

**MINUTES OF THE SPECIAL MEETING OF  
THE BOARD OF DIRECTORS OF THE  
INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE COUNTY OF PIMA  
JULY 23, 2010**

A special meeting of the Board of Directors of The Industrial Development Authority of the County of Pima was held on July 23, 2010 at 12:00 p.m. at the Pima County Administrator's Conference Room, 10<sup>th</sup> Floor, 130 West Congress, Tucson, Arizona. The President called the meeting to order and declared the same open to the public, and announced that the meeting had been duly called according to law, and that the notice of the time, place and purpose of the meeting had been given in accordance with the Bylaws of the Authority and provisions of the law. The President ordered that a copy of the Notice of the meeting be attached to the Minutes of this meeting and be made a part of the proceedings.

The following Directors were present at the meeting, constituting a quorum:

Stanley Lehman  
Bernhardt Wm. Collins  
Frank Y. Valenzuela  
Cecilia Cruz  
Virginia L. Yrun

At the request and pleasure of the Board, Michael A. Slania, Counsel for the Authority, was also present.

**NEW BUSINESS**

The President announced that the first item of new business on the Agenda was the consideration for approval of the issuance of refunding and revenue bonds for the benefit of a loan to Providence Day School, Inc., a North Carolina nonprofit corporation, in an amount not to exceed \$20,000,000.00 for the purposes of (i) financing the costs of acquiring, constructing, improving and equipping of private school facilities located at 5624 Sardis Road, 5800 Sardis Road, 5924 Sardis Road and 411 Glen Oaks Road, all located in Charlotte, North Carolina; (ii) funding certain reserve funds; and (iii) paying issuance expenses related to the Bonds. A public hearing was opened. Mr. Slania presented for the consideration of the Board, the application and the Project to the public and the Authority. Mr. Slania stated that the school is a non-profit private school located in North Carolina. Revenue bonds were issued to the

school in 1999, and they have an interest in refunding the remaining portion of those bonds to reamortize the remaining five years, as well as adding new money. The underwriter has requested that the North Carolina Educational Facilities Authority has rules that will not allow them to do that. The school has its 501(c)(3) status, and anticipates an issuance of bonds in an amount not to exceed \$20,000,000.00 and has applied to the Authority to issue its bonds. As a 501(c)(3), there are limits on costs of issuance and limits on how the money will be used. Closing to be within the next thirty to forty-five days.

There was a call to the public for any comments or questions. There being no public, comments or questions, the Board moved to close the public hearing. The Board seconded this motion and the Chair called for a vote. The motion passed unanimously and the public hearing was formally closed. Immediately following the public hearing was the consideration for final approval of a resolution authorizing and approving the issuance of such Revenue Bonds in an aggregate principal amount not to exceed \$20,000,000 in one or more series to be loaned to Providence Day School, Inc. to finance and/or refinance the costs of acquiring, constructing, improving, equipping and operating educational facilities located at 5624 Sardis Road, 5800 Sardis Road, 5924 Sardis Road, and 411 Glen Oaks Road ; (ii) funding certain reserves; (iii) paying capitalized interest, if any; and (iv) paying issuance expenses related to the Bond. General discussion ensued. CIC's role for disclosure assistance was discussed as a benefit within Pima County. Board Member Yrun made a motion approving the issuance of such Education Facility Revenue Bonds to Providence Day School, Inc. in an amount not to exceed \$20,000,000. Board Member Collins seconded.

The President called for a vote:

**AYES**

Stanley Lehman  
Bernhardt Wm. Collins  
Frank Y. Valenzuela  
Cecilia Cruz  
Virginia L. Yrun

**NAYS**

Whereby, the President declared that the motion was carried, and said Resolution was passed and adopted. The Secretary was directed to make the Resolution a part of the Minutes and to attach a copy of the Resolution to the Minutes.

The President announced that the next item of new business on the Agenda was the Educational Facility Revenue Bonds (Surprise Prep School II, LLC), Series 2010 - Consideration for approval of a preliminary resolution regarding the issuance of such educational facility revenue bonds for the benefit of a loan to Surprise Prep School II, LLC, an Arizona limited liability company, in an amount not to exceed \$16,000,000 for the purpose of financing and/or refinancing the acquisition, construction, rehabilitation and improvement of charter school facilities located at 14850 156<sup>th</sup> Street in Surprise, Arizona and 5050 North 19<sup>th</sup> Avenue in Phoenix, Arizona, together with the costs of issuance for the Bonds, all owned, or to be owned, by Surprise Prep School II, LLC ("Surprise Prep"). Mr. Slania briefly discussed the application, which is a for profit entity which finances charter school facilities. The entity, Surprise Prep, will lease the charter school facilities to nonprofit charter schools for their operations. General discussion ensued. Board Member Valenzuela made a motion approving the issuance of charter school revenue bonds for the benefit of Surprise Prep School II, LLC, in an amount not to exceed \$16,000,000. Board Member Collins seconded.

The President called for a vote:

**AYES**

Stanley Lehman  
Bernhardt Wm. Collins  
Frank Y. Valenzuela  
Cecilia Cruz  
Virginia L. Yrun

**NAYS**

Whereby, the President declared that the motion was carried, and said Resolution was passed and adopted. The Secretary was directed to make the Resolution a part of the Minutes and to attach a copy of the Resolution to the Minutes.

The President announced that the next item of new business on the agenda was the approval of a schedule of legal services to be rendered on behalf of the Authority. Mr. Slania discussed with the Board that they had signed a two year contract last year, and this schedule provides for an increase in some attorneys' fees by \$25.00 an hour. General discussion ensued. Board Member Cruz made a motion approving the increase in attorney's fees. Board Member Collins seconded.

The President called for a vote:

**AYES**

Stanley Lehman  
Bernhardt Wm. Collins  
Frank Y. Valenzuela  
Cecilia Cruz  
Virginia L. Yrun

**NAYS**

Whereby, the President declared that the motion was carried.

The President announced that the next item of new business on the Agenda was the approval of annual administrative billing and fee schedule. Mr. Slania discussed with the Board that, as discussed in the past, the Authority has an Administrative Fee Schedule for all of its financings where the fees was not "built in" and a set fee of 10 basis points on the original principal amount of the bonds for all other deals. In addition, the Authority can review the Administrative Fee on each financing, but also put a cap of \$100,000.00 on the standard fee for all of the bond issues. Mr. Slania then discussed other options with the Board and that it is up to the Authority on each and every separate bond issue. General discussion ensued. Board Member Valenzuela made a motion approving the annual administrative billing and fee schedule. Board Member Collins seconded.

The President called for a vote:

**AYES**

Stanley Lehman  
Bernhardt Wm. Collins  
Frank Y. Valenzuela  
Cecilia Cruz  
Virginia L. Yrun

**NAYS**

Whereby, the President declared that the motion was carried.

The President announced that the next item of new business on the Agenda was the approval of the annual budget. No changes were made on the current budget and the Board does not anticipate any changes. Board Member Valenzuela made a motion approving the annual budget. Board Member Collins seconded.

The President called for a vote:

**AYES**

Stanley Lehman  
Bernhardt Wm. Collins  
Frank Y. Valenzuela  
Cecilia Cruz  
Virginia L. Yrun

**NAYS**

Whereby, the President declared that the motion was carried, and said Resolution was passed and adopted. The Secretary was directed to make the Resolution a part of the Minutes and to attach a copy of the Resolution to the Minutes.

**DISCUSSION OF OTHER MATTERS**

The President asked if there were any other matters to discuss. Mr. Slania brought to the attention of the Board members a seminar in Brooklyn, New York to be held September 27<sup>th</sup> through the 29<sup>th</sup>. He distributed and discussed the package that had been prepared, and invited Board Members to attend in Brooklyn, New York. The seminar will discuss the New Issue Bond Purchase Program and the future of Affordable Housing Finance, Post Recovery and board member training.

Mr. Slania then discussed speaking with Kent Grant at Tucson Electric Power Company, indicating that TEP has \$200,000,000 of carry forward allocation and that they have a possible intention to close this year, if that does not occur, they will want to close in March.

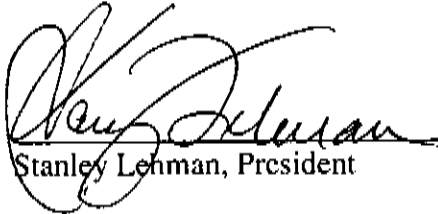
**CALL TO THE PUBLIC**

The President announced that there was no further call to the public.

## ADJOURNMENT

The President then asked if there was any further business to come before the meeting, and there being none, upon motion of Board Member Lehman and a second by Board Member Valenzuela, and all in favor, the meeting was adjourned.

APPROVED this 17<sup>th</sup> day of September, 2010.

  
Stanley Lehman, President

  
Frank Y. Valenzuela, Secretary