

# SLANIA LAW, PLLC

2980 N. Swan Road #222

Tucson, Arizona 85712

Michael A. Slania, Esq.  
[mas@slanialaw.com](mailto:mas@slanialaw.com)

520-600-2082 office  
520-314-3663 fax

**VIA HAND DELIVERY**

April 7, 2021

Sharon Bronson, Chair  
Mr. Steve Christy  
Ms. Adelita Grijalva  
Mr. Matt Heinz  
Mr. Rex Scott

**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 (Champion  
Schools Project), Series 2021– In an Amount Not to Exceed \$28,000,000

Dear Ms. Chair and Members of the Board:

As part of its program for financing Arizona charter schools, at its regular meeting held on April 9, 2021, 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 (Champion Schools Project), Series 2021 (the “*2021 Bonds*”), in one or more series and in an aggregate principal amount not to exceed \$28,000,000, the proceeds of which will be loaned to FIT KIDS, INC. dba Champion Schools (the “*Borrower*”), 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.

As always, this issuance of the 2021 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 20, 2021, 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 Internal Revenue Code and federal income tax regulations for the issuance of the 2021 Bonds.

In 2017, the Authority previously issued its Education Revenue Facility Bonds (Champion Schools Project), Series 2017, in the original principal amount of \$11,255,000 (the "*2017 Bonds*"), to benefit the Borrower. The proceeds of the 2017 Bonds were used to (i) finance and/or refinance the costs of the acquisition, construction, improvement, renovation, operation, and equipping of land and charter school facilities located at 7900 South Jesse Owens Parkway, Phoenix, Arizona; (ii) fund any required reserves as set forth in the Indenture; (iii) pay capitalized interest, if any, on the 2017 Bonds; and (iv) pay certain issuance expenses of the 2017 Bonds (the "*2017 Project*"). The 2017 Bonds are currently outstanding. The 2021 Bonds will be a supplemental bond issue to the 2017 Bonds, issued pursuant to supplemental bond documentation.

The proceeds of the 2021 Bonds will be loaned to the Borrower to (i) finance or refinance the costs of the acquisition, construction, equipping, improvement and operation of charter school facilities located at 250 South McQueen Road, Chandler, Arizona; (ii) finance or refinance the costs of the acquisition, construction, equipping, improvement and operation of charter school facilities located at 1846 East Bella Vista Road, San Tan Valley, Arizona; (iii) fund any required reserves as set forth in the Indenture; (iv) pay capitalized interest, if any, on the 2021 Bonds; and (v) pay certain issuance expenses related to the 2021 Bonds (collectively, the "*2021 Project*").

The 2021 Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "*Act*"). The 2021 Bonds will be issued as fully registered Bonds and will be publicly offered by Municipal Capital Market Group, Inc. The 2021 Bonds will either be (i) issued with an investment grade rating, from a nationally recognized rating agency, and sold in minimum denominations of \$5,000, or (ii) 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 the 2021 Bonds will be on parity with the 2017 Bonds, the 2021 Bonds will not be part of any pool bond issue with other borrowers.

As always, the 2021 Bonds are special limited obligations of the Authority. The 2021 Bonds are payable solely from payments made by the Borrower pursuant to a supplemental loan agreement and secured by one or more deeds of trust on the sites of the 2021 Project. Such payments are pledged to the Bondholders pursuant to a first supplemental indenture to the Series 2017 Indenture of Trust 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 2021 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,

SLANIA LAW, PLLC.

/s/

Michael A. Slania  
Attorney for the Authority

MAS/ub  
Enclosures

c: Julie Casteñada, Clerk (w/enclosures)  
Lesley Lukach, Esq., Counsel to the Board  
Charles Huckelberry, Pima County Administrator  
Jan Leshner, Chief Deputy Pima County Administrator  
Patrick Cavanaugh, Deputy Director Pima County Economic Development Office

**FACT SUMMARY**  
**THE INDUSTRIAL DEVELOPMENT AUTHORITY**  
**OF THE COUNTY OF PIMA**  
**EDUCATION FACILITY REVENUE BONDS**  
**(CHAMPION SCHOOLS PROJECT), SERIES 2021**

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

The 2021 Bonds .....	As part of its program for financing Arizona charter schools, the Authority will issue its Education Facility Revenue Bonds (Champion Schools Project), Series 2021 (the “2021 Bonds”), in an original principal amount not to exceed \$28,000,000 and a maturity date not to exceed 40 years. The 2021 Bonds will bear interest at a fixed rate. The average interest rate on the 2021 Bonds shall not be greater than 12 percent per annum. The 2021 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 2021 Bonds will either be (i) issued with an investment grade rating, from a nationally recognized rating agency, and sold in minimum denominations of \$5,000 or (ii) 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 2021 Bonds will be publicly sold by Municipal Capital Markets Group, Inc., as underwriter, pursuant to an offering document.
The Borrower .....	FIT KIDS, INC., dba Champion Schools, an Arizona nonprofit corporation (the “Borrower”), has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code.
The 2017 Bonds.....	The Authority previously issued its Education Facility Revenue Bonds (Champion Schools Project), Series 2017, in the original principal amount of \$11,255,000 (the “2017 Bonds”) to benefit the Borrower. The proceeds of the 2017 Bonds were used to finance the 2017 Project (defined below).
The 2017 Project.....	The proceeds of the 2017 Bonds were used for the purpose of (i) financing and/or refinancing the acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at 7900 South Jesse Owens Parkway in Phoenix, Arizona (the “2017 Project Site”), (ii) funding of any required reserve fund as set forth in the Indenture, (iii) paying

capitalized interest, if any, on the 2017 Bonds, and (iv) paying certain issuance expenses (collectively, the “2017 Project”).

The 2021 Project.....The proceeds of the 2021 Bonds will be used for the purposes of (i) financing or refinancing the costs of the acquisition, construction, equipping, improvement and operation of charter school facilities located at 250 South McQueen Road, Chandler, Arizona; (ii) financing or refinancing the costs of the acquisition, construction, equipping, improvement and operation of charter school facilities located at 1846 East Bella Vista Road, San Tan Valley, Arizona; (iii) funding of any required reserves as set forth in the Indenture; (iv) paying capitalized interest, if any, on the 2021 Bonds; and (v) paying certain issuance expenses related to the 2021 Bonds (collectively, the “Series 2021 Project”).

The 2021 Project Sites.....As part of the 2021 Project, the Borrower currently leases, and through the 2021 Bonds, will acquire, (i) an approximately 6.953 acre site for a charter school located at or near 250 South McQueen Road, Chandler, Arizona and (ii) an approximately 8.4977 acre site for a charter school located at or near 1846 East Bella Vista Road, San Tan Valley, Arizona (collectively, the “2021 Project Sites” and together with the 2017 Project Site, the “Project Site”).

Documentation ..... Pursuant to the Loan Agreement, as supplemented, between the Authority and the Borrower, the Borrower has agreed to make payments to the Authority sufficient to pay the principal of, premium, if any, and interest on the 2021 Bonds when due. The Borrower’s obligations under the Loan Agreement will be secured by one or more Deeds of Trust, which will be recorded on the 2021 Project Sites.

Security for the 2021 Bonds . . . . The loan to the Borrower will be secured by (a) one or more mortgage liens and security interests in the land, buildings, fixtures and equipment owned by the Borrower constituting the charter school campuses at the Project Site, and (b) an assignment of the leases, rents and all other revenues of the Borrower (including certain State revenues due to the Borrower).

The Authority has no taxing power. The 2021 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 2021 Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the 2021 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 2021 Bonds.

**RESOLUTION NO. 2021 - \_\_\_\_**

**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 \$28,000,000  
EDUCATION FACILITY REVENUE BONDS (CHAMPION  
SCHOOLS PROJECT), SERIES 2021 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 (Champion Schools Project), Series 2021, in one or more series or subseries (the "*Bonds*"), the proceeds of which are to be loaned to FIT KIDS, INC. dba Champion Schools (the "*Borrower*"), an Arizona nonprofit corporation, to aid in the (i) financing or refinancing the costs of acquisition, construction, equipping, improvement, and operation of charter school facilities located at 250 South McQueen Road, Chandler, Arizona; (ii) financing or refinancing the costs of the acquisition, construction, equipping, improvement and operation of charter school facilities located at 1846 East Bella Vista Road, San Tan Valley, Arizona; (iii) funding of any required reserves as set forth in the Indenture (defined below), (iv) paying capitalized interest, if any, on the Bonds, and (v) paying certain issuance expenses relating to the Bonds (collectively, the "*Project*"); and

WHEREAS, on April 9, 2021, the Authority resolved to issue the Bonds in one or more series or subseries and in an aggregate amount not to exceed \$28,000,000 (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 First Supplemental Indenture of Trust, supplementing the Indenture of Trust dated as of February 1, 2017 (collectively, the "*Indenture*") between the Authority and UMB Bank, n.a., (b) a Loan Agreement Supplement No. 1, supplementing the Loan Agreement dated as of February 1, 2017 (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 April, 2021.

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Sharon Bronson, Chair  
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

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Julie Casteñada, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP,  
Bond Counsel

By: Frederic H. Marienthal