

MEMORANDUM

TO City of Commerce City, Colorado City Council

FROM Ballard, Spahr, Bond and Borrower's Counsel

DATE 6/16/21

RE Background for resolution approving, in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, the issuance of bonds to finance a project for Campus Partners 1

Campus Partners 1 ("CP1") a non-profit corporation organized and existing under the laws of the State of Michigan and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which is exempt from federal taxation under Section 501(a) of the Code, has requested The Industrial Development Authority of The County of La Paz (the "Authority"), an Arizona nonprofit corporation designated a political subdivision of the State of Arizona, to issue its revenue bonds in one or more series (the "Bonds") pursuant to a plan of finance for the project within this jurisdiction described below in an aggregate principal amount not to exceed \$16,000,000, as part of a larger scale multi-state project. Proceeds from the sale of the Bonds will be loaned by the Authority to CP1 and its affiliates, all single member limited liability companies and disregarded entities of CP1 (collectively the "Borrower"), to be used to finance or reimburse all or a portion of the costs of a project that consists of the acquisition and improvement of approximately 70 public charter school facilities across the country for use in their school operations, along with the funding of any required reserves and the payment of the costs of issuance of the Bonds. The Borrower will lease the charter school facilities to qualified 501(c)(3) entities or governmental entities.

CP1 requested the Authority to issue the Bonds because the Authority has the ability to issue bonds for projects throughout the country and thus provides an efficient process and cost savings to the Borrower.

In order for the Bonds to be issued on a tax-exempt basis, Section 147(f) of the Internal Revenue Code requires that the applicable elected representative of the governmental unit having jurisdiction over the area in which any facility, with respect to which financing is to be provided from the net proceeds of such issue is located, approve the bond issue after a public hearing following reasonable public notice. Commerce City, Colorado City Council is the applicable elected representative because net proceeds of the financing will be used to acquire and improve a charter school facility within the City. For this reason, we are asking Council to hold a public hearing with respect to the Bonds and approve the attached resolution.