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**VIA FIRST LEGAL SUPPORT SERVICE**

October 2, 2019

Richard Elias, Chairman  
Ms. Sharon Bronson  
Mr. Steve Christy  
Ms. Ally Miller  
Mr. Ramón Valadez

**PIMA COUNTY BOARD OF SUPERVISORS**

County Administration Building  
130 West Congress Street, 11<sup>th</sup> Floor  
Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of  
Intention to Issue Bonds – Education Facility Revenue Bonds (Edkey  
Charter Schools Project), Series 2019 – In an Amount Not to Exceed  
\$35,000,000

Dear Mr. Chairman and Members of the Board:

As part of its statewide program for financing Arizona charter schools, at a special meeting held on October 10, 2019, The Industrial Development Authority of the County of Pima (the “*Authority*”), will consider granting its final approval to a resolution authorizing the issuance of its Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2019 (the “*2019 Bonds*”), in one or more series or subseries and in an aggregate principal amount not to exceed \$35,000,000, 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 the 2019 Bonds is subject to the approval of the Pima County Board of Supervisors. Therefore, the Authority respectfully requests that this matter be placed on the Board of Supervisors’ Regular Meeting Agenda scheduled for October 15, 2019, for the purpose of having the Board of Supervisors approve the action of the Authority. Enclosed herewith are the following:

1. Fact Summary; and

2. Resolution of the Board of Supervisors.

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 2019 Bonds.

The Authority previously issued the following 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: (i) its Education Revenue Bonds (Choice Education and Development Corporation Project), Series 2006, in the amount of \$28,600,000 (the “*2006 Bonds*”), (ii) its Education Facility Revenue and Refunding Bonds (Edkey Charter Schools Project), Series 2013, in the amount of \$44,365,000 (the “*2013 Bonds*”), (iii) its Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2014A, in the amount of \$17,920,000 (the “*2014A Bonds*”), and (iv) its Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2016, in the amount of \$31,315,000 (the “*2016 Bonds*”). The 2013 Bonds, the 2014A Bonds and the 2016 Bonds are outstanding.

The proceeds of the 2019 Bonds will be loaned through various Loan Agreements (or amendments to existing loan agreements) to the Borrower for the purposes of (i) financing or refinancing the costs of acquisition, construction, improvement, renovation, operation and equipping of land, charter school facilities and furniture, fixtures and equipment located at (a) the northeast corner of Roosevelt Street and Verrado Way in Buckeye, Arizona, (b) 4105 E. Shea Boulevard in Phoenix, Arizona, (c) 19287 North Porter Road in Maricopa, Arizona, and (d) 19265 North Porter Road in Maricopa, Arizona; (ii) acquisition of all of the outstanding and issued shares of Accelerated Learning Center, Inc. (which owns the non-real estate assets used in connection with, and holds the charter school contract for, Accelerated Learning Center); (iii) funding working capital; (iv) funding of any required reserve funds, (v) paying capitalized interest, if any, on such Bonds, and (vi) paying certain issuance expenses related to the Bonds (the “*2019 Project*”).

The 2019 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “*Act*”). The 2019 Bonds will be issued as fully registered Bonds and will be publicly offered by BB&T Capital Markets, a division of BB&T Securities, LLC. The 2019 Bonds will be issued without a rating in denominations of \$25,000 and integral multiples of \$5,000 thereafter and sold only to “Qualified Institutional Buyers” within the meaning of Rule 144A of the Rules adopted pursuant to the Securities Act of 1933, as amended, or “Accredited Investors” within the meaning of Rule 501 of the Rules governing the limited offer and sale of securities without registration under the Securities Act of 1933. Although on parity with the 2013 Bonds, the 2014A Bonds and the 2016 Bonds, the 2019 Bonds will not be part of any pool bond issue with other borrowers.

As always, the 2019 Bonds are special limited obligations of the Authority. The 2019 Bonds are payable solely from payments made by the Borrower pursuant to one or more loan agreements 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 UMB

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Bank, n.a. Such payments are pledged to the Bondholders pursuant to an Indenture of Trust, as supplemented or amended, between the Authority and UMB Bank, n.a., as trustee. Neither the faith and credit, nor the taxing power of the Authority or Pima County or any other political subdivision thereof, are pledged to the payment of the 2019 Bonds. The Authority has no taxing power.

I will be available prior to the meeting to answer any questions you may have, or to meet with you at your convenience.

Thank you for your consideration of this matter.

Sincerely,

RUSSO, RUSSO & SLANIA, P.C.

/s/

Michael A. Slania  
Attorney for the Authority

MAS/at  
Enclosures

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

**FACT SUMMARY**

**THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE COUNTY OF PIMA  
EDUCATION FACILITY REVENUE BONDS  
(EDKEY CHARTER SCHOOLS PROJECT), SERIES 2019  
IN ONE OR MORE SERIES**

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

The 2019 Bonds . . . . .	As part of its program for financing charter schools, the Authority will issue its Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2019, (the “ <i>2019 Bonds</i> ”), in one or more series or subseries and in an original aggregate principal amount not to exceed \$35,000,000 and a maturity date not to exceed 40 years. The 2019 Bonds will bear interest at a fixed rate. The average interest rate on the 2019 Bonds shall not be greater than twelve percent (12%) per annum. The 2019 Bonds may be redeemed at the option of the Borrower with the consent of the Authority and, under certain circumstances, must be redeemed prior to their stated maturity date.
Public Sale . . . . .	The 2019 Bonds will be issued without a rating, but in minimum denominations of \$25,000 and \$5,000 thereafter, and sold only to “Qualified Institutional Buyers” within the meaning of Rule 144(A) of the rules adopted pursuant to the Securities Act of 1933, as amended, or “Accredited Investors” within the meaning of Rule 501 of the rules governing the limited offering and sale of securities without registration adopted pursuant to the Securities Act of 1933, as amended, as evidenced by an investor letter. The 2019 Bonds will be sold by BB&T Capital Markets, a division of BB&T Securities, LLC, 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 2019 Bonds. Edkey, Inc. has multiple charter school contracts by which it operates one or more

charter schools at its facilities, including the 2019 Facilities (the “*Schools*”).

The 2019 Facilities . . . . .	The 2019 Project will be located at (i) the northeast corner of Roosevelt Street and Verrado Way in Buckeye, Arizona, (ii) 4105 E. Shea Boulevard in Phoenix, Arizona, (iii) 19287 North Porter Road in Maricopa, Arizona, and (d) 19265 North Porter Road in Maricopa, Arizona (the “ <i>2019 Facilities</i> ”).
Bond Proceeds . . . . .	The proceeds of the 2019 Bonds will be used for charter school purposes to (i) finance or refinance the costs of acquisition, renovation, construction, improvement, operation and equipping of land, furniture, fixtures and equipment located at the 2019 Facilities, (ii) acquisition of all of the outstanding and issued shares of Accelerated Learning Center, Inc. (which owns the non-real estate assets used in connection with, and holds the charter school contract for, Accelerated Learning Center); (iii) funding working capital; (iv) funding of any required reserve fund as set forth in the Indenture, (v) paying capitalized interest on the 2019 Bonds, if any, and (vi) 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 (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> ”), (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> ”), and (iv) the Authority’s Education Facility Revenue Bonds (Edkey Charter School Project), Series 2016 in the amount of \$31,315,000 (the “ <i>2016 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 2019 Bonds will be on a parity basis with the 2013 Bonds, the 2014A Bonds and the 2016 Bonds as to the Borrower’s revenues.
Documentation . . . . .	The Authority will enter into a Loan Agreement (or amendment to an existing 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 (or amendment to an existing loan agreement) may

be secured by one or more promissory notes and one or more deeds of trust (or modifications to an existing deed of trust), which will be recorded on the 2019 Facilities. The collective payments on all the 2019 Promissory Notes are intended to be sufficient to pay the principal of, premium, if any, and interest on the 2019 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 UMB Bank, N.A., as Master Trustee, as amended or supplemented (the "*Master Trust Indenture*").

#### Security for the 2019 Bonds . . .

The Trustee will receive, as security for the loan to a Borrower related entity, (i) one or more deeds of trust, security agreement, assignment of rents and leases and fixture filing (or modifications to existing deeds of trust) on the 2019 Facilities, (ii) a pledge of each borrower's 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 borrowing 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 2019 Bonds and the interest thereon are not a general obligation of the Authority and are not an indebtedness of the Authority, Pima County, the State of Arizona, or any political subdivision thereof within the meaning of any Arizona constitutional or statutory provision whatsoever. Principal of, premium, if any, and interest on the 2019 Bonds are payable solely out of the revenues derived from each Loan Agreement (other than to the extent payable out of proceeds of the 2019 Bonds or income from the temporary investment thereof) and the above-referenced Master Indenture Obligation. Neither the faith and credit nor the taxing power, if any, of the Authority, Pima County, the State of Arizona, or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, or interest on the 2019 Bonds.

**RESOLUTION NO. 2019 - \_\_\_\_**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF  
PIMA COUNTY, ARIZONA APPROVING THE  
PROCEEDINGS OF THE INDUSTRIAL DEVELOPMENT  
AUTHORITY OF THE COUNTY OF PIMA REGARDING  
THE ISSUANCE OF ITS NOT TO EXCEED \$35,000,000  
EDUCATION FACILITY REVENUE BONDS (EDKEY  
CHARTER SCHOOLS PROJECT), SERIES 2019 AND  
DECLARING AN EMERGENCY**

WHEREAS, The Industrial Development Authority of the County of Pima (the "*Authority*") pursuant to the Industrial Development Financing Act, Title 35, Chapter 5, Arizona Revised Statutes, as amended (the "*Act*"), is authorized to issue and sell its Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2019, in one or more series or subseries (the "*Bonds*"), the proceeds of which are to be loaned to Edkey, Inc. (or one of its affiliates, collectively, the "*Borrower*"), an Arizona nonprofit corporation, for the purposes of (i) financing or refinancing the costs of acquisition, construction, improvement, renovation, operation and equipping of land, charter school facilities and furniture, fixtures and equipment located at (a) the northeast corner of Roosevelt Street and Verrado Way in Buckeye, Arizona, (b) 4105 E. Shea Boulevard in Phoenix, Arizona, (c) 19287 North Porter Road in Maricopa, Arizona, and (d) 19265 North Porter Road in Maricopa, Arizona; (ii) acquisition of all of the outstanding and issued shares of Accelerated Learning Center, Inc. (which owns the non-real estate assets used in connection with, and holds the charter school contract for, Accelerated Learning Center); (iii) funding working capital; (iv) funding of any required reserve funds, (v) paying capitalized interest, if any, on such Bonds, and (vi) paying certain issuance expenses related to the Bonds (the "*2019 Project*"); and

WHEREAS, on October 10, 2019, the Authority resolved to issue the Bonds in one or more series or subseries and in an aggregate amount not to exceed \$35,000,000 (the "*Authority's Resolution*"), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the Bonds by the Pima County Board of Supervisors; and

WHEREAS, the Authority's Resolution has been made available to the Pima County Board of Supervisors, and the Authority's Resolution has been duly considered this date; and

WHEREAS, the Authority's Resolution authorizes, among other things, the issuance of the Bonds, the execution and delivery of (a) a Third Supplemental Indenture of Trust, between the Authority and UMB Bank, N.A., supplementing the Indenture of Trust dated as of January 1, 2013, (as previously supplemented, collectively the "*Indenture*"), (b) one or more Loan Agreements (or amendments to existing Loan Agreements) relating to the Bonds (collectively, the "*Loan Agreement*"), between the Authority and the Borrower, and (c) such other documents as required for the issuance of the Bonds; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the Bonds are set forth in the Indenture, the Loan Agreement and the form of Bonds themselves; and

WHEREAS, copies of said documents have been made available to the Pima County Board of Supervisors, together with the Authority's Resolution; and

WHEREAS, the Pima County Board of Supervisors has been informed that said documents have been reviewed by competent Bond Counsel, Kutak Rock LLP, and said Bond Counsel has determined that said documents adequately meet the requirements of the Act and the Internal Revenue Code of 1986, as amended (the "*Code*"); and

WHEREAS, in accordance with Section 35-721.B of the Act, the proceedings of the Authority under which the Bonds are to be issued require the approval of the Board of Supervisors of the issuance of the Bonds; and

WHEREAS, this Board has presented to it information regarding the Bonds and is further informed and advised with regard to the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, as follows:

1. Pursuant to the Act, the Board of Supervisors, as the governing body of the Authority, hereby approves the Bonds and the proceedings under which the Bonds are to be issued by the Authority, including specifically the Authority's Resolution, the Indenture, the Loan Agreement, and all other related or appropriate documents;
2. This Resolution shall be in full force and effect from and after its passage as provided by law, and any provisions of any previous resolutions in conflict with the provisions herein are hereby superseded;
3. The appropriate officers of the Pima County Board of Supervisors are hereby authorized and directed to do all such things and to execute and deliver all such documents on behalf of Pima County as may be necessary or desirable to effectuate the intent of this Resolution and the Authority's Resolution in connection with the issuance of the Bonds; and
4. It is necessary for the preservation of the peace, health and safety of the County that this resolution becomes immediately effective, and, accordingly, an emergency is hereby declared to exist, and this resolution shall be effective immediately upon its passage and adoption.



PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County,  
Arizona this \_\_\_\_ day of \_\_\_\_\_, 2019.

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Richard Elias, Chairman  
PIMA COUNTY BOARD OF SUPERVISORS

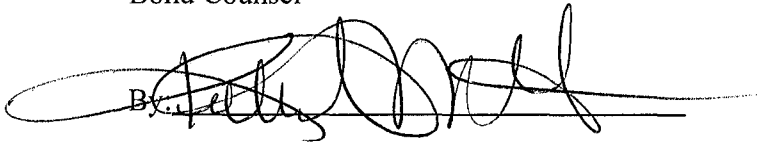
ATTEST:

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Julie Castañeda, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP,  
Bond Counsel



A handwritten signature in black ink, appearing to be "B. Kelly", is written over a horizontal line. The signature is stylized and cursive.