

**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 PREMIER SUPPORT SERVICE***

February 19, 2020

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 and Refunding Bonds (Career Success Schools Project), Series 2020 – In an Amount Not to Exceed \$20,000,000

Dear Mr. Chairman and Members of the Board:

As part of its program for financing Arizona charter schools, at its regular meeting held on February 14, 2020, The Industrial Development Authority of the County of Pima (the “*Authority*”) has granted its final approval to a resolution authorizing the issuance of its Education Facility Revenue and Refunding Bonds (Career Success Schools Project), Series 2020 (the “*2020 Bonds*”), in one or more series and in an aggregate principal amount not to exceed \$20,000,000, the proceeds of which will be loaned to Career Success Schools (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 Borrower operates four (4) charter schools pursuant to a charter from the Arizona State Board for Charter Schools dated October 10, 2014.

As always, the issuance of bonds by the Authority 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 March 3, 2020, 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 2020 Bonds.

The proceeds of the 2020 Bonds will be loaned to the Borrower to finance or refinance (i) the acquisition, renovation and equipping of land and buildings used in the operation of the Borrower's charter schools located at (a) 3816 N. 27<sup>th</sup> Avenue in Phoenix, Arizona and improvements thereto (the "*Tech Campus*"), (b) 3120 N. 32<sup>nd</sup> Street in Phoenix, Arizona (the "*Sage Campus*"), and (c) 2525 East Jefferson Street in Phoenix, Arizona (the "*RLD Campus*") including the refunding of certain Borrower obligations, (ii) finance or refinance the costs of the acquisition, construction, improvement, furnishing and equipping of land and facilities located in Maricopa County, Arizona (the "*North Campus*," and together with the Tech Campus, the Sage Campus and the RLD Campus, the "*Facilities*"), and additional improvements to the Facilities; (iii) reimbursing the Borrower for capital expenditures made in connection with the Project; (iv) funding of any required reserves, as set forth in the Indenture; (v) paying capitalized interest, if any, on the Bonds; and (vi) paying certain issuance expenses (collectively, the "*Project*"). A more detailed description of the Project is contained in the attached Fact Summary.

The 2020 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "*Acr*"). The 2020 Bonds will be issued as fully registered unrated bonds in authorized denominations of \$25,000 and \$5,000 thereafter, only to accredited investors or qualified institutional buyers, subject to an investor letter. The 2020 Bonds will be publicly sold through an offering document by B.C. Ziegler & Company, the Underwriter selected by the Borrower. The 2020 Bonds will not be part of any pool bond issue.

As always, the 2020 Bonds will be special limited obligations of the Authority and will be payable solely from payments made by the Borrower pursuant to a loan agreement and secured by a deed of trust on the Borrower's property, and pledged to the bondholders pursuant to an indenture of trust between the Authority and the trustee named therein. 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 2020 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 REVENUE AND REFUNDING BONDS**  
**(CAREER SUCCESS SCHOOLS PROJECT), SERIES 2020**

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

The 2020 Bonds .....

As part of its program for financing Arizona charter schools, the Authority will issue its Education Facility Revenue and Refunding Bonds (Career Success Schools Project), Series 2020 (the “2020 Bonds”) in an original principal amount not to exceed \$20,000,000 and a maturity date not to exceed 40 years. The 2020 Bonds will bear interest at a fixed rate. The average interest rate on the 2020 Bonds shall not be greater than 12 percent per annum. The 2020 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.

Public Sale .....

The 2020 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 2020 Bonds will be publicly sold by B.C. Ziegler & Company pursuant to an offering document. The 2020 Bonds will not be part of a charter school pool issue.

The Borrower .....

Career Success Schools, an Arizona nonprofit corporation, has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. The Borrower owns or will own the real property, equipment and improvements to be financed or refinanced with proceeds of the 2020 Bonds.

The 2020 Project .....

The 2020 Bonds will be used to finance or refinance (i) the acquisition, renovation and equipping of land and buildings used in the operation of the Borrower’s charter schools located at (a) 3816 N. 27<sup>th</sup> Avenue in Phoenix, Arizona and improvements thereto (the “*Tech Campus*”), (b) 3120 N. 32<sup>nd</sup> Street in Phoenix, Arizona (the “*Sage Campus*”), and (c) 2525 East Jefferson Street in Phoenix, Arizona (the “*RLD Campus*”) including the refunding of certain Borrower obligations, (ii) finance or refinance the costs of the acquisition, construction, improvement, furnishing and equipping

of land and facilities located in Maricopa County, Arizona (the “*North Campus*,” and together with the Tech Campus, the Sage Campus and the RLD Campus, the “*Facilities*”), and additional improvements to the Facilities; (iii) reimbursing the Borrower for capital expenditures made in connection with the Project; (iv) funding of any required reserves, as set forth in the Indenture; (v) paying capitalized interest, if any, on the Bonds; and (vi) paying 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 2020 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 Facilities.

Security for the 2020 Bonds ..

The loan to the Borrower will be secured by (i) a mortgage lien and security interest in the Borrower’s Facilities, including the land, buildings, fixtures and equipment, and (ii) 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 2020 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 2020 Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the 2020 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 2020 Bonds.

**RESOLUTION NO. 2020 -\_\_**

**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 \$20,000,000  
EDUCATION FACILITY REVENUE AND REFUNDING  
BONDS (CAREER SUCCESS SCHOOLS PROJECT) SERIES  
2020 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 and Refunding Bonds (Career Success Schools Project), Series 2020, in one or more series (the "*Bonds*"), the proceeds of which are to be loaned to Career Success Schools (the "*Borrower*"), an Arizona nonprofit corporation, to finance or refinance (i) the acquisition, renovation and equipping of land and buildings used in the operation of the Borrower's charter schools located at (a) 3816 N. 27<sup>th</sup> Avenue in Phoenix, Arizona and improvements thereto (the "*Tech Campus*"), (b) 3120 N. 32<sup>nd</sup> Street in Phoenix, Arizona (the "*Sage Campus*"), and (c) 2525 East Jefferson Street in Phoenix, Arizona (the "*RLD Campus*") including the refunding of certain Borrower obligations, (ii) finance or refinance the costs of the acquisition, construction, improvement, furnishing and equipping of land and facilities located in Maricopa County, Arizona (the "*North Campus*," and together with the Tech Campus, the Sage Campus and the RLD Campus, the "*Facilities*"), and additional improvements to the Facilities; (iii) reimbursing the Borrower for capital expenditures made in connection with the Project; (iv) funding of any required reserves, as set forth in the Indenture; (v) paying capitalized interest, if any, on the Bonds; and (vi) paying certain issuance expenses; and

WHEREAS, on February 14, 2020, the Authority resolved to issue the Bonds in one or more series and in an aggregate amount not to exceed \$20,000,000 (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, dated as of the first day of the month in which the Bonds are issued, between the Authority and the trustee named therein (the "*Trust Indenture*"), (ii) a Loan Agreement, dated as of the first day of the month in which the Bonds are issued (the "*Loan Agreement*"), between the Authority and the Borrower, 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 Trust 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 Trust 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 \_\_\_\_\_, 2020.

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Richard Elias, Chair  
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

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Julie Castañeda, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP,  
Bond Counsel

By: \_\_\_\_\_

