

**CITY COUNCIL MEMO**

**THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF SIERRA VISTA  
EDUCATION FACILITY REVENUE BONDS  
(CHAMPION SCHOOLS PROJECT), SERIES 2023**

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- The Series 2023 Bonds . . . . . The Authority will issue its Education Facility Revenue Bonds (Champion Schools Project), Series 2023 (the “*Series 2023 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 2023 Bonds will be issued as unrated, fully registered Bonds and will be publicly sold by RBC Capital Markets LLC (the “*Underwriter*”). The Series 2023 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 2023 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 2023 Project . . . . . The proceeds of the Series 2023 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 2023 Facilities*”), (ii)

funding of any required reserves, (iii) paying capitalized interest, if any, on the 2023 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 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 Series 2023 Facilities.

# SLANIA LAW, PLLC

2980 N. Swan Road #222

Tucson, Arizona 85712

Michael A. Slania, Esq.  
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520-600-2082 office  
520-314-3663 fax

VIA EMAIL

August 2, 2023

Jill Adams, City Clerk  
City of Sierra Vista, Arizona  
1011 N. Coronado Drive  
Sierra Vista, Arizona 85635

Re: The Industrial Development Authority of the City of Sierra Vista (the  
"Authority") Education Facility Revenue Bonds (Champion Schools Project),  
Series 2023 A & B (the "Bonds")

Dear Ms. Adams:

Please find attached the following documents relating to the above-referenced matter:

1. Resolution of the Mayor and City Council of the City;
2. City Council Memo; and
3. Letter to the Mayor and City Council of the City.

Please let me know if you have any questions.

Sincerely,

SLANIA LAW, PLLC

/s/

Michael A. Slania

MAS/ub

C: Mr. Frank Moro

Ms. Stacey Loucks

Attachments

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August 2, 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 (Champion Schools Project), Series 2023 - In an Amount Not to Exceed \$35,000,000

Dear Mr. Mayor and Members of the City Council:

At its meeting held on August 3, 2023, The Industrial Development Authority of the City of Sierra Vista (the “*Authority*”), will consider granting its final approval to a resolution authorizing the issuance of its Education Facility Revenue Bonds (Champion Schools Project), Series 2023 (the “*Series 2023 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 proceeds of the Series 2023 Bonds will 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 “*2023 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 (the “*Trustee*”), (iii) paying capitalized interest, if any, on the 2023 Bonds, and (iv) paying certain issuance expenses (collectively, the “*Series 2023 Project*”).

As always, this issuance of the Series 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 August 10, 2023, for the purpose of having the Mayor and City Council approve the action of the Authority. Enclosed herewith 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 Series 2023 Bonds, together with a draft of the Resolution to be considered by the Authority.



Mayor and City Council of Sierra Vista  
August 2, 2023  
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the transaction and (b) a Memo to the City Council on the Series 2023 Bonds, together with a draft of the Resolution to be considered by the Authority.

The Series 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 Series 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 Series 2023 Bonds will be issued as unrated, fully registered Bonds and will be publicly sold by RBC Capital Markets LLC (the "*Underwriter*"). The Series 2023 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 Series 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 Series 2023 Bonds are special limited obligations of the Authority. The Series 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 Series 2023 Facilities owned by the Borrower. Such payments are pledged to the Trustee under the Indenture, for payment to the holders of the Series 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 Series 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 2023-063

**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 (CHAMPION SCHOOLS PROJECT), SERIES 2023 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 2023 in one or more series or subseries (the "*Series 2023 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 "*Series 2023 Facilities*"), (ii) funding of any required reserves, (iii) paying capitalized interest, if any, on the Series 2023 Bonds and (iv) paying certain issuance expenses (collectively, the "*Series 2023 Project*"); and

WHEREAS, on August 3, 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 \$35,000,000 (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 RBC Capital Markets LLC, 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, 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 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, most recently affirmed by Resolution 2023-053, 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 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 10<sup>th</sup> day of August, 2023.

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Clea McCaa II, Mayor  
CITY OF SIERRA VISTA, ARIZONA

ATTEST:

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Jill Adams, City Clerk  
CITY OF SIERRA VISTA, ARIZONA

APPROVED AS TO FORM:

KUTAK ROCK LLP,  
Bond Counsel

By: \_\_\_\_\_

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Nathan Williams, City Attorney