



**ISLAND VILLAGE MONTESSORI SCHOOLS**  
*Early Childhood through High School*

Mayor John Holic  
Edward F. Lavallee, City Manager  
City of Venice, Florida  
401 West Venice Avenue  
Venice, Florida 34285

April 12, 2016

Re: Request Regarding City of Venice, Florida issuance of debt on behalf of Island Village Montessori Charter School, Inc.

Dear Mayor Holic and Mr. Lavallee:

I write to you on behalf of Island Village Montessori Charter School, Inc., a 501(c)(3) non-profit corporation (the "School"). The School is a tuition-free, public charter school for students in grades K-12, and is located on two campuses with its main campus in the City of Venice. In 2001, the School opened in Venice with 175 elementary and 35 pre-kindergarten students. In 2015-16, over 730 students will attend the School's programs between two campuses. As an A-rated School, we have earned the status of "high-performing charter school" by the Florida Department of Education since that program's inception in 2011. The School is an asset to the City's community and has an important role in the education and well-being of the citizens in Venice.

The School has an opportunity to restructure its debt and achieve substantial savings to its debt service. This refinancing opportunity requires assistance from the City. The City has previously undertaken a conduit financing for the School and issued the \$3,200,000 City of Venice, Florida (Island Village Montessori Charter School, Inc. Project) Industrial Revenue Bonds, Series 2007 (the "Series 2007 Bonds"). The City's issuance of the Series 2007 Bonds enabled the School to finance the cost of acquisition, construction, and equipping its facilities as well as refinanced an existing mortgage with Bank of America. The Series 2007 Bonds were purchased by Bank of America, and the proceeds were used to make a loan to the School. The School has faithfully paid the debt service, and the City has had no problems in the nine years the Series 2007 Bonds have been outstanding.

Now the School is requesting that the City undertake a new issuance of Bonds (the "Series 2016 Bonds"). The proceeds of the proposed Series 2016 Bonds will be used to refund the Series 2007 Bonds and refinance certain other outstanding loans the School has in place. It is a fairly common practice for a local government, such as the City, to assist not only exempt organizations but also private enterprises in the financing of projects located in the jurisdiction

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of the local government such as the School's main campus located within the City. In each instance, the local government issues debt for the purpose of funding a loan to another entity such as the School. The School is then obligated, as opposed to the issuing government, to repay the debt. No revenues or assets of the City are pledged to the payment of the debt, and the holders of the debt have no claim against the City for any financial obligation.

As part of the School's request for the City to issue conduit debt on its behalf, the School and not the City would have full and sole responsibility for the repayment of the debt and the payment of all costs associated with the issuance by the City, including any administrative costs incurred by the City's staff in the proposed Series 2016 Bonds process. To facilitate the transfer of all financial responsibility under the proposed Series 2016 Bonds from the City to the School, the City would assign the loan documents and promissory to the holder of the City's proposed Series 2016 Bonds with the agreement that the School would be solely responsible for such repayment. Indeed, the School would make the debt service payments directly to the holder of the proposed Series 2016 Bonds and not through the City. As such, no revenues, assets, or taxing power of the City would ever be involved in the issuance of the requested debt obligations; the City would have no moral obligation to satisfy the proposed Series 2016 Bonds in the event the School defaulted on its repayment obligation, and the holders would have no recourse against the City.

Since no assets or revenues of the City would be pledged to the payment, the debt should continue to appear on the City's financial statements as a footnote item, and would not impair the City's ability to access the tax exempt capital markets for other City projects. Conduit debt of this nature does not have any impact on the City's credit rating. This proposed issuance would be structured in the same fashion as the prior Series 2007 Bond issue.

The School requests a meeting with you to discuss our proposal and to answer further questions. Because the current tax-exempt rates are quite favorable and because the School presently has an offer from Wells Fargo Bank to purchase the proposed Series 2016 Bonds at an attractive interest rate, we would like to meet as soon as possible.

We will be glad to address any additional specific questions or concerns you may have as you consider acting as a conduit issuer for the School.

Sincerely yours,



Dr. Kym Elder, Ed.D  
Executive Director

cc: David Persson, Esq., City Attorney