

REPORT ON PUBLIC HEARING WITH RESPECT TO PROPOSED

Arizona Industrial Development Authority
Charter School Revenue Bonds
Series 2019

July 18, 2019

TO: Mark Waller, Chair of El Paso County, Colorado, Board of County Commissioners

FROM: Crystal LaTier, Executive Director of the El Paso County Economic Development Department

Summary of Proposed Arizona Industrial Development Authority Charter School Revenue Bonds, Series 2019.

The plan of finance involves the issuance by the Arizona Industrial Development Authority, a nonprofit corporation designated as a political subdivision of the State of Arizona ("AZIDA"), of its Charter School Revenue Bonds, to be issued pursuant to a plan of financing within the meaning of Section 147(f)(2)(C) of the Code in one or more series from time to time (the "Bonds"), in an amount not to exceed \$27,000,000. The Bonds are expected to be part of a larger issuance of bonds for the benefit of multiple charter schools in multiple states, all issued pursuant to Title 35, Chapter 5, Article 2 of the Arizona Revised Statutes, as amended, by AZIDA, incorporated with the approval of the Arizona Finance Authority pursuant to the provisions of the Constitution and laws of the State of Arizona, including the Industrial Development Financing Act, Title 35, Chapter 5, Articles 1 through 5, Arizona Revised Statutes, as amended (Sections 35-701 through 35-761, inclusive). The proceeds from the sale of the larger issuance of bonds will be loaned to Equitable Facilities Fund, Inc., a Delaware nonstock corporation described in Section 501(c)(3) of the Code ("EFF"), or Equitable School Revolving Fund, LLC, a Delaware limited liability company affiliate of EFF that is disregarded for federal tax purposes (together with EFF, the "Lender"). A portion of the proceeds from the sale of the Bonds will finance or refinance a loan by the Lender to James Irwin Educational Foundation ("Foundation").

The loan to be made by the Lender will (a) refund the Colorado Educational and Cultural Facilities Authority Charter School Revenue Notes (James Irwin Educational Foundation Project) Series 2015 (\$24,600,000) (the "Series 2015 Notes") and the Colorado Educational and Cultural Facilities Authority Charter School Revenue Notes (James Irwin Educational Foundation Project) Series 2016 (\$3,000,000) (the "Series 2016 Notes"), proceeds of which were loaned to Foundation to, in addition to other purposes, (i) finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facilities, currently leased by Foundation and operated by James Irwin Charter Schools, a duly organized and validly existing Colorado nonprofit corporation described in Section 501(c)(3) of the Code ("James Irwin Schools"), known as (1) Power Technical Early College ("PTEC") campus, located at 2525 Canada Drive, Colorado Springs, CO 80922 (\$3,000,000) and (2) James Irwin Charter Academy ("JICA") campus, located at 1801 N. Howard Ave, Colorado Springs, CO 80909 (\$2,100,000); (ii) refund the Colorado Educational and Cultural Facilities

Authority Charter School Revenue and Refunding Improvement Bonds (James Irwin Educational Foundation Project) Series 2007 (the “Series 2007 Bonds”). Proceeds of the Series 2007 Bonds were loaned to Foundation to, in addition to other purposes, (i) finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facilities, currently leased by Foundation and operated by James Irwin School, known as James Irwin Charter Elementary School (“JICES”) campus and James Irwin Charter Middle School (“JICMS”) campus, jointly located at 5525 Astrozon Blvd, Colorado Springs, CO 80916 (\$10,400,000); (ii) refund the Colorado Educational and Cultural Facilities Authority Variable Rate Charter School Revenue Bonds (James Irwin Educational Foundation Project) Series 2004 (the “Series 2004 Bonds”). Proceeds of the Series 2004 Bonds were loaned to Foundation to, in addition to other purposes, finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facility, currently leased by Foundation and operated by James Irwin School, known as James Irwin Charter High School (“JICHS”) campus, located at 5525 Astrozon Blvd, Colorado Springs, CO 80916 (\$10,000,000). All of the facilities refinanced with proceeds of the Series 2015 Notes and Series 2016 Notes shall be referred to herein in the aggregate as the “Project.”. The Project will initially be owned by Foundation and operated by James Irwin Schools. After completion of the Project, (a) PTEC is expected to continue to serve approximately 270 students in grades 6-12, (2) JICA is expected to continue to serve approximately 330 students in grades K-5, (3) JICES is expected to continue to serve approximately 540 students in grades K-5, (4) JICMS is expected to continue to serve approximately 450 students in grades 6-8, and (5) JICHS is expected to continue to serve approximately 410 students in grades 9-12. Orrick, Herrington & Sutcliffe, LLP will serve as bond counsel for the Bonds.

Report on Public Hearing

A public hearing was held by the El Paso County Economic Development Department with respect to the issuance of the Bonds and the Project on July 18, 2019 at 10:00 a.m. at Nine East Vermijo Avenue, Colorado Springs, CO 80903. Notice of such public hearing in the form attached hereto as Exhibit A was published on July [10], 2019 in the Fountain Valley News.

No one appeared at the designated time to speak for or against the Bonds or the Project the hearing was opened at 10:00 a.m. and closed at approximately 10:15 a.m.

IN WITNESS WHEREOF, the undersigned has set his hand as of July 18, 2019.

EL PASO COUNTY ECONOMIC
DEVELOPMENT DEPARTMENT

By: _____

Executive Director

[Signature Page to Report on Public Hearing James Irwin Charter School Financing]

EXHIBIT A

NOTICE IS HEREBY GIVEN that on July 18, 2019, a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986 (the “Code”), will be held on behalf of El Paso County, Colorado with respect to the proposed issuance by the Arizona Industrial Development Authority, a nonprofit corporation designated as a political subdivision of the State of Arizona (“AZIDA”), of its Charter School Revenue Bonds, to be issued pursuant to a plan of financing within the meaning of Section 147(f)(2)(C) of the Code in one or more series from time to time (the “Bonds”), in an amount not to exceed \$27,000,000. The hearing will commence at 10:00 a.m. MST or as soon thereafter as the matter can be heard, and will be held at 9 E. Vermijo Ave., Colorado Springs, CO 80903, in the Economic Development Conference Room.

The Bonds are expected to be part of a larger issuance of bonds for the benefit of multiple charter schools in multiple states, all issued pursuant to Title 35, Chapter 5, Article 2 of the Arizona Revised Statutes, as amended, by AZIDA, incorporated with the approval of the Arizona Finance Authority pursuant to the provisions of the Constitution and laws of the State of Arizona, including the Industrial Development Financing Act, Title 35, Chapter 5, Articles 1 through 5, Arizona Revised Statutes, as amended (Sections 35-701 through 35-761, inclusive). The proceeds from the sale of the larger issuance of bonds will be loaned to Equitable Facilities Fund, Inc., a Delaware nonstock corporation described in Section 501(c)(3) of the Code (“EFF”), or Equitable School Revolving Fund, LLC, a Delaware limited liability company affiliate of EFF that is disregarded for federal tax purposes (together with EFF, the “Lender”). The proceeds from the sale of the Bonds will finance or refinance a loan by the Lender to James Irwin Education Foundation (“Foundation”). Foundation is a duly organized and validly existing Colorado nonprofit corporation described in Section 501(c)(3) of the Code. The loan to be made by the Lender will (a) refund the Colorado Educational and Cultural Facilities Authority Charter School Revenue Notes (James Irwin Educational Foundation Project) Series 2015 (\$24,600,000) (the “Series 2015 Notes”) and the Colorado Educational and Cultural Facilities Authority Charter School Revenue Notes (James Irwin Educational Foundation Project) Series 2016 (\$3,000,000) (the “Series 2016 Notes”), proceeds of which were loaned to Foundation to, in addition to other purposes, (i) finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facilities, currently leased by Foundation and operated by James Irwin Charter Schools, a duly organized and validly existing Colorado nonprofit corporation described in Section 501(c)(3) of the Code (“James Irwin Schools”), known as (1) Power Technical Early College (“PTEC”) campus, located at 2525 Canada Drive, Colorado Springs, CO 80922 (\$3,000,000) and (2) James Irwin Charter Academy (“JICA”) campus, located at 1801 N. Howard Ave, Colorado Springs, CO 80909 (\$2,100,000); (ii) refund the Colorado Educational and Cultural Facilities Authority Charter School Revenue and Refunding Improvement Bonds (James Irwin Educational Foundation Project) Series 2007 (the “Series 2007 Bonds”). Proceeds of the Series 2007 Bonds were loaned to Foundation to, in addition to other purposes, (i) finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facilities, currently leased by Foundation and operated by James Irwin School, known as James Irwin Charter Elementary School (“JICES”) campus and James Irwin Charter Middle School (“JICMS”) campus, jointly located at 5525

Astrozon Blvd, Colorado Springs, CO 80916 (\$10,400,000); (ii) refund the Colorado Educational and Cultural Facilities Authority Variable Rate Charter School Revenue Bonds (James Irwin Educational Foundation Project) Series 2004 (the “Series 2004 Bonds”). Proceeds of the Series 2004 Bonds were loaned to Foundation to, in addition to other purposes, finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facility, currently leased by Foundation and operated by James Irwin School, known as James Irwin Charter High School (“JICHS”) campus, located at 5525 Astrozon Blvd, Colorado Springs, CO 80916 (\$10,000,000). All of the facilities refinanced with proceeds of the Series 2015 Notes and Series 2016 Notes shall be referred to herein in the aggregate as the “Project.” The Project will initially be owned by Foundation and operated by James Irwin Schools. After completion of the Project, (a) PTEC is expected to continue to serve approximately 270 students in grades 6-12, (2) JICA is expected to continue to serve approximately 330 students in grades K-5, (3) JICES is expected to continue to serve approximately 540 students in grades K-5, (4) JICMS is expected to continue to serve approximately 450 students in grades 6-8, and (5) JICHS is expected to continue to serve approximately 410 students in grades 9-12.

The Bonds will be special limited obligations of AZIDA payable solely from the loan repayments to be made by the Lender to AZIDA, and certain funds and accounts established by the bond indenture for the Bonds. The principal of and interest on the Bonds will not constitute obligations of El Paso County, Colorado, Arizona Industrial Development Authority, the Arizona Finance Authority, the State of Arizona or any political subdivision thereof. The Bonds will not constitute a debt or a loan of credit or a pledge of the full faith and credit or taxing power of El Paso County, Colorado, the Arizona Industrial Development Authority, the Arizona Finance Authority, the State of Arizona, or any political subdivision thereof, within the meaning of any state constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Arizona Industrial Development Authority, the Arizona Finance Authority, the State of Arizona, or any political subdivision thereof.

The public hearing will be conducted in a manner that provides a reasonable opportunity for persons with differing views on both the issuance of the Bonds and the financing of the Project to be heard and to present their oral and written comments. Written comments should be delivered at the public hearing or mailed to Arizona Industrial Development Authority, c/o Kutak Rock, 8601 North Scottsdale Road, Suite 300, Scottsdale, Arizona 85253, Attention: President, for receipt not later than the date and time of the hearing. Anyone requiring an accommodation consistent with the Americans with Disabilities Act should contact Arizona Industrial Development Authority representatives at (480) 429-5000 at least two (2) business days in advance of the hearing. This notice is published and the hearing is held in satisfaction of the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

PUBLIC APPROVAL CERTIFICATE

Arizona Industrial Development Authority Charter School Revenue Bonds Series 2019

WHEREAS, the purpose of this approval certificate is to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), in order to qualify the interest on the "Arizona Industrial Development Authority Charter School Revenue Bonds, Series 2019" to be issued pursuant to a plan of financing within the meaning of Section 147(f)(2)(C) of the Code in one or more series of tax-exempt bonds in an amount not to exceed \$27,000,000 (the "Bonds") for exclusion from the gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Code; and

WHEREAS, the Executive Director of the El Paso County Economic Development Department has informed me that the Bonds are expected to be part of a larger issuance of bonds for the benefit of multiple charter schools in multiple states, all issued pursuant to Title 35, Chapter 5, Article 2 of the Arizona Revised Statutes, as amended, by the Arizona Industrial Development Authority, a nonprofit corporation designated as a political subdivision of the State of Arizona ("AZIDA"), incorporated with the approval of the Arizona Finance Authority pursuant to the provisions of the Constitution and laws of the State of Arizona, including the Industrial Development Financing Act, Title 35, Chapter 5, Articles 1 through 5, Arizona Revised Statutes, as amended (Sections 35-701 through 35-761, inclusive). The proceeds from the sale of the larger issuance of bonds will be loaned to Equitable Facilities Fund, Inc., a Delaware nonstock corporation described in Section 501(c)(3) of the Code ("EFF"), or Equitable School Revolving Fund, LLC, a Delaware limited liability company affiliate of EFF that is disregarded for federal tax purposes (together with EFF, the "Lender"). The proceeds from the sale of the Bonds will finance or refinance a loan by the Lender to James Irwin Educational Foundation ("Foundation"). Foundation is a duly organized and validly existing Colorado nonprofit corporation described in Section 501(c)(3) of the Code. The loan to be made by the Lender will (a) refund the Colorado Educational and Cultural Facilities Authority Charter School Revenue Notes (James Irwin Educational Foundation Project) Series 2015 (\$24,600,000) (the "Series 2015 Notes") and the Colorado Educational and Cultural Facilities Authority Charter School Revenue Notes (James Irwin Educational Foundation Project) Series 2016 (\$3,000,000) (the "Series 2016 Notes"), proceeds of which were loaned to Foundation to, in addition to other purposes, (i) finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facilities, currently leased by Foundation and operated by James Irwin Charter Schools, a duly organized and validly existing Colorado nonprofit corporation described in Section 501(c)(3) of the Code ("James Irwin Schools"), known as (1) Power Technical Early College ("PTEC") campus, located at 2525 Canada Drive, Colorado Springs, CO 80922 (\$3,000,000) and (2) James Irwin Charter Academy ("JICA") campus, located at 1801 N. Howard Ave, Colorado Springs, CO 80909 (\$2,100,000); (ii) refund the Colorado Educational and Cultural Facilities Authority Charter School Revenue and Refunding Improvement Bonds (James Irwin Educational Foundation Project) Series 2007 (the "Series 2007 Bonds"). Proceeds of the Series 2007 Bonds were loaned to Foundation to, in addition to other purposes, (i) finance the acquisition,

construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facilities, currently leased by Foundation and operated by James Irwin School, known as James Irwin Charter Elementary School (“JICES”) campus and James Irwin Charter Middle School (“JICMS”) campus, jointly located at 5525 Astrozon Blvd, Colorado Springs, CO 80916 (\$10,400,000); (ii) refund the Colorado Educational and Cultural Facilities Authority Variable Rate Charter School Revenue Bonds (James Irwin Educational Foundation Project) Series 2004 (the “Series 2004 Bonds”). Proceeds of the Series 2004 Bonds were loaned to Foundation to, in addition to other purposes, finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facility, currently leased by Foundation and operated by James Irwin School, known as James Irwin Charter High School (“JICHS”) campus, located at 5525 Astrozon Blvd, Colorado Springs, CO 80916 (\$10,000,000). All of the facilities refinanced with proceeds of the Series 2015 Notes and Series 2016 Notes shall be referred to herein in the aggregate as the “Project.” The Project will initially be owned by Foundation and operated by James Irwin Schools. After completion of the Project, (a) PTEC is expected to continue to serve approximately 270 students in grades 6-12, (2) JICA is expected to continue to serve approximately 330 students in grades K-5, (3) JICES is expected to continue to serve approximately 540 students in grades K-5, (4) JICMS is expected to continue to serve approximately 450 students in grades 6-8, and (5) JICHS is expected to continue to serve approximately 410 students in grades 9-12. Orrick, Herrington & Sutcliffe, LLP will serve as bond counsel for the Bonds; and

WHEREAS, the Executive Director of the El Paso County Economic Development Department has informed me that a public hearing was held at 10:00 a.m. on July 18, 2019 (the “Public Hearing”), after reasonable public notice was given in accordance with applicable law and that no objections were raised at the Public Hearing with respect to the proposed issuance of the Bonds or the financing of the Project.

NOW, THEREFORE, based upon all of the forgoing, I HEREBY CERTIFY THAT:

1. I am Mark Waller, the Chair of the Board of County Commissioners of El Paso County, Colorado, and chief elected executive officer of El Paso County elected-at-large by popular vote of the residents of El Paso County; and
2. The Executive Director of the El Paso County Economic Development Department has informed me of the purpose for which the Bonds are proposed to be issued, of the proceedings of the Public Hearing, and that no objections were raised with respect to the proposed issuance of the Bonds or the financing of the Project at the Public Hearing; and
3. For the sole purpose of qualifying the interest on the Bonds for exclusion from the gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Code, I hereby approve the issuance of the Bonds in an aggregate principal amount not to exceed \$27,000,000 and the financing of the Project, provided that in no event shall the El Paso County, Colorado, be liable for such Bonds nor shall the Bonds constitute a debt of the El Paso County, Colorado.

Signed this ____ day of _____, 2019.

EL PASO COUNTY, COLORADO

Mark Waller, Chair of the Board of County
Commissioners

[Signature to Public Approval Certificate Regarding Monument Academy Foundation Project]