

CITY COUNCIL MEMO

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF SIERRA VISTA EDUCATION FACILITY REVENUE REFUNDING OBLIGATIONS (SAN TAN MONTESSORI SCHOOL PROJECT), SERIES 2023

- The Series 2023 Obligations..... The Authority will issue its Education Facility Revenue Refunding Obligations (San Tan Montessori School Project), Series 2023 (the “*Series 2023 Obligations*”), in one or more series or subseries and in an original principal amount not to exceed \$18,000,000 and a maturity date not to exceed 40 years. The Series 2023 Obligations will bear interest at the tax-exempt or taxable rates as set forth in Section 2.03 of the Indenture of Trust.
- Private Sale..... The 2023 Obligations will be purchased by Sunflower Public Finance, LLC, a Colorado limited liability company and a wholly owned subsidiary of Sunflower Bank, N.A., and are payable from the property pledged, assigned and mortgaged to BOKF, NA, as trustee (the “*Trustee*”). The Series 2023 Obligations shall be issuable as fully registered Obligations in authorized denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof.
- The Borrower..... San Tan Montessori School, Inc. (the “*Borrower*”), an Arizona non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, is 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 2014 Bonds..... The Borrower had previously been loaned the proceeds of the Education Facility Revenue Bonds (San Tan Montessori School Project), Series 2014A in the aggregate principal amount of \$12,120,000 (the “*Series 2014A Bonds*”) and the Education Facility Revenue Bonds (San Tan Montessori School Project), Taxable Series 2014B in the aggregate principal amount of \$795,000 (the “*Series 2014B Bonds*”) (collectively, the “*Series 2014 Bonds*”) previously issued by The Industrial Development Authority of the County of Pima (the “*Prior Issuer*”), which were issued for the purposes of (i) financing the costs of acquisition, construction, improvement, renovation, operation and equipping of charter school facilities located on approximately six and one-half acres of land at or near the intersection of Recker Road and Elliot Road in Gilbert, Arizona, now known as 3959 East Elliot Road, Gilbert, Arizona (the “*Elliot Road Facilities*”); (ii) funding of any required reserves; (iii) paying capitalized interest on the Series 2014 Bonds; and (iv) paying certain issuance expenses related to the Series 2014 Bonds. The Series 2014B Bonds are no longer outstanding.
- The Series 2016 Bonds..... The Borrower had previously also been loaned the proceeds of the Education Facility Revenue Bonds (San Tan Montessori School

Project), Series 2016 (the “*Series 2016 Bonds*”) in the aggregate principal amount of \$4,600,000 previously issued by the Prior Issuer, which were issued for the purposes of (i) financing the costs of constructing, improving and furnishing of charter school facilities located at the Elliot Road Facilities; (ii) funding of any required reserves; (iii) paying capitalized interest on the Series 2016 Bonds; and (iv) paying certain issuance expenses related to the Series 2016 Bonds.

The Series 2017 Bonds.....

The Borrower had previously further been loaned the proceeds of the Education Facility Revenue Bonds (San Tan Montessori School Project), Series 2017 (the “*Series 2017 Bonds*”) in the aggregate principal amount of \$18,995,000 previously issued by the Prior Issuer, which were issued for the purposes of (i) financing the costs of acquiring, constructing, improving and furnishing of approximately 20 acres of land and charter school facilities located north of the northwest corner of Power Road and Elliot Road in Gilbert, Arizona; (ii) funding of any required reserves; (iii) paying capitalized interest on the Series 2017 Bonds; and (iv) paying certain issuance expenses related to the Series 2017 Bonds. The Series 2017 Bonds will remain outstanding.

The Series 2023 Project.....

The proceeds of the Series 2023 Obligations will be used for the purposes of (i) refinancing the costs of the Elliot Road Facilities through the refunding of the Series 2014A Bonds and the Series 2016 Bonds, and (ii) paying certain issuance expenses related to the Series 2023 Obligations.

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 2023 Obligations when due. The Borrower’s obligations under the Loan Agreement will be secured by Borrower revenues, including one or more Deeds of Trust, which will be recorded on the Borrower’s properties.

The Borrower will direct the Trustee to enter into a Custody and Distribution Agreement and an Intercreditor/Parity Agreement with the Prior Trustee, to establish the intercreditor relationship among the Series 2017 Bonds and the Series 2023 Obligations.

SLANIA LAW, PLLC

2980 N. Swan Road #222

Tucson, Arizona 85712

Michael A. Slania, Esq.
mas@slanialaw.com

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

VIA EMAIL

May 31, 2023

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 – Notice of Intention to Issue Obligations – Education Facility Revenue Refunding Obligations (San Tan Montessori School Project), Series 2023--In an Amount Not to Exceed \$18,000,000

Dear Mr. Mayor and Members of the City Council:

At its meeting held on May 26, 2023, The Industrial Development Authority of the City of Sierra Vista (the “*Authority*”), granted its final approval to a resolution authorizing the issuance of its Education Facility Revenue Refunding Obligations (San Tan Montessori School Project), Series 2023 (the “*Series 2023 Obligations*”), in one or more series and in an aggregate principal amount not to exceed \$18,000,000, the proceeds of which will be loaned to San Tan Montessori School, Inc. (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.

The Borrower had previously been loaned the proceeds of the Education Facility Revenue Bonds (San Tan Montessori School Project), Series 2014A in the aggregate amount of \$12,120,000 (the “*Series 2014A Bonds*”) and the Education Facility Revenue Bonds (San Tan Montessori School Project), Taxable Series 2014B in the aggregate principal amount of \$795,000 (the “*Series 2014B Bonds*”) (collectively, the “*Series 2014 Bonds*”) previously issued by The Industrial Development Authority of the County of Pima (the “*Prior Issuer*”), which were issued for the purposes of (i) financing the costs of acquisition, construction, improvement, renovation, operation and equipping of charter school facilities located on approximately six and one-half acres of land at or near the intersection of Recker Road and Elliot Road in Gilbert, Arizona, now known as 3959 East Elliot Road, Gilbert, Arizona (the “*Elliot Road Facilities*”); (ii) funding of any required

reserves; (iii) paying capitalized interest on the Series 2014 Bonds; and (iv) paying certain issuance expenses related to the Series 2014 Bonds. The Series 2014B Bonds are no longer outstanding.

The Borrower had previously also been loaned the proceeds of the Education Facility Revenue Bonds (San Tan Montessori School Project), Series 2016 (the “*Series 2016 Bonds*”) in the aggregate principal amount of \$4,600,000 previously issued by the Prior Issuer, which were issued for the purposes of (i) financing the costs of construction, improving and furnishing of charter school facilities located at the Elliot Road Facilities; (ii) funding of any required reserves; (iii) paying capitalized interest on the Series 2016 Bonds; and (iv) paying certain issuance expenses related to the Series 2016 Bonds.

The Borrower had previously further been loaned the proceeds of the Education Facility Revenue Bonds (San Tan Montessori School Project), Series 2017 (the “*Series 2017 Bonds*”) in the aggregate principal amount of \$18,995,000 previously issued by the Prior Issuer, which were issued for the purposes of (i) financing the costs of acquiring, constructing, improving and furnishing of approximately 20 acres of land and charter school facilities located north of the northwest corner of Power Road and Elliot Road in Gilbert, Arizona; (ii) funding of any required reserves; (iii) paying capitalized interest on the Series 2017 Bonds; and (iv) paying certain issuance expenses related to the Series 2017 Bonds. The Series 2017 Bonds will remain outstanding.

The proceeds of the Series 2023 Obligations will be loaned to the Borrower for the purposes of (i) refinancing the costs of the Elliot Road Facilities through the refunding of the Series 2014A Bonds and the Series 2016 Bonds, and (v) paying certain issuance expenses related to the Series 2023 Obligation (collectively, the “*Series 2023 Project*”). The 2023 Obligations will be issued in one or more series of tax-exempt and/or taxable obligations as set forth in the Indenture of Trust and one or more supplements thereto (collectively, the “*Indenture*”) dated as of the first day of the month in which the Series 2023 Obligations are issued, between the Authority and BOKF, NA, as trustee (the “*Trustee*”).

As always, this issuance of the Series 2023 Obligations 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 June 8, 2023, for the purpose of having the Mayor and City Council approve the action of the Authority. Enclosed herewith is the Resolution of the Mayor and City Council of the City of Sierra Vista approving the transaction.

The Series 2023 Obligations are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the “*Act*”). Pursuant to the Act, the Authority can issue bonds, notes, and obligations, both within and outside the State of Arizona. The Authority believes that the payment of the fee to it by the Borrower in respect of the Series 2023 Obligations 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 Series 2023 Obligations will be purchased by Sunflower Public Finance, LLC, a Colorado limited liability company and a wholly owned subsidiary of Sunflower Bank, N.A., and

Mayor and City Council of Sierra Vista

May 31, 2023

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are payable from the property pledged, assigned and mortgaged to the Trustee. The Series 2023 Obligations shall be issuable as fully registered obligations in authorized denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof.

As always, the Series 2023 Obligations are special limited obligations of the Authority. The Series 2023 Obligations 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 Elliot Road Facilities. Such payments are pledged to the Trustee under the Indenture, for payment to the holders of the Series 2023 Obligations. The Borrower will direct the Trustee to enter into a Custody and Distribution Agreement and an Intercreditor/Parity Agreement with the Prior Trustee, to establish the relationship among the Series 2017 Bonds and the Series 2023 Obligations. 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 Series 2023 Obligations. 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.



Michael A. Slania
Attorney for the Authority

MAS/jgs

Enclosures

C: Jill Adams, City Clerk

Nathan Williams, City Attorney

RESOLUTION 2023-0146

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 EDUCATION FACILITY REVENUE REFUNDING OBLIGATIONS (SAN TAN MONTESSORI SCHOOL PROJECT), SERIES 2023 IN AN AMOUNT NOT TO EXCEED \$18,000,000; AUTHORIZING AND DIRECTING THE CITY MANAGER, CITY CLERK, CITY ATTORNEY 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 Refunding Obligations (San Tan Montessori School Project), Series 2023 in one or more series or subseries (the “*Series 2023 Obligations*”), the proceeds of which are to be loaned to San Tan Montessori School, Inc. (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) refinancing the current outstanding principal amount of the \$12,120,000 Education Facility Revenue Bonds (San Tan Montessori School Project), Series 2014A issued by The Industrial Development Authority of the County of Pima (the “*Prior Issuer*”), and loaned to the Borrower for the purposes of, among other things, financing the costs of acquisition, construction, improvement, renovation, operation and equipping of charter school facilities located on approximately six and one-half acres of land at or near the intersection of Recker Road and Elliot Road in Gilbert, Arizona, now known as 3959 East Elliot Road, Gilbert, Arizona (the “*Elliot Road Facilities*”), (ii) refinancing the current outstanding principal amount of the \$4,600,000 Education Facility Revenue Bonds (San Tan Montessori School Project) Series 2016 issued by the Prior Issuer and loaned to the Borrower for the purpose of financing the costs of constructing, improving and furnishing of charter school facilities located on the site of the Elliot Road Facilities, and (iii) paying certain issuance expenses related to the Series 2023 Obligations (collectively, the “*Series 2023 Project*”), and

WHEREAS, on May 26, 2023, the Authority resolved to issue the Series 2023 Obligations in one or more series or subseries and in an aggregate amount not to exceed \$18,000,000 (the “*Authority’s Resolution*”), such issuance being conditioned upon, among other things, the

granting of approval to the issuance of the Series 2023 Obligations 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 2023 Obligations and the execution and delivery of (a) the Indenture of Trust (the "*Indenture*") between the Authority and BOKF, NA, (b) the Loan Agreement (the "*Loan Agreement*") between the Authority and the Borrower, (c) the Obligation Purchase Agreement (the "*Obligation Purchase Agreement*"), among the Authority, the Borrower, and Sunflower Public Finance, LLC, a Colorado limited liability company and a wholly owned subsidiary of Sunflower Bank, N.A., as purchaser, and (d) such other documents as required for the issuance of the Series 2023 Obligations; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the Series 2023 Obligations are set forth in the Indenture, the Loan Agreement and the form of the Series 2023 Obligations 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 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 Series 2023 Obligations 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 2023 Obligations; and

WHEREAS, the Mayor and City Council of the City of Sierra Vista has had presented to it information regarding the Series 2023 Obligations and is further informed and advised with regard to the Series 2023 Obligations.

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, most recently affirmed by Resolution 4582, be, and hereby is, reaffirmed.

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 2023 Obligations and the proceedings under which the Series 2023 Obligations are to be issued by the Authority, including specifically the Authority's Resolution, the Indenture, the Loan Agreement, the Obligation 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 Resolution in connection with the issuance of the Series 2023 Obligations; 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 8TH day of June, 2023.

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