

CITY COUNCIL MEMO

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF SIERRA VISTA
EDUCATION FACILITY REVENUE BONDS
(AMERICAN LEADERSHIP ACADEMY PROJECT), SERIES 2023**

The Bonds The Authority will issue its Education Facility Revenue Bonds (American Leadership Academy Project), Series 2023 (the “2023 Bonds”), in one or more series or subseries and in an original principal amount not to exceed \$180,000,000 and a maturity date not to exceed 40 years. The Bonds will bear interest at a fixed rate.

Public Sale. The 2023 Bonds will be issued either in (a) authorized denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof of principal , and sold only to “Qualified Institutional Buyers” within the meaning of Rule 144A of the Rules adopted pursuant to the 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 initial investor letter or (b) upon and after receipt by UMB Bank, National Association, as trustee (the “Trustee”) from the Borrower of a rating letter by Fitch, S&P or Moody’s indicating that the 2023 Bonds are rated “BBB-” or “Baa3,” as applicable, or better, the authorized denominations shall be \$5,000 and any multiple in excess thereof. The 2023 Bonds will initially be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company.

The Borrower American Leadership Academy, Inc. (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 2023 Project The proceeds of the 2023 Bonds will be used for the purposes of (i) financing, refinancing and/or reimbursing the Borrower for the acquisition, construction, improving, renovating, operating and equipping of land and/or facilities located at 8450 West Franklin Road, Florence, Arizona and 17760 West Olive Avenue, Waddell, Arizona (collectively, the “2023 Facilities”), (ii) financing, refinancing or reimbursing the Borrower for improving, renovating operating and equipping the Borrower’s other various charter school locations (leased or owned by the Borrower), all located in the State of Arizona, (iii) funding of any required reserves, (iv) paying capitalized interest, if any, on the 2023 Bonds, (v) funding working capital, if any, and (vi) paying certain issuance expenses (collectively, the “2023 Project”);

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 2023 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 2023 Facilities.

SLANIA LAW, PLLC

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VIA EMAIL

June 14, 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 Bonds – Education Facility Revenue Bonds (American Leadership Academy Project), Series 2023--In an Amount Not to Exceed \$180,000,000

Dear Mr. Mayor and Members of the City Council:

At its meeting held on June 13, 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 Bonds (American Leadership Academy Project), Series 2023 (the “*2023 Bonds*”), in one or more series and in an aggregate principal amount not to exceed \$180,000,000, the proceeds of which will be loaned to American Leadership Academy, Inc. (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 2023 Bonds will be loaned to the Borrower for the purposes of (i) financing, refinancing and/or reimbursing the Borrower for the acquisition, construction, improving, renovating, operating and equipping of land and/or facilities located at 8450 West Franklin Road, Florence, Arizona and 17760 West Olive Avenue, Waddell, Arizona (collectively, the “*2023 Facilities*”); (ii) financing, refinancing or reimbursing the Borrower for improving, renovating, operating and equipping the Borrower’s other various charter school locations (leased or owned by the Borrower), all located in the State of Arizona; (iii) funding of any required reserves as set forth in the Indenture of Trust between the Authority and UMB Bank, National Association, as trustee (the “*Trustee*”), (iv) paying capitalized interest, if any, on the 2023 Bonds, (v) funding working capital, if any, and (vi) paying certain issuance expenses (collectively, the “*2023 Project*”).

As always, this issuance of the 2023 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 June 22, 2023, for the purpose of having the Mayor and City Council approve the action of the Authority. Enclosed herewith

Mayor and City Council of Sierra Vista

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are (a) the Resolution of the Mayor and City Council of the City of Sierra Vista approving the transaction and (b) a Memo to the City Council on the Bonds.

The 2023 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 2023 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 2023 Bonds will be issued either in (a) authorized denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof of principal and sold only to “Qualified Institutional Buyers” within the meaning of Rule 144A of the Rules adopted pursuant to the 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 initial investor letter or (b) upon and after receipt by the Trustee from the Borrower of a rating letter by Fitch, S&P or Moody’s indicating that the 2023 Bonds are rated “BBB-“ or “Baa3”, as applicable or better, the authorized denominations shall be \$5,000 and any integral multiple thereof. The 2023 Bonds will initially be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company.

As always, the 2023 Bonds are special limited obligations of the Authority. The 2023 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 2023 Facilities and certain other facilities owned by the Borrower. Such payments are pledged to the Trustee under the Indenture, for payment to the holders of the 2023 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 2023 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 2023-053

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 BONDS (AMERICAN LEADERSHIP ACADEMY PROJECT), SERIES 2023 IN AN AMOUNT NOT TO EXCEED \$180,000,000; 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 (American Leadership Academy Project), Series 2023 in one or more series or subseries (the “*Series 2023 Bonds*”), the proceeds of which are to be loaned to American Leadership Academy, 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) financing, refinancing and/or reimbursing the Borrower for the acquisition, construction, improving, renovating, operating and equipping of land and/or facilities located at 8450 West Franklin Road, Florence, Arizona and 17760 West Olive Avenue, Waddell, Arizona (collectively, the “*2023 Facilities*”), (ii) financing, refinancing or reimbursing the Borrower for improving, renovating, operating and equipping the Borrower’s other various charter school locations (leased or owned by the Borrower), all located in the State of Arizona, (iii) funding of any required reserves, (iv) paying capitalized interest, if any, on the Series 2023 Bonds, (v) funding working capital, if any, and (vi) paying certain issuance expenses (collectively, the “*2023 Project*”); and

WHEREAS, on June 13, 2023, the Authority resolved to issue the Series 2023 Bonds in one or more series or subseries and in an aggregate amount not to exceed \$180,000,000 (the “*Authority’s Resolution*”), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the Series 2023 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 2023 Bonds and the execution and delivery of (a) the Indenture of Trust (the "*Indenture*") between the Authority and UMB Bank, National Association, (b) the Loan Agreement (the "*Loan Agreement*") between the Authority and the Borrower, (c) the Bond Purchase Agreement (the "*Bond Purchase Agreement*"), among the Authority, the Borrower and B.C. Ziegler and Company, as underwriter and (d) such other documents as may be required for the issuance of the Series 2023 Bonds; and

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

WHEREAS, the Mayor and City Council of the City of Sierra Vista has had presented to it information regarding the Series 2023 Bonds and is further informed and advised with regard to the Series 2023 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 2023 Bonds and the proceedings under which the Series 2023 Bonds are to be issued by the Authority, including specifically the Authority's Resolution, the Indenture, the Loan Agreement, 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 Resolution in connection with the issuance of the Series 2023 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 22nd 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:

ICE MILLER LLP,
Bond Counsel

By: _____

Nathan Williams, City Attorney