

**NOTICE OF PUBLIC MEETING
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA
BOARD OF DIRECTORS**

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of **THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, BOARD OF DIRECTORS**, and to the general public, that **THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, BOARD OF DIRECTORS** will hold a meeting open to the public on **Thursday, February 12, 2015 at 3:30 PM** located at the **Phoenix City Hall, 200 West Washington Street, First Floor Atrium, Assembly Room B, Phoenix, Arizona.**

One or more board members may participate via teleconference.

The agenda for the meeting is as follows:

Call to Order

- 1. Approval of Meeting Minutes.** December 18, 2014 Board of Directors Meeting
- 2. Education Facility Revenue Bonds (BASIS Schools, Inc. Projects), Series 2015.** Presentation, discussion, and possible action to approve the issuance of Education Facility Revenue Bonds (BASIS Schools, Inc. Projects), Series 2015, to be issued in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$95,000,000.
- 3. Education Facility Revenue Bonds (Pointe Educational Services Project), Series 2015.** Presentation, discussion, and possible action to approve the issuance of Education Facility Revenue Bonds (Pointe Educational Services Project), Series 2015, to be issued in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$19,000,000.
- 4. CO+HOOTS Foundation – Community Development Fund Proposal.** Report, discussion and possible action to approve the funding request.
- 5. Government Affairs Report.**

6. **Granting Power of Attorney in Connection with Request for Private Letter Ruling and Authorizing Executive Director as Signatory.** Presentation, discussion, and possible action to approve the granting of a power of attorney and declaration of representative in connection with a request for a private letter ruling from the Internal Revenue Service, and granting authorization to the executive director to execute all documents in connection therewith.
7. **January 22, 2015 Community Impact Fund Committee Report.**
8. **January 28, 2015 Finance Committee Report.** Presentation, discussion, and possible action to ratify the Finance Committee's approval of the Phoenix IDA's financial statements for the period ending December 31, 2014.
9. **President's Report.**
10. **Executive Director's Report.**
11. **Call to the Public**

Adjournment

For reasonable accommodations, please call Wendy Gutierrez at Voice/602-534-8679 or TTY/602-534-5500, as early as possible to coordinate needed arrangements.

Date Posted:



**MINUTES OF PUBLIC MEETING
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA
BOARD OF DIRECTORS**

December 18, 2014

A public meeting of the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona (the “Phoenix IDA”) was convened on Thursday, December 18, 2014 at 3:30 p.m., at Phoenix City Hall, 200 West Washington Street, First Floor Atrium, Assembly Room B, Phoenix, Arizona.

Directors present:

Ms. Judy Bernas
Mr. Tommy Espinoza (arrived at 3:43 p.m.)
Mr. Don Keuth
Mr. Sal Rivera (arrived at 3:35 p.m.)
Ms. Christa Severns
Ms. Barbara Ryan Thompson (telephonic)
Ms. Marian Yim

Directors absent:

Mr. Bruce Mosby
Ms. Charlene Tarver

Also present for all or portions of the meeting were:

Mr. Paul Blue, City of Phoenix | City Manager’s Office
Mr. Murray Boess, Phoenix IDA
Ms. Monique Cordova, Phoenix IDA
Mr. Gregg Ghelfi, Maricopa County IDA
Ms. Wendy Gutierrez, Phoenix IDA
Mr. Dan Klocke, Downtown Phoenix Partnership
Ms. Gail Knight, Balsz Elementary School District
Ms. Lydia Lee, Phoenix IDA
Mr. Jeremy Legg, City of Phoenix | Community and Economic Development
Ms. Christine Mackay, City of Phoenix | Community and Economic Development
Mr. C.W. Ross, Fennemore Craig, P.C.
Mr. Juan Salgado, Phoenix IDA
Mr. Jeff Smith, Balsz Elementary School District
Mr. Scott Summers, City of Phoenix | Community and Economic Development
Mr. Craig Tribken, Central Arizona Shelter Services
Ms. Gretchen Wolfe, City of Phoenix | Community and Economic Development

Any member of the public that was present during the meeting was able to hear all discussions and actions taken by board members that were present, in person and over the phone, via a teleconferencing phone system.

Mr. Keuth called the Board Meeting to order at 3:33 p.m. A quorum was noted.

ITEM 1: Approval of Meeting Minutes

Meeting minutes for the November 10, November 19, and November 20, 2014 Board of Directors special and regular meetings were presented for approval.

Ms. Bernas moved to approve the minutes for the November 10, November 19, and November 20, 2014 Board of Directors regular and special meetings. Ms. Severns seconded the motion. **Motion carried unanimously.**

(Director Rivera arrived at 3:35 p.m.)

ITEM 2: West Fillmore Development Project

Mr. Salgado introduced the item, and requested Mr. Sumners to present information on the West Fillmore Development Project (“Project”), which supplemented the executive director’s report to the Board, as reflected in Tab 2 of the Phoenix IDA’s records for this meeting, available upon request. Mr. Sumners briefed the Board on the City of Phoenix’s (“City”) strategy to assemble 7.4 acres of downtown Phoenix land located south of West Fillmore Street between 4th and 6th avenues, and subsequently issue an RFP for private development of the assembled property.

(Director Espinoza arrived at 3:43 p.m.)

Mr. Sumner explained that the proposed strategy involved the City entering into a development agreement with the Phoenix IDA to acquire and purchase land located at 355 N. 5th Avenue in Phoenix AZ (“Property”) for the amount of up to 90% of the appraised value (total costs, including expenses not to exceed \$2,700,000) from Maricopa County (“County”). He noted that the Phoenix City Council’s and the Maricopa County Board of Supervisors’ approvals, for the proposed strategy had already been obtained.

Following Mr. Sumners’ report, Mr. Salgado added that the project met the Phoenix IDA’s policy criteria for a Community Impact Fund investment.

Discussion ensued regarding the presentation. Board members asked questions related to topics such as (i) outreach efforts that had been made to the neighborhood’s current residents, (ii) demand for residential housing in the neighborhood, and (iii) interest in developing a new public school for the neighborhood.

Mr. Sumners and Mr. Klocke addressed the questions that the Board members asked regarding these topics. Mr. Sumners discussed the outreach efforts that the City had conducted in collaboration with Downtown Phoenix Partnership. Mr. Klocke added that demand for residential housing was high in the area, and also discussed ideas related to the development of a new public school. Mr. Sumners concurred with Mr. Klocke’s statement regarding high demand for residential housing, and noted that there was interest in developing market rate, student housing, and senior housing.

Ms. Bernas moved to approve for (i) the Executive Director to enter into a development agreement with the City of Phoenix to acquire and develop the property located at 355 N. 5th Avenue in Phoenix, Arizona, and to incur expenses related to due diligence, and execute the documents relating to the Property’s purchase and development; and, (ii) to provide funding to the City of Phoenix of up to 90% of the appraised value of the Property as consideration for the City’s agreement to proportionately split the Property’s future revenues and sale proceeds, contingent upon review and approval by counsel. Mr. Rivera seconded the motion. **Motion carried unanimously.**

ITEM 3: Brunson-Lee Elementary School – Baseball Field Proposal

Mr. Salgado introduced the item, and asked Ms. Lee to brief the Board. Ms. Lee provided background information on Brunson-Lee Elementary School’s (“BLES”) request to support its efforts to renovate an existing baseball field known as the Brunson-Lee Promise Field (the “Project”), as reflected in Tab 3 of the Phoenix IDA’s records for this meeting, available upon request. She described the Project, the population to be served, the Project’s other financial supporters, and BLES’s funding request. Ms. Lee noted that BLES representatives made an initial presentation to the Phoenix IDA Community Impact Fund Committee on November 10, 2014.

Discussion ensued regarding the presentation. Mr. Keuth asked whether the Community Impact Fund Committee members who were present had any comments to add. Committee member Yim noted that she learned the lighting was the most expensive component of the Project, and accordingly, the Committee members had recommended that BLES focus first on acquiring the resources to develop the baseball field.

Mr. Keuth acknowledged the presence of Balsz Elementary School District’s (the “BESD”) Superintendent Mr. Smith, who in turn acknowledged the presence of BESD’s Board President Ms. Knight.

Mr. Rivera moved to approve directing \$32,200 of the Phoenix IDA’s Community Development Funds to support Brunson-Lee Elementary School’s efforts to renovate the baseball field known as Brunson-Lee Promise Field. Ms. Bernas seconded the motion. **Motion carried unanimously.**

Mr. Smith and Ms. Knight thanked the Board for its support of BLES’s proposal.

ITEM 4: President’s Report

Mr. Keuth presented the President’s report. He thanked the Board and Phoenix IDA staff for their service in 2014. He highlighted the Phoenix IDA’s significant accomplishments in 2014, such as the financing for the Mayo Clinic, the Phoenix IDA’s and the City’s continuing efforts to enter into land banking partnerships, and the community development awards made in 2014.

This report was for information only. No action was taken.

ITEM 5: Call to the Public

Mr. Keuth made a call to the public. There were no comments.

With no further business to come before the Phoenix IDA, being duly moved and seconded, the Board Meeting was adjourned at 4:08 p.m.

MEMORANDUM

DATE: February 12, 2015

TO: Members, Board of Directors

FROM: Juan Salgado, Executive Director

SUBJECT: Education Facility Revenue Bonds (BASIS Schools, Inc. Projects), Series 2015

THE APPLICANT

BASIS Schools, Inc., an Arizona nonprofit corporation (the “Applicant”), is seeking Board approval for the issuance of the Phoenix IDA’s subject Education Facility Revenue Bonds (the “Bonds”), in an aggregate principal amount not to exceed \$95,000,000. The Applicant will seek Phoenix City Council approval on March 4, 2015, pending Phoenix IDA Board approval.

Since its inception in 1998, the BASIS Schools’ mission has been to offer an accelerated liberal arts education at internationally competitive levels for all students. With raised academic expectations, implemented through an accelerated curriculum that pushes students to reach their highest academic potential, BASIS Schools prepares its students to compete with their peers in countries with highly performing educational systems.

In 2010, BASIS Schools began an expansion that today allows it to claim 16 charter schools: 13 in Arizona, two in Texas, and one in Washington, D.C., serving approximately 10,000 students network-wide. The Applicant asserts that its nationally-ranked, world-recognized curriculum has been successfully replicated at each BASIS Schools campus. Additionally, in August, 2014, the Applicant officially launched the BASIS Schools International Student Program, an academic program that accepts 14-18 year old international students interested in a dynamic educational experience in the United States.

THE PROJECTS

It is anticipated that the Bonds will be issued to refund various previously issued bonds, refinance an outstanding loan incurred by the Applicant for a facilities-related financing, and finance the costs of acquiring furniture, equipment, and related supplies for use in connection with the operation of two schools, as described in further detail below.

In addition to paying certain costs related to the issuance of the Bonds, the Applicant states that proceeds of the Bonds will be used, in part, to refinance the costs of acquiring, constructing, improving and equipping, as applicable, the following:

1. Land and a building located at 1800 East Chandler Boulevard in Chandler, Arizona (the “Chandler Campus”), housing approximately 730 students in grades 5 – 12;

2. Land and a building located at 1700 North Gemini Drive in Flagstaff, Arizona (the “Flagstaff Campus”), serving approximately 545 students in grades 5 – 12;
3. Land and a building located at 11155 North Oracle Road in Oro Valley, Arizona (the “Oro Valley Campus”), accommodating approximately 520 students in grades 6 – 12;
4. Land and a building located at 25950 North Lake Pleasant Parkway in Peoria, Arizona (the “Peoria Campus”), serving approximately 710 students in grades 5 – 12;
5. Land and a building located at 11850 North 32nd Street in Phoenix, Arizona (the “Phoenix Campus”), housing approximately 725 students in grades 5 – 12;
6. Land and a building located at 11440 East 136th Street in Scottsdale, Arizona (the “Scottsdale Campus”), accommodating approximately 740 students in grades 5 – 12;
7. Land and a building located at 5740 East River Road in Tucson, Arizona (the “Tucson North Campus”), housing approximately 940 students in grades 5 – 12;
8. Land and a building located at 3825 East 2nd Street, Tucson, Arizona (formerly the “Tucson Middle School Campus”); and
9. Land and a building located at 3833 East 2nd Street in Tucson, Arizona, which, along with the building located at 3825 East 2nd Street, was razed and replaced with a new building (the “Tucson Primary Campus”), accommodating approximately 770 students in grades K – 6.

The Applicant also plans to refinance an outstanding loan incurred to finance a portion of the costs of acquiring, constructing, improving, and equipping land and a building located northwest of the intersection of West Sherman Street and West Goodyear Boulevard North in Goodyear, Arizona (the “Goodyear Campus”). This will also include financing the remaining costs to complete the Goodyear Campus, expected to serve an estimated 900 students in grades K – 8. The Applicant anticipates opening the new campus in August of 2015.

Additionally, the Applicant intends to use a portion of the Bond proceeds to finance the acquisition of furniture, equipment, and related supplies to be used in connection with the following new charter schools, expected to begin operations during the 2015-2016 school year:

1. BASIS Chandler Primary, located at 204 West Chandler Heights Road, Chandler, Arizona, a leased facility housing approximately 420 students in grades K – 4; and
2. BASIS Scottsdale Primary, located at 11735 North Scottsdale Road, Scottsdale, Arizona, a leased facility housing approximately 150 students in grades K – 4.

PLAN OF FINANCING

According to the Applicant, the Bonds will be issued in series as determined by the underwriter, RBC Capital Markets, LLC, with the maturity of the longest series to be no more than 35 years. The fixed rate Bonds will be sold in a limited, public offering to institutional investors. The fixed rate has not yet been determined, but it will be set at the then prevailing market rate. The Applicant expects to close on the transaction by March 2015.

RECOMMENDATION

Kutak Rock, as Legal Advisor to the Phoenix IDA, and I recommend that approval be granted subject to the terms and conditions contained in the Board approval resolution, as reviewed by same.

RESOLUTION NO. 2015-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA GRANTING APPROVAL TO THE ISSUANCE OF ONE OR MORE SERIES OF ITS TAX-EXEMPT AND/OR TAXABLE EDUCATION FACILITY REVENUE BONDS (BASIS SCHOOLS, INC. PROJECTS), SERIES 2015A (THE “BONDS”), IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$95,000,000; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND INDENTURE, A LOAN AGREEMENT AND A BOND PURCHASE AGREEMENT; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA; APPROVING THE FORM OF A LIMITED OFFERING MEMORANDUM WITH RESPECT TO SUCH BONDS; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE BONDS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF THE BONDS

WHEREAS, The Industrial Development Authority of the City of Phoenix, Arizona (the “Authority”), is an Arizona nonprofit corporation designated as a political subdivision of the State of Arizona (the “State”), empowered under the Industrial Development Financing Act, A.R.S. §§ 35-701 through 761 inclusive, as amended (the “Act”), to issue revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans to finance or refinance the acquisition, construction, improvement or equipping of a “project” (as defined in the Act), whenever the Board of Directors of the Authority (the “Board of Directors”) finds such loans to be in furtherance of the purposes of the Authority or in the public interest, and to refund outstanding obligations incurred by an enterprise to finance the cost of a project when the Board of Directors finds that the refinancing is in the public interest; and

WHEREAS, BASIS Schools, Inc. (the “Borrower”), a duly organized and validly existing Arizona nonprofit corporation that operates a number of charter schools established under Arizona Revised Statutes Title 15, Chapter 1, Article 8, as amended (the “Charter School Act”), previously borrowed the proceeds of revenue bonds issued by The Industrial Development Authority of the County of Pima (the “Pima IDA”) and The Industrial Development Authority of the Town of Florence, Inc. (the “Florence IDA”), as follows:

- (a) \$5,155,000 Education Revenue Bonds (BASIS School, Inc. Project), Series 2006 issued by the Pima IDA (the “Series 2006 Bonds”) to finance and refinance, among other things, the costs of acquiring, constructing, renovating, improving and equipping charter school facilities located at 3825 East 2nd Street, Tucson, Arizona (the “Tucson Middle School Campus”);
- (b) \$9,000,000 Education Revenue Bonds (BASIS School, Inc. Project), Series 2007 issued by the Pima IDA (the “Series 2007 Bonds”) to finance, among other

things, the costs of acquiring, constructing, renovating, improving and equipping charter school facilities located at 11440 North 136th Street, Scottsdale, Arizona (the “Scottsdale Campus”), for use in connection with operation of the charter school known as “BASIS Scottsdale” (the “Scottsdale School”);

- (c) \$5,450,000 Education Revenue Bonds (BASIS School, Inc. Project), Series 2010 issued by the Florence IDA (the “Series 2010 Bonds”) to finance, among other things, the costs of acquiring, constructing, improving and equipping charter school facilities located at 11155 North Oracle Road, Oro Valley, Arizona (the “Oro Valley Campus”), for use in connection with operation of the charter school known as “BASIS Oro Valley” (the “Oro Valley School”);
- (d) \$6,645,000 Education Revenue Bonds (BASIS Chandler Project), Series 2010A issued by the Florence IDA (the “Series 2010A Bonds”) to finance, among other things, the costs of acquiring, constructing, improving and equipping charter school facilities located at 1800 East Chandler Boulevard, Chandler, Arizona (the “Chandler Campus”), for use in connection with operation of the charter school known as “BASIS Chandler” (the “Chandler School”);
- (e) \$6,665,000 Education Revenue Bonds (BASIS Peoria Project), Series 2010B issued by the Florence IDA (the “Series 2010B Bonds”) to finance, among other things, the costs of acquiring, constructing, improving and equipping charter school facilities located at 25950 North Lake Pleasant Parkway, Peoria, Arizona (the “Peoria Campus”), for use in connection with operation of the charter school known as “BASIS Peoria” (the “Peoria School”);
- (f) \$6,995,000 Education Revenue Bonds (BASIS Flagstaff Project), Series 2010C issued by the Florence IDA (the “Series 2010C Bonds”) to finance, among other things, the costs of acquiring, constructing, improving and equipping charter school facilities located at 1700 North Gemini Drive, Flagstaff, Arizona (the “Flagstaff Campus”), for use in connection with operation of the charter school known as “BASIS Flagstaff” (the “Flagstaff School”);
- (g) \$7,955,000 Education Revenue Bonds (BASIS Phoenix Project), Series 2011 issued by the Florence IDA (the “Series 2011 Bonds”) to finance, among other things, the costs of acquiring, constructing, improving and equipping charter school facilities located at 11850 North 32nd Street, Phoenix, Arizona (the “Phoenix Campus”), for use in connection with operation of the charter school known as “BASIS Phoenix” (the “Phoenix School”);
- (h) \$10,000,000 Education Revenue Bonds (BASIS Tucson North Project), Series 2012 issued by the Pima IDA (the “Series 2012 Bonds”) to finance, among other things, the costs of acquiring, constructing, improving and equipping charter school facilities located at 5740 East River Road, Tucson Arizona (the “Tucson North Campus”), for use in connection with operation of the charter school known as “BASIS Tucson North” (the “Tucson North School”); and

- (i) \$9,130,000 Education Revenue Bonds (BASIS Schools, Inc. Project), Series 2013 issued by the Pima IDA (the “Series 2013 Bonds”) to finance, among other things, the costs of acquiring land and a building adjacent to the Tucson Middle School Campus located at 3833 East 2nd Street, Tucson, Arizona, razing the existing buildings on the Tucson Middle School Campus and the new land, and constructing, improving and equipping charter school facilities on the combined site (the “Tucson Primary Campus”) for use in connection with operation of the charter school known as “BASIS Tucson Primary” (the “Tucson Primary School”); and

WHEREAS, the Borrower has requested that the Authority issue its revenue bonds for the purpose of assisting the Borrower in (a) refunding, depending upon market conditions at the time of sale, all or a portion of the Series 2006 Bonds, the Series 2007 Bonds, the Series 2010 Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds, the Series 2011 Bonds, the Series 2012 Bonds and the Series 2013 Bonds (collectively, the “Bonds Being Refunded”), (b) refinancing an outstanding loan incurred by the Borrower to finance a portion of the costs of acquiring, constructing, improving and equipping, as applicable, land and a building located northwest of the intersection of West Sherman Street and West Goodyear Boulevard North, along West Sherman Street in Goodyear, Arizona (the “Goodyear Campus” and, collectively with, to the extent the applicable Bonds Being Refunded are refunded, the Scottsdale Campus, the Oro Valley Campus, the Chandler Campus, the Peoria Campus, the Flagstaff Campus, the Phoenix Campus, the Tucson North Campus and the Tucson Primary Campus, the “Facilities”), and financing the remaining costs of acquiring, constructing, improving and equipping, as applicable, the Goodyear Campus for use in connection with the operation of a charter school pursuant to two separate charter school contracts to be known as “BASIS Goodyear” (the “Goodyear School” and, collectively with, to the extent the applicable Bonds Being Refunded are refunded, the Scottsdale School, the Oro Valley School, the Chandler School, the Peoria School, the Flagstaff School, the Phoenix School, the Tucson North School and the Tucson Primary School, the “Pledged Schools”), (c) financing the costs of acquiring furniture, equipment and related supplies for use in connection with the operation of a charter school to be known as “BASIS Chandler Primary (the “Chandler Primary Equipment”), and (d) financing the costs of acquiring furniture, equipment and related supplies for use in connection with the operation of a charter school to be known as “BASIS Scottsdale Primary” (the “Scottsdale Primary Equipment” and, together with the BASIS Chandler Equipment, the “Additional Equipment”); and

WHEREAS, in furtherance of the purposes and interests of the Authority under the Act, the Authority proposes to issue one or more series of its tax-exempt and/or taxable Education Facility Revenue Bonds (BASIS Schools, Inc. Projects), Series 2015A (the “Bonds”), in an aggregate principal amount of not to exceed \$95,000,000, the proceeds of which will be loaned to the Borrower to (a) finance or refinance, as applicable, the costs of acquiring, constructing, improving and equipping, as applicable, the Facilities and the Additional Equipment, (b) fund any required reserve funds, (c) pay capitalized interest on a portion of the Bonds, and (d) pay certain expenses relating to issuance of the Bonds (collectively, the “Project”); and

WHEREAS, the Bonds will be issued pursuant to a Bond Indenture, to be dated as of the first day of the month in which the Bonds are issued (the “Bond Indenture”), between the

Authority and BOKF, NA dba Bank of Arizona, as trustee (the “Bond Trustee”), and the proceeds of the Bonds will be loaned to the Borrower pursuant to a Loan Agreement, to be dated as of the first day of the month in which the Bonds are issued (the “Loan Agreement”), between the Authority and the Borrower; and

WHEREAS, the Bonds will be payable from the trust estate established under the Bond Indenture, which will include (a) payments owed by the Borrower on BASIS Schools Obligation No. 1 (“Obligation No. 1”), to be issued and executed by the Borrower and delivered to the Bond Trustee pursuant to a Master Indenture of Trust, to be dated as of the first day of the month in which the Bonds are issued (the “Master Indenture”), between the Borrower, as the sole initial member of the Obligated Group (as defined in the Master Indenture), and BOKF, NA dba Bank of Arizona, as master trustee (the “Master Trustee”), as supplemented by the Supplemental Master Indenture for Obligation No. 1, to be dated as of the first date of the month in which the Bonds are issued (the “Supplemental Master Indenture No. 1”), and payable from the trust estate established under the Master Indenture, which will include (i) the revenues of the Pledged Schools, (ii) deeds of trust, security agreements, assignments of rents and leases, and fixture filings to be executed by the Borrower and granting a first priority lien on the Facilities, and (iii) the debt service reserve fund and certain other funds established under the Master Indenture and held by the Master Trustee, and (b) a security interest in and first priority lien on the Additional Equipment; and

WHEREAS, the Bonds will be sold by RBC Capital Markets, LLC, as underwriter (the “Underwriter”), pursuant to a bond purchase agreement (the “Bond Purchase Agreement”), among the Authority, the Borrower and the Underwriter, and the Underwriter will distribute to investors a Preliminary Limited Offering Memorandum (the “Preliminary Limited Offering Memorandum”), which, together with certain changes thereto, will become the final Limited Offering Memorandum, relating to the Bonds and describing the transaction (the “Limited Offering Memorandum”); and

WHEREAS, there have been prepared and presented to the Executive Director of the Authority the proposed substantially final forms of the following documents (collectively, the “Documents”):

- (a) the Bond Indenture, including the initial form of the Bonds;
- (b) the Loan Agreement;
- (c) the Master Indenture and Supplemental Master Indenture No. 1, including the form of Obligation No. 1;
- (d) the Bond Purchase Agreement; and
- (e) the Preliminary Limited Offering Memorandum.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona, as follows:

Section 1. Ratification of Actions. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, agents or its Executive Director, including but not limited to the engagement of Kutak Rock, LLP, as Authority’s counsel, directed toward the issuance and sale of the Bonds, are hereby approved and ratified.

Section 2. Findings. The Board of Directors finds and determines that the issuance of the Bonds and the making of a loan to the Borrower for the purpose of financing and/or refinancing all or a portion of the cost of the Project and the costs and expenses incidental thereto are in furtherance of the purposes and interests of the Authority under the Act, that the refunding of the Bonds Being Refunded is in the public interest and that the Facilities and the Additional Equipment will constitute a “project” within the meaning of the Act.

Section 3. Authorization and Terms of Bonds. The Bonds, which shall be named as set forth herein or as otherwise set forth in the Bond Indenture, are hereby approved and authorized to be issued pursuant to a plan of finance in an aggregate principal amount of not to exceed \$95,000,000, to be dated, to mature (no later than 40 years after their date of issuance), to bear interest (not in any event to exceed 10 percent per year), to be subject to redemption, to be payable as to principal and interest, and with such other terms, all as provided in the Bond Indenture pursuant to which the Bonds are issued.

Section 4. Special Limited Obligations. The Bonds shall be payable solely from the property held and receipts and revenues received by or on behalf of the Authority pursuant to the Bond Indenture. Nothing contained in (a) this Resolution, (b) the Documents, or (c) any other agreement, certificate, document, or instrument executed in connection with the issuance of any of the Bonds shall be construed as obligating the Authority (except as a special, limited obligation to the extent provided in such documents or instruments) or obligating the City of Phoenix, Arizona (the “City”), or the State to pay the principal of or premium, if any, or interest on the Bonds, or as incurring a charge upon the general credit of the Authority, the City or the State, nor shall the breach of any agreement contemplated by this Resolution, the Documents, or any other instrument or documents executed in connection herewith or therewith impose any charge upon the general credit of the Authority, the City or the State. The Authority has no taxing power.

Section 5. Other Bonds. Prior to the issuance of the Bonds, the Authority has or will have issued, and subsequent to the issuance of the Bonds, the Authority may issue, bonds in connection with the financing of other projects (said bonds are referred to herein as the “Other Bonds”). Any pledge, mortgage, or assignment made in connection with the Other Bonds shall be protected, and any funds pledged or assigned for payment of principal of or premium, if any, or interest on the Other Bonds shall not be used for the payment of principal of or premium, if any, or interest on the Bonds. Any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and no funds pledged or assigned for the payment of the Bonds shall be used for the payment of principal of or premium, if any, or interest on the Other Bonds.

Section 6. Conditions. The Bonds shall not be issued unless and until:

(a) if the Bonds have not received a rating of “BBB-” or better (or an equivalent rating) from a nationally recognized bond rating agency, each purchaser of the Bonds shall execute and deliver an investor acknowledgement letter in form and substance satisfactory to the Authority and its counsel; provided, however, the provisions of this paragraph may be waived by the Authority in its sole discretion prior to the issuance of the Bonds;

(b) notice regarding the issuance of the Bonds is given to the Arizona Attorney General in the manner contemplated by Section 35-721.F of the Act and, within 10 days of such notice, the Arizona Attorney General does not issue a negative opinion regarding the issuance of the Bonds;

(c) all agreements, certificates, documents, or instruments requiring the execution or consent of the Authority are in a form and substance acceptable to the Authority’s counsel;

(d) the Authority receives such opinions, certificates, comfort letters and consent letters in connection with the Bonds as the Authority’s counsel may deem necessary or appropriate, in form and substance satisfactory to the Authority’s counsel and advisors;

(e) the Borrower agrees to make arrangements mutually satisfactory to the Authority as to the payment of the Authority’s closing fees, annual administrative fees, and expenses, the terms and conditions of which will be incorporated into the Bond Indenture and the Loan Agreement;

(f) the Authority, its officers, directors, employees, agents and its Executive Director and the City have been provided with full indemnification in connection with the issuance and sale of the Bonds, in form and substance satisfactory to the Authority’s counsel; and

(g) the Council of the City has approved the proceedings under which the Bonds are to be issued.

Section 7. Authority Documents; Authority’s Signatures. The forms, terms, and provisions of each of the Documents, in the forms of such documents (including the exhibits thereto) presented to this meeting, are hereby approved, with such insertions, deletions, and changes as are approved by the officers authorized to execute the documents (which approval will be conclusively established by their execution and/or delivery thereof). Upon satisfaction of the conditions set forth in Section 6 hereof, the Authority’s President, Vice-President, Secretary or Treasurer (each an “Authorized Officer”) are each hereby authorized to execute and deliver each of the Documents or, with respect to any of the Documents not calling for execution by the Authority, to approve and deliver such documents, with respect to any one or more series of the Bonds. From and after the execution and delivery of each of the Documents, the officers, agents, employees and Executive Director of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents, certificates and

assignments as may be necessary to carry out and comply with the provisions of each of the Documents (as executed and delivered).

Signature pages for any Documents requiring the Authority's signature shall be delivered to Authority's counsel no fewer than seven days prior to the applicable closing or any other date on which an executed signature page is required, and once executed will be held in escrow by the Authority's counsel and delivered on the closing date or on such other date on which an executed signature page is required.

Section 8. Sale of Bonds; Authentication. The sale of the Bonds to the Underwriter pursuant to the terms and provisions of the Bond Purchase Agreement is hereby authorized and approved. Any Authorized Officer is hereby authorized to execute and deliver to the Bond Trustee any written order of the Authority for the authentication and delivery of the Bonds by the Bond Trustee to the Underwriter.

Section 9. Further Actions. The officers, the agents and the Executive Director of the Authority, upon satisfaction of the conditions set forth in Section 6 hereof, shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the issuance, sale and delivery of the Bonds.

Section 10. Open Meeting Laws. It is found and determined that all formal actions of the Authority and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

Section 11. Limited Offering Memorandum. The lawful use and distribution by the Underwriter of a Preliminary Limited Offering Memorandum and a final Limited Offering Memorandum relating to the original issuance of the Bonds and any amendments thereof or supplements thereto, are hereby authorized. Except for information contained under the headings "THE ISSUER" and "LITIGATION," as such information relates to the Authority in the Limited Offering Memorandum, the Authority has not confirmed, and assumes no responsibility for, the accuracy, sufficiency or fairness of any statements in the Limited Offering Memorandum or any amendments thereof or supplements thereto, or in any reports, financial information, offering or disclosure documents or other information relating to the Project, the Borrower, or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrower or otherwise contained in the Limited Offering Memorandum.

Section 12. Irrepealability. After the Bonds are delivered by the Bond Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Bonds and interest thereon shall have been fully paid, canceled, and discharged.

Section 13. No Personal Liability. The Executive Director of the Authority, the members of the governing body of the Authority and any director, officer, official, employee or

agent of the Authority shall not be subject to any personal liability or accountability by reason of the issuance of the Bonds. The liability of the Authority with respect to the Documents, or any other document executed in connection with the transactions contemplated hereby, shall be limited as provided in the Act and such documents.

Section 14. Severability. If any section, paragraph, clause, or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 15. Waiver. Any provisions of the Authority’s Bylaws, Procedural Pamphlet, as amended through March 18, 2014 (the “Pamphlet”), or prior resolutions inconsistent herewith are waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any such Bylaws, Pamphlet, or resolution or any part thereof.

Section 16. Headings. Subject headings included in this Resolution are included for purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

Section 17. Effectiveness. This Resolution shall be effective immediately.

Section 18. Notice. Notice of Arizona Revised Statutes Section 38-511 is hereby given. The provisions of that statute by this reference are incorporated herein to the extent of applicability to matters contained herein under the laws of the State.

Section 19. Resolution Not to be Construed as Providing Advice Concerning Municipal Securities. None of this Resolution, any of the Documents or any action taken by the Authority, any member of the Board of Directors or the Authority’s counsel in connection with issuance of the Bonds is intended to provide, and shall not be construed as providing, advice of any kind to the Borrower with respect to the issuance of the Bonds for purposes of 15 U.S.C. Section 78o-4(e)(4)(A)(i). The Authority is a conduit issuer and none of the Authority, the Board of Directors or the Authority’s counsel is acting or will act as a municipal advisor, financial advisor or fiduciary to any party involved in the issuance of the Bonds.

[Signature page follows.]

Adopted and approved this 12th day of February, 2015.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By: _____
Juan Salgado, Executive Director



MEMORANDUM

DATE: February 12, 2015

TO: Members, Board of Directors

FROM: Juan Salgado, Executive Director

SUBJECT: Education Facility Revenue Bonds (Pointe Educational Services Project), Series 2015

THE APPLICANT

Pointe Educational Services (the “Applicant”), an Arizona nonprofit corporation, is seeking Board approval for the issuance of the Phoenix IDA’s subject Education Facility Revenue Bonds (the “Bonds”), in an aggregate principal amount not to exceed \$19,000,000. The Applicant will seek Phoenix City Council approval on March 4, 2015, pending Phoenix IDA Board approval.

The Applicant is a three-school network of kindergarten through 12th grade public charter schools dedicated to assisting parents in developing students who demonstrate scholastic and behavioral excellence and make a positive impact in their community. As such, the Applicant states that students are provided the opportunity to gain foundational knowledge, grow in character, and develop leadership skills. The Applicant was established in 1999, and currently serves approximately 1,600 students on three separate campuses located in Northwest Phoenix.

As an example of its success, the Applicant asserts that for the third year in a row, U.S. News & World Report has ranked North Pointe Prep as one of the “Best High Schools” in the country. The national ranking is based on state testing scores as well as Advanced Placement Testing in each of the core subject areas in grades 9 through 12. North Pointe Prep rose this past year from No. 22 to No. 17 in the ranking of all public schools in Arizona, and was ranked No. 4 among all public high schools with a Phoenix address. North Pointe Prep also climbed this past year from No.13 to No. 10 among all Valley schools, and continues to be ranked as the top charter high school in the Northwest Valley.

THE PROJECT

It is anticipated that the Bonds will be issued to refund various previously issued bonds, finance an expansion of one of the campuses, and finance the costs of acquiring furniture, fixture, and equipment for use in connection with the operation of the three schools, as described in further detail below.

The project sites (the “Project”) will consist of the following:

1. The North Pointe Campus, located at 10215 North 43rd Avenue in Phoenix, Arizona, is within Phoenix City Council District 1, represented by Councilwoman Thelda Williams, and is housed

in approximately 59,000 square feet of buildings on approximately 4.7 acres of land. The campus currently serves approximately 870 students in grades 7 – 12;

2. Pinnacle Pointe Academy is located at 6753 West Pinnacle Peak Road in Glendale, Arizona, and is housed in approximately 20,000 square feet of buildings on approximately 3.3 acres of land. The campus serves approximately 310 students in grades K – 6; and
3. Canyon Pointe Academy is located at 4941 West Union Hills Road in Glendale, Arizona, and is housed in approximately 16,000 square feet of buildings on approximately 3.9 acres of land. The campus serves approximately 395 students in grades K – 6.

In addition to refunding the above bonds, the Applicant affirms that it intends to construct, improve, renovate and equip, as applicable, an approximately 12,000 square foot classroom building on the North Pointe Campus, as well as making other site renovations. The Applicant anticipates completion of the addition by July of 2015.

The Applicant also assures that it intends to use a portion of the Bond proceeds to finance the acquisition of furniture, fixtures, and equipment to be used in connection with the operation of the schools.

PLAN OF FINANCING

According to the Applicant, the Bonds will be issued in series as determined by the underwriter, RBC Capital Markets, LLC, with the maturity of the longest series to be no more than 35 years. The fixed rate Bonds will be sold through a public offering to institutional and accredited investors. The fixed rate has not yet been determined, but it will be set at the then prevailing market rate. The Applicant expects to close on the transaction by April 2015.

CHARTER SCHOOLS PREDEVELOPMENT LOAN

The Applicant may opt to apply for a loan from the Phoenix IDA's Charter Schools Predevelopment Loan Fund. If so, the proceeds of the loan may be used for qualified predevelopment Project expenses, such as the costs of due diligence, architectural and consulting fees, zoning and permitting costs, insurance, bonding, and other such costs. The amount of the loan request may be for up to \$250,000, and would be repaid at closing with Bond proceeds. This program is a joint effort between the Phoenix IDA and Arizona Community Foundation to assist charter schools with low-interest funds for construction soft costs.

RECOMMENDATION

Kutak Rock, as Legal Advisor to the Phoenix IDA, and I recommend that approval be granted subject to the terms and conditions contained in the Board approval resolution, as reviewed by same.

RESOLUTION NO. 2015-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA GRANTING APPROVAL TO THE ISSUANCE OF ONE OR MORE SERIES OF ITS TAX-EXEMPT AND/OR TAXABLE EDUCATION FACILITY REVENUE BONDS (POINTE EDUCATIONAL SERVICES PROJECT), SERIES 2015 (THE "BONDS") IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$19,000,000; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, A LOAN AGREEMENT AND A BOND PURCHASE AGREEMENT; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA; APPROVING THE FORM OF AN OFFERING STATEMENT WITH RESPECT TO SUCH BONDS; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE BONDS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF THE BONDS

WHEREAS, The Industrial Development Authority of the City of Phoenix, Arizona (the "Authority"), is an Arizona nonprofit corporation designated as a political subdivision of the State of Arizona (the "State") empowered under the Industrial Development Financing Act, A.R.S. §§ 35-701 through 761 inclusive, as amended (the "Act"), to issue revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans to finance or refinance the acquisition, construction, improvement or equipping of a "project" (as defined in the Act), whenever the Board of Directors of the Authority (the "Board of Directors") finds such loans to be in furtherance of the purposes of the Authority or in the public interest, and to refund outstanding obligations incurred by an enterprise to finance the cost of a project when the Board of Directors finds that the refinancing is in the public interest; and

WHEREAS, Pointe Educational Services (the "Borrower"), a duly organized and validly existing Arizona nonprofit corporation that operates charter schools established under Arizona Revised Statutes Title 15, Chapter 1, Article 8, as amended (the "Charter School Act"), previously borrowed the proceeds of \$15,580,000 aggregate principal amount of Education Revenue and Refunding Bonds (Pointe Educational Services Project), Series 2005 (the "Bonds Being Refunded"), issued by The Industrial Development Authority of the County of Pima (the "Pima IDA") to, among other things, (a) refund all of the Education Revenue Bonds (Pointe Educational Services Project), Series 2004 issued by the Pima IDA to assist the Borrower in financing and refinancing, as applicable, the costs of acquiring, constructing, improving, renovating and equipping, as applicable, land and buildings located at 4941 West Union Hills Drive in Glendale, Arizona (the "Canyon Academy Campus"), 6753 West Pinnacle Peak Road in Glendale, Arizona (the "Pinnacle Academy Campus"), and 10215 North 43rd Avenue in Phoenix, Arizona (the "North Prep Campus"), which are used by the Borrower in connection with its charter school operations, and (b) pay the costs of acquiring, constructing, improving, renovating and equipping, as applicable, additions to the Canyon Academy Campus, the Pinnacle Academy

Campus and the North Prep Campus (collectively with the Canyon Academy Campus, the Pinnacle Academy Campus and the North Prep Campus, the “Existing Facilities”); and

WHEREAS, the Borrower has requested that the Authority issue its revenue bonds for the purpose of assisting the Borrower in (a) refunding the Bonds Being Refunded, and (b) financing the costs of acquiring, constructing, improving, renovating and equipping, as applicable, additions to the Existing Facilities (collectively with the Existing Facilities, the “Series 2015 Facilities”); and

WHEREAS, in furtherance of the purposes and interests of the Authority under the Act, the Authority proposes to issue one or more series of its tax-exempt and/or taxable Education Facility Revenue Bonds (Pointe Educational Services Project), Series 2015 (the “Bonds”), in an aggregate principal amount of not to exceed \$19,000,000, the proceeds of which will be loaned to the Borrower to (a) finance or refinance, as applicable, the costs of acquiring, constructing, renovating, improving and equipping, as applicable, the Series 2015 Facilities, (b) fund any required reserve funds, (c) pay capitalized interest, if any, on the Bonds, and (d) pay certain expenses relating to issuance of the Bonds (collectively, the “Project”); and

WHEREAS, the Bonds will be issued pursuant to an Indenture of Trust, to be dated as of the first day of the month in which the Bonds are issued (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and the proceeds of the Bonds will be loaned to the Borrower pursuant to a Loan Agreement, to be dated as of the first day of the month in which the Bonds are issued (the “Loan Agreement”), between the Authority and the Borrower; and

WHEREAS, the Bonds will be payable from the Trust Estate (as defined in the Indenture), which will include, among other things, payments of principal of and interest on the Series 2015 Promissory Note to be executed by the Borrower (the “Promissory Note”), and a Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing with respect to the Series 2015 Facilities to be executed by the Borrower (the “Deed of Trust”), all of which will be assigned to, or entered into with, the Trustee; and

WHEREAS, the Bonds will be sold by RBC Capital Markets, LLC, as underwriter (the “Underwriter”), pursuant to a bond purchase agreement (the “Bond Purchase Agreement”), among the Authority, the Borrower and the Underwriter, and the Underwriter will distribute to investors a Preliminary Offering Statement (the “Preliminary Offering Statement”), which, together with certain changes thereto, will become the final Offering Statement, relating to the Bonds and describing the transaction (the “Offering Statement”); and

WHEREAS, there have been prepared and presented to the Executive Director of the Authority the proposed substantially final forms of the following documents (collectively, the “Documents”):

- (a) the Indenture, including the initial form of the Bonds;
- (b) the Loan Agreement, including the form of the Promissory Note;
- (c) the Deed of Trust;

- (d) the Bond Purchase Agreement; and
- (e) the Preliminary Offering Statement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona, as follows:

Section 1. Ratification of Actions. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, agents or its Executive Director, including but not limited to the engagement of Kutak Rock LLP, as Authority’s counsel, directed toward the issuance and sale of the Bonds, are hereby approved and ratified.

Section 2. Findings. The Board of Directors finds and determines that the issuance of the Bonds and the making of a loan to the Borrower for the purpose of financing and/or refinancing all or a portion of the cost of the Project and the costs and expenses incidental thereto are in furtherance of the purposes and interests of the Authority under the Act, that the refunding of the Bonds Being Refunded is in the public interest and that the Series 2015 Facilities will constitute a “project” within the meaning of the Act.

Section 3. Authorization and Terms of Bonds. The Bonds, which shall be named as set forth herein or as otherwise set forth in the Indenture, are hereby approved and authorized to be issued pursuant to a plan of finance in an aggregate principal amount of not to exceed \$19,000,000, to be dated, to mature (no later than 40 years after their date of issuance), to bear interest (not in any event to exceed 10 percent per year), to be subject to redemption, to be payable as to principal and interest, and with such other terms, all as provided in the Indenture pursuant to which the Bonds are issued.

Section 4. Special Limited Obligations. The Bonds shall be payable solely from the property held and receipts and revenues received by or on behalf of the Authority pursuant to the Indenture. Nothing contained in (a) this Resolution, (b) the Documents, or (c) any other agreement, certificate, document, or instrument executed in connection with the issuance of any of the Bonds shall be construed as obligating the Authority (except as a special, limited obligation to the extent provided in such documents or instruments) or obligating the City of Phoenix, Arizona (the “City”), or the State to pay the principal of or premium, if any, or interest on the Bonds, or as incurring a charge upon the general credit of the Authority, the City or the State, nor shall the breach of any agreement contemplated by this Resolution, the Documents, or any other instrument or documents executed in connection herewith or therewith impose any charge upon the general credit of the Authority, the City or the State. The Authority has no taxing power.

Section 5. Other Bonds. Prior to the issuance of the Bonds, the Authority has or will have issued, and subsequent to the issuance of the Bonds, the Authority may issue, bonds in connection with the financing of other projects (said bonds are referred to herein as the “Other Bonds”). Any pledge, mortgage, or assignment made in connection with the Other Bonds shall be protected, and any funds pledged or assigned for payment of principal of or premium, if any, or interest on the Other Bonds shall not be used for the payment of principal of or premium, if

any, or interest on the Bonds. Any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and no funds pledged or assigned for the payment of the Bonds shall be used for the payment of principal of or premium, if any, or interest on the Other Bonds.

Section 6. Conditions. The Bonds shall not be issued unless and until:

(a) if the Bonds have not received a rating of “BBB-” or better (or an equivalent rating) from a nationally recognized bond rating agency, each purchaser of the Bonds shall execute and deliver an investor acknowledgement letter in form and substance satisfactory to the Authority and its counsel; provided, however, the provisions of this paragraph may be waived by the Authority in its sole discretion prior to the issuance of the Bonds;

(b) notice regarding the issuance of the Bonds is given to the Arizona Attorney General in the manner contemplated by Section 35-721.F of the Act and, within 10 days of such notice, the Arizona Attorney General does not issue a negative opinion regarding the issuance of the Bonds;

(c) all agreements, certificates, documents, or instruments requiring the execution or consent of the Authority are in a form and substance acceptable to the Authority’s counsel;

(d) the Authority receives such opinions, certificates, comfort letters and consent letters in connection with the Bonds as the Authority’s counsel may deem necessary or appropriate, in form and substance satisfactory to the Authority’s counsel and advisors;

(e) the Borrower agrees to make arrangements mutually satisfactory to the Authority as to the payment of the Authority’s closing fees, annual administrative fees, and expenses, the terms and conditions of which will be incorporated into the Indenture and the Loan Agreement;

(f) the Authority, its officers, directors, employees, agents and its Executive Director and the City have been provided with full indemnification in connection with the issuance and sale of the Bonds, in form and substance satisfactory to the Authority’s counsel; and

(g) the Council of the City has approved the proceedings under which the Bonds are to be issued.

Section 7. Authority Documents; Authority’s Signatures. The forms, terms, and provisions of each of the Documents, in the forms of such documents (including the exhibits thereto) presented to this meeting, are hereby approved, with such insertions, deletions, and changes as are approved by the officers authorized to execute the documents (which approval will be conclusively established by their execution and/or delivery thereof). Upon satisfaction of the conditions set forth in Section 6 hereof, the Authority’s President, Vice-President, Secretary or Treasurer (each an “Authorized Officer”) are each hereby authorized to execute and deliver each of the Documents or, with respect to any of the Documents not calling for execution by the

Authority, to approve and deliver such documents, with respect to any one or more series of the Bonds. From and after the execution and delivery of each of the Documents, the officers, agents, employees and Executive Director of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents, certificates and assignments as may be necessary to carry out and comply with the provisions of each of the Documents (as executed and delivered).

Signature pages for any Documents requiring the Authority's signature shall be delivered to Authority's counsel no fewer than seven days prior to Bond closing or any other date on which an executed signature page is required, and once executed will be held in escrow by the Authority's counsel and delivered on the closing date or on such other date on which an executed signature page is required.

Section 8. Sale of Bonds; Authentication. The sale of the Bonds to the Underwriter pursuant to the terms and provisions of the Bond Purchase Agreement is hereby authorized and approved. Any Authorized Officer is hereby authorized to execute and deliver to the Trustee any written order of the Authority for the authentication and delivery of the Bonds by the Trustee to the Underwriter.

Section 9. Further Actions. The officers, the agents and the Executive Director of the Authority, upon satisfaction of the conditions set forth in Section 6 hereof, shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the issuance, sale, and delivery of the Bonds.

Section 10. Open Meeting Laws. It is found and determined that all formal actions of the Authority and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

Section 11. Offering Statement. The lawful use and distribution by the Underwriter of the Preliminary Offering Statement and the Offering Statement relating to the original issuance of the Bonds and any amendments thereof or supplements thereto, are hereby authorized. Except for information contained under the headings "THE ISSUER" and "LITIGATION," as such headings relate to the Authority in the Offering Statement, the Authority has not confirmed, and assumes no responsibility for, the accuracy, sufficiency or fairness of any statements in the Offering Statement or any amendments thereof or supplements thereto, or in any reports, financial information, offering or disclosure documents or other information relating to the Project, the Borrower, or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrower or otherwise contained in the Offering Statement.

Section 12. Irrepealability. After the Bonds are delivered by the Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Bonds and interest thereon shall have been fully paid, canceled, and discharged.

Section 13. No Personal Liability. The Executive Director of the Authority, the members of the governing body of the Authority and any director, officer, official, employee or agent of the Authority shall not be subject to any personal liability or accountability by reason of the issuance of the Bonds. The liability of the Authority with respect to the Documents, or any other document executed in connection with the transactions contemplated hereby, shall be limited as provided in the Act and such documents.

Section 14. Severability. If any section, paragraph, clause, or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 15. Waiver. Any provisions of the Authority's Bylaws, Procedural Pamphlet, as amended through March 18, 2014 (the "Pamphlet"), or prior resolutions inconsistent herewith are waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any such Bylaws, Pamphlet, or resolution or any part thereof.

Section 16. Headings. Subject headings included in this Resolution are included for purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

Section 17. Effectiveness. This Resolution shall be effective immediately.

Section 18. Notice. Notice of Arizona Revised Statutes Section 38-511 is hereby given. The provisions of that statute by this reference are incorporated herein to the extent of applicability to matters contained herein under the laws of the State.

Section 19. Resolution Not to be Construed as Providing Advice Concerning Municipal Securities. None of this Resolution, any of the Documents or any action taken by the Authority, any member of the Board of Directors or the Authority's counsel in connection with issuance of the Bonds is intended to provide, and shall not be construed as providing, advice of any kind to the Borrower with respect to the issuance of the Bonds for purposes of 15 U.S.C. Section 78o-4(e)(4)(A)(i). The Authority is a conduit issuer and none of the Authority, the Board of Directors or the Authority's counsel is acting or will act as a municipal advisor, financial advisor or fiduciary to any party involved in the issuance of the Bonds.

[Signature page follows.]

Adopted and approved this 12th day of February, 2015.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By: _____
Juan Salgado, Executive Director



MEMORANDUM

DATE: February 12, 2015

TO: Members, Board of Directors

FROM: Christa Severns, Chairperson, Community Impact Fund Committee

SUBJECT: CO+HOOTS Foundation – Expansion Project

BACKGROUND

The CO+HOOTS Foundation (the “Foundation”) mission is to influence and support community growth by engaging the power of co-workers, independent contractors and small business. It provides pro bono service, education, leadership, and community outreach and entrepreneur support programs for CO+HOOTS co-working space. Since 2010, CO+HOOTS has graduated several companies from their co-working space into their own larger offices and have created approximately 200 new jobs for the Phoenix metro area.

PROGRAM DESCRIPTION

Recognizing that its model is helping small businesses to scale, CO+HOOTS has decided to expand on its services by opening a second larger location in downtown Phoenix. Its current 4,500 sq. ft. space is at capacity, and does not have space to host events such as meet-up groups and seminars that can further its members’ businesses. The Foundation indicates it will be the first co-working space in the world to specifically provide resources to for-profit and non-profit companies combined and to increase job opportunities within the community. The new space will operate in conjunction with CO+HOOTS’ downtown Phoenix location at 11th Street and Washington Street and will focus on teams, as well as include variable office space options and flex space.

Arizona is a leader in entrepreneurial growth and its new business creation is currently ranked first in the nation, according to the Kauffman Foundation’s 2012 Index of Entrepreneurship Activity which ranks states on the number of new companies per 100,000 adults. CO+HOOTS does not target a specific industry demographic. Rather than define themselves on serving “tech” or “creative,” they have simply stated that they are seeking collaborative companies. Their new space will be directed to Phoenix businesses that include one or more of the following: 1) minority, women and small businesses (typically between 1-10 employees), 2) small business entrepreneurs with high growth business models, and 3) businesses with industry sectors such as information technology.

POPULATION TO BE SERVED

The CO+HOOTS Foundation Expansion Project will provide: 1) entrepreneurship assistance and education programming to Phoenix-based startups and early-stage companies, 2) granting mentorship, guidance resources and affordable office space, 3) provide education and training to women- and

minority-owned businesses and entrepreneurs to help them sustain and grow their businesses, and 4) provide job training, development, and job placement for individuals seeking employment in high-growth areas.

Local entrepreneurs have expressed the need for additional private office space that accommodates 3-8 employees in addition to the collaborative desk work space that their current space provides.

CO+HOOTS current goals are to assist: 1) 50 or more small businesses with affordable office space, 2) 100 or more small businesses with entrepreneurship assistance and educational programming via workshops, mentoring, and peer supports, and 3) 25 or more member companies in making their first, or a new hire in the 2015-16 fiscal year.

REQUEST

The Foundation is requesting that the Phoenix IDA invest the amount of \$100,000 (\$35,000 for tenant improvements including fixtures & furniture; \$15,000 for equipment; and \$50,000 for salaries for one full time and one part time employee) to support its expansion project. The project will be completed in four phases: acquisition of space/build-out, business application/assessment, scaling support and evaluation.

The lease on the second property is expected to be finalized by early February 2015, with implementation of the expansion to begin shortly thereafter. CO+HOOTS will be seeking sponsorships and will be supported by the monthly membership income in order to sustain its programs. CO+HOOTS donates the majority of its profits to the CO+HOOTS Foundation to manage the educational programs, community outreach and entrepreneurial support for the CO+HOOTS Community. The Foundation indicates this expansion will be fully sustained by its ongoing membership fees as well as outside sponsorships and grants.

COMMUNITY IMPACT FUND COMMITTEE DISCUSSION

The Committee commented on the great work CO+HOOTS has done in our community and duly recognizes their need to expand services. As Committee Chair, I shared with CO+HOOTS that the size of their funding request was beyond the authority of the Committee to approve and would therefore require review and consideration by the full Board. Further due diligence will be done by the Committee and staff prior to presenting to the Board at the next scheduled Board meeting.

REQUEST

The Executive Director and I request the Board of Directors to direct \$75,000 of the Phoenix IDA's Administrative funds to support the efforts of CO+HOOTS for tenant improvements, equipment and salaries.

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MARCUS B. OSBORN
marcus.osborn@kutakrock.com
(480) 429-5000

MEMORANDUM

TO: John Salgado
FROM: Marc Osborn, PhD
RE: Legislative Update
DATE: February 5, 2015

Governor's High Performing Schools Initiative

The Phoenix IDA was approached the Governor Ducey's office to assist in developing ideas to improve access to affordable credit for high performing charter and district schools. The Governor made reducing waiting lists in high performing schools a major part of the State of the State Address. The Governor has set aside approximately \$21 million in the FY 2015/2016 budget to provide assistance to charter and district schools that have wait lists and are high performing. It is anticipated that the \$21 million investment will be an on-going appropriation for the foreseeable future. A small informal working group is meeting to look at ideas to provide credit enhancement to these targeted groups. The discussions are very preliminary and the Governor's office is interested in our input because of our extensive experience in financing charter schools.

Arizona Charter School Association Potential Legislation

The Arizona Charter School Association is exploring introducing "moral obligation" legislation which would require the state to back charter school financing with the full faith and credit of the State of Arizona. Senator Kelly Ward is interested in the concept but no bill draft has emerged. The moral obligation legislation will most likely be modeled after Colorado's code. The Arizona Charter School Association is also examining legislation from Texas which provides a permanent funding source for school financing. Related legislation from Utah is also under consideration. The Arizona Charter School Association appears to be looking for a financing support mechanism that covers all charter schools while the Governor's approach appears to be

more focused on targeting funds to high performing schools (both District and Charter) that have waiting lists.

Banking and Financial Services Presentation

On January 20, 2015 the Phoenix Industrial Development Authority, the Maricopa County Industrial Development Authority and the La Paz County Industrial Development Authority presented to the House Banking and Financial Services Committee. The presentation was started with an IDA 101 Presentation from Pat Ray. John Salgado provided updates to the committee on the types of projects the IDA financed. Similarly, the Maricopa County and La Paz County IDAs made similar presentations. The goal of the presentations was to educate the Committee on the basics of IDA operations and the types of projects that IDAs finance.

H.B. 2323 (Jobs; Finance Bonds)

Representative Jeff Weninger introduced H.B. 2323 (Jobs Finance Bonds). The legislation was based on the legislation the Phoenix IDA proposed last session. The bill is scheduled to be heard on Tuesday February 17, 2015 in the House Banking and Financial Services Committee. After some input from the Maricopa IDA, a new and simpler legislative approach has developed. The new approach will not create a stand-alone Jobs Bonds statute. Instead, the current definition of authorized project in the IDA Act will be expanded to allow all types of commercial projects to be covered by the Act. The process for approving the expanded list of projects will remain the same as detailed in current law. We anticipate that with this change the Maricopa IDA will be supportive of legislation. Rep. Weninger and Chairman of the Banking and Financial Services Committee, Rep. Brophy McGee, are both supportive of new approach.

H.B. 2482 (Student Loan Bonds)

This is legislation sponsored by Rep. David Livingston on behalf of Midwestern University. The legislation is generated out some challenges that Midwestern University had with the Arizona Department of Administration in approving their student loan bonds. The legislation provides increased flexibility to approve bonds utilized for refinancing. The legislation also eliminates the requirement for a corporation to obtain approval from the State of Arizona if the bonds being issued are rated at least A or higher.

RESOLUTION NO. 2015-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA APPROVING THE SUBMISSION OF A POWER OF ATTORNEY AND DECLARATION OF REPRESENTATIVE IN CONNECTION WITH A REQUEST FOR A PRIVATE LETTER RULING FROM THE INTERNAL REVENUE SERVICE; AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT SUCH FORM AND GRANTING AUTHORIZATION TO EXECUTE ALL DOCUMENTS IN CONNECTION THEREWITH; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH SAME; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH.

WHEREAS, The Industrial Development Authority of the City of Phoenix, Arizona (the “Authority”), a nonprofit corporation designated a political subdivision of the State of Arizona (the “State”), incorporated with the approval of the City of Phoenix, Arizona (the “City”), pursuant to the provisions of the Constitution of the State and under Title 35, Chapter 5, Arizona Revised Statutes, as amended (the “Act”), is authorized and empowered pursuant to Section 35-706(A) of the Act, among other things, to enter into contracts and execute any agreements or instrument and do any other act necessary or appropriate to carry out is; and

WHEREAS, Nixon Peabody LLP and DLA Piper LLP have requested that the Authority seek a private letter ruling from the Internal Revenue Service (the “PLR”); and

WHEREAS, in connection with the PLR request, the Authority is required to grant a Power of Attorney and Declaration of Representative (IRS Form 2848) (the “Power of Attorney”) to certain representatives in order to submit the request;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona, as follows:

Section 1. Ratification of Actions. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, agents or its Executive Director, including but not limited to the engagement of Kutak Rock LLP, as the Authority’s counsel, and the granting of powers under the Power of Attorney to those representatives set forth therein, in connection with the request for the PLR, are hereby approved and ratified.

Section 2. Findings. The Board of Directors finds and determines that submission of the PLR request is in furtherance of the purposes and interests of the Authority under the Act.

Section 3. Authority’s Signatures. The Authority’s President, Vice President, Secretary or Treasurer and the Executive Director of the Authority are each hereby authorized to execute and deliver each of the documents or, with respect to any of the documents not calling for execution by the Authority, to approve and deliver such documents, with respect to the PLR request.

Section 4. Further Actions. The officers, the agents and the Executive Director of the Authority shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby.

Section 5. Open Meeting Laws. It is found and determined that all formal actions of the Authority and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

Section 6. No Personal Liability. The Executive Director of the Authority, the Board of Directors, the members of the governing body of the Authority, and any director, officer, official, employee or agent of the Authority shall not be subject to any personal liability or accountability by reason of the Power of Attorney or the PLR request. The liability of the Authority with respect to any document executed in connection with the transactions contemplated hereby, shall be limited as provided in the Act and such documents.

Section 7. Severability. If any section, paragraph, clause, or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 8. Waiver. Any provisions of the Authority's Bylaws, Procedural Pamphlet, as amended through March 18, 2014 (the "Pamphlet"), or prior resolutions inconsistent herewith are waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any such Bylaws, Pamphlet, or resolution or any part thereof.

Section 9. Headings. Subject headings included in this Resolution are included for purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

Section 10. Effectiveness. This Resolution shall be effective immediately.

Section 11. Notice. Notice of Arizona Revised Statutes Section 38-511 is hereby given. The provisions of that statute by this reference are incorporated herein to the extent of applicability to matters contained herein under the laws of the State.

Adopted and approved this 12th day of February, 2015.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By: _____
Juan Salgado, Executive Director



MEMORANDUM

DATE: February 12, 2015

TO: Members, Board of Directors

FROM: Christa Severns, Chairwoman, Community Impact Fund Committee

SUBJECT: Community Impact Fund Committee Report - January 22, 2015

Community Impact Fund. The Committee was given a presentation on, and subsequently approved the process for submitting proposals to the Committee for consideration. An update on the Community Impact Investment Fund for the period ending December 31, 2014 was also given and a fund balance of \$840,000 was reported.

ASU Entrepreneurship & Innovation Ecosystem Planning – CREATE Phoenix. ASU Entrepreneurship & Innovation (“E&I”), gave a presentation to the Committee on the CREATE Phoenix Project. The purpose of the project is to create a business plan focused on advancing Phoenix’s presence as a place where entrepreneurs and innovators thrive, and a place that will attract and retain talented business creators.

The business plan will be used as a recruitment tool in attracting new startups and entrepreneurs to the City. Additionally, the business plan will be utilized to raise and invest \$2 million to reinforce and expand an entrepreneur ecosystem, with a primary focus on Science, Technology, Engineering and Math (STEM).

An award of \$49,997 was granted.

Arizona Community Foundation (ACF)/Phoenix IDA Awards Program. Mr. Salgado reported to the Committee that the “program description” for the Awards Program indicates the Community Development Fund (CDF) will provide investments to **Arizona based nonprofit organizations** with a focus on Education, Health Innovations, and Economic/Community Development. However, Phoenix IDA CDF dollars are restricted to only funding organizations located within the city of Phoenix. ACF funds are not restricted to Phoenix residents, thus they can support organizations located anywhere within the state of Arizona. Several requests currently submitted and under consideration, are from organizations located outside the city of Phoenix but within Maricopa County proper.

Phoenix IDA administration recommended to the Committee that the Phoenix IDA’s portion of any awards to organizations located outside the city of Phoenix be allocated from the Phoenix IDA administrative fund, rather than from the allocation to the Community Development Fund.

These reports are for information only. No approval is required by the Board.



MEMORANDUM

DATE: February 12, 2015
TO: Members, Board of Directors
FROM: Judy Bernas, Treasurer
SUBJECT: Finance Committee Report

Below is the report of the January 28, 2015 Finance Committee meeting in which items A and B were reviewed in detail and approved by the committee.

Item A – December 2014 Financials

Attached for your review and consideration are highlights of the Phoenix IDA's financial statements, dated December 31, 2014.

Statement of Assets, Liabilities and Net Assets

- Down Payment Assistance (DPA) Program Receivables, a monthly variable amount that represents receivables for down payment assistance and is expected to drop to zero in January 2015.

Statement of Revenues, Expenses and Changes in Net Assets

- Operating Revenues, Fee Income, includes revenue from Guam Facilities Project in December 2014 (see also last item below).
- Operating Revenues, DPA Fees, higher than expected loan volume in Home in Five Advantage Program resulting in increased revenues for the fiscal year.
- Operating Expenses, Project Development, includes approximately \$3,700 in due diligence costs for West Fillmore acquisition, approved by Board in December 2014, to be reallocated to asset cost at closing with the City of Phoenix.
- Operating Expenses, Business Development, increased event sponsorship and marketing costs in the first half of the year, which are addressed in the mid-year budget review.
- Operating Expenses, Administrator Salaries and Wages, reflects salary adjustments for employees in second quarter of fiscal year, approved by the Executive Committee in September 2014, which are addressed in the mid-year budget review.

- Operating Expenses, Community Development Fund Awards, \$500,000 budget increase approved by Board in October 2014, increased following the closing of the Guam Facilities Project in December 2014.

Total operating expenses through December 2014 were below budgeted expense levels. Revenues for the year to date exceed budgeted revenues, primarily due to DPA fees.

The Board is requested to approve the financial statements as of December 31, 2014.

Item B – Operating Budget for Fiscal Year 2014-2015

Staff prepared the annual mid-year review of the budget with recommendations for changes to the budget. These budget neutral adjustments reflect additional needs in areas such as human resources/employment consulting, record storage, business development/marketing, legislative affairs, and wages and benefits identified in the last six to nine months. Estimates for expenditures are expected to be lower in 7 expense categories, allowing for increases in 4 expense categories, with a total request to shift \$86,000 of budgeted outlays. Attached for your review is a schedule showing that adjustment to the current year budgeted amounts which was approved by the committee.

Overall, revenues are expected to exceed budgeted amounts, which will generate a significant surplus at the end of the year. As these budget adjustments do not create new categories or increase total budgeted expenditures, only Finance Committee approval was required to make the adjustments, which are presented for your information.

**Statement of Net Position
December 31, 2014**

Assets

Current Assets	
Cash and cash equivalents	\$ 3,597,923
Receivables, net	
Accounts receivable, net	3,000
DPA Program Receivables	1,056
Notes receivable, current portion	32,724
Loans receivable	100,000
Prepaid expenses	9,563
Total Current Assets	<u>3,744,266</u>
Noncurrent Assets	
Investments	15,054,719
Long term notes receivable, net	220,304
Fixed Assets	527,933
Total Noncurrent Assets	<u>15,802,957</u>
Total Assets	<u><u>\$ 19,547,223</u></u>

Liabilities and Net Position

Current Liabilities	
Accounts payable	\$ 39,470
Total Current Liabilities	<u>39,470</u>
Allocated Funds	9,215,350
Net Assets - Unrestricted	<u>10,292,403</u>
Total Liabilities and Net Assets	<u><u>\$ 19,547,223</u></u>



**Statement of Revenues, Expenses and Changes in Net Position
For the Month and Year to Date as of December 31, 2014**

	<u>December-14</u> Current	<u>Actual</u>	<u>Year to Date</u> Budget	<u>Variances</u>	<u>Annual</u> Budget
Operating Revenues					
Fee income-single family, application & other	\$ 100,800	\$ 138,411	\$ 29,690	\$ 108,721	\$ 74,250
Down Payment Assistance Program Fees	235,249	1,458,818	456,000	1,002,818	910,000
User assessment fees	196,179	282,143	123,069	159,074	815,000
Interest income	11,758	54,966	50,800	4,166	114,000
Other income - non-recurring fees	0	-	-	-	-
Other income-bond redemption	0	1,201	-	1,201	-
Net increase in the fair value of investments	0	-	-	-	-
Total Operating Revenues	<u>543,986</u>	<u>1,935,539</u>	<u>659,559</u>	<u>1,275,980</u>	<u>1,913,250</u>
Operating Expenses					
Accounting Services	\$ 223	\$ 1,602	\$ 1,700	\$ 98	\$ 3,500
Administration	5,567	17,426	25,400	7,974	48,000
Audit	0	14,557	17,400	2,843	17,400
Board of Directors	3,697	23,499	38,720	15,221	65,000
Bond Administration	0	2,800	6,500	3,700	13,000
Bond Administration - Single Family	1,500	1,500	4,450	2,950	7,500
Director and Officer Insurance	1,553	9,315	9,360	45	19,300
General Expenses	5,586	34,221	41,837	7,616	117,475
Loan Portfolio Administration	248	1,260	3,500	2,240	6,500
Program Development	0	382	5,000	4,618	10,000
Project Development	2,038	5,506	4,000	(1,506)	8,000
Business Development	6,663	43,539	46,450	2,911	82,650
Home in Five Advantage Program	963	2,842	15,000	12,158	25,250
Legislative Affairs	2,500	15,000	15,000	0	22,500
Salaries and Wages	54,969	399,572	384,000	(15,572)	748,000
Staff Development	0	2,202	6,500	4,298	7,500
Technology	800	5,001	18,760	13,759	35,500
Community Development Fund	4,650	4,650	320,500	315,850	820,500 ¹
Total Operating Expenses	<u>90,955</u>	<u>584,873</u>	<u>964,077</u>	<u>379,204</u>	<u>2,057,575</u>
Other Expenses					
Bad Debt Expense	0	0	0	0	0
Fee Waiver	0	0	0	0	0
Change in Net Position	453,031	1,350,666	(304,518)	1,655,184	(144,325)
Revenues Moved to Restricted Assets	(495,350)	(495,350)			
Unrestricted Net Position, beginning	<u>10,334,722</u>	<u>9,437,086</u>			
Unrestricted Net Position, end	<u>\$ 10,292,403</u>	<u>\$ 10,292,403</u>			

¹ Reflects changes to budget approved by Board on October 19, 2014



MEMORANDUM

DATE: February 12, 2015
TO: Members, Board of Directors
FROM: Tom Espinoza, President
SUBJECT: President's Report

A. 2015 City Council / Board of Director Assignments

The City Council/Board of Director Assignments have been updated for 2015. Several adjustments have been made to the assignments so that City Council members have a chance to meet with different members of our Board. Staff will begin scheduling briefings in the next couple of weeks. It is our goal to meet with each of the council districts at least twice a year.

B. Board of Directors Handbook - Quarterly Update for December, 2014.

The Board of Directors Handbook has been updated and is available on the Phoenix IDA Intranet. The most significant updates to the Handbook are the new Board Officers effective January 1, 2015, and the Audited Financial Statements for the period ending June 30, 2014, which were approved at the November 20, 2014 Board meeting.

C. Bonds issued by council district for period ending December 31, 2014.

Attached for your information is our Bond Transaction List for the period ending December 31, 2014 broken down by council district. We are making great strides in our community as reflected in this report. The Phoenix IDA has issued over \$1.3 billion in revenue bonds since 2009, and over \$500 million in 2014.

Council District	Council Member	Scheduler	Contact Information	Board Member	2015 Meeting	Notes
1	Thelda Williams	Patrick Ziegert Assistant	patrick.ziegert@phoenix.gov 602.261-8822	Don Keuth		
2	Vice Mayor Jim Waring	Ashley Bunch, Research Analyst	ashley.bunch@phoenix.gov 602.261.8203	Sal Rivera		
3	Bill Gates	Greta Brandt Assistant	greta.brandt@phoenix.gov 602.495.0594	Bruce Mosby		
4	Laura Pastor	Carla Urquidi Assistant	Carla.Urquidi@phoenix.gov 602.534.9946	Barbara Ryan Thompson		
5	Daniel Valenzuela	Vania Guevara, Assistant	vania.guevara@phoenix.gov 602.262.4822	Marian Yim		
6	Sal DiCiccio	Vanessa Salinas Assistant	vanessa.salinas@phoenix.gov 602-534-5823	Charlene Tarver		
7	Michael Nowakowski	Felicita Mendoza Assistant	felicita.mendoza@phoenix.gov 602.534.9951	Christa Severns		
8	Kate Gallego	Elizabeth "Ellie" Perez Assistant	elizabeth.perez@phoenix.gov 602-534-9327	Judy Bernas		



MEMORANDUM

DATE: February 12, 2015
TO: Members, Board of Directors
FROM: Juan Salgado, Executive Director
SUBJECT: Executive Director's Report

A. ADMINISTRATIVE

- **HR Department – Consultant Services.** The Phoenix IDA has engaged the services of the HR Department (“HRD”), an HR consulting service that provides high-level human resource services and planning to small businesses that are committed to being an employer of choice in their industry. The engagement will be short-term to assist us in completing several HR related projects.
- **Brunson-Lee Elementary – Baseball Field Check Presentation.** On Tuesday, January 13, 2015 I attended the Balsz Elementary School District (“BESD”) board meeting where I presented a check approved by our Board of Directors at the December 18, 2014 board meeting in support of the Promise Baseball Field at Brunson-Lee Elementary School (“BLES”). Councilwoman Kate Gallego, District 8, was also in attendance and joined me in the presentation. Our support and that of Councilwoman Gallego was extremely appreciated by the BESD school board, BLES administration, students and teachers.

B. BOND FINANCING PROJECTS

- **Vieste SPE LLC Project, Series 2013.** On April 23, 2013, the Phoenix IDA issued the bonds for this materials recovery facility located in Glendale, Arizona. Construction on the project is completed and it is in the commissioning stage in preparation for full commercial operations. The applicant requested on November 10, 2014 that the Board consider amending certain provisions contained in the original bond documents while the applicant works with bondholders and the City of Glendale on a larger retrofit plan for the facility. The Board approved the request and the applicant reports that it has received the minimum amount of consents from the current bondholders needed to proceed with seeking funding for the contemplated retrofit. In the meantime, talks continue between the applicant and the City of Glendale regarding revisions to some of the agreements related to the project. It is expected that the additional bonds for this project will be issued by the Phoenix IDA.
- **Yuma Assisted Living Facility Project, Series 2014.** The bonds for this project were issued on November 26, 2014, and last month the applicant began construction related to the conversion of the hotel property located in Yuma, Arizona. It is anticipated that the conversion will be completed by May 2015, with full operations expected to begin by July of this year.

- **Girl Scouts Project, Series 2015.** On December 3, 2104, the Phoenix City Council approved the Board proceedings for this rehabilitation project. The site is located in South Phoenix and entails the transformation of a facility built in 1980, commonly known as Camp Sombrero, into the Leadership Center for Girls and Women at Camp Sombrero. The applicant continues to work with the bond purchaser toward a closing that is expected to occur in March 2015.

C. PROGRAMS

- **Home in Five Advantage.** Through the end of January 2015, the PMCIDA Home in Five Advantage program has assisted nearly 4,000 individuals, veterans and families. Additionally, the program has reserved over \$656 million in loans resulting in more than \$32.5 million in down payment assistance to local residents, which includes approximately \$250,000 of additional assistance to qualified military personnel. In the last half of 2014, the program was responsible for more than 20% of all FHA loans closed in Maricopa County.
- **Mortgage Credit Certificate.** Application was made in January to the Arizona Commerce Authority (ACA) for allocation of private activity volume cap for Mortgage Revenue Bond (MRB)/Mortgage Credit Certificate (MCC), as can be done each January. The volume cap is usable for either program, singly or in combination.

By reserving the Phoenix IDA allocation of approximately \$53 million for MRB/MCC the Board can exercise the option by confirming the allocation, or part of the allocation, no later than June 30, 2015. While no fee is due at this time, a non-refundable confirmation fee of \$320 per \$1 million of allocation will be due within three days of the confirmation filing date. The following factors will be considered prior to a final decision to confirm part or all of the allocation.

- The single-family bond market has been flat. Given the low market demand, the ACA could face challenges in issuing single-family mortgage bonds within 90 days of a June 30, 2015, or earlier, confirmation date.
- A program for MCC can tie in to the existing Home in Five Advantage down payment assistance (DPA) program, in that many buyers could qualify for both programs and existing DPA program lenders would be a ready source in the new program.
- ACA's non-refundable fee would amount to approximately \$17,000 on the entire allocation.
- An MCC program yields significant tax benefits for first-time homebuyers.

We are evaluating the costs, methodology and market for an MCC program in the Phoenix area. If, after further analysis, we are ready to recommend moving forward, we will come back to the Board to seek a resolution and the expenditure of necessary funds, likely by the March meeting.

D. LAND INVESTMENTS

- **ArtHAUS.** The developer of the property near the Arizona Opera, Jason Boyer of artHAUS, has a proposal from a realty capital firm to fund a \$5,000,000 construction loan at the approximate equivalent of 75% (loan to cost) with the balance in sponsor equity (~25%). Mr. Boyer states that he is in the process of sourcing a final \$425,000 of equity to complete a total project capital stack of approximately \$6,730,000. Once the remaining equity funds have been secured, a final term sheet will be shared along with a proof of funds statement from the artHAUS, LLC operating

account. Completing this milestone will then allow artHAUS to complete the close of escrow on the land transaction. No date has been set for the final sourcing of equity.

- **West Fillmore Property.** On December 18, 2014, the Board granted me approval to proceed with a proposal from the City of Phoenix's (the "City") Community and Economic Development Department ("CEDD") to engage in a joint City/Phoenix IDA partnership (together the "Parties") to acquire and potentially redevelop a parcel of land, approximately 2.82 acres in size, located south of Fillmore Street, between 4th and 5th Avenues, owned by Maricopa County (the "Property"). The approval also included (i) entering into a development agreement with the City for the acquisition and development of the property located at 355 N. 5th Avenue in Phoenix, Arizona, (ii) incurring expenses necessary to perform due diligence relating to same, (iii) executing any additional documents as may be necessary relating to the purchase and/or development of the subject property, and, (iv) providing funding for the benefit of the City of up to 90% of the appraised value of the Property (\$2,655,000) as consideration for the City's agreement to proportionately split the future revenues and sale proceeds derived from the subject property (total costs, including expenses not to exceed \$2,700,000), contingent upon review and approval by counsel.

On January 30, 2015, the Phoenix IDA executed a development agreement with CEDD that spelled out the details of the partnership between the Parties, and completed the purchase of the Property.

- **Downtown Planning RFP.** On February 4, 2015, the Downtown, Aviation and Redevelopment Subcommittee approved a request from CEDD to recommend City Council approval to issue a Request for Proposals (RFP) including evaluation criteria, selecting a master development team, and beginning negotiations for the disposition and development of City-owned property located between 4th and 6th Avenues, south of Fillmore Street in downtown Phoenix. This property includes the West Fillmore Property previously described as well as the Beeline Property, comprised of six contiguous parcels of improved land (totaling approximately 1 acre) located south of the southeast corner of 6th Avenue and Fillmore Street, purchased with the City in September 2013, plus an additional 3.6 acres the City owns itself.

The RFP is expected to be issued in March, with proposals received and evaluated in May and June. Interviews and negotiations are planned through August, with recommendation to City Council and the Phoenix IDA Board by October. The Phoenix IDA will be involved throughout this process and our agreements with the City ensure that Board approval is needed to approve any final agreement with one or more developers.