

CITY COUNCIL MEMO

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF SIERRA VISTA
CHARTER SCHOOL REVENUE AND REFUNDING BONDS
(LEADING EDGE ACADEMY MARICOPA CHARTER SCHOOL PROJECT), SERIES 2024**

The Series 2024 Bonds The Industrial Development Authority of the City of Sierra Vista (the “*Authority*”) will issue its Charter School Revenue and Refunding Bonds (Leading Edge Academy Maricopa Charter School Project), Series 2024 (the “*Series 2024 Bonds*”), in one or more series or subseries and in an original principal amount not to exceed \$15,500,000 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 privately placed with First-Citizen Bank & Trust Company (the “*Bank*”). The Series 2024 Bonds issued in either (a) authorized denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof of principal, except that a Series 2024 Bond may be exchanged after mandatory redemption for a Series 2024 Bond in a denomination of less than \$25,000 but in \$5,000 integral multiples to the extent necessary to represent the unredeemed portion of the Series 2024 Bonds and sold only to (i) any “Accredited Investor” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933 or “Qualified Institutional Buyer” (within the meaning of Rule 144A promulgated under the Securities Act of 1933), (ii) any bank, savings institution or insurance company (whether acting in trustee or custodial capacity for any Accredited Investor or Qualified Institutional Buyer or on its own behalf), or (iii) any trust or custodial arrangement of each of the beneficial owners of which is an Accredited Investor or Qualified Institutional Buyer, with (a) an initial investor letter, or (b) upon and after receipt by the Bank from the Borrower (as defined herein) of a rating letter by Fitch, S&P or Moody’s indicating that the 2024 Bonds are rated “BBB-” or “Baa3,” as applicable, or better, the authorized denominations shall be \$5,000 and any multiple in excess thereof.

The Borrower Leading Edge Academy Maricopa (the “*Borrower*”) is 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 2013 Project The Borrower had previously been loaned the proceeds of the Education Facility Revenue Bonds (Leading Edge Academy Maricopa Charter School Project), Series 2013 (the “*Series 2013 Bonds*”), in the aggregate principal amount of \$3,150,000 previously issued by The Industrial Development Authority of the County of Pima (the “*Prior Issuer*”), to assist the Borrower in financing and/or refinancing and/or reimbursing the costs of acquisition, construction, improvements, renovation and equipping of charter school facilities located at 18700 N. Porter Road, Maricopa, Arizona 85138 (the “*Series 2013 Facilities*”); funding of any required reserves; paying capitalized interest and paying certain issuance expenses (the “*Series 2013 Project*”).

The Series 2015 Project The Borrower had previously been loaned the proceeds of the Education Facility Revenue Bonds (Leading Edge Academy Maricopa Charter School Project), Series 2015 (the “*Series 2015 Bonds*”), in the aggregate principal amount of \$5,500,000 previously issued by the Prior Issuer, to assist the Borrower in financing the costs of acquiring land and constructing, improving and furnishing of charter school facilities located adjacent and contiguous to now represented at the same address as the Series 2013 Facilities in Maricopa, Arizona (the “*Series 2015 Facilities*” and, together with the Series 2013 Facilities, the “*Porter Road Facilities*”); funding of any required reserves; paying capitalized interest and paying certain issuance expenses (the *Series 2015 Project*”).

The Series 2024 Project The Borrower has now requested that the Authority to issue revenue bonds for the purpose of refunding of the Series 2013 Bonds; refunding of the Series 2015 Bonds; financing the costs of acquiring land and constructing, improving and furnishing of charter school facilities located at 4815 West Hunt Highway, Queen Creek, Arizona 85144 (the “*West Hunt Facilities*” and, together with the Porter Road Facilities, the “*Series 2024 Facilities*”); financing the costs of additions and improvements to the Series 2024 Facilities; funding of any required reserves; and paying certain issuance expenses (the “*Series 2024 Project*”).

Documentation Pursuant to the Financing Agreement between the Authority, the Borrower, and the Bank, the Borrower has agreed to make payments to the Bank (on behalf of the Authority) sufficient to pay the principal of, premium, if any, and interest on the 2024 Bonds when due. The Borrower's obligations under the Financing Agreement will be secured by one or more Deeds of Trust, which will be recorded on the Facilities.

SLANIA LAW, PLLC

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VIA EMAIL

June 20, 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 Approve Resolution to Issue Bonds – Charter School Revenue and Refunding Bonds (Leading Edge Academy Maricopa Charter School Project), Series 2024 - In an Amount Not to Exceed \$15,500,000

Dear Mr. Mayor and Members of the City Council:

At its meeting on June 25, 2024, The Industrial Development Authority of the City of Sierra Vista (the “*Authority*”) will consider granting its final approval to its resolution (the “*Authority Resolution*”) authorizing the issuance of its Charter School Revenue and Refunding Bonds (Leading Edge Academy Maricopa Charter School Project) (the “*Bonds*”), in one or more series and in an aggregate principal amount not to exceed \$15,500,000, the proceeds of which will be loaned to Leading Edge Academy Maricopa (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 proceeds of the Bonds will be loaned to the Borrower for the purposes of (i) refunding certain Education Facility Revenue Bonds (Leading Edge Academy Maricopa Charter School Project) Series 2013 issued by The Industrial Development Authority of the County of Pima (the “*Prior Issuer*”) which financed charter school facilities located at 18700 N. Porter Road, Maricopa, Arizona 85138 (the “*Series 2013 Facilities*”), (ii) refunding certain Education Facility Revenue Bonds (Leading Edge Academy Maricopa Charter School Project), Series 2015 issued by the Prior Issuer which financed charter school facilities located adjacent and contiguous to and now represented at the same address as the Series 2013 Facilities (the “*Porter Road Facilities*”), (iii) financing cost of acquiring land and constructing, improving and furnishing of charter school facilities located at 4815 West Hunt Highway, Queen Creek, Arizona 85144 (the “*West Hunt Facilities*” and together with the Porter Road Facilities, the “*Facilities*”); (iv) financing the costs of additions and improvements to the Facilities; (v) funding of any required reserves; and (vi) paying certain issuance expenses (collectively, the “*Project*”).

Mayor and City Council of Sierra Vista

June 20, 2024

Page 2

As always, this issuance of the Bonds is subject to the approval of the 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 June 27, 2024, for the purpose of having the Mayor and City Council approve the resolution regarding actions of the Authority. Enclosed herewith are (a) the Resolution of the Mayor and City Council of the City of Sierra Vista approving the proceedings of the Authority and (b) a Memo to the City Council on the Bonds, together with a draft of the Resolution to be considered by the Authority.

The Bonds are to 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 fully registered Bonds and will be privately placed with First Citizen-Bank & Trust Company (the “*Bank*”). The Bonds will be issued without an investment grade 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; provided, if an investment grade rating is received, the authorized denominations will be \$5,000 or any multiple thereof.

As always, the Bonds are special limited obligations of the Authority. Pursuant to the Financing Agreement between the Authority, the Borrower, and the Bank, the Borrower has agreed to make payments to the Bank (on behalf of the Authority) sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. 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/ub

Enclosures

C: Jill Adams, City Clerk

Nathan Williams, City Attorney

RESOLUTION 2024-_____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, COCHISE COUNTY, ARIZONA APPROVING THE PROCEEDINGS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF SIERRA VISTA REGARDING THE ISSUANCE OF ITS CHARTER SCHOOL REVENUE AND REFUNDING BONDS (LEADING EDGE ACADEMY MARICOPA CHARTER SCHOOL PROJECT), SERIES 2024 IN AN AMOUNT NOT TO EXCEED \$15,500,000; 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 Charter School Revenue and Refunding Bonds (Leading Edge Academy Maricopa Charter School Project), Series 2024 in one or more series or subseries (the “*Series 2024 Bonds*”), the proceeds of which are to be loaned to Leading Edge Academy Maricopa (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) refunding certain Education Facility Revenue Bonds (Leading Edge Academy Maricopa Charter School Project) Series 2013 issued by The Industrial Development Authority of the County of Pima (the “*Prior Issuer*”) which financed charter school facilities located at 18700 N. Porter Road, Maricopa, Arizona 85138 (the “*Series 2013 Facilities*”), (ii) refunding certain Education Facility Revenue Bonds (Leading Edge Academy Maricopa Charter School Project), Series 2015 issued by the Prior Issuer which financed charter school facilities located adjacent and contiguous to and now represented at the same address as the Series 2013 Facilities (the “*Porter Road Facilities*”), (iii) financing cost of acquiring land and constructing, improving and furnishing of charter school facilities located at 4815 West Hunt Highway, Queen Creek, Arizona 85144 (the “*West Hunt Facilities*” and together with the Porter Road Facilities, the “*Series 2024 Facilities*”); (iv) financing the costs of additions and improvements to the Series 2024 Facilities; (v) funding of any required reserves; and (vi) paying certain issuance expenses.

WHEREAS, on June 25, 2024, the Authority resolved to issue the Series 2024 Bonds in one or more series or subseries and in an aggregate amount not to exceed \$15,500,000 (the “*Authority’s Resolution*”), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the Series 2024 Bonds by the Mayor and City Council of the City of Sierra Vista; and

WHEREAS, the Authority’s Resolution has been made available to the Mayor and

City Council of the City of Sierra Vista, 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 Series 2024 Bonds and the execution and delivery of (a) the Financing Agreement (the "*Financing Agreement*") between the Authority, the Borrower and First-Citizen Bank & Trust Company (the "*Bank*"), and (b) such other documents as may be required for the issuance of the Series 2024 Bonds; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the Series 2024 Bonds are set forth in the Financing Agreement and the form of the Series 2024 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 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 Series 2024 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 Series 2024 Bonds; and

WHEREAS, the Mayor and City Council of the City of Sierra Vista has had presented to it information regarding the Series 2024 Bonds and is further informed and advised with regard to the Series 2024 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 Series 2024 Bonds and the proceedings under which the Series 2024 Bonds are to be issued by the Authority, including specifically the Authority's Resolution, the Financing 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 Resolution in connection with the issuance of the Series 2024 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 27th day of June, 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