

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
STEPHEN T. PORTELL
PATRICK E. BROOM

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

VIA PREMIER SUPPORT SERVICE

April 6, 2016

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 (Edkey Charter Schools Project), Series 2016, in one or more series - in an aggregate amount not to exceed \$40,000,000

Ms. Chair and Members of the Board:

As part of its program for financing charter schools, at a special meeting held on April 1, 2016, The Industrial Development Authority of the County of Pima (the "*Authority*"), granted its final approval to a resolution authorizing the issuance of its Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2016 (the "*2016 Bonds*"), in one or more series or subseries and in an aggregate principal amount not to exceed \$40,000,000, the proceeds of which will be loaned to Edkey, Inc., 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 "*Code*"), or one of Edkey, Inc.'s affiliated entities (collectively, the "*Borrower*").

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 April 19, 2016, 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.

Attached is a copy of the Resolution adopted and approved 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 2016 Bonds.

The Authority previously issued its Education Revenue Bonds (Choice Education and Development Corporation Project), Series 2006, in the amount of \$28,600,000 (the "2006 Bonds"), for the purpose of refinancing the costs of the acquisition, construction, improvement, renovation and equipping charter school facilities located at 2820 West Kelton Lane in Phoenix, Arizona, 1460 South Horne in Mesa, Arizona and 982 Full House Lane in Show Low, Arizona (the "2006 Project"), its Education Facility Revenue and Refunding Bonds (Edkey Charter Schools Project), Series 2013, in the amount of \$44,365,000 (the "2013 Bonds"), as well as its Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2014A, in the amount of \$17,920,000 (the "2014A Bonds"), each for the purpose of financing and refinancing the acquisition, construction, improvement, renovation and equipping of charter school facilities located at various charter school facilities owned by the Borrower.

The proceeds of the 2016 Bonds will be loaned through various loan agreements to the Borrower for the purpose of (i) refinancing the 2006 Project through the refunding of the Authority's outstanding 2006 Bonds, (ii) financing or refinancing the costs of acquisition, construction, improvement, operation and equipping of land and charter school facilities located at 1945 South 1st East Street in Snowflake, Arizona and 4105 East Shea Boulevard in Phoenix, Arizona, (iii) funding of any required reserves, as set forth in the Indenture, (iv) paying capitalized interest, if any, and (v) paying certain issuance expenses.

The 2016 Bonds will be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "Act"), and will be issued as parity bonds with the 2013 Bonds. The Borrower is applying for an investment grade rating on the 2016 Bonds in which case the 2016 Bonds will be issued as fully registered Bonds in minimum denominations of \$5,000 and \$1,000 thereafter; if the investment grade rating is not received, the Underwriter will sell the 2016 Bonds as unrated bonds in minimum denominations of \$25,000 and \$5,000 thereafter, subject to an investor letter. The 2016 Bonds will be publicly sold on a limited basis through a limited offering memorandum by BB&T Capital Markets. The 2016 Bonds are not part of any pool bond issue.

As always, the 2016 Bonds will be special limited obligations of the Authority. The 2016 Bonds will be payable solely from payments made by the Borrower pursuant to a loan agreement and secured by one or more deeds of trust on the project site, as well as a Master Trust Indenture Obligation issued pursuant to the Master Trust Indenture between Edkey, Inc. and BOKF, NA. Such payments will be pledged to the Bondholders pursuant to an indenture of trust 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, will be pledged to the payment of the 2016 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
Charles Huckelberry, Pima County Administrator

FACT SUMMARY

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA EDUCATION FACILITY REVENUE BONDS (EDKEY CHARTER SCHOOLS PROJECT), SERIES 2016 IN ONE OR MORE SERIES

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

The 2016 Bonds	As part of its program for financing charter schools, the Authority will issue its Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2016, (the “ <i>2016 Bonds</i> ”), in one or more series or subseries and in an original aggregate principal amount not to exceed \$40,000,000 and a maturity date not to exceed 40 years. The 2016 Bonds will bear interest at a fixed rate. The average interest rate on the 2016 Bonds shall not be greater than twelve percent (12%) per annum. The 2016 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 2016 Bonds will be issuable either with an investment grade rating and in denominations of \$5,000 and integral multiples of \$1,000 thereafter, or as unrated bonds in the denominations of \$25,000 and integral multiples of \$5,000 thereafter.
Sale	The 2016 Bonds are expected to apply for a rating from Standard & Poor’s Ratings. The 2016 Bonds will be publicly sold on a limited basis by BB&T Capital Markets pursuant to a Limited Offering Memorandum.
The Borrower	Edkey, Inc. is an Arizona nonprofit corporation and has received from the Internal Revenue Service a designation as an organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “ <i>Code</i> ”). Edkey, Inc. (or its affiliated entities) will own the real property, equipment and improvements to be financed and/or refinanced with proceeds of the 2016 Bonds. Edkey, Inc. has multiple charter school contracts by which it operates one or more charter schools at each of the Series 2016 Facilities (the “ <i>Schools</i> ”).

The 2016 Facilities	The Project will be located at (i) 2820 West Kelton Lane in Phoenix, Arizona, (ii) 1460 South Horne in Mesa, Arizona, (iii) 982 Full House Lane in Show Low, Arizona, (iv) 1945 South 1 st East Street in Snowflake, Arizona, and (v) 4105 East Shea Boulevard in Phoenix, Arizona (the “ <i>2016 Facilities</i> ”).
Bond Proceeds	The proceeds of the 2016 Bonds will be used for charter school purposes to (i) finance or refinance the acquisition, renovation, construction, improvement and equipping of the Series 2016 Facilities, including refinancing the projects originally financed by the 2006 Bonds (as defined herein) through the refunding of the 2006 Bonds, (ii) funding of any required reserve fund as set forth in the Indenture, (iii) paying capitalized interest on the 2016 Bonds, if any, and (iv) paying certain issuance expenses.
Prior Bonds	The Authority has previously issued, for Edkey, Inc., its affiliates, or its predecessor entities, various charter school revenue bonds, of which the following bonds are outstanding (collectively, the “ <i>Prior Bonds</i> ”): (i) the Authority’s Education Revenue Bonds (Choice Education and Development Corporation Project), Series 2006 in the amount of \$28,600,000 (the “ <i>2006 Bonds</i> ”), (ii) the Authority’s Education Facility Revenue and Refunding Bonds (Edkey Charter Schools Project), Series 2013 in the amount of \$44,365,000 (the “ <i>2013 Bonds</i> ”), and (iii) the Authority’s Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2014A, in the amount of \$17,920,000 (the “ <i>2014A Bonds</i> ”). Each of the projects for the Prior Bonds consisted of financing and refinancing the acquisition, construction, improvement, renovation and equipping of charter school facilities located at various charter school facilities owned by Edkey, Inc.
Parity Bonds	The 2016 Bonds will be on a parity basis with the 2013 Bonds and the 2014A Bonds as to the Borrower’s revenues.
Documentation	The Authority will enter into a Loan Agreement with each borrower entity, in which it will agree to make payments to the Authority. Each borrower entity’s obligations under their respective Loan Agreement may be secured by one or more promissory notes and one or more deeds of trust, which will be recorded on the 2016 Facilities. The collective payments on all the 2016 Promissory Notes are intended to be sufficient to pay the principal of, premium, if any, and interest on the 2016 Bonds when due. Each borrower entity’s obligations will also be secured by one or more obligations issued under the Master Trust Indenture between Edkey, Inc. and BOKF, NA, as Master Trustee, as amended or supplemented (the “ <i>Master Trust Indenture</i> ”).

Security for the 2016 Bonds . .

The Trustee will receive, as security for the loan to a Borrower related entity, (i) a deed of trust, security agreement, assignment of rents and leases and fixture filing on the 2016 Facilities, (ii) a pledge of each borrowers right, title and interest in and to all amounts deposited into the Funds created in the Indenture (except the Cost of Issuance Fund and the Rebate Fund), and (iii) a promissory note from each Borrower entity. The Trustee will also receive a Master Indenture Obligation issued pursuant to the Master Trust Indenture, the security for which obligations includes, certain state revenues due to Edkey, Inc.

The Authority has no taxing power. The 2016 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 2016 Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the 2016 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 2016 Bonds.

RESOLUTION NO. 2016-____

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 (EDKEY CHARTER SCHOOLS PROJECT), SERIES 2016, IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$40,000,000 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 (Edkey Charter Schools Project), Series 2016 (the "*Bonds*"), the proceeds of which are to be loaned to Edkey, Inc., an Arizona nonprofit corporation, or one of its affiliates (collectively, the "*Borrower*"), for the purpose of (i) refinancing the costs of the acquisition, construction, improvement, renovation and equipping charter school facilities located at 2820 West Kelton Lane in Phoenix, Arizona, 1460 South Horne in Mesa, Arizona and 982 Full House Lane in Show Low, Arizona through the refunding of the Authority's Education Revenue Bonds (Choice Education and Development Corporation Project), Series 2006, (ii) financing or refinancing the costs of acquisition, construction, improvement, operation and equipping of land and charter school facilities located at 1945 South 1st East Street in Snowflake, Arizona and 4105 East Shea Boulevard in Phoenix, Arizona, (iii) funding of any required reserves, as set forth in the Indenture, (iv) paying capitalized interest, if any, on such bonds, and (v) paying certain issuance expenses; and

WHEREAS, on April 1, 2016, the Authority resolved to issue the Bonds in one or more series in an aggregate amount not to exceed \$40,000,000 (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, NA (the "*Trust Indenture*"), (ii) one or more Loan Agreements relating to the Bonds (the "*Loan Agreements*") 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 Agreements 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 Agreements, 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 ____ . 2016.

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: 

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF ONE OR MORE SERIES OF ITS EDUCATION FACILITY REVENUE BONDS (EDKEY CHARTER SCHOOLS PROJECT), IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$40,000,000; AUTHORIZING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE OF TRUST, ONE OR MORE LOAN AGREEMENTS AND A BOND PURCHASE AGREEMENT AND AUTHORIZING THE DELIVERY OF A PRELIMINARY LIMITED OFFERING MEMORANDUM AND LIMITED OFFERING MEMORANDUM; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE BONDS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF BONDS.

WHEREAS, The Industrial Development Authority of the County of Pima (the "Issuer"), a non-profit 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 of the proceeds from the sale of its revenue bonds to any person to provide for financing or refinancing the cost of acquiring, 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 Agreements, the Supplemental Indenture of Trust and the Bond Purchase Agreement, all as hereafter defined, upon the terms and conditions provided herein and therein; and

WHEREAS, in furtherance of the purposes of the Act, the Issuer has previously issued its Education Revenue Bonds (Choice Education and Development Corporation Project), Series 2006 (the "Series 2006 Bonds") and loaned the proceeds to Choice Education and Development Corporation (predecessor in interest to the Corporation (as defined herein)) for the purpose of (i) financing or refinancing the costs of acquiring, constructing, improving, renovating and equipping charter school facilities located at (A) 2820 West Kelton Lane in Phoenix, Arizona (the "ACAA Kelton Facilities"), (B) 1460 South Horne in Mesa, Arizona (the "Horne Facilities") and (C) 982 Full House Lane in Show Low, Arizona (the "Village Facilities"); (ii) the funding of any required reserve funds; (iii) paying capitalized interest; and (iv) paying certain issuance expenses (collectively, the "Series 2006 Project"); and

WHEREAS, in furtherance of the purposes of the Act, the Issuer has previously issued its \$44,365,000 Education Facility Revenue and Refunding Bonds (Edkey Charter School Project),

Series 2013 (“Series 2013 Bonds”), pursuant to the Indenture of Trust dated as of January 1, 2013 (the “Original Indenture”), between the Issuer and BOKF, NA (formerly BOKF, NA dba Bank of Arizona) (the “Trustee”); and

WHEREAS, the Issuer loaned the proceeds of the Series 2013 Bonds to six Arizona limited liability companies (the sole member of each being the Corporation), for the purpose of (i) refunding certain prior bonds of the Issuer; (ii) financing the acquisition, construction, improvement, renovation and equipping of the ACAA Kelton Facilities, the Horne Facilities, the Village Facilities, and charter school facilities located at (A) 19265 North Porter Road in Maricopa, Arizona, (B) 1648 South 16th Street in Phoenix, Arizona, (C) 132 General Crook Trail in Camp Verde, Arizona (the “AHA Camp Verde Facilities”), (D) 2030 East Cherry Street in Cottonwood, Arizona, and (E) 16454 North 28th Avenue in Phoenix, Arizona; (iii) funding required reserve funds; (iv) paying capitalized interest on the Series 2013 Bonds; and (v) paying costs of issuance on the Series 2013 Bonds (the “Series 2013 Project”); and

WHEREAS, in furtherance of the purposes of the Act, the Issuer previously issued its Education Facility Revenue Bonds (Edkey Charter Schools Project) Series 2014A (the “Series 2014A Bonds”) as Additional Bonds under the Original Indenture, the proceeds of which were loaned to three Arizona limited liability companies (the sole member of each being the Corporation) to (i) finance the acquisition, construction, improvement, renovation and equipping of the AHA Camp Verde Facilities and charter school facilities located (A) near the intersection of McDowell Road and Ridgecrest in Mesa, Arizona, and (B) near the intersection of Eastmark Parkway and Crimson Road in Mesa, Arizona, (ii) fund any required reserves, (iii) pay capitalized interest on the Series 2014A Bonds, and (iv) pay certain expenses relating to the issuance of the Series 2014A Bonds (the “Series 2014A Project”); and

WHEREAS, the Issuer is permitted upon satisfaction of the terms of the Original Indenture to issue Additional Bonds (as defined in the Original Indenture), from time to time, pursuant to Supplemental Indentures (as defined in the Original Indenture) thereto; and

WHEREAS, Edkey, Inc. (the “Corporation”), 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 the Issuer issue additional bonds for the purpose of: (i) refinancing the Series 2006 Project through the refunding of the outstanding Series 2006 Bonds; (ii) financing or refinancing the costs of acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at (A) 1945 South 1st East Street in Snowflake, Arizona (the “Snowflake Facilities”) and (B) 4105 East Shea Boulevard in Phoenix, Arizona (the “Shea Facilities”); (iii) funding of any required reserves; (iv) paying capitalized interest, if any, on the Series 2016 Bonds (defined below); and (v) paying certain issuance expenses (collectively, the “Series 2016 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 (Edkey Charter Schools Project), Series 2016 in an aggregate principal amount of not to exceed \$40,000,000 (the “Series 2016 Bonds”), the proceeds of which will be loaned to the Corporation and/or one or more existing and to-be-created Arizona limited liability companies, the sole member of each being or to be the Corporation (collectively, the “Series 2016 Borrowers”); and

WHEREAS, the Series 2016 Bonds will be issued pursuant to Original Indenture as supplemented by and through the Second Supplemental Indenture of Trust, dated as of the first day of the month in which the Series 2016 Bonds are issued (the "Second Supplemental Indenture" and, together with the Original Indenture as previously supplemented, the "Indenture") between the Issuer and the Trustee, and the proceeds of the Series 2016 Bonds will be loaned to the Series 2016 Borrowers pursuant to one or more Loan Agreements, which may include supplements to existing Loan Agreements, each to be dated as of the first day of the month in which the Series 2016 Bonds are issued (each a "Loan Agreement"), each between the Issuer and the applicable Series 2016 Borrower; and

WHEREAS, the Series 2016 Bonds will be payable from the Trust Estate (as defined in the Original Indenture), on a parity with the Series 2013 Bonds and the Series 2014A Bonds which will include, among other things, payments of principal of and interest on the Promissory Note to be executed by each Series 2016 Borrower (each a "Series 2016 Promissory Note" and, collectively, the "Series 2016 Promissory Notes"), and one or more Deeds of Trust, Security Agreements, Assignments of Rents and Leases, and Fixture Filings, which may consist of a modification or amendment to an existing Deed of Trust (each a "2016 Deed of Trust" and, collectively, the "Series 2016 Deeds of Trust"); and

WHEREAS, the Corporation is the initial and only member of the Obligated Group established under the Master Trust Indenture, dated as of January 1, 2013, as supplemented to date (the "Initial Master Indenture"), between the Corporation and BOKF, NA (formerly BOKF, NA, dba Bank of Arizona), a national banking association, as Master Trustee (the "Master Trustee"), as it may be amended from time to time; and

WHEREAS, pursuant to Supplemental Master Indenture Number Four, dated as of the first day of the month in which the Series 2016 Bonds are issued (together with the Initial Master Indenture, the "Master Indenture"), between the Corporation and the Master Trustee, supplementing the Initial Master Indenture, the Corporation will issue Obligation No. 3 in the same principal amount as the principal amount of the Series 2016 Bonds, payable to the Trustee (the "Series 2016 Master Note"), evidencing the obligation of the Obligated Group to make payments to the Trustee sufficient to pay the principal of, premium, if any, and interest on the Series 2016 Bonds; and

WHEREAS, the Series 2016 Bonds will be sold by BB&T Capital Markets, a division of BB&T Securities, LLC, as underwriter (the "Underwriter"), pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), among the Issuer, the applicable Series 2016 Borrowers and the Underwriter, and the Underwriter will distribute to investors a Preliminary Limited Offering Memorandum, relating to the Series 2016 Bonds issued and describing the transaction (each a "Preliminary Limited Offering Memorandum"); 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 Second Supplemental Indenture;
- (b) a Loan Agreement;

- (c) a Deed of Trust;
- (d) a Bond Purchase Agreement; and
- (e) a Preliminary Limited Offering Memorandum, which together with certain changes thereto will become a Final Limited Offering Memorandum, relating to the applicable series of Bonds (the "Limited Offering Memorandum").

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 2016 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 2016 Bonds herein authorized shall be issued pursuant to the laws of the State, the Act and the Code and other applicable provisions of law.

It is hereby determined that the Series 2016 Project to be financed and/or refinanced with the Series 2016 Bonds is a "project," as defined in and permitted by the Act, and the financing and/or refinancing of the Series 2016 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 the Series 2016 Bonds for proceeds representing the purchase price thereof from the Underwriter.

"Code" means the Internal Revenue Code of 1986, as amended, 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 2016 Bonds.

"State" means the State of Arizona.

Section 3. Authorization and Terms of Bonds. Pursuant to the Act and the terms of the Indenture, there are hereby authorized the issuance and sale of one or more series of Bonds of the Issuer to be known as "Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2016" in an original aggregate principal amount of not to exceed \$40,000,000, for the purpose of paying costs of the Series 2016 Project. The Series 2016 Bonds shall be issued in the forms, on the terms and with the specific series designation set forth therein and in the Indenture. The Series 2016 Bonds shall be dated as of a date of the initial issuance and delivery thereof, or such other date as set forth therein and in the Indenture.

The Series 2016 Bonds shall mature on such date or dates as set forth in the final executed forms of the Series 2016 Bonds and the Indenture, provided that the final maturity of the Series 2016 Bonds shall be not later than forty years after its issuance date. The Series 2016 Bonds shall bear interest at the rate or rates of interest per year as set forth in the final executed forms of the Series 2016 Bonds and in the Indenture provided that such rate or rates of interest shall not exceed 12% per year. Interest on the Series 2016 Bonds shall be payable on each interest payment date and at such other times as set forth in the final executed forms of the Series 2016 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 2016 Bonds shall be payable solely out of the payments, revenues and receipts received by the Issuer pursuant to the Loan Agreements, 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 2016 Bonds as provided in the Indenture. The approval of the Issuer of the final terms of the Series 2016 Bonds as set forth in the Indenture shall be conclusively evidenced by execution of the Issuer Documents by the authorized officers of the Issuer executing the Issuer Documents.

The Series 2016 Bonds shall be subject to redemption prior to maturity as provided in the Indenture and in the forms of the Series 2016 Bonds; shall be payable, shall be executed and authenticated in such manner, shall be in such forms and denominations, shall be of such tenor and effect, shall be payable from such sources and shall have such transfer restrictions, all as provided in the Indenture.

Section 4. Execution of the Series 2016 Bonds. The forms, terms and provisions of the Series 2016 Bonds, in the forms contained in the Indenture, be and they hereby are 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 2016 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 2016 Bonds may be by manual or facsimile signature. No Series 2016 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 2016 Bonds is signed by the Trustee.

Section 5. Execution of Documents. The forms, terms and provisions of the Issuer Documents, in the forms of such documents (including the exhibits thereto) presented to this meeting, are hereby approved, with such insertions, deletions, changes and supplements 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 or supplements from the respective forms thereof presented to this meeting. Any officer of the Issuer is hereby authorized to execute and deliver the Issuer Documents and any other documents related to the Series 2016 Bonds on behalf of this Board. The authorization of the issuance of the Series 2016 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 documents is acceptable to Russo, Russo & Slania, P.C., counsel to the Issuer.

Section 6. Request for Authentication. Any 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 2016 Bonds by the Trustee to the Underwriter.

Section 7. Bond Purchase Agreement; Sale of Series 2016 Bonds. The sale and delivery of the Series 2016 Bonds to the Underwriter on the terms set forth in the Bond Purchase Agreement and the execution of the 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 2016 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 sale and delivery of the Series 2016 Bonds.

Section 9. Offering Documents. The distribution by the Underwriter of the Preliminary Limited Offering Memorandum in connection with the offering of the Series 2016 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 applicable final Limited Offering Memorandum 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 2016 Project with proceeds of the Series 2016 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 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 and sale of the Series 2016 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. Approval of Trustee. BOKF, NA, as trustee, bond registrar and paying agent under the Indenture is hereby confirmed.

Section 14. Tax Covenants. The Issuer covenants that it will restrict the use of the proceeds of any Series 2016 Bonds the interest on which is excludable from gross income for federal income tax purposes (the "Tax-Exempt 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 Bonds, so that the Tax-Exempt Bonds will not constitute arbitrage bonds under Section 148 of the Code. To those ends, any officer of the Board having responsibility for issuing the Series 2016 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 2016 Bonds, setting forth the reasonable expectations of the Issuer regarding the amount and use of the proceeds of the Tax-Exempt 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 2016 Bonds, and (ii) the statement setting forth the information, with respect to the Tax-Exempt 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 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 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 documents or instruments authorized hereby, the President, the Vice President, the Secretary and any other officer of the Board are hereby authorized to rely on the advice of Russo, Russo & Slania, P.C., as

counsel to the Issuer, to make modifications therein and to execute and deliver such additional documents and instruments as may be reasonably required to effect the issuance, sale and delivery of the Series 2016 Bonds.

Section 16. Conditions. In addition to the other conditions set forth herein and in the Issuer Documents, the issuance, sale and delivery of the Series 2016 Bonds is subject to satisfaction of the following conditions:

(i) unless the Series 2016 Bonds are rated “BBB-” or better (or an equivalent rating) from a nationally recognized bond rating agency, each purchaser of the Series 2016 Bonds shall be either (a) “qualified institutional buyers” within the meaning of Rule 144A of the Securities Act of 1933, as amended (the “Securities Act”), or (b) an “accredited investor” within the meaning of Rule 501 of Regulation D promulgated by the Securities and Exchange Commission pursuant to the Securities Act and shall execute and deliver an investor acknowledgement letter in form and substance satisfactory to the Issuer and its counsel;

(ii) the Corporation 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; and

(iii) the Corporation shall agree to pay or cause to be paid the Issuer’s Administrative Fee (as defined in the Indenture) in the amounts and at the times set forth in the Issuer Documents.

(iv) the Corporation 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 2016 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 its 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 1st day of April, 2016.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PIMA

By: _____

Title: _____