifications.
The Borrower .....	The Paideia Academies, Inc., an Arizona nonprofit corporation (the “ <i>Borrower</i> ”), has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code.
The 2015 Bonds .....	The Authority previously issued its Education Facility Revenue Bonds (The Paideia Academies Project), Series 2015, in the original principal amount of \$10,280,000 (the “ <i>2015 Bonds</i> ”), to benefit the Borrower. The proceeds of the 2015 Bonds were used to finance the 2015 Project (defined below). The 2019 Bonds will be on parity with the 2015 Bonds; however, they are not part of a charter school pool issue.
The 2015 Project Site .....	The 2015 Project Site consisted of land and charter school facilities located at 7777 South 15 <sup>th</sup> Terrace in Phoenix, Arizona (the “ <i>2015 Project Site</i> ”).

The 2015 Project .....	The proceeds of the 2015 Bonds were used for (i) financing the costs of acquisition, construction, improvement, operation and equipping of the 2015 Project Site, (ii) funding of any required reserve funds, as set forth in the Indenture, and (iii) paying certain issuance expenses.
The 2019 Project .....	The proceeds of the 2019 Bonds will be used to assist the Borrower in (i) financing or refinancing the costs of acquiring, constructing, improving, operating, equipping and/or furnishing of land, school facilities and interests located at (a) 1535 East Baseline Road in Phoenix, Arizona, and (b) 7777 South 15 <sup>th</sup> Terrace in Phoenix, Arizona (collectively, the “2019 Facilities”), (ii) funding of any required reserves, (iii) paying capitalized interest on the 2019 Bonds, if any, and (iv) paying certain issuance expenses related to the 2019 Bonds (collectively, the “Series 2019 Project”).
Documentation .....	Pursuant to a Loan Agreement between the Authority and the Borrower (as supplemented for the 2019 Bonds), the Borrower has agreed to make payments to the Authority sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. The Borrower’s obligations under the Loan Agreement will be secured by the Deed of Trust (as modified), which will be recorded on the 2019 Facilities.
Security for the 2019 Bonds . .	<p>The loan to the Borrower will be secured by (a) a deed of trust lien and security interest in the land, buildings, fixtures and equipment owned or to be owned by the Borrower constituting the 2019 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 2019 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 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.</p>

**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 \$11,000,000  
EDUCATION FACILITY REVENUE BONDS (THE PAIDEIA  
ACADEMIES 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 Revenue Bonds (The Paideia Academies Project), Series 2019, in one or more series or subseries (the “*Bonds*”), the proceeds of which are to be loaned to The Paideia Academies, Inc. (the “*Borrower*”), an Arizona nonprofit corporation, to assist the Borrower in (i) financing or refinancing the costs of acquiring, constructing, improving, operating, equipping and/or furnishing of land, school facilities and interests located at 1535 East Baseline Road and 7777 South 15<sup>th</sup> Terrace, both in Phoenix, Arizona, (ii) funding of any required reserves as set forth in the Indenture, (iii) paying capitalized interest on the Bonds, and (iv) paying certain issuance expenses related to the Bonds (collectively, the “*Project*”); and

WHEREAS, the Authority previously issued its Education Facility Revenue Bonds (The Paideia Academies Project), Series 2015 in an aggregate amount of \$10,280,000, the proceeds of which were lent to the Borrower for land and charter school facilities; and

WHEREAS, on April 8, 2019, the Authority resolved to issue the Bonds in one or more series or subseries and in an aggregate amount not to exceed \$11,000,000 (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) a First Supplemental Indenture of Trust which supplements the original Indenture of Trust, (collectively, the “*Indenture*”) between the Authority and BOKF, NA, as trustee, (b) Loan Agreement Supplement No. 1, which supplements the original Loan Agreement (collectively, 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, pursuant to Section 147(f) of the Code, the chief elected official representing this Board of Supervisors must approve the issuance of the Bonds after a public hearing following reasonable public notice, which hearing has been conducted by the Authority; and

WHEREAS, this Board has presented to it information regarding the Bonds and information regarding the public hearing held by the Authority concerning 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 Section 147(f) of the Code and the Act, the Board of Supervisors, as the governing body of the Authority, and the applicable elected representative of a governmental unit having jurisdiction over the facilities to be financed or refinanced with the proceeds of the Bonds, 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 \_\_\_\_\_, 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: \_\_\_\_\_

