

CITY COUNCIL MEMO

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF SIERRA VISTA CHARTER SCHOOL REVENUE BONDS (DELTA ACADEMY CHARTER SCHOOL PROJECT), SERIES 2023

- The Series 2023 Bonds The Authority will issue its Charter School Revenue Bonds (Delta Academy Charter School Project), Series 2023 (the “*Series 2023 Bonds*”), in one or more series or subseries and in an original principal amount not to exceed \$30,000,000 and a maturity date not to exceed 40 years. Each subseries of the Bonds will bear interest at a fixed rate.
- Limited Public Offering. The Series 2023 Bonds will be issued as unrated, fully registered Bonds and will be offered through a limited offering memorandum by RBC Capital Markets LLC (the “*Underwriter*”) to Hamlin Capital Management, LLC, the initial bondholder representative. The Series 2023 Bonds will be issued in denominations of \$25,000 and integral multiples of \$5,000 in excess thereof; provided, however, if the Series 2023 Bonds are not Hamlin Investor Bonds and the Trustee has not theretofore received an Investment Grade Notice, authorized denominations for such Series 2023 Bonds which are not Hamlin Investor Bonds shall mean \$250,000 and any integral multiple of \$1,000 in excess thereof. In the event of any partial redemption of the Series 2023 Bonds, authorized denominations can be reduced to \$5,000 increments (for Hamlin Investor Bonds) or \$1,000 increments for Non-Hamlin Investor Bonds below the minimum thresholds. 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 The Delta Academy (the “*Borrower*”), a Nevada non-profit corporation and a tax-exempt 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. The Borrower has a charter school contract with the Clark County School District.

The Series 2023 Project The proceeds of the Series 2023 Bonds will be used for the purposes of (i) financing the acquisition and improvement of certain land and existing charter school facilities currently leased by the Borrower for operation as a 6-12 charter school known as Delta Academy located at 818 West Brooks Avenue, North Las Vegas, Nevada 89030 (the “*Series 2023 Facilities*”), (ii) funding of any required reserves and (iii) paying certain issuance expenses of the Series 2023 Bonds;

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

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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") Charter School Revenue Bonds (Delta Academy Charter School Project), Series 2023 (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 – Charter School Revenue Bonds (Delta Academy Charter School Project), Series 2023--In an Amount Not to Exceed \$30,000,000

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 Charter School Revenue Bonds (Delta Academy Charter School Project), Series 2023 (the “*Series 2023 Bonds*”), in one or more series or subseries and in an aggregate principal amount not to exceed \$30,000,000, the proceeds of which will be loaned to The Delta Academy (the “*Borrower*”), a duly organized and validly existing Nevada non-profit corporation and a tax- exempt 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.

The proceeds of the Series 2023 Bonds will be loaned to the Borrower for the purposes of (i) financing (i) the acquisition and improvement of certain land and existing charter school facilities currently leased by the Borrower for operation as a 6-12 charter school known as Delta Academy including approximately 4.51 acres of real property and an approximately 31,649 square foot existing charter school facility located at 818 West Brooks Avenue, North Las Vegas, Nevada 89030 (the “*Series 2023 Facilities*”); (ii) funding of any required reserves as set forth in the Trust Indenture between the Authority and Wilmington Trust, National Association, as trustee (the “*Trustee*”) and (iii) paying certain issuance expenses of the Series 2023 Bonds (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 (c) a draft of the Resolution to be considered by the Authority.

In the opinion of Bond Counsel, a public hearing is required to be held pursuant to the Internal Revenue Code and federal income tax regulations for the issuance of the Series 2023 Bonds. The public hearing will be held on August 3, 2023 and you will be immediately informed if there are any comments or objections to the Project or the issuance of the Series 2023 Bonds prior to or during the hearing.

The Series 2023 Bonds 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 both within and outside the State of Arizona. Under the Act, to issue bonds outside the State of Arizona, the Board of Directors of the Authority must find that the exercise of its powers will provide a benefit within this state. 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 sold through a limited offering by RBC Capital Markets (the "Underwriter") to clients of Hamlin Capital Management, LLC, the initial bondholder representative. The Series 2023 Bonds will be issued in denominations of \$25,000 and integral multiples of \$5,000 in excess thereof; provided, however, if the Series 2023 Bonds are not Hamlin Investor Bonds and the Trustee has not theretofore received an Investment Grade Notice, authorized denominations for such Series 2023 Bonds which are not Hamlin Investor Bonds shall mean \$250,000 and any integral multiple of \$1,000 in excess thereof. In the event of any partial redemption of the Series 2023 Bonds, authorized denominations can be reduced to \$5,000 increments (for Hamlin Investor Bonds) or \$1,000 increments for Non-Hamlin Investor Bonds below the minimum thresholds. 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.

Mayor and City Council of Sierra Vista

August 2, 2023

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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 2023-064

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 BONDS (DELTA ACADEMY CHARTER SCHOOL PROJECT), SERIES 2023 IN AN AMOUNT NOT TO EXCEED \$30,000,000; 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

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 (the "Act"), is authorized to issue and sell its Charter School Revenue Bonds (Delta Academy Charter School Project), Series 2023, in one or more series or subseries (the "Bonds"), the proceeds of which are to be loaned to The Delta Academy (the "Borrower"), a duly organized and validly existing Nevada nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), to assist the Borrower for the purposes of: (i) financing the acquisition and improvement of certain land and existing charter school facilities currently leased by the Borrower and located at 818 West Brooks Avenue, North Las Vegas, Nevada 89030, (ii) funding any required reserves as set forth in the Indenture (as hereinafter defined), and (iii) paying certain issuance expenses of the Bonds; and

WHEREAS, on August 3, 2023, the Authority resolved to issue the Bonds in one or more series or subseries and in an aggregate amount not to exceed \$30,000,000 (the "Authority's 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, 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 Bonds and the execution and delivery of (a) a Trust Indenture (the "Indenture") between the Authority and Wilmington Trust, National Association, as trustee, (b) a Loan Agreement (the "Loan Agreement") between the Authority and the Borrower, pursuant to which the Authority will loan the proceeds of the Bonds to 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 Bonds; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the Bonds are set forth in the Indenture, the Loan Agreement and the form of 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 Slania Law, PLLC, as counsel to the Authority, and competent Bond Counsel, Ballard Spahr LLP, and such counsel has determined that said documents adequately meet the requirements of the Act and 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, pursuant to Section 147(f) of the Code, the chief elected official representing the City of Sierra Vista must approve the issuance of the Bonds after a public hearing following reasonable notice, which hearing has been conducted by the Authority; and

WHEREAS, the public hearing required in Section 147(f) of the Code was held on August 8, 2023 and no comments were received in connection therewith (the "TEFRA Hearing"); and

WHEREAS, the Mayor and City Council of the City of Sierra Vista has had presented to it information regarding the Bonds and information regarding the TEFRA Hearing held by the Authority concerning 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, most recently affirmed by Resolution 2023-053, be, and hereby is, reaffirmed.

Section 2. Pursuant to Section 147(f) of the Code and 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 and the applicable elected representative of the governmental unit having jurisdiction over the Authority as issuer of the Bonds, hereby approves the Bonds, the TEFRA Hearing, the Authority's issuance of the Bonds to finance the project described above, and the proceedings under which the 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 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 Bonds.

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 immediately 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 10th day of August, 2023.

Clea McCaa II, Mayor
CITY OF SIERRA VISTA, ARIZONA

ATTEST:

Jill Adams, City Clerk
CITY OF SIERRA VISTA, ARIZONA

APPROVED AS TO FORM:

BALLARD SPAHR LLP,
Bond Counsel

By: Michelle H. Spahr

Nathan Williams, City Attorney