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VIA PREMIER SUPPORT SERVICE

October 1, 2014

Ms. 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 Bonds (Hillcrest Academy Project), Series 2014 – In an Amount Not to Exceed \$12,000,000

Ms. Chair and Members of the Board:

As part of its program for financing Arizona charter schools, at a special meeting to be held on October 10, 2014, The Industrial Development Authority of the County of Pima will consider granting its approval to a final bond resolution authorizing the issuance of its Education Facility Revenue Bonds (Hillcrest Academy Project), Series 2014, the proceeds of which will be used by Hillcrest Academy, Inc. (the “*Borrower*”), an Arizona nonprofit corporation, which holds a charter contract and which is exempt under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “*Code*”).

As always, this issuance of 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 14, 2014, for the purpose of having the Board of Supervisors approve the Resolution. Enclosed herewith are the following:

1. Fact Summary; and
2. Resolution of the Board of Supervisors.

Attached is a copy of the Resolution to be considered by the Authority. 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 Bonds.

The proceeds of the Bonds will be used to (i) finance and/or refinance the costs of acquisition, construction, improvement, renovation, operation and/or equipping of a 48,414 square foot charter school facility on approximately 10 acres of land located at 3761 South Power Road in Mesa, Arizona; (ii) the funding of any required reserve fund as set forth in the Indenture; (iii) paying capitalized interest on the Bonds; and (iv) paying certain issuance expenses (the "*Project*").

The Bonds will be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "*Act*"). The Bonds will be issued as fully registered bonds and will be publicly offered by Lawson Financial Corporation. The Bonds will be issued without a rating in denominations of \$10,000 and integral multiples of \$5,000 thereafter. The Bonds will be sold only to qualified investors who certify that they (a) can bear the economic risk of the purchase of the Bonds, (b) have such knowledge and experience in business and financial matters as to be capable of evaluating the risks and merit of an investment in the Bonds, and (c) acknowledge that the Bonds are suitable only for inclusion in a diversified portfolio and that they have undertaken the responsibility for obtaining all the information that they deemed necessary and who provide an investor letter. The Bonds are not part of any pool bond issue.

As always, the Bonds will be special limited obligations of the Authority and will be payable solely from loan payments made by the Borrower and secured by a deed of trust on the facilities and pledged to the Bondholders pursuant to one or more indentures of trust, between the Authority and BOKF, NA, dba Bank of Arizona, 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 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
Mr. Charles Huckelberry, Pima County Administrator
Mr. Hank Altha, Deputy Pima County Administrator

FACT SUMMARY

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA EDUCATION FACILITY REVENUE BONDS (HILLCREST ACADEMY PROJECT), SERIES 2014

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

- The Bonds As part of its program for financing Arizona charter schools, the Authority will issue its Education Facility Revenue Bonds (Hillcrest Academy Project), Series 2014 (the “*Bonds*”), in one or more series or subseries and in an original aggregate principal amount not to exceed \$12,000,000 and a maturity date not to exceed 40 years. The Bonds will bear interest at a fixed rate. The average interest rate on the Bonds shall not be greater than twelve percent (12%) per annum. The 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 Bonds will be issuable in minimum denominations of \$10,000 or integral multiples of \$5,000 thereafter.
- Sale The Bonds will be publically sold by Lawson Financial Corporation and without a rating and privately placed only to qualified investors who (a) can bear the economic risk of the purchase of the Bonds, (b) have such knowledge and experience in business and financial matters as to be capable of evaluating the risks and merit of an investment in the Bonds, and (c) acknowledge that the Bonds are suitable only for inclusion in a diversified portfolio and that they have undertaken the responsibility for obtaining all the information that they deemed necessary. Lawson Financial Corporation and/or each investor will execute an investor letter acknowledging their qualifications.
- The Borrower Hillcrest Academy, Inc., 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*”). The Borrower has a charter contract with the State of Arizona to operate a charter school at the corner of Power Road and Elliot in Mesa, Arizona and another charter school located at 3916 Paradise Lane in Phoenix, Arizona. The Borrower will own or owns the real property, equipment and improvements to be financed and/or refinanced with proceeds of the Bonds for use as a charter school.

The Prior Bonds The Authority previously issued its (i) Education Facility Revenue Bonds (Destiny Community School Project), Series 2010, in an aggregate principal amount of \$4,000,000 (the “*Prior Bonds*”) for the benefit of the Borrower or its affiliates and to finance related charter schools.

The Project Site The Borrower is acquiring or refinancing an approximately 10 acres of land located on the corner of Power Road and Elliot in Mesa, Arizona (the “*Property*”).

Bond Proceeds The proceeds of the Bonds will be used for the purpose of (i) financing and/or refinancing the costs of acquisition, construction, improvement, renovation, operation and/or equipping of a 48,414 square foot charter school facility on approximately 10 acres of land located at 3761 South Power Road in Mesa, Arizona (the “*Facilities*”); (ii) funding of any required reserve fund as set forth in the Indenture; (iii) paying capitalized interest on the Bonds; and (iv) 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 Bonds when due. The Borrower’s obligations under the Loan Agreement will be secured by a promissory note and a deed of trust, which will be recorded on the Facilities.

Security for the Bonds The loan to the Borrower will be secured by (i) a deed of trust, security agreement, assignment of rents and leases and fixture filing on the Facilities; and (ii) all other revenues of the Borrower, including those payable from the charter contract located at the Facilities (including certain State revenues due to the Borrower).

The Authority has no taxing power. The 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 Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the 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.

RESOLUTION NO. 2014-_____

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 EDUCATION FACILITY REVENUE BONDS (HILLCREST ACADEMY PROJECT), SERIES 2014 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 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 one or more series of its Education Facility Revenue Bonds (Hillcrest Academy Project), Series 2014, in one or more series (the "*Bonds*"), the proceeds of which will be used by Hillcrest Academy, Inc. (the "*Borrower*"), an Arizona nonprofit corporation, for the purpose of (i) financing and/or refinancing the costs of the acquisition, construction, improvement, renovation, operation and/or equipping of a 48,414 square foot charter school facility on approximately 10 acres of land located at 3761 South Power Road in Mesa, Arizona; (ii) the funding of any required reserve fund; (iii) paying capitalized interest on the Bonds; and (iv) paying certain issuance expenses (the "*Project*"); and

WHEREAS, on October 10, 2014, the Authority resolved to issue the Bonds in one or more series in an aggregate amount not to exceed \$12,000,000 (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 BOKF, dba Bank of Arizona (the "*Trust Indenture*"), (ii) a Loan Agreement relating to the Bonds (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 forms of the Bonds; 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; 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 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.
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 _____, 2014.

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:  Dan K. Ferraro

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA AUTHORIZING THE ISSUANCE, OFFER, SALE AND DELIVERY OF ONE OR MORE SERIES OF ITS TAX-EXEMPT AND/OR TAXABLE EDUCATION FACILITY REVENUE BONDS (HILLCREST ACADEMY PROJECT), SERIES 2014, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,000,000 (THE "SERIES 2014 BONDS"); AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, A LOAN AGREEMENT, A BOND PURCHASE AGREEMENT, AND DELIVERY OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED AND DELIVERED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE SERIES 2014 BONDS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF SERIES 2014 BONDS.

WHEREAS, The Industrial Development Authority of the County of Pima (the "Issuer"), a nonprofit corporation designated a political subdivision of the State of Arizona (the "State"), incorporated with the approval of the County of Pima (the "County"), pursuant to the provisions of the Constitution of the State and under Title 35, Chapter 5, Arizona Revised Statutes, as amended (the "Act"), is authorized and empowered, among other things: (a) to issue its revenue bonds to pay costs of a "project" (as defined in Section 35-701 of the Act); (b) to make loans from the proceeds of the sale of its revenue bonds to any person to provide for financing and refinancing the costs of acquiring, constructing, improving, equipping and maintaining one or more "projects" and to pledge all or any part of the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; (c) to enter into contracts and execute any agreements or instruments and do any other act necessary or appropriate to carry out its purposes; and (d) to enact this Resolution and to enter into the Loan Agreement, the Indenture of Trust and the Bond Purchase Agreement, all as hereafter defined, upon the terms and conditions provided herein and therein; and

WHEREAS, Hillcrest Academy, Inc. (the "Borrower"), a duly organized and validly existing Arizona nonprofit corporation operated exclusively for charitable and educational purposes as a charter school under Arizona Revised Statutes Title 15, Chapter 1, Article 8, as amended (the "Charter School Act"), has requested that the Issuer issue its revenue bonds for the purposes of: (i) financing or refinancing the costs of acquisition, construction, improvement, renovation, operation and equipping of a 48,414-square-foot charter school facility on approximately 10 acres of land located at 3761 South Power Road in Mesa, Arizona (the "Series 2014 Facilities"); (ii) funding of any required reserves as set forth in the Indenture (defined

below); (iii) paying capitalized interest, if any, on the Series 2014 Bonds (defined below); and (iv) paying certain issuance expenses (collectively, the "Series 2014 Project"); and

WHEREAS, in furtherance of the purposes of the Act, the Issuer proposes to issue one or more series of its tax-exempt and/or taxable Education Facility Revenue Bonds (Hillcrest Academy Project), Series 2014 in an aggregate principal amount of not to exceed \$12,000,000 (the "Series 2014 Bonds") pursuant to the Indenture of Trust (the "Indenture") to be dated as of the first day of the month in which the Series 2014 Bonds are issued, between the Issuer and Bankers Trust Company (the "Trustee"), the proceeds of which will be loaned to the Borrower, pursuant to the Loan Agreement (the "Loan Agreement") to be dated as of the first day of the month in which the Bonds are issued, between the Issuer and the Borrower to finance the costs of the Series 2014 Project; and

WHEREAS, the Series 2014 Bonds are payable from the Trust Estate (as that term is defined in the Indenture), which will include, among other items, payments of principal and interest on the Promissory Note to be executed by the Borrower (the "Promissory Note") and one or more Deeds of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing, to be executed by the Borrower (collectively, the "Deed of Trust"), all of which will be assigned to the Trustee (as hereinafter defined); and

WHEREAS, there have been prepared and presented at this meeting and there are on file with the Secretary of this Board proposed forms of the following documents:

- (a) the Indenture of Trust;
- (b) the Loan Agreement;
- (c) a Deed of Trust from the Borrower to the Trustee, as beneficiary, and the entity named therein serving as trustee;
- (d) the Bond Purchase Agreement (the "Bond Purchase Agreement"), among the Issuer, the Borrower and the underwriter named therein (the "Underwriter"); and
- (e) the Preliminary Official Statement, which together with certain changes thereto will become the final Official Statement, relating to the Series 2014 Bonds (the "Official Statement").

The documents identified in paragraphs (a), (b) and (d) above are collectively referred to herein as the "Issuer Documents"; and

WHEREAS, this Board determines hereby that the execution and delivery of the Issuer Documents and the issuance and sale of the Series 2014 Bonds by the Issuer as contemplated by such documents and the effect thereof will each be in furtherance of the purposes of the Issuer and the Act; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA AS FOLLOWS:

Section 1. Authority. The Series 2014 Bonds herein authorized shall be issued pursuant to the laws of the State, the Act and the Code (defined below) and other applicable provisions of law.

It is hereby determined that the Series 2014 Project to be financed with the Series 2014 Bonds is a "project," as defined in and permitted by the Act, and the financing of the Series 2014 Project is in the public interest and is consistent with the purposes of the Act.

Section 2. Definitions. In addition to words and terms elsewhere defined in this Resolution, the following words and terms shall have the following meanings unless some other meaning is plainly intended and provided that the dated date of the documents described in this Resolution to which the Issuer is a party may be changed upon the advice of Russo, Russo & Slania, P.C., as counsel to the Issuer, to such date or dates as may be determined to best effectuate the provisions of this Resolution, such determination to be conclusively evidenced by the execution and delivery by an officer of the Issuer of the respective documents with such amended dates:

"Board" means the Board of Directors of The Industrial Development Authority of the County of Pima.

"Closing Date" means the date upon which there is an exchange of Series 2014 Bonds for proceeds representing the purchase price thereof.

"Code" means the Internal Revenue Code of 1986, and all applicable regulations (whether temporary or final) under that Code and the statutory predecessor of the Code, as applicable, and any official rulings and judicial determinations under the foregoing applicable to the Series 2014 Bonds.

Section 3. Authorization and Terms of Series 2014 Bonds. Pursuant to the Act and the terms of the Indenture, there is hereby authorized the issuance and sale of the Series 2014 Bonds of the Issuer in one or more series to be known as "Education Facility Revenue Bonds (Hillcrest Academy Project), Series 2014" in an original aggregate principal amount of not to exceed \$12,000,000, for the purpose of paying costs of the Series 2014 Project. The Series 2014 Bonds shall be issued in the forms and on the terms set forth therein and in the Indenture. The Series 2014 Bonds shall be dated as of such date as set forth therein and in the Indenture.

The Series 2014 Bonds shall mature on such date or dates as set forth in the respective forms of the Series 2014 Bonds and the Indenture, provided that the final maturity of the Series 2014 Bonds shall be not later than forty years after the Closing Date. The Series 2014 Bonds shall bear interest at the rate or rates of interest per year as set forth in the respective forms of the Series 2014 Bonds and in the Indenture, provided that such rate or rates of interest shall not exceed 12% per year. Interest on the Series 2014 Bonds shall be payable on each interest payment date and at such other times as set forth in the forms of the Series 2014 Bonds and the

Indenture until the principal sum is paid or duly provided for, and shall be calculated on the basis of a 360-day year of twelve 30-day months.

The Series 2014 Bonds shall be payable solely out of the payments, revenues and receipts received by the Issuer pursuant to the Loan Agreement, and other security provided in the Indenture, and such payments, revenues and receipts as shall be pledged and assigned to the Trustee as security for the payment of the Series 2014 Bonds as provided in the Indenture. The approval of the Issuer of the final terms of the Series 2014 Bonds as set forth in the Indenture shall be conclusively evidenced by execution of the Indenture by the authorized officer of the Issuer executing the Indenture.

The Series 2014 Bonds shall be subject to redemption prior to maturity as provided in the Indenture and in the forms of the Series 2014 Bonds; shall be executed and authenticated in such manner, shall be in such denominations, shall be of such tenor and effect, and shall have such transfer restrictions, all as provided in the Indenture.

Section 4. Execution of the Series 2014 Bonds. The forms, terms and provisions of the Series 2014 Bonds, in the forms contained in the Indenture, are hereby approved, with only such changes therein as are not inconsistent herewith and as permitted under the Indenture. The President and the Secretary or Assistant Secretary of the Issuer are each hereby authorized to execute the Series 2014 Bonds and are each hereby authorized to cause them to be delivered. The signatures of the President and the Secretary or Assistant Secretary on the Series 2014 Bonds may be by manual or facsimile signature. No Series 2014 Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution or the Indenture unless and until the certificate of authentication printed on the Series 2014 Bonds is signed by the Trustee.

Section 5. Execution of Documents. The forms, terms and provisions of the Issuer Documents related to the Series 2014 Bonds, in the forms of such documents (including the exhibits thereto) presented to this meeting, are hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are permitted by the Act and the Code, as shall be approved by those officers executing and delivering the same on behalf of the Issuer, and such execution and delivery or approval shall constitute conclusive evidence of their approval and of this Board's approval of any such changes from the respective forms thereof presented to this meeting. Any officer of the Issuer is hereby authorized to execute and deliver the Indenture, the Loan Agreement, the other Issuer Documents, and any other documents related to the Series 2014 Bonds on behalf of this Board. The authorization of the issuance of the Series 2014 Bonds is expressly conditioned upon the understanding that the Issuer will not execute any document or consent to the execution of any document until the form of such document is acceptable to Russo, Russo & Slania, P.C., counsel to the Issuer.

Section 6. Request for Authentication. The President or any other officer of the Issuer is hereby authorized to execute and deliver to the Trustee any written order of the Issuer for the authentication and delivery of the Series 2014 Bonds of the Trustee to the Underwriter.

Section 7. Bond Purchase Agreement; Sale of Series 2014 Bonds. The sale and delivery of the Series 2014 Bonds to the Underwriter on the terms set forth in the Bond Purchase

Agreement and the execution of such Bond Purchase Agreement in substantially the form presented to this meeting by any officer of the Issuer is hereby authorized with such changes to the Bond Purchase Agreement as such officer shall approve after consultation with Russo, Russo & Slania, P.C., counsel to the Issuer, such approval to be conclusively evidenced by the execution thereof.

Section 8. Other Actions. To the extent permitted by law, any of the officers and agents of the Issuer are hereby authorized and directed to take all action necessary on its part or reasonably required by the parties to the Issuer Documents to carry out, give effect to and consummate the transactions contemplated thereby, including, without limitation, the authorization of payment of the Series 2014 Bonds as provided in the Indenture and the execution and delivery of the closing and other documents necessary or appropriate to be delivered in connection with the issuance, offer, sale and delivery of the Series 2014 Bonds.

Section 9. Offering Documents. The distribution by the Underwriter of the Preliminary Official Statement in connection with the offering of the Series 2014 Bonds for sale is hereby ratified, confirmed and approved. Any officer of the Issuer is hereby authorized and directed to execute and deliver any documents relating to the final Official Statement to the Underwriter, with such changes as are necessary to conform to the Bond Purchase Agreement and such further changes as are not, in the opinion of such officer, inconsistent with the actions taken and the documents approved at this meeting.

Section 10. Declaration of Intent to Authorize Reimbursement. The Issuer hereby expresses its intent to reimburse certain qualified expenditures incurred by the Borrower with respect to the acquisition, construction, equipping and furnishing of the Series 2014 Project with proceeds of the Series 2014 Bonds issued and sold pursuant to the provisions of the Act in a principal amount presently estimated not to exceed the amount set forth in Section 3 above.

Section 11. Limited Obligations. Nothing contained in this Resolution or in the Issuer Documents or any other document or instrument, shall be construed as obligating the Issuer, except to the extent provided in such documents or instruments, or as incurring a charge upon the general credit or taxing power of the Issuer, the County or the State or any other political subdivision thereof, nor shall the breach of any agreement contained in this Resolution, the Issuer Documents or any other instrument or document executed in connection therewith impose any charge upon the general credit or taxing power of the Issuer, the County or the State or any other political subdivision thereof. The Issuer has no taxing power.

Section 12. Actions of Officers, Staff, Directors and Agents. All actions of the officers, staff, directors and agents of the Issuer which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance, sale and delivery of the Series 2014 Bonds as contemplated by this Resolution and the documents referred to herein, whether heretofore or hereafter taken, shall be and are hereby ratified, confirmed and approved. The proper officers, staff, directors and agents of the Issuer are hereby authorized and directed to do all such acts and to execute, acknowledge and deliver all such documents on behalf of the Issuer as may be deemed necessary or desirable to carry out the terms and intent of this Resolution and of any of the documents referred to herein.

Section 13. Role of Trustee. The Trustee, initially Bankers Trust Company, shall serve as trustee, bond registrar and paying agent under the Indenture and is hereby appointed as such.

Section 14. Tax Covenants. The Issuer covenants that it will restrict the use of the proceeds of any Series 2014 Bonds the interest on which is excludable from gross income for federal income tax purposes (the "Tax-Exempt Series 2014 Bonds") in the manner and to the extent, if any, which may be necessary, after taking into account reasonable expectations at the time of the delivery of and payment for the Tax-Exempt Series 2014 Bonds, so that the Tax-Exempt Series 2014 Bonds will not constitute arbitrage bonds under Section 148 of the Code. To those ends, the President, or any other officer of the Board having responsibility for issuing the Series 2014 Bonds, is authorized and directed, alone or in conjunction with any of the foregoing or with any other officer, employee, consultant or agent of the Issuer to give: (i) an appropriate certificate of the Issuer, for inclusion in the transcript of proceedings for the Series 2014 Bonds, setting forth the reasonable expectations of the Issuer regarding the amount and use of the proceeds of the Tax-Exempt Series 2014 Bonds and the facts, estimates and circumstances on which those expectations are based, all as of the date of delivery of and payment for the Series 2014 Bonds, and (ii) the statement setting forth the information, with respect to the Tax-Exempt Series 2014 Bonds, required by Section 149(e) of the Code.

The Issuer covenants that it: (A) will take or require to be taken all actions that may be required of it for the interest on the Tax-Exempt Series 2014 Bonds to be and remain excluded from gross income for federal income tax purposes; and (B) will not take or authorize to be taken any actions that would adversely affect that exclusion under the provisions of the Code, and that it, or persons acting for it, will, among other acts of compliance: (i) restrict the yield on investment property acquired with the proceeds of the Tax-Exempt Series 2014 Bonds; (ii) make timely rebate payments to the federal government; and (iii) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code; and the appropriate officers of the Issuer are hereby authorized and directed to take any and all actions as may be appropriate to assure such exclusion of that interest. In its performance of these covenants and other covenants of the Issuer, including covenants in the Issuer Documents, pertaining to federal income tax laws, the Issuer may rely in good faith upon the advice of nationally recognized bond counsel which is in writing and is provided to the Trustee.

Section 15. Advice of Counsel. In the execution and delivery of any instruments authorized hereby, the President and any other officer of the Board are hereby authorized to rely on advice of Russo, Russo & Slania, P.C., as counsel to the Issuer, to make modifications therein and to execute and deliver such additional instruments as may be reasonably required to effect the issuance, sale and delivery of the Series 2014 Bonds.

Section 16. Conditions. In addition to the other conditions set forth herein (including those conditions set forth in Section 18 hereof) and in the Issuer Documents, the issuance, delivery and sale of the Series 2014 Bonds is subject to satisfaction of the following conditions:

- (i) unless the Series 2014 Bonds are rated "BBB-" or better (or an equivalent rating) from a nationally recognized bond rating agency, each purchaser of the Series

2014 Bonds shall execute and deliver an investor acknowledgement letter in form and substance satisfactory to the Issuer and its counsel;

(ii) the Borrower shall pay or cause to be paid on the Closing Date the reasonable fees and expenses of the Issuer, including without limitation, the fees and expenses of its counsel;

(iii) the Borrower shall agree to pay or cause to be paid the Issuer's Fee (as defined in the Indenture) in the amounts and at the times set forth in the Issuer Documents; and

(iv) the Borrower shall enter into a Program Administration Agreement (as defined in the Indenture) with Community Investment Corporation, as administrator, and shall agree to pay or cause to be paid the fees due thereunder.

Section 17. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 18. County Approval. The approval of the Board of Supervisors of Pima County of the issuance of the Series 2014 Bonds shall be a condition precedent to such issuance. This Board hereby requests such approval and directs its Secretary to deliver promptly a certified copy of this Resolution to the Clerk of the Board of Supervisors.

Section 19. Delegation to Alternate Officers. In the event of the absence, unavailability or inability to act of the President or the Secretary, the then President, the Vice President, any assistant or acting Secretary, or any other member of this Board, are each authorized and empowered to take all actions, and to execute all documents and instruments and to deliver the same, as are herein authorized to be taken or executed and delivered by the President or the Secretary, as the case may be.

Section 20. Repeal of Conflicting Resolutions, Effective Date and Irrepealability. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, and this Resolution shall be in immediate effect from and after its adoption.

Section 21. Waivers. Any provisions of any bylaws, orders, procedural pamphlets and resolutions of the Issuer inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any bylaw, order, procedural pamphlet or resolution or any part thereof.

Section 22. Legal Compliance. It is found and determined that all formal actions of the Issuer and the Board concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Issuer.

ADOPTED AND APPROVED this ____ day of October, 2014.

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE COUNTY OF PIMA

By: _____
Name: _____
Title: _____

DRAFT