

CITY COUNCIL AMENDING MEMO

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF SIERRA VISTA
EDUCATION FACILITY REVENUE BONDS
(CHAMPION SCHOOLS PROJECT), SERIES 2024**

Although the Project did not change, the Borrower has requested a change to a different underwriter and a change in the series designation to 2024

- The Series 2024 Bonds The Authority will issue its Education Facility Revenue Bonds (Champion Schools Project), Series 2024 (the “*Series 2024 Bonds*”), in one or more series or subseries and in an original principal amount not to exceed \$35,000,000 and a maturity date not to exceed 40 years. The Bonds will bear interest at a fixed rate.
- Public Sale. The Series 2024 Bonds will be issued as unrated, fully registered Bonds and will be publicly sold by Herbert J. Sims & Co., Inc. (the “*Underwriter*”). The Series 2024 Bonds will be issued without a rating in denominations of \$25,000 and integral multiples of \$5,000 in excess thereof and sold only to “*Qualified Institutional Buyers*” within the meaning of Rule 144A of Rules adopted pursuant to 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, with an investor letter. The Series 2024 Bonds will initially be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company.
- The Borrower Fit Kids, Inc. dba Champion Schools (the “*Borrower*”), an Arizona non-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, operating exclusively for charitable and educational purposes as a charter school under the Charter School Act, Arizona Revised Statutes Title 15, Chapter 1, Article 8, as amended. The Borrower has a charter school contract with the Arizona State Board of Charter Schools.
- The Series 2024 Project The proceeds of the Series 2024 Bonds will be used for the purposes of (i) financing or refinancing for the costs of the acquisition,

construction, improvement, renovation, operation and equipping of land and charter school facilities located at (a) 7900 South Jesse Owens Parkway in Phoenix, Arizona, (b) 250 South McQueen Road, Chandler, Arizona and (c) 1846 East Bella Vista Road, San Tan Valley, Arizona (collectively, the “*Series 2024 Facilities*”), (ii) funding of any required reserves, (iii) paying capitalized interest, if any, on the 2024 Bonds and (iv) paying certain issuance expenses;

Documentation

Pursuant to the Loan Agreement between the Authority and the Borrower, the Borrower has agreed to make payments to the Trustee (on behalf of the Authority) sufficient to pay the principal of, premium, if any, and interest on the Series 2024 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 certain of the Borrower’s properties, including the Series 2024 Facilities.

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VIA EMAIL

March 21, 2024

Clea McCaa II, Mayor
Carolyn Umphrey, Mayor Pro Tem
William Benning, Council Member
Gregory Johnson, Council Member
Angelica Landry, Council Member
Marta Messmer, Council Member
Mark Rodriguez, Council Member
CITY OF SIERRA VISTA
1011 N. Coronado Drive
Sierra Vista, Arizona, 85635

Re: The Industrial Development Authority of the City of Sierra Vista – Request to Amend Resolution to Issue Bonds – Education Facility Revenue Bonds (Champion Schools Project), Series 2024 - In an Amount Not to Exceed \$35,000,000

Dear Mr. Mayor and Members of the City Council:

As you may recall, on August 7, 2023, The Industrial Development Authority of the City of Sierra Vista (the “*Authority*”) previously approved its resolution (the “*Authority Resolution*”) authorizing the issuance of its Education Facility Revenue Bonds (Champion Schools Project) (the “*Bonds*”), in one or more series and in an aggregate principal amount not to exceed \$35,000,000, the proceeds of which will be loaned to Fit Kids, Inc. dba Champion Schools (the “*Borrower*”), a duly organized and validly existing Arizona non-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, operating exclusively for charitable and educational purposes as a charter school under the Charter School Act, Arizona Revised Statutes Title 15, Chapter 1, Article 8, as amended. The Mayor and City Council of the City of Sierra Vista approved their resolution (the “*City Resolution*” and together with the Authority Resolution, the “*Resolutions*”) approving the proceedings regarding such Bonds on August 10, 2023.

At its meeting held on March 22 2024, the Authority will consider granting its final approval to an amending resolution regarding such Bonds, as requested by the Borrower. Because the Resolutions for the Bonds have already been approved, the Borrower is now requesting this amendment consisting of (a) a change of the Underwriter of the Bonds listed in the original Authority resolution from RBC Capital Markets, LLC to Herbert J. Sims & Co., Inc. and (b) a change in the series designation of the Facilities, the Project, and the Bonds from Series 2023 to Series 2024.

The proceeds of the Bonds will still be loaned to the Borrower for the purposes of (i) financing or refinancing for the costs of acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at (a) 7900 South Jesse Owens Parkway in Phoenix, Arizona, (b) 250 S. McQueen Road, Chandler, Arizona and (c) 1846 E. Bella Vista Road, San Tan Valley, Arizona (collectively, the “*Facilities*”); (ii) funding of any required reserves as set forth in the Indenture of Trust between the Authority and UMB Bank, National Association, as trustee

Mayor and City Council of Sierra Vista

March 21, 2024

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

As always, this issuance of the Bonds is subject to the approval of Mayor and City Council of the City of Sierra Vista. Therefore, the Authority respectfully requests that this matter be placed on the Mayor and City Council Regular Meeting Agenda scheduled for March 28, 2024, for the purpose of having the Mayor and City Council approve the amending resolution regarding actions of the Authority. Enclosed herewith are (a) the Resolution of the Mayor and City Council of the City of Sierra Vista amending its prior approval and (b) an Amending Memo to the City Council on the Bonds, together with a draft of the Resolution to be considered by the Authority.

The Bonds will still be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “*Act*”). The Authority believes that the payment of the fee to it by the Borrower in respect of the Bonds will provide a benefit to the City of Sierra Vista, as such fee will be used by the Authority for economic development purposes within the City, as well as its general administrative costs.

The Bonds will be issued as unrated, fully registered Bonds and will be publicly sold by Herbert J. Sims & Co., Inc. (the “*Underwriter*”). The Bonds will be issued without a rating in denominations of \$25,000 and integral multiples of \$5,000 in excess thereof and sold only to “*Qualified Institutional Buyers*” pursuant to Securities Act of 1933, as amended, or “*Accredited Investors*” under the Securities Act of 1933, with an investor letter. The Bonds will initially be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company.

As always, the Bonds are special limited obligations of the Authority. The Bonds are payable solely from payments made by the Borrower pursuant to a loan agreement and secured by one or more deeds of trust (mortgage) on the Facilities owned by the Borrower. Such payments are pledged to the Trustee under the Indenture, for payment to the holders of the Bonds. Neither the faith and credit, nor the taxing power of the Authority or the City of Sierra Vista or any other political subdivision thereof, are pledged to the payment of the 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/jgs

Enclosures

C: Jill Adams, City Clerk

Nathan Williams, City Attorney

RESOLUTION 2024-_____

AN AMENDING RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, COCHISE COUNTY, ARIZONA APPROVING CERTAIN CHANGES IN THE PROCEEDINGS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF SIERRA VISTA REGARDING THE ISSUANCE OF ITS EDUCATION FACILITY REVENUE BONDS (CHAMPION SCHOOLS PROJECT), SERIES 2024 IN AN AMOUNT NOT TO EXCEED \$35,000,000; AUTHORIZING AND DIRECTING THE CITY MANAGER, CITY CLERK, CITY ATTORNEY AND/OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION; AND DECLARING AN EMERGENCY

WHEREAS, The Industrial Development Authority of the City of Sierra Vista (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 2024 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*"), a duly organized and validly existing Arizona non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, operating exclusively for charitable and educational purposes as a charter school under the Charter School Act, Arizona Revised Statutes Title 15, Chapter 1, Article 8, as amended, for the purposes of (i) financing or refinancing for the costs of the acquisition, construction, improvement, renovation, operation and equipping of land and charter school facilities located at (a) 7900 South Jesse Owens Parkway in Phoenix, Arizona, (b) 250 S. McQueen Road, Chandler, Arizona and (c) 1846 E. Bella Vista Road, San Tan Valley, Arizona (collectively, the "*Facilities*"), (ii) funding of any required reserves, (iii) paying capitalized interest, if any, on the Bonds and (iv) paying certain issuance expenses (collectively, the "*Project*"); and

WHEREAS, on August 7, 2023, 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 "*Original Resolution*"), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the Bonds by the Mayor and City Council of the City of Sierra Vista; and

WHEREAS, on August 10, 2023, the Mayor and City Council of the City of Sierra Vista approved the proceedings of the Authority regarding the issuance of the Bonds (the "*City Original Resolution*"); and

WHEREAS, the Borrower has requested that the Authority (a) change the Underwriter of the Bonds listed in the Original Resolution from RBC Capital Markets, LLC to

Herbert J. Sims & Co., Inc. and (b) change the series designation of the Facilities, the Project, and the Bonds from Series 2023 to Series 2024 (the “Changes”).

WHEREAS, on March 22, 2024, the Authority approved an amending resolution to its Original Resolution approving the Changes, including the form of a Bond Purchase Agreement (the “*Bond Purchase Agreement*”), among the Authority, the Borrower and Herbert J. Sims & Co., Inc., as underwriter and such other documents as may be required for the issuance of the Bonds (the “*Authority’s Amending Resolution*”); and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the Bonds are not expected to change and will be set forth in the Indenture, the Loan Agreement and the form of the Bonds themselves; and

WHEREAS, copies of said documents have been made available to the Mayor and City Council of the City of Sierra Vista, together with the Authority’s Amending Resolution; and

WHEREAS, the Mayor and City Council of the City of Sierra Vista have 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 Mayor and City Council of the City of Sierra Vista of the issuance of the Bonds; and

WHEREAS, the Mayor and City Council of the City of Sierra Vista has had 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 MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, COCHISE COUNTY, ARIZONA, as follows:

Section 1. The policy of the City Council to support the Authority and its economic development mission in coordination with the City, and to approve the issuance of bonds of the Authority that are in the public interest in accordance with Arizona law is hereby restated and readopted.

Section 2. Pursuant to Section 35-721.B of the Act, the Mayor and City Council of the City of Sierra Vista, 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 Original Resolution and the Authority’s Amending Resolution (collectively, the “*Authority Resolutions*”), the Bond Purchase Agreement, and all other related or appropriate documents;

Section 3. 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;

Section 4. The City Manager, the City Clerk, and the City Attorney or any appropriate officers of the Mayor and City Council of the City of Sierra Vista are hereby authorized and directed to do all such things and to execute and deliver all such documents on behalf of the City of Sierra Vista as may be necessary or desirable to effectuate the intent of this Resolution and the Authority's Resolutions in connection with the issuance of the Bonds; and

Section 5. The immediate operation of the provisions of this resolution is necessary for the preservation of the public peace, health and safety, and therefore an emergency is hereby declared to exist. This resolution shall be in full force and effect from and after its passage, adoption and approval by the Mayor and City Council of the City of Sierra Vista, Arizona.

PASSED, ADOPTED AND APPROVED by the Mayor and City Council of the City of Sierra Vista, Arizona this ____ day of March, 2024.

Clea McCaa II, Mayor
CITY OF SIERRA VISTA, ARIZONA

ATTEST:

Jill Adams, City Clerk
CITY OF SIERRA VISTA, ARIZONA

APPROVED AS TO FORM:

KUTAK ROCK LLP,
Bond Counsel

By:  _____

Nathan Williams, City Attorney