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**VIA FIRST LEGAL SUPPORT SERVICE**

September 23, 2020

Ramón Valadez, Chair  
Ms. Sharon Bronson  
Mr. Steve Christy  
Ms. Ally Miller  
Ms. Betty Villegas

**PIMA COUNTY BOARD OF SUPERVISORS**

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

Re: The Industrial Development Authority of the County of Pima – Notice of Intention to Issue Bonds – Education Facility Revenue and Refunding Bonds (Edkey Charter Schools Project), Series 2020 – In an Amount Not to Exceed \$100,000,000

Dear Mr. Chairman and Members of the Board:

As part of its statewide program for financing Arizona charter schools, at a special meeting to be held on October 2, 2020, 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 and Refunding Bonds (Edkey Charter Schools Project), Series 2020 (the “*2020 Bonds*”), in one or more series or subseries and in an aggregate principal amount not to exceed \$100,000,000, 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 2020 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 6, 2020, for the purpose of having the Board of Supervisors approve the action of the Authority. Enclosed herewith are the following:

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

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 2020 Bonds.

The Authority previously issued the following Bonds for the Borrower, each for the purpose of financing and refinancing the acquisition, construction, improvement, renovation and equipping of charter school facilities located at various sites 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*”), (iv) its Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2016, in the amount of \$31,315,000 (the “*2016 Bonds*”), and (v) its Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2019, in the amount of \$21,605,000. The 2013 Bonds, the 2014A Bonds, the 2016 Bonds and the 2019 Bonds are currently outstanding, pursuant to a Trust Indenture, as supplemented, between the Authority and the Trustee.

The proceeds of the 2020 Bonds will be loaned through an Original Loan Agreement including supplements thereto or amendments to or restatements of 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) 19265 North Porter Road in Maricopa, Arizona; (c) 2820 W. Kelton Lane in Phoenix, Arizona, (d) 1460 S. Horne in Mesa, Arizona, (e) 982 Full House Lane in Show Low, Arizona, (f) 16454 N. 28<sup>th</sup> Avenue in Phoenix, Arizona, (g) 2030 E. Cherry Street in Cottonwood, Arizona, (h) 132 West General Crook Trail in Camp Verde, Arizona, (i) 1648 South 16<sup>th</sup> Street in Phoenix, Arizona, (j) 2906 N. Boulder Canyon in Mesa, Arizona, and (k) 4816 S. Eastmark Parkway in Mesa, Arizona (including through the refunding of the 2013 Bonds and the 2014A Bonds); (ii) funding working capital; (iii) funding of any required reserve funds, (iv) paying capitalized interest, if any, on such 2020 Bonds, and (v) paying certain issuance expenses related to the 2020 Bonds (the “*2020 Project*”).

The 2020 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “*Act*”). The 2020 Bonds will be issued as fully registered Bonds and will be publicly offered by Piper Sandler & Co. The 2020 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 2016 Bonds and the 2019 Bonds for the Borrower, the 2020 Bonds will not be part of any pool bond issue with other borrowers.

As always, the 2020 Bonds are special limited obligations of the Authority. The 2020 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 sites, as well as a Master Trust Indenture Obligation issued pursuant to the Master Trust Indenture between Edkey, Inc. and UMB 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 2020 Bonds. The Authority has no taxing power.

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

Thank you for your consideration of this matter.

Sincerely,

RUSSO, RUSSO & SLANIA, P.C.

/s/

Michael A. Slania  
Attorney for the Authority

MAS/at  
Enclosures

c: 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 AND REFUNDING BONDS (EDKEY CHARTER SCHOOLS PROJECT), SERIES 2020 IN ONE OR MORE SERIES

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

The 2020 Bonds . . . . .	As part of its program for financing charter schools, the Authority will issue its Education Facility Revenue and Refunding Bonds (Edkey Charter Schools Project), Series 2020, (the “2020 Bonds”), in one or more series or subseries and in an original aggregate principal amount not to exceed \$100,000,000 and a maturity date not to exceed 40 years. The 2020 Bonds will bear interest at a fixed rate. The average interest rate on the 2020 Bonds shall not be greater than twelve percent (12%) per annum. The 2020 Bonds may be redeemed at the option of the Borrower with the consent of the Authority and, under certain circumstances, must be redeemed prior to their stated maturity date.
Public Sale . . . . .	The 2020 Bonds will be issued without a rating, but in minimum denominations of \$25,000 and \$5,000 thereafter, and sold only to “Qualified Institutional Buyers” within the meaning of Rule 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 2020 Bonds will be sold by Piper Sandler & Co., 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 “Code”). Edkey, Inc. (or its affiliated entities) will own the real property, equipment and improvements to be financed and/or refinanced with proceeds of the 2020 Bonds. Edkey, Inc. has multiple charter school contracts by which it operates one or more charter schools at its facilities, including the 2020 Facilities (the “Schools”).

The 2020 Facilities .....	The 2020 Project will be located at (i) the northeast corner of Roosevelt Street and Verrado Way in Buckeye, Arizona, (ii) 19265 North Porter Road in Maricopa, Arizona; (iii) 2820 W. Kelton Lane in Phoenix, Arizona, (iv) 1460 S. Horne in Mesa, Arizona, (v) 982 Full House Lane in Show Low, Arizona, (vi) 16454 N. 28 <sup>th</sup> Avenue in Phoenix, Arizona, (vii) 2030 E. Cherry Street in Cottonwood, Arizona, (viii) 132 West General Crook Trail in Camp Verde, Arizona, (ix) 1648 South 16 <sup>th</sup> Street in Phoenix, Arizona, (x) 2906 N. Boulder Canyon in Mesa, Arizona, and (xi) 4816 S. Eastmark Parkway in Mesa, Arizona (collectively, the “2020 Facilities”).
The 2020 Project .....	The proceeds of the 2020 Bonds will be used for charter school purposes (including through the refunding of the 2013 Bonds and the 2014A Bonds) to (i) finance or refinance the costs of acquisition, construction, improvement, renovation, operation and equipping of land, charter school facilities and furniture, fixtures and equipment located at the 2020 Facilities, (ii) funding working capital; (iii) funding of any required reserve fund as set forth in the Indenture, (iv) paying capitalized interest on the 2020 Bonds, if any, and (v) paying certain issuance expenses (collectively, the “2020 Project”).
Prior Bonds .....	The Authority has previously issued, for Edkey, Inc., its affiliates, or its predecessor entities, various charter school revenue bonds (collectively, the “Prior Bonds”): (i) the Authority’s Education Revenue Bonds (Choice Education and Development Corporation Project), Series 2006 in the amount of \$28,600,000 (the “2006 Bonds”), (ii) the Authority’s Education Facility Revenue and Refunding Bonds (Edkey Charter Schools Project), Series 2013 in the amount of \$44,365,000 (the “2013 Bonds”), (iii) the Authority’s Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2014A, in the amount of \$17,920,000 (the “2014A Bonds”), (iv) the Authority’s Education Facility Revenue Bonds (Edkey Charter School Project), Series 2016 in the amount of \$31,315,000 (the “2016 Bonds”), and (v) the Authority’s Education Facility Revenue Bonds (Edkey Charter Schools Project), Series 2019 in the amount of \$21,605,000. 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 the Borrower.
Parity Bonds .....	The 2020 Bonds will be on a parity basis with the 2016 Bonds and the 2019 Bonds as to the Borrower’s revenues.
Documentation .....	The Authority will enter into an Original Loan Agreement, including supplements thereto or amendment to or restatement

of 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 supplement 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 2020 Facilities. The collective payments on all the 2020 promissory notes are intended to be sufficient to pay the principal of, premium, if any, and interest on the 2020 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 2020 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 2020 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 the Borrower.

The Authority has no taxing power. The 2020 Bonds and the interest thereon are not a general obligation of the Authority and are not an indebtedness of the Authority, Pima County, the State of Arizona, or any political subdivision thereof within the meaning of any Arizona constitutional or statutory provision whatsoever. Principal of, premium, if any, and interest on the 2020 Bonds are payable solely out of the revenues derived from each Loan Agreement (other than to the extent payable out of proceeds of the 2020 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 2020 Bonds.

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

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF  
PIMA COUNTY, ARIZONA APPROVING THE  
PROCEEDINGS OF THE INDUSTRIAL DEVELOPMENT  
AUTHORITY OF THE COUNTY OF PIMA REGARDING  
THE ISSUANCE OF ITS NOT TO EXCEED \$100,000,000  
EDUCATION FACILITY REVENUE AND REFUNDING  
BONDS (EDKEY CHARTER SCHOOLS PROJECT), SERIES  
2020 AND DECLARING AN EMERGENCY**

WHEREAS, The Industrial Development Authority of the County of Pima (the “*Authority*”) pursuant to the Industrial Development Financing Act, Title 35, Chapter 5, Arizona Revised Statutes, as amended (the “*Act*”), is authorized to issue and sell its Education Facility Revenue and Refunding Bonds (Edkey Charter Schools Project), Series 2020, 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) 19265 North Porter Road in Maricopa, Arizona; (c) 2820 W. Kelton Lane in Phoenix, Arizona, (d) 1460 S. Horne in Mesa, Arizona, (e) 982 Full House Lane in Show Low, Arizona, (f) 16454 N. 28<sup>th</sup> Avenue in Phoenix, Arizona, (g) 2030 E. Cherry Street in Cottonwood, Arizona, (h) 132 West General Crook Trail in Camp Verde, Arizona, (i) 1648 South 16<sup>th</sup> Street in Phoenix, Arizona, (j) 2906 N. Boulder Canyon in Mesa, Arizona, and (k) 4816 S. Eastmark Parkway in Mesa, Arizona (including through the refunding of certain prior Bonds of the Authority; (ii) funding working capital; (iii) funding of any required reserve funds, (iv) paying capitalized interest, if any, on such Bonds, and (v) paying certain issuance expenses related to the Bonds (the “*2020 Project*”); and

WHEREAS, on October 2, 2020, the Authority resolved to issue the Bonds in one or more series or subseries and in an aggregate amount not to exceed \$100,000,000 (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 Fourth 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) an Original Loan Agreement with amendments and supplements thereto or restatements of 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 \_\_\_\_\_, 2020.

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Ramón Valadez, Chairman  
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

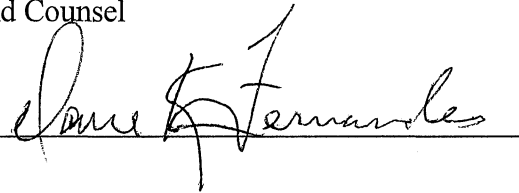
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Julie Castañeda, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP,  
Bond Counsel

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

A handwritten signature in black ink, appearing to read "Daniel Fernandez", is written over a horizontal line.