

SLANIA LAW, PLLC

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VIA EMAIL

September 8, 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 and Refunding Bonds (Liberty Traditional 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

RESOLUTION 2023-_____

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 AND REFUNDING BONDS (LIBERTY TRADITIONAL PROJECT), SERIES 2023 IN AN AMOUNT NOT TO EXCEED \$20,000,000; 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 place its Education Facility Revenue and Refunding Bonds (Liberty Traditional Project), Series 2023 in one or more series or subseries (the "*Series 2023 Bonds*"), the proceeds of which are to be loaned to Liberty Traditional Charter 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) refunding the outstanding amount of the existing The Industrial Development Authority of the County of Pima (the "*Prior Issuer*") Education Revenue Bonds (Heritage Elementary School Project), Series 2007 in the aggregate amount of \$17,000,000 (the "*Series 2007 Bonds*"), the proceeds of which were loaned to Heritage Elementary School ("*Heritage*") for the purposes of, among other things, refunding certain prior bonds of the Prior Issuer, which were previously loaned to Heritage, and financing or refinancing the acquisition, construction, improving, renovating and equipping of land and/or facilities located at 6805 North 125th Avenue in Maricopa County, Arizona, and at 790 East Rodeo Road in Williams, Arizona (together, the "*Series 2007 Facilities*"), (ii) financing, refinancing and/or reimbursing the Borrower for the acquisition, construction, improving, renovating, operating and equipping of (a) the Series 2007 Facilities, and (b) land and facilities located at 3715 North Washington Avenue, Douglas, Arizona 85607 (collectively, the "*Series 2023 Facilities*"), (iii) funding of any required reserves as set forth in the Financing Agreement (defined below), (iv) paying capitalized interest, if any, on the Series 2023 Bonds, and (v) paying certain issuance expenses in connection with the Series 2023 Bonds (collectively, the "*Series 2023 Project*"), and

WHEREAS, Heritage previously merged with the Borrower, and the Borrower acquired and assumed all assets and obligations of Heritage, including the obligations of Heritage with respect to the Series 2007 Bonds and ownership of the Series 2007 Facilities; and

WHEREAS, on September 7, 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 \$20,000,000 (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 Financing Agreement (the “*Financing Agreement*”) among Authority, the Borrower and MidWestOne Bank (the “*Bank*”), (b) the Placement Agreement (the “*Placement Agreement*”), among the Authority, the Borrower, the Bank and Piper Sandler & Co., as placement agent and (c) such other documents as 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 Financing 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 has 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, 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 Financing Agreement, the Placement 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 ____ day of September, 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

CITY COUNCIL MEMO

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF SIERRA VISTA
EDUCATION FACILITY REVENUE AND REFUNDING BONDS
(LIBERTY TRADITIONAL PROJECT), SERIES 2023**

- The 2023 Bonds The Authority will issue its Education Facility Revenue and Refunding Bonds (Liberty Traditional Project), Series 2023 (the “2023 Bonds”), in one or more series or subseries and in an original principal amount not to exceed \$20,000,000 and a maturity date not to exceed 40 years. The Bonds will bear interest at a fixed rate.
- Public Sale. The 2023 Bonds are expected to be issued as nonrated bonds, in denominations of \$100,000 and any integral multiples of \$5,000 of principal in excess thereof and placed directly with MidWestOne Bank (the “Bank”), pursuant to a Placement Agreement, among the Authority, the Borrower, the Bank and Piper Sandler & Co., as placement agent, and an investor letter executed and delivered by the Bank.
- The Borrower Liberty Traditional Charter 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, 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 two charter school contracts with the Arizona State Board of Charter Schools.
- The Prior Bonds. Heritage Elementary School, as a predecessor of the Borrower (“Heritage”) had previously been loaned the proceeds of the Education Revenue Bonds (Heritage Elementary School Project), Series 2007 in the aggregate amount of \$17,000,000 (the “Series 2007 Bonds”) previously issued by The Industrial Development Authority of the County of Pima (the “Prior Issuer”), which were issued for the purposes of, among other things, refunding certain prior bonds of the Prior Issuer previously issued for the benefit of Heritage to assist in the financing or refinancing the acquisition, construction, improving, renovating and equipping of land and/or facilities located at 6805 North 125th Avenue in Maricopa County, Arizona, and at 790 East Rodeo Road in Williams, Arizona (together, the “2007 Facilities”). Heritage subsequently merged with the Borrower, and the Borrower acquired and assumed all assets and obligations of Heritage, including the obligations of Heritage with respect to the Series 2007 Bonds and ownership of the Series 2007 Bonds.
- The Project The proceeds of the 2023 Bonds will be used for the purposes of (i) refunding the outstanding Series 2007 Bonds, (ii) financing, refinancing and/or reimbursing the Borrower for the acquisition,

construction, improving, renovating, operating and equipping of (a) the Series 2007 Facilities, and (b) land and facilities located at 3715 North Washington Avenue, Douglas, Arizona 85607 (collectively, the “*Series 2023 Facilities*”), (iii) funding of any required reserves as set forth in the related Financing Agreement, (iv) paying capitalized interest, if any, on the 2023 Bonds, and (v) paying certain issuance expenses of the 2023 Facilities.

Documentation

Pursuant to the Financing Agreement among the Borrower, the Authority and the Bank, the Borrower has agreed to make payments to the Bank in amounts sufficient to pay the principal of, premium, if any, and interest on the 2023 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 Series 2023 Facilities.

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VIA EMAIL

September 8, 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 and Refunding Bonds (Liberty Traditional Project), Series 2023--In an Amount Not to Exceed \$20,000,000

Dear Mr. Mayor and Members of the City Council:

At its meeting to be held on September 7, 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 and Refunding Bonds (Liberty Traditional Project), Series 2023 (the “*2023 Bonds*”), in one or more series and in an aggregate principal amount not to exceed \$20,000,000, the proceeds of which will be loaned to Liberty Traditional Charter 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.

Heritage Elementary School (“*Heritage*”) had previously been loaned the proceeds of the Education Revenue Bonds (Heritage Elementary School Project), Series 2007 in the aggregate amount of \$17,000,000 (the “*Series 2007 Bonds*”) previously issued by The Industrial Development Authority of the County of Pima (the “*Prior Issuer*”), which were issued for the purposes of, among other things, refunding certain prior bonds of the Prior Issuer issued for the benefit of Heritage to assist in the financing or refinancing the acquisition, construction, improving, renovating and equipping of land and/or facilities located at 6805 North 125th Avenue in Maricopa County, Arizona, and at 790 East Rodeo Road in Williams, Arizona (together, the “*2007 Facilities*”). Heritage subsequently merged with the Borrower, and the Borrower acquired

and assumed the assets and obligations of Heritage, including all obligations with respect to the Series 2007 Bonds and ownership of the 2007 Facilities.

The proceeds of the 2023 Bonds will be loaned to the Borrower for the purposes of (i) refunding the outstanding Series 2007 Bonds, (ii) financing, refinancing and/or reimbursing the Borrower for the acquisition, construction, improving, renovating, operating and equipping of (a) the Series 2007 Facilities, and (b) land and facilities located at 3715 North Washington Avenue, Douglas, Arizona 85607 (collectively, the "*Series 2023 Facilities*"), (iii) funding of any required reserves as set forth in the Financing Agreement dated as of the first day of the month in which the Series 2023 Bonds are issued (the "*Financing Agreement*") between the Authority, the Borrower and MidWestOne Bank (the "*Bank*"), (iv) paying capitalized interest, if any, on the 2023 Bonds, and (v) paying certain issuance expenses with respect to the 2023 Bonds (collectively, the "*Series 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 September 14, 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 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. 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 placed directly with the Bank by Piper Sandler & Co. (the "*Placement Agent*") pursuant to the Placement Agreement among the Authority, the Bank, the Borrower and the Placement Agent. The 2023 Bonds will not be rated and will be issued in denominations of \$100,000 and any integral multiples of \$5,000 of principal in excess thereof with an investor letter executed by the Bank.

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 the Financing Agreement and secured by one or more deeds of trust (mortgage) on the 2023 Facilities. Such payments are pledged directly to the Bank, for payment to the holders of the 2023 Bonds (initially only the Bank). 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.

Mayor and City Council of Sierra Vista
September 8, 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/ub
Enclosures
C: Jill Adams, City Clerk
Nathan Williams, City Attorney