



---

**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 **Tuesday, October 13, 2015 at 2:00 PM** located at the **Calvin C. Goode Municipal Building, 251 West Washington Street, 9th Floor, Conference Room 910, Phoenix, Arizona.**

One or more board members may participate via teleconference.

The agenda for the meeting is as follows:

**Call to Order**

1. **BASIS Schools, Inc. Project, Series 2015B.** Presentation, discussion, and possible action to approve the issuance of Education Facility Revenue Bonds (BASIS Schools, Inc. Projects), Series 2015B, to be issued in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$100,000,000.
2. **Modern Industries, Inc. Project, Series 2015.** Presentation, discussion, and possible action for preliminary approval of the issuance of Industrial Development Revenue Bonds (Modern Industries, Inc. Project), Series 2015, to be issued in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$10,000,000.
3. **Veterans Assisted Living Deer Valley Project, Series 2015.** Presentation, discussion, and possible action for preliminary approval of the issuance of Multifamily Housing Revenue Bonds (Veterans Assisted Living Deer Valley Project), Series 2015, to be issued in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$22,000,000.
4. **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: October 11, 2015

---

**MEMORANDUM**

**DATE:** October 13, 2015

**TO:** Members, Board of Directors

**FROM:** Juan Salgado, Executive Director

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

---

**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 \$100,000,000. The Applicant will seek Phoenix City Council approval on October 28, 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 20 charter schools: 17 in Arizona, two in Texas, and one in Washington, D.C., serving approximately 11,000 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**

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 finance and refinance the costs of acquiring, leasing, constructing, renovating, improving, and equipping, as applicable, the following:

1. School facilities located at 11129 North Oracle Road in Oro Valley, Arizona (the “Oro Valley Primary Campus”), housing approximately 660 students in grades K – 5;
2. New school facilities to be located northeast of the northeast corner of the intersection of south Arizona Avenue and east Chandler Heights Road in Chandler, Arizona, to be used by the existing Chandler School upon completion of construction (the “Chandler Campus”), accommodating approximately 755 students in grades 6 – 12. The Applicant anticipates opening the new campus in August of 2016;

3. School facilities located at 1800 East Chandler Boulevard in Chandler, Arizona, currently used in connection with the operation of the Chandler School until its new campus is completed. These facilities will eventually be used by a new primary school (the “Chandler Primary North Campus”), projected to serve a yet to be determined number of students in grades K – 5;
4. New school facilities to be located at (i) 12730 East Shea Boulevard in Scottsdale, Arizona, (ii) 9845 East Cactus Road in Scottsdale, Arizona, or (iii) the southeast corner of north 132<sup>nd</sup> Street and east Via Linda in Scottsdale, Arizona, to be used by the existing Scottsdale School upon completion of construction (the “Scottsdale Campus”), housing approximately 740 students in grades 6 – 12. The Applicant anticipates opening the new campus in August of 2016;
5. School facilities located at 11440 North 136<sup>th</sup> Street in Scottsdale, Arizona, currently used in connection with the operation of the Scottsdale School until its new campus is completed. These facilities will ultimately be used by an existing primary school (the “Scottsdale Primary Campus”), currently operating out of leased space, accommodating approximately 155 students in grades K – 5; and
6. School facilities located in south Tucson, Arizona (the “Tucson South Campus”), a new primary school projected to serve a yet to be determined number of students in grades K – 5. The Applicant anticipates opening the campus in August of 2016.

The Applicant also plans to refinance outstanding loans incurred to finance the costs of acquiring, constructing, renovating, improving, and equipping school facilities located at 410 Eighth Street, NW in Washington, DC, currently used in connection with the operation of the DC School (the “DC Campus”). In addition, part of the Bond proceeds will be used to finance the costs of acquiring additional furniture, equipment, and related supplies for use in connection with the operation of the DC School, housing approximately 540 students in grades 5 – 12.

#### **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 40 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 in December 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. 2015-18**

**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 PROJECTS), SERIES 2015B (THE “BONDS”), IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$100,000,000; 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**, the Act specifically provides that the Authority may exercise its powers, including the power to issue bonds, to provide financing or refinancing of “projects” located in whole or in part outside the State, provided the Board of Directors has determined the exercise of such powers will provide a benefit within the State; and

**WHEREAS**, BASIS Schools, Inc. (the “Borrower”), a duly organized and validly existing Arizona nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), 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 the \$8,305,000 aggregate original principal amount Education Facility Revenue Bonds (BASIS Oro Valley Primary Project), Series 2013 (the “Oro Valley Primary Bonds”) issued by the Authority to finance, among other things, the costs of acquiring, constructing, improving and equipping charter school facilities located at 11129 North Oracle Road, Oro Valley, Arizona (the “Oro Valley Primary

Campus”), for use in connection with operation of the charter school known as “BASIS Oro Valley Primary”; and

**WHEREAS**, the Borrower has requested that the Authority issue its revenue bonds for the purpose of assisting the Borrower with the following:

- (a) refunding, depending upon market conditions at the time of sale, the Oro Valley Primary Bonds (the “Bonds Being Refunded”);
- (b) financing the costs of acquiring, constructing, improving and equipping, as applicable, charter school facilities located northeast of the northeast corner of the intersection of south Arizona Avenue and east Chandler Heights Road in Chandler, Arizona (the “Chandler Campus”), to be used in connection with operation of a charter school known as “BASIS Chandler” (the “Chandler School”);
- (c) financing the costs of acquiring, constructing, improving and equipping, as applicable, charter school facilities located at (i) 12730 East Shea Boulevard, Scottsdale, Arizona, (ii) 9845 East Cactus Road, Scottsdale, Arizona, or (iii) the southeast corner of north 132<sup>nd</sup> Street and east Via Linda, Scottsdale, Arizona (the “Scottsdale Campus”), to be used in connection with the operation of a charter school known as “BASIS Scottsdale” (the “Scottsdale School”);
- (d) financing the costs of leasing or acquiring, constructing, renovating, improving and equipping, as applicable, charter school facilities located in south Tucson, Arizona (the “Tucson South Campus”), to be used in connection with the operation of a new charter school to be known as “BASIS Tucson South” (the “Tucson South School”);
- (e) financing the costs of constructing, renovating, improving and equipping, as applicable, charter school facilities located at 1800 East Chandler Boulevard in Chandler, Arizona, currently used in connection with the operation of the Chandler School (the “Chandler Primary North Campus”), to be used in connection with the operation of a new charter school to be known as “BASIS Chandler Primary North” (the “Chandler Primary North School”);
- (f) financing the costs of constructing, renovating, improving and equipping, as applicable, charter school facilities located at 11440 North 136<sup>th</sup> Street in Scottsdale, Arizona, currently used in connection with the operation of the Scottsdale School (the “Scottsdale Primary Campus”), to be used in connection with the operation of a charter school known as “BASIS Scottsdale Primary” (the “Scottsdale Primary School”); and
- (g) refinancing outstanding loans incurred by the Borrower to finance the costs of acquiring, constructing, renovating, improving and equipping, as applicable, charter school facilities located at 410 Eighth Street, NW, Washington, DC (the “DC Campus”), and financing the costs of acquiring additional furniture, equipment and related supplies (the “Additional Equipment”), which are or will

be leased to BDC, A Public Charter School, Inc., a District of Columbia nonprofit corporation and 501(c)(3) organization whose sole member is the Borrower (“BDC”), for use in connection with the operation of a charter school known as “BASIS Washington DC” (the “DC School”); 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 Projects), Series 2015B (the “Bonds”), in an aggregate principal amount of not to exceed \$100,000,000, the proceeds of which will be loaned to the Borrower to (a) finance or refinance, as applicable, the costs of acquiring, leasing, constructing, renovating, improving and equipping, as applicable, the Chandler Campus, the Chandler Primary North Campus, the DC Campus, the Oro Valley Primary Campus, the Scottsdale Campus, the Scottsdale Primary Campus and the Tucson South Campus (collectively, 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, 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 and BDC (together, the “Obligated Group”) on BASIS Schools Obligation No. 2 (“Obligation No. 2”), to be issued and executed by the Borrower, as representative of the Obligated Group, and delivered to the Bond Trustee pursuant to a Master Indenture of Trust, dated as of March 1, 2015, as amended (the “Master Indenture”), between the Obligated Group and BOKF, NA, as master trustee (the “Master Trustee”), as supplemented by the Supplemental Master Indenture for Obligation No. 2, to be dated as of the first date of the month in which the Bonds are issued (the “Supplemental Master Indenture No. 2”), and payable from the trust estate established under the Master Indenture, which includes or will include (i) the revenues of certain charter schools operated by the Obligated Group (the “Pledged Schools”), which have been or will be pledged by the Obligated Group as security for their obligations under the Master Indenture and amounts due on the Obligations (as defined in the Master Indenture), including Obligation No. 2, (ii) deeds of trust, security agreements, assignments of rents and leases, and fixture filings previously executed or to be executed by the Borrower and granting a first priority lien on certain charter school facilities owned by the Borrower, including certain of the Facilities (each, a “Deed of Trust”), 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 any other equipment financed with the proceeds of the Bonds that is not otherwise secured by the lien granted pursuant to a Deed of Trust; 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;
- (d) the Supplemental Master Indenture No. 2, including the form of Obligation No. 2;
- (e) the Escrow Deposit Agreement, to be dated as of the first date of the month in which the Bonds are issued (the “Escrow Deposit Agreement”), among the Authority, the Borrower and BOKF, NA, as escrow agent;
- (f) the Bond Purchase Agreement; and
- (g) 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 and related equipment will constitute a “project” within the meaning of the Act. The Board of Directors further expressly finds and determines that the issuance of the Bonds by the Authority and the making of a loan to the Borrower, which is an Arizona nonprofit corporation, will provide a benefit within the State and help fulfill the Authority’s mission to provide community and economic benefits to Phoenix residents through bond financing and other community investments.

**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 \$100,000,000, 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.** Public Hearing. The Authority is hereby authorized to determine, in consultation with the Borrower, a date for a public hearing on the plan of financing of the “project” and the proposed issuance of the Bonds, as required by Section 147(f) of the Code, and to publish a notice of such hearing in such form as approved by the Borrower and bond counsel.

**Section 13.** 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 14.** 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 15.** 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 16.** 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 17.** 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 18.** Effectiveness. This Resolution shall be effective immediately.

**Section 19.** 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 20.** 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 13<sup>th</sup> day of October, 2015.

THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA

By: \_\_\_\_\_  
Juan Salgado, Executive Director

**MEMORANDUM**

**DATE:** October 13, 2015

**TO:** Members, Board of Directors

**FROM:** Juan Salgado, Executive Director

**SUBJECT:** Industrial Development Revenue Bonds (Modern Industries, Inc. Project), Series 2015

---

**THE APPLICANT**

Modern Industries, Inc., an Arizona corporation (the “Applicant”), is seeking the Board’s preliminary approval for the issuance of the Phoenix IDA’s subject Industrial Development Revenue Bonds (the “Bonds”), in an aggregate principal amount not to exceed \$10,000,000.

Founded in 1969, Modern Industries started as a small machine shop producing high-precision parts for the aerospace industry. Today, Modern Industries has grown into a sophisticated, privately owned company utilizing the latest technologies in machine tools used to execute the contract machining of complex aerospace components for various, long-standing aerospace customers including Boeing, Hughes-Raytheon, and Hamilton Sundstrand.

It is anticipated that the Applicant will seek final approval from the Board in November or December 2015. Pending Board approval, it is anticipated that the Applicant will seek City Council approval shortly thereafter.

**THE PROJECT**

The project encompasses the purchase of specialized computer numeric control manufacturing machinery and automated lines, including financing the cost of related tenant improvements, at the following three locations:

- A leased facility at 3001 E. Air Lane, Buildings 404 and 429, within Phoenix City Council District 8, represented by Councilwoman Kate Gallego,
- A leased facility at 4755 E. Beautiful Lane, within Phoenix City Council District 6, represented by Councilman Sal DiCiccio, and
- A leased facility at 4747 E. Beautiful Lane, within Phoenix City Council District 6, represented by Councilman Sal DiCiccio.

The Applicant plans to use the Bond proceeds to (a) finance the acquisition, rehabilitation, improvement, equipping, and operation of the project, and (b) pay certain costs related to the issuance of the Bonds.

**PLAN OF FINANCING**

The Bonds are expected to be placed directly with Western Alliance Bank, with a maturity of no more than 40 years. The Applicant states that the terms of the direct bank purchase will incorporate a 25-year amortization, with an initial 10-year maturity on tax-exempt Bonds.

The Applicant expects to close on the transaction by December 2015 or January 2016.

**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 preliminary approval resolution, as reviewed by same.

**RESOLUTION NO. 2015-19**

**A RESOLUTION GRANTING PRELIMINARY APPROVAL TO THE ISSUANCE OF INDUSTRIAL DEVELOPMENT REVENUE BONDS (MODERN INDUSTRIES, INC. PROJECT), SERIES 2015 OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, TO BE ISSUED IN ONE OR MORE TAX-EXEMPT AND/OR TAXABLE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000 TO FINANCE A MANUFACTURING PROJECT FOR MODERN INDUSTRIES, INC.**

**WHEREAS**, The Industrial Development Authority of the City of Phoenix, Arizona (the “Authority”), is an Arizona non-profit corporation designated as a political subdivision of the State of Arizona empowered under the Industrial Development Financing Act, A.R.S. § § 35-701 through 761 inclusive, as amended (the “Act”), to issue industrial development revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans for the purpose of financing the acquisition, construction, improvement or equipping of a “project” (as defined in the Act) whenever the Board of Directors of the Authority finds such loans to be in furtherance of the purposes of the Authority or in the public interest; and

**WHEREAS**, the term “project” includes within its meaning any land, any building or other improvements, and all real and personal properties which constitute “any commercial enterprises, including facilities for manufacturing;” and

**WHEREAS**, Modern Industries, Inc., an Arizona corporation (together with its assignees and designees, the “Borrower”) has requested the Authority to issue its Industrial Development Revenue Bonds (Modern Industries, Inc. Project), Series 2015 (the “Bonds”), in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$10,000,000, and lend the proceeds thereof to the Borrower or an affiliate of the Borrower to finance (a)(i) the purchase of specialized computer numeric control (“CNC”) manufacturing machinery and automated lines along with the cost of related tenant improvements to be located at a leased facility at 3001 E. Air Lane, Buildings 404 and 429, Phoenix, Arizona, (ii) the purchase of specialized CNC manufacturing machinery and automated lines along with the cost of related tenant improvements to be located at a leased facility at 4755 E. Beautiful Lane, Phoenix, Arizona, and (iii) the purchase of specialized CNC manufacturing machinery and automated lines along with the cost of related tenant improvements to be located at a leased facility at 4747 E. Beautiful Lane, Phoenix, Arizona (collectively, the “Project”), (b) costs associated therewith (including without limitation, funding capitalized interest and reserves) and (c) costs incurred in connection with the authorization, issuance and sale of the Bonds, all in accordance with the Act; and

**WHEREAS**, in furtherance of the purposes of the Act, the Authority is preliminarily considering the issuance of the Bonds, the proceeds of which will be loaned to the Borrower to assist the Borrower in the acquisition, rehabilitation, improvement, equipping and operation of the Project as further described above; and

**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.** The Board of Directors of the Authority finds and determines that the issuance of the Bonds under the Act and the making of a loan to the Borrower for the purpose of financing all or a portion of the cost of the acquisition, rehabilitation, improvement, equipping and operation of the Project, and the costs and expenses incidental thereto, are in furtherance of the purposes of the Authority under the Act and the Project will constitute a "project" within the meaning of the Act.

**Section 2.** The Authority hereby grants preliminary approval to the issuance and sale of the Bonds pursuant to the Act in one or more series in an aggregate principal amount not to exceed \$10,000,000. This preliminary approval is subject to the following terms and conditions:

**2.1** The Borrower must fully comply with all applicable provisions of the Authority's Procedural Pamphlet dated March 18, 2014 (the "Pamphlet") and the Authority's financial guidelines relating to the issuance and sale of the Bonds, including the submission of Legal Proceedings, as required by Section 5 of the Pamphlet, in form and substance satisfactory to the Authority

**2.2** On or prior to the closing date, the Borrower shall make arrangements satisfactory to the Authority as to the payment of the Authority's closing fee and annual administrative fees and expenses.

**2.3** An opinion of nationally recognized Bond Counsel, in a form acceptable to the Authority, that interest on the tax-exempt Bonds will be exempt from all federal income taxes and Arizona income taxes under existing statutes, regulations and court decisions, must be addressed to and provided to the Authority.

**2.4** The Borrower must deliver an opinion or opinions, addressed and in form acceptable to the Authority, prior to closing, to the effect that all of the statements and information contained in the offering materials distributed in connection with the offer and sale of the Bonds (if any) is correct and complete in all material respects, and does not contain any untrue statements of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**2.5** Prior to consideration of final approval by the Authority and in the event the Bonds will be sold pursuant to a public offering, the Borrower and the underwriter of the Bonds to be publicly offered (the "Underwriter") must submit a bond purchase agreement for the Bonds in final form, including, without limitation, any exhibits, appendices or attachments, except for information pertaining to the maturities, interest rates, yields and redemption provisions on the Bonds, in form and substance acceptable to Kutak Rock LLP, as the Authority's legal advisor (the "Legal Advisor") and its bond counsel ("Bond Counsel").

**2.6** 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 Legal Advisor; provided, however, the provisions of this paragraph may be waived by the Authority in its sole discretion prior to the issuance of the Bonds.

**2.7** If the Bonds are to be privately-placed, the Bond placement agent or the ultimate purchaser of the Bonds, as determined in the sole discretion of the Authority, must deliver an investment letter to the Authority, including representations that it has performed its own due diligence of the Project, and will purchase and hold the Bonds as a private placement. Any subsequent resale of the Bonds must be restricted to accredited investors or qualified institutional buyers.

**2.8** Legal Advisor to the Authority must receive such legal opinions (including an enforceability opinion of Counsel to the Borrower), certificates and other proceedings as are necessary and advisable to evidence compliance by the Borrower and the Underwriter or any other purchaser of the Bonds with the Authority’s policies and procedures and applicable federal and state laws.

**2.9** The Authority, its officers, directors, staff, employees, agents and Executive Director, and the City of Phoenix, Arizona (the “City”) must be provided with full indemnification in connection with the issuance and sale of the Bonds, in form and substance satisfactory to the Authority’s Legal Advisor, from a credit-worthy source.

**2.10** The Borrower must receive final approval by the Council of the City of Phoenix, Arizona prior to closing the Bonds.

**2.11** Preliminary approval of the Project by the Authority expires on the 180th day following the grant of preliminary approval by the Authority unless the Bonds have been issued or an extension of preliminary approval has been approved by the Authority on or before that date.

**Section 3.** The Borrower has indicated that it will incur and pay expenses relating to the Project prior to the issuance of the Bonds and expects to reimburse those expenditures with proceeds of the Bonds. This Resolution is an affirmative official action and declaration of official intent of the Authority relating to the issuance of the Bonds as contemplated herein including, without limitation, under Treasury Regulations Section 1.150-2.

**Section 4.** Nothing contained in this Resolution, nor in any other instrument, may be considered as obligating the Authority or the City to any pecuniary liability or charge upon the general credit of the Authority or the City. Furthermore, it is understood that no costs are to be borne by the Authority with respect to the Project and the issuance and sale of the Bonds except those to be paid out of the proceeds of the Bonds, and that the Borrower will promptly reimburse the Authority for any other expenses reasonably incurred by the Authority, including the fees of its Legal Advisor and financial advisor, whether or not the Bonds are issued or sold.

**Section 5.** The Authority is hereby authorized to determine, in consultation with the Borrower, a date for a public hearing on the plan of financing of the Project and the proposed issuance of the Bonds, as required by Section 147(f) of the Internal Revenue Code of 1986, and to publish a public notice of such hearing in such form as approved by the Borrower and Bond Counsel.

**Section 6.** The Borrower is authorized to file a request for allocation for private activity bonding authority for the Bonds through the Arizona Commerce Authority in an aggregate principal amount which shall not exceed \$10,000,000

**Section 7.** All actions of the officers, directors, staff, employees, agents and Executive Director of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance thereof, whether heretofore or hereafter taken, shall be and are hereby ratified, confirmed and approved. The proper officers, directors, staff, employees, agents and Executive Director of the Authority are hereby authorized and directed to do all such acts on behalf of the Authority as may be deemed necessary or desirable to carry out the terms and intent of this Resolution.

Signature pages for any documents requiring the Authority's signature shall be delivered to the Legal Advisor no fewer than seven (7) 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 Legal Advisor and delivered on the closing date or on such other date on which an executed signature page is required.

**Section 8.** Any provisions of any bylaws, orders, procedural pamphlets and resolutions of the Authority inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any bylaw, order, procedural pamphlet or resolution or any part thereof.

**Section 9.** If any section, paragraph, clause or provision of this Resolution is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision does not affect any of the remaining provisions of this Resolution.

**Section 10.** It is found and determined that all formal actions of the Authority and its Board 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.** Arizona Revised Statutes Section 38-511 requires that every contract to which the State, its political subdivisions or any of the departments or agencies of the State or its political subdivisions is a party include notice that such contract is subject to cancellation, within three years after its execution, by the State, political subdivision, department or agency which is a party to such contract if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, political subdivision, department or agency is, at any time while the contract is in effect, an employee of any other party to the contract or an agent or consultant of any other party to the contract with respect to the subject matter of the contract.

**Section 12.** This Resolution is not to be construed as providing advice concerning municipal securities. This Resolution represents the Board of Director's determination that the execution and delivery of the documents and the delivery of the documents and the offer, sale, issuance and delivery of the Bonds by the Authority as contemplated by the documents and the effect thereof will each be in furtherance of the purposes and interests of the Authority under the Act. This Resolution is not intended to provide, and shall not be construed as providing, advice by any member of the Board of Directors to the Authority or 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).

**Section 13.** This Resolution is effective immediately.

Adopted and approved this 13<sup>th</sup> day of October, 2015.

THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA

By: \_\_\_\_\_  
Juan Salgado, Executive Director

## MEMORANDUM

**DATE:** October 13, 2015

**TO:** Members, Board of Directors

**FROM:** Juan Salgado, Executive Director

**SUBJECT:** Multifamily Housing Revenue Bonds (Veterans Assisted Living Deer Valley Project), Series 2015

---

### THE APPLICANT

Solterra Deer Valley, LLC, an Arizona limited liability company (the “Applicant”), is seeking the Board’s preliminary approval for the issuance of the Phoenix IDA’s subject Multifamily Housing Revenue Bonds (the “Bonds”), in an aggregate principal amount not to exceed \$22,000,000.

The Applicant is a single-asset LLC formed by one of the principals of Solterra Senior Living (“Solterra”) to develop, own, and manage the project site (the “Project”). In November 2014, Solterra signed a management agreement with Medical Management Group to operate the Yuma Veterans and Friends assisted living project financed with Phoenix IDA bonds. Solterra is also part of the Solterra 3<sup>rd</sup> Indian School, LLC Assisted Living Project, which was granted preliminary approval by the Board in September 2015.

Over the past 8 years, Solterra has successfully developed, acquired, and operated senior living communities while building a strong and scalable operating platform to support its team of over 400 employees in Arizona and Colorado. To date, Solterra has designed and developed two Arizona projects: Solterra at Chandler, a 100-room assisted living community that opened in 2008, and Solterra at White Mountains, a 117-unit assisted living and independent living community in Lakeside. Additionally, Solterra at Colorado LLC was formed in 2008 to acquire three senior care communities in Castle Rock and Colorado Springs, Colorado.

The Board granted final approval for this Project in June 2015, and it subsequently received Council approval in July 2015, in the amount of \$18,000,000. However, changes to the financing structure of the Project have increased the required bond funding amount, which in turn requires new approvals from the Board and City Council.

It is anticipated that the Applicant will seek final approval from the Board in October or November 2015. Pending Board approval, it is anticipated that the Applicant will seek City Council approval shortly thereafter.

### THE PROJECT

The Project encompasses conversion of a facility currently being operated as a Comfort Inn hotel in Phoenix, Arizona, for use as a 166-room campus for elderly, low-income veterans and friends that specializes in various levels of assisted living care. The Project is located at 2641 West Union Hills Drive,

on the southeast corner of 27<sup>th</sup> Avenue and Union Hills Drive, and is within Phoenix City Council District 1, represented by Councilwoman Thelda Williams.

The Applicant plans to use the Bond proceeds to (a) finance the acquisition, rehabilitation, improvement, and equipping of the Project, and (b) pay certain costs related to the issuance of the Bonds.

**PLAN OF FINANCING**

According to the Applicant, the Bonds are projected to be privately placed with a single institutional investor at prevailing market rates. The Applicant expects to close on the transaction by January or February 2016.

**RECOMMENDATION**

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

**RESOLUTION NO. 2015-20**

**A RESOLUTION GRANTING PRELIMINARY APPROVAL TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS (VETERANS ASSISTED LIVING DEER VALLEY PROJECT), SERIES 2015 OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, TO BE ISSUED IN ONE OR MORE TAX-EXEMPT AND/OR TAXABLE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$22,000,000 TO FINANCE A PROJECT FOR SOLTERRA DEER VALLEY, LLC.**

**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 empowered under the Industrial Development Financing Act, A.R.S. § § 35-701 through 761 inclusive, as amended (the “Act”), to issue industrial development revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans for the purpose of financing the acquisition, construction, improvement or equipping of a “project” (as defined in the Act) whenever the Board of Directors of the Authority finds such loans to be in furtherance of the purposes of the Authority or in the public interest; and

**WHEREAS**, the term “project” includes within its meaning any land, any building or other improvements, and all real and personal properties which are suitable for any “residential real property for dwelling units located within the municipality approving the formation of the corporation;” and

**WHEREAS**, Solterra Deer Valley, LLC, an Arizona limited liability company (together with its assignees and designees, the “Borrower”) has requested the Authority to issue its Multifamily Housing Revenue Bonds (Veterans Assisted Living Deer Valley Project), Series 2015 (the “Bonds”), in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$22,000,000, and loan the proceeds thereof to the Borrower to finance (i) the costs of acquiring, rehabilitating, improving and equipping buildings and land to be used as multifamily housing and related facilities located at 2641 West Union Hills Drive in Phoenix, Arizona, (ii) funding any required reserves, (iii) capitalized interest on the Bonds, if any, and (iv) certain costs and expenses incurred in connection with the authorization, issuance and sale of the Bonds (collectively, the “Project”), all in accordance with the Act; and

**WHEREAS**, in furtherance of the purposes of the Act, the Authority is preliminarily considering the issuance of the Bonds, the proceeds of which will be loaned to the Borrower to assist the Borrower in the acquisition, rehabilitation, improvement, equipping and operation of the Project as further described above,

**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.** The Board of Directors of the Authority finds and determines that the issuance of the Bonds under the Act and the making of a loan to the Borrower for the purpose of

financing all or a portion of the cost of the acquisition, rehabilitation, improvement, equipping and operation of the Project, and the costs and expenses incidental thereto, are in furtherance of the purposes of the Authority under the Act and the Project will constitute a "project" within the meaning of the Act.

**Section 2.** The Authority hereby grants preliminary approval to the issuance and sale of the Bonds pursuant to the Act in one or more series in an aggregate principal amount not to exceed \$22,000,000. This preliminary approval is subject to the following terms and conditions:

**2.1** The Borrower must fully comply with all applicable provisions of the Authority's Procedural Pamphlet dated March 18, 2014 (the "Pamphlet") and the Authority's financial guidelines relating to the issuance and sale of the Bonds, including the submission of Legal Proceedings, as required by Section 5 of the Pamphlet, in form and substance satisfactory to the Authority.

**2.2** On or prior to the closing date, the Borrower shall make arrangements satisfactory to the Authority as to the payment of the Authority's closing fee and annual administrative fees and expenses.

**2.3** An opinion of nationally recognized bond counsel, in a form acceptable to the Authority, that interest on the tax-exempt Bonds will be exempt from all federal income taxes and Arizona income taxes under existing statutes, regulations and court decisions, must be addressed to and provided to the Authority.

**2.4** The Borrower must deliver an opinion or opinions, addressed and in form acceptable to the Authority, prior to closing, to the effect that all of the statements and information contained in the offering materials distributed in connection with the offer and sale of the Bonds (if any) is correct and complete in all material respects, and does not contain any untrue statements of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**2.5** Prior to consideration of final approval by the Authority and in the event the Bonds will be sold pursuant to a public offering, the Borrower and the underwriter of the Bonds to be publicly offered (the "Underwriter") must submit a bond purchase agreement for the Bonds in final form, including, without limitation, any exhibits, appendices or attachments, except for information pertaining to the maturities, interest rates, yields and redemption provisions on the Bonds, in form and substance acceptable to Greenburg Traurig, as the Authority's legal advisor (the "Legal Advisor") and Kutak Rock LLP as its bond counsel ("Bond Counsel").

**2.6** 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 Legal Advisor; provided, however, the provisions of this paragraph may be waived by the Authority in its sole discretion prior to the issuance of the Bonds.

**2.7** If the Bonds are to be privately-placed, the Bond placement agent or the ultimate purchaser of the Bonds must deliver an investment letter to the Authority, including representations that it has performed its own due diligence of the Project, and will purchase and hold the Bonds as a private placement. Any subsequent resale of the Bonds must be restricted to accredited investors or qualified institutional buyers.

**2.8** Legal Advisor to the Authority must receive such legal opinions (including an enforceability opinion of Counsel to the Borrower), certificates and other proceedings as are necessary and advisable to evidence compliance by the Borrower and the Underwriter or any other purchaser of the Bonds with the Authority's policies and procedures and applicable federal and state laws.

**2.9** The Authority, its officers, directors, staff, employees, agents and executive director, and the City of Phoenix, Arizona (the "City") must be provided with full indemnification in connection with the issuance and sale of the Bonds, in form and substance satisfactory to the Authority's Legal Advisor, from a credit-worthy source.

**2.10** The Borrower must receive final approval by the Council of the City of Phoenix, Arizona prior to closing the Bonds.

**2.11** Except to the extent the Project and the proposed financing thereof are deemed to be a Carryforward Project, preliminary approval of the Project by the Authority expires on the 180th day following the grant of preliminary approval by the Authority unless the Bonds have been issued or an extension of preliminary approval has been approved by the Authority on or before that date.

**Section 3.** The Borrower has indicated that it will incur and pay expenses relating to the Project prior to the issuance of the Bonds and expects to reimburse those expenditures with proceeds of the Bonds. This Resolution is an affirmative official action and declaration of official intent of the Authority relating to the issuance of the Bonds as contemplated herein including, without limitation, under Treasury Regulations Section 1.150-2.

**Section 4.** Nothing contained in this Resolution, nor in any other instrument, may be considered as obligating the Authority or the City to any pecuniary liability or charge upon the general credit of the Authority or the City. Furthermore, it is understood that no costs are to be borne by the Authority with respect to the Project and the issuance and sale of the Bonds except those to be paid out of the proceeds of the Bonds, and that the Borrower will promptly reimburse the Authority for any other expenses reasonably incurred by the Authority, including the fees of its Legal Advisor and financial advisor, whether or not the Bonds are issued or sold.

**Section 5.** The Authority is hereby authorized to determine, in consultation with the Borrower, a date for a public hearing on the plan of financing of the Project and the proposed issuance of the Bonds, as required by Section 147(f) of the Code, and to publish a public notice of such hearing in such form as approved by the Borrower and Bond Counsel.

**Section 6.** The Borrower is authorized to file a request for allocation for private activity bonding authority for the Bonds through the Arizona Commerce Authority (whether in the form of a carryforward allocation or otherwise) in an aggregate principal amount which shall not exceed \$22,000,000.

**Section 7.** All actions of the officers, directors, staff, employees, agents and executive director of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance thereof, whether heretofore or hereafter taken, shall be and are hereby ratified, confirmed and approved. The proper officers, directors, staff, employees, agents and executive director of the Authority are hereby authorized and directed to do all such acts on behalf of the Authority as may be deemed necessary or desirable to carry out the terms and intent of this Resolution.

Signature pages for any documents requiring the Authority's signature shall be delivered to the Legal Advisor no fewer than seven (7) 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 Legal Advisor and delivered on the closing date or on such other date on which an executed signature page is required.

**Section 8.** Any provisions of any bylaws, orders, procedural pamphlets and resolutions of the Authority inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any bylaw, order, procedural pamphlet or resolution or any part thereof.

**Section 9.** If any section, paragraph, clause or provision of this Resolution is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision does not affect any of the remaining provisions of this Resolution.

**Section 10.** It is found and determined that all formal actions of the Authority and its Board 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.** Arizona Revised Statutes Section 38-511 requires that every contract to which the State, its political subdivisions or any of the departments or agencies of the State or its political subdivisions is a party include notice that such contract is subject to cancellation, within three years after its execution, by the State, political subdivision, department or agency which is a party to such contract if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, political subdivision, department or agency is, at any time while the contract is in effect, an employee of any other party to the contract or an agent or consultant of any other party to the contract with respect to the subject matter of the contract.

**Section 12.** This Resolution is not to be construed as providing advice concerning municipal securities. This Resolution represents the Board of Director's determination that the execution and delivery of the documents and the delivery of the documents and the offer, sale, issuance and delivery of the Bonds by the Authority as contemplated by the documents and the

effect thereof will each be in furtherance of the purposes and interests of the Authority under the Act. This Resolution is not intended to provide, and shall not be construed as providing, advice by any member of the Board of Directors to the Authority or 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).

**Section 13.** This Resolution is effective immediately.

Adopted and approved this 13<sup>th</sup> day of October, 2015.

THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA

By: \_\_\_\_\_  
Juan Salgado, Executive Director