

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

ATTORNEYS AT LAW

6700 NORTH ORACLE ROAD

SUITE 100

TUCSON, ARIZONA 85704

(520) 529-1515

1-800-655-1336

FAX (520) 529-9040

STEVEN RUSSO  
MICHAEL A. SLANIA  
PATRICK E. BROOM

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

***VIA FIRST LEGAL SUPPORT SERVICE***

October 2, 2019

Richard Elias, Chairman

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 – Education  
Facility Revenue Bonds (Imagine East Mesa Charter Schools Project),  
Series 2019 – In an Amount Not to Exceed \$15,000,000

Dear Mr. Chairman and Members of the Board:

As part of its statewide program for financing Arizona charter schools, at its special meeting held on October 10, 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 (Imagine East Mesa Charter Schools Project), Series 2019 (the “*2019 Bonds*”), in one or more series and in an aggregate principal amount not to exceed \$15,000,000, the proceeds of which will be loaned to East Mesa Charter Elementary 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.

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 October 15, 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 for the issuance of the 2019 Bonds.

The proceeds of the 2019 Bonds will be loaned to the Borrower to (i) finance or refinance the costs of acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at 9701 E. Southern Avenue in Mesa, Arizona, (ii) fund any

**PIMA COUNTY BOARD OF SUPERVISORS**

October 2, 2019

Page 2

required reserves as set forth in an indenture of trust between the Authority and BOKF, NA, as trustee relating to the 2019 Bonds (the "*Bond Indenture*"), (iii) pay capitalized interest, if any, on the 2019 Bonds, and (iv) pay certain issuance expenses relating to the 2019 Bonds.

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 unrated bonds in authorized denominations of \$25,000 and \$5,000 thereafter, subject to an investor letter. The 2019 Bonds will be publicly sold through a Limited Offering Memorandum by Piper Jaffray & Co., the Underwriter selected by the Borrower. The 2019 Bonds will not be part of any pool bond issue.

As always, the 2019 Bonds will be special limited obligations of the Authority. The 2019 Bonds will be payable solely from the trust estate established under the Bond Indenture, including payments made by the Borrower pursuant to a loan agreement, and such payments will be pledged to the Bondholders pursuant to the Bond Indenture. 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.

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

**FACT SUMMARY**  
**THE INDUSTRIAL DEVELOPMENT AUTHORITY**  
**OF THE COUNTY OF PIMA**  
**EDUCATION FACILITY REVENUE BONDS**  
**(IMAGINE EAST MESA CHARTER SCHOOLS 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 (Imagine East Mesa Charter Schools Project), Series 2019 (the “ <i>2019 Bonds</i> ”), in an original principal amount not to exceed \$15,000,000 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.
Sale .....	The 2019 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 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 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.
The Borrower .....	East Mesa Charter Elementary School, 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 2019 Project .....	The proceeds of the 2019 Bonds will be used to (i) finance or refinance the costs of acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at 9701 E. Southern Avenue in Mesa, Arizona (collectively, the “ <i>2019 Project Site</i> ”), (iii) fund any required reserves as set forth in the Bond Indenture (defined below), (iv) pay capitalized interest, if any, on the 2019 Bonds, and (v) pay certain issuance expenses.
Documentation .....	Pursuant to a Loan Agreement between the Authority and the Borrower (the “ <i>Loan Agreement</i> ”), 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 2019 Bonds will be special limited obligations of the Authority, payable from the trust estate established under a Bond Indenture between the Authority and BOKF, NA, as Bond Trustee (the “*Bond Indenture*”), including revenues received by the Authority from the Loan Agreement. The 2019 Bonds will also be secured by an obligation issued under the Master Trust Indenture between the Borrower, Imagine Middle at East Mesa, Inc. (“*Imagine*”) and BOKF, NA, as Master Trustee, (the “*Master Trust Indenture*”).

Security for the 2019 Bonds ....

The loan to the Borrower will be secured by a pledge of all loan payments required to be made by the Borrower under the Loan Agreement. The Bond Trustee will also receive a Master Indenture Obligation issued pursuant to the Master Trust Indenture, the security for which includes (a) certain state revenues due to the Borrower and Imagine, consisting primarily of revenues paid by the State for the operation of the related charter schools and (b) a deed of trust to be executed by the Borrower regarding the 2019 Project Site.

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 out of the revenues derived from the Loan Agreement and the above-referenced Master Indenture Obligation. 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 \$15,000,000  
EDUCATION FACILITY REVENUE BONDS (IMAGINE  
EAST MESA CHARTER SCHOOLS 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 (Imagine East Mesa Charter Schools Project), Series 2019, in one or more series or subseries (the "*Bonds*"), the proceeds of which are to be loaned to East Mesa Charter Elementary School, Inc. (the "*Borrower*"), an Arizona nonprofit corporation, to aid in the (i) financing or refinancing the costs of acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at 9701 E. Southern Avenue in Mesa, Arizona, (ii) funding of any required reserves, as set forth in the Indenture (as hereinafter defined), (iii) paying capitalized interest, if any, on the Bonds, and (iv) paying certain issuance expenses (the "*2019 Project*"); and

WHEREAS, on October 10, 2019, the Authority resolved to issue the Bonds in one or more series or subseries and in an aggregate amount not to exceed \$15,000,000 (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 Bond Indenture, 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 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, Engelman Berger, P.C., 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 \_\_\_\_\_, 2019.

\_\_\_\_\_  
Richard Elias, Chairman  
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

\_\_\_\_\_  
Julie Castaneda, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

ENGELMAN BERGER, P.C.,  
Bond Counsel

By: Brigitte Finley Green