



**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 **Wednesday, December 16, 2015 at 1:00 PM** located at the **Calvin C. Goode Municipal Building, 251 W. Washington Street, 6th Floor, Conference Room 658, Phoenix, Arizona.**

One or more board members may participate via teleconference.

The agenda for the meeting is as follows:

Call to Order

1. **Education Facility Revenue Bonds (Great Hearts Academies – Glendale Project), Series 2012.** Presentation, discussion, and possible action to approve the execution and delivery of a First Supplemental Indenture of Trust and a First Amendment to Loan Agreement amending optional redemption provisions of the Indenture of Trust and Loan Agreement related to The Industrial Development Authority of the City of Phoenix, Arizona's outstanding Education Facility Revenue Bonds (Great Hearts Academies – Glendale Project), Series 2012.
2. **Education Facility Revenue Bonds (Great Hearts Academies Projects), Series 2016.** Presentation, discussion, and possible action to approve the issuance of Education Facility Revenue Bonds (Great Hearts Academies Projects), Series 2016, to be issued in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$55,000,000.
3. **Multifamily Housing Revenue Bonds (Deer Valley Veterans Assisted Living Project), Series 2016.** Presentation, discussion, and possible action to approve the issuance of Multifamily Housing Revenue Bonds (Deer Valley Veterans Assisted Living Project), Series 2016, 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

DRAFT

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:

RESOLUTION NO. 2015-22

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST AND A FIRST AMENDMENT TO LOAN AGREEMENT RELATED TO ITS OUTSTANDING EDUCATION FACILITY REVENUE BONDS (GREAT HEARTS ACADEMIES – GLENDALE PROJECT), SERIES 2012; APPROVING THE TERMS OF SUCH DOCUMENTS; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE EXECUTION AND DELIVERY OF SUCH DOCUMENTS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE EXECUTION AND DELIVERY OF SUCH DOCUMENTS

WHEREAS, The Industrial Development Authority of the City of Phoenix, Arizona (the “Issuer”), is an Arizona nonprofit corporation designated as a political subdivision of the State of Arizona (the “State”) empowered under the Industrial Development Financing Act, Arizona Revised Statutes §§ 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 Issuer (the “Board of Directors”) finds such loans to be in furtherance of the purposes of the Issuer or in the public interest; and

WHEREAS, the term “project” (as defined in the Act) includes within its meaning any land, any building or other improvements, and all real and personal properties which are suitable for any educational institution or organization that is established under Arizona Revised Statutes Title 15, Chapter 1, Article 8 (the “Charter School Act”) and that is owned by a nonprofit organization; and

WHEREAS, Great Hearts Academies, an Arizona nonprofit corporation (the “Borrower”), is the sole member of Glendale Preparatory Academy, an Arizona nonprofit corporation (“Glendale Prep”), and Archway Classical Academy - Glendale, an Arizona nonprofit corporation (“Archway Glendale”), each of which operates a charter school duly organized and validly existing under the Charter School Act; and

WHEREAS, in order to carry out the purposes of the Act, the Issuer previously issued \$12,585,000 aggregate principal amount of its Education Facility Revenue Bonds (Great Hearts Academies – Glendale Project), Series 2012 (the “Series 2012 Bonds”), pursuant to an Indenture of Trust, dated as of November 1, 2012 (the “Original Indenture”), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”), and loaned the proceeds of the Series 2012 Bonds to the Borrower pursuant to a Loan Agreement, dated as of November 1, 2012 (the “Original Loan Agreement”), between the Issuer and the Borrower; and

WHEREAS, the Borrower used the proceeds of the Series 2012 Bonds, among other things, to finance the costs of acquiring, constructing, improving and equipping, as applicable, the Series 2012 Facilities (as defined in the Original Loan Agreement), which are owned by the

Borrower and leased to Glendale Prep and Archway Glendale for use in connection their respective charter school operations; and

WHEREAS, the Borrower has requested that the optional redemption provisions in the Original Indenture be supplemented and amended pursuant to a First Supplemental Indenture of Trust (the “First Supplemental Indenture”), between the Issuer and the Trustee, and that the Original Loan Agreement be amended pursuant to a First Amendment to Loan Agreement (the “First Amendment”), between the Issuer and the Borrower, to permit the Trustee to send a conditional notice of redemption (as permitted by the Original Indenture) before the Borrower is required to deposit the redemption price for the Series 2012 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, with the Trustee; and

WHEREAS, the Issuer and the Trustee, as applicable, are authorized to execute the First Supplemental Indenture and the First Amendment if certain conditions set forth in the Original Indenture are met, including receipt of the written consent and approval of the Beneficial Owners (or their Bondholder Representative) (both as defined in the Original Indenture) of at least 66 2/3 percent of the aggregate principal amount of the Series 2012 Bonds at the time outstanding; and

WHEREAS, there have been prepared and presented to the Executive Director of the Issuer the proposed, substantially final forms of the First Supplemental Indenture and the First Amendment (together, the “Documents”).

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 Issuer and its directors, officers, counsel, advisors, agents or Executive Director, including but not limited to the engagement of Squire Patton Boggs (US) LLP, as counsel to the Issuer (the “Issuer’s Counsel”), directed toward the execution and delivery of the Documents are hereby approved and ratified.

Section 2. Conditions. The Documents shall not be executed and delivered unless and until: (a) the Trustee has mailed notice of the proposed execution and delivery of the First Supplemental Indenture and the First Amendment to the Registered Owners (as defined in the Original Indenture) of the Series 2012 Bonds, in accordance with the requirements of the Original Indenture, (b) the Trustee receives written consent and approval of the Beneficial Owners (or their Bondholder Representative) of at least 66 2/3 percent of the aggregate principal amount of the Series 2012 Bonds currently outstanding to such execution and delivery; and (c) the other conditions of the Original Indenture required to be satisfied in connection with the execution of supplements to the Original Indenture and amendments to the Original Loan Agreement, including the delivery of opinions of Bond Counsel (as defined in the Original Indenture) and counsel to the Borrower, are met. The execution and delivery of the Documents is expressly conditioned upon the understanding that the Issuer will not execute any document or consent to the execution of any document until the form of such documents and the forms of the opinions required to be delivered in connection with the execution thereof are acceptable to the Issuer’s Counsel.

Section 3. Execution of Documents. The forms, terms, and provisions of both of the Documents, in the forms of such documents 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 2 hereof, each of the Authority's President, Vice-President, Secretary or Treasurer is hereby authorized to execute and deliver each of the Documents. From and after the execution and delivery of each of the Documents, the officers, agents, employees and Executive Director of the Issuer 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).

Section 4. Open Meeting Laws. It is found and determined that all formal actions of the Issuer 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 Issuer.

Section 5. Repeal of Conflicting Resolutions and Effective Date. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, and this Resolution shall be in immediate effect from and after its adoption.

Section 6. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Waiver. Any provisions of the Issuer'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 8. 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 9. Effectiveness. This Resolution shall be effective immediately.

[Signature page follows.]

Adopted and approved this 16th day of December, 2015.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By: _____
Juan Salgado, Executive Director



MEMORANDUM

DATE: December 16, 2015

TO: Members, Board of Directors

FROM: Juan Salgado, Executive Director

SUBJECT: Education Facility Revenue Bonds (Great Hearts Academies Projects), Series 2016

THE APPLICANT

Great Hearts Academies (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 \$55,000,000. The Applicant will seek Phoenix City Council approval on January 6, 2016, pending Phoenix IDA Board approval.

The Applicant is a network of kindergarten through 12th grade public charter schools dedicated to improving education by developing excelling preparatory academies. Established in 2002, the network currently serves over 10,600 students in 22 academies in the Phoenix metropolitan area.

Since its inception, the Applicant’s mission has been to create a network of academically rigorous, classical, liberal arts schools, with a focus on producing a morally-grounded, great-hearted young man or woman by graduation. Each student graduates as a clear thinker, problem-solver, writer, and speaker. The results of this mission are evident in the primary, middle, and high schools’ superior academic results when compared to local, state, and national standards.

THE PROJECT

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 refund previous Phoenix IDA (November 2012) and Florence IDA (October 2010) bonds and use the proceeds thereof to refinance the Glendale Prep and Archway Glendale Schools, and Scottsdale Prep School, respectively. In addition, a portion of the Bond proceeds will be used as follows:

- To sublease approximately 9.5 acres of land for the North Phoenix Campus, and construct, improve, and equip a school facility thereon in connection with the operation of the North Phoenix Prep and Archway North Phoenix Schools. The land is located at the northwest corner of North 32nd Street and West Hearn Road in Phoenix, within Phoenix City Council District 3, represented by Councilman Bill Gates. These schools currently operate out of leased space in the vicinity of the planned site, and currently serve approximately 840 students in grades K – 12.
- To purchase approximately 3.35 acres of land within the Corporate Center at DC Ranch, located at southeast of the corner of North 91st Street and East Palo Brea Bend in Scottsdale, Arizona,

and construct, improve, and equip athletic fields and associated amenities thereon for use by Scottsdale Prep School, which currently houses approximately 885 students in grades 5 – 12.

The Applicant anticipates opening the new North Phoenix campus in August of 2017.

PLAN OF FINANCING

According to the Applicant, the Bonds will be issued in series as determined by the underwriter, Robert W. Baird & Co. Incorporated, with the maturity of the longest series to be no more than 35 years. The fixed rate Bonds will be sold in a public offering to institutional investors at the then prevailing market rate.

The Applicant expects to complete the transaction in March 2016.

RECOMMENDATION

Squire Patton Boggs, 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. 2015-23

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 (GREAT HEARTS ACADEMIES PROJECTS), SERIES 2016 (THE “SERIES 2016 BONDS”) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$55,000,000; 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 AN OFFICAL STATEMENT WITH RESPECT TO THE SERIES 2016 BONDS; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE SERIES 2016 BONDS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2016 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, Great Hearts Academies (the “Borrower”), a duly organized and validly existing Arizona nonprofit corporation, is the sole member of several duly organized and validly existing Arizona nonprofit “subsidiary” corporations (the “Subsidiaries”) operated exclusively for charitable and educational purposes as charter schools established under Arizona Revised Statutes Title 15, Chapter 1, Article 8; and

WHEREAS, the Borrower previously borrowed the proceeds of the Education Revenue Bonds (Scottsdale Preparatory Academy Project), Series 2010 (the “Series 2010 Bonds”) issued by The Industrial Development Authority of the Town of Florence, Inc. in the original principal amount of \$11,630,000 to finance, among other things, the costs of acquiring, constructing, renovating, improving and equipping charter school facilities located at 16537 North 92nd Street, Scottsdale, Arizona (the “Existing Scottsdale Prep Campus”), which is owned by the Borrower and leased to one of its Subsidiaries for use in connection with its charter school operations; and

WHEREAS, the Authority previously issued its Education Facility Revenue Bonds (Great Hearts Academies – Glendale Project), Series 2012 in the original principal amount of \$12,585,000

(the “Series 2012 Bonds”), and loaned the proceeds thereof to the Borrower for the purposes of, among other things, financing the cost of acquiring, constructing, improving and equipping charter school facilities located at 23276 North 83rd Avenue, Peoria, Arizona (the “Glendale Campus”), which is owned by the Borrower and leased to two of its Subsidiaries for use in connection with their respective charter school operations; 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 2010 Bonds and the Series 2012 Bonds (together, the “Bonds Being Refunded”), (b) financing the cost of leasing land located at the northwest corner of North 32nd Street and West Hearn Road in Phoenix, Arizona (the “North Phoenix Campus”), and constructing, improving and equipping buildings thereon to be subleased to two of its Subsidiaries for use in connection with their respective charter school operations, and (c) financing the cost of acquiring land in the Corporate Center at DC Ranch which is located at southeast of the corner of North 91st Street and East Palo Brea Bend in Scottsdale, Arizona, and constructing, improving and equipping athletic fields and associated amenities thereon (the “Scottsdale Athletic Field” and, together with the Existing Scottsdale Prep Campus, the “Scottsdale Prep Campus” and, collectively with the Glendale Campus and the North Phoenix Campus, the “Facilities”), to be owned by the Borrower and leased to one of its Subsidiaries for use in connection with its charter school operations; 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 (Great Hearts Academies Projects), Series 2016 (the “Series 2016 Bonds”) in an aggregate principal amount of not to exceed \$55,000,000, the proceeds of which will be loaned to the Borrower to (a) finance or refinance (through refunding of the Bonds Being Refunded), as applicable, the costs of acquiring, leasing, constructing, renovating, improving and equipping, as applicable, the Facilities, (b) fund any required reserve funds, (c) pay capitalized interest on the Series 2016 Bonds, if any, and (d) pay certain expenses relating to issuance of the Series 2016 Bonds (the “Project”); and

WHEREAS, the Series 2016 Bonds will be issued pursuant to a Bond Indenture, to be dated as of the first day of the month in which the Series 2016 Bonds are issued (the “Bond Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Bond Trustee”), and the proceeds of the Series 2016 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 Series 2016 Bonds are issued (the “Loan Agreement”), between the Authority and the Borrower; and

WHEREAS, the Series 2016 Bonds will be payable from the trust estate established under the Bond Indenture, which will include (a) payments owed by the Borrower on Great Hearts Academies Obligation No. 2 (“GHA Obligation No. 2”) to be issued and executed by the Borrower and delivered to the Bond Trustee pursuant to a Master Indenture of Trust, dated as of October 1, 2014, as amended (the “Master Indenture”), between the Borrower and U.S. Bank National Association, 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 Series 2016 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) 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 or leased by the Borrower, including the Facilities (each, a “Deed of Trust”), (ii) lease agreements between the Borrower and the Subsidiaries leasing the charter school facilities secured by the Deeds of Trust, including the lease agreements relating to the Facilities (the “Lease Agreements”), which have been or will be pledged by the Borrower as security for its obligations under the Master Indenture and amounts due on the Obligations (as defined in the Master Indenture), including GHA Obligation No. 2, and (iii) the lease payments to be made by the Subsidiaries pursuant to the Lease Agreements, and (b) the debt service reserve fund and certain other funds established under the Bond Indenture and held by the Bond Trustee; and

WHEREAS, the Series 2016 Bonds will be sold by Robert W. Baird & Co. Incorporated, as underwriter (the “Underwriter”), pursuant to a bond purchase agreement (the “Bond Purchase Agreement”), among the Authority, the Borrower, the Subsidiaries leasing the Facilities financed with the proceeds of the Series 2016 Bonds and the Underwriter, and the Underwriter will distribute to investors a Preliminary Official Statement (the “Preliminary Official Statement”), which together with certain changes thereto will become the final Official Statement relating to the Series 2016 Bonds and describing the transaction (the “Official 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 Bond Indenture, including the initial form of the Series 2016 Bonds;
- (b) the Loan Agreement;
- (c) the Master Indenture;
- (d) the Supplemental Master Indenture No. 2, including the form of GHA Obligation No. 2;
- (e) the Bond Purchase Agreement; and
- (f) the Preliminary Official 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 Executive Director, including but not limited to the engagement of Squire Patton Boggs (US) LLP, as Authority’s counsel, directed toward the issuance and sale of the Series 2016 Bonds, are hereby approved and ratified.

Section 2. Findings. The Board of Directors finds and determines that the issuance of the Series 2016 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 will constitute a “project” within the meaning of the Act.

Section 3. Authorization and Terms of Bonds. The Series 2016 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 \$55,000,000 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 Series 2016 Bonds are issued.

Section 4. Special Limited Obligations. The Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 Bonds, the Authority has or will have issued, and subsequent to the issuance of the Series 2016 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 Series 2016 Bonds. Any pledge, mortgage, or assignment made in connection with the Series 2016 Bonds shall be protected, and no funds pledged or assigned for the payment of the Series 2016 Bonds shall be used for the payment of principal of or premium, if any, or interest on the Other Bonds.

Section 6. Conditions. The Series 2016 Bonds shall not be issued unless and until:

(a) if the Series 2016 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 Series 2016 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 Series 2016 Bonds;

(b) notice regarding the issuance of the Series 2016 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 Series 2016 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 Series 2016 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 Executive Director and the City have been provided with full indemnification in connection with the issuance and sale of the Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 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. Official Statement. The lawful use and distribution by the Underwriter of a Preliminary Official Statement and a final Official Statement relating to the original issuance of the Series 2016 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 Official Statement, the Authority has not confirmed, and assumes no responsibility for, the accuracy, sufficiency or fairness of any statements in the Official 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, the Subsidiaries, or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrower and the Subsidiaries or otherwise contained in the Official Statement.

Section 12. Irrepealability. After the Series 2016 Bonds are delivered by the Bond Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 Bonds.

[Signature page follows.]

Adopted and approved this 16th day of December, 2015.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By: _____
Juan Salgado, Executive Director



MEMORANDUM

DATE: December 16, 2015

TO: Members, Board of Directors

FROM: Juan Salgado, Executive Director

SUBJECT: Multifamily Housing Revenue Bonds (Deer Valley Veterans Assisted Living Project), Series 2016

BACKGROUND

On October 13, 2015, Solterra Deer Valley, LLC, an Arizona limited liability company, obtained preliminary Board approval for a multifamily project known as Veterans Assisted Living Deer Valley Project. Since then, the borrower has changed to Deer Valley Assisted Living Facility, LLC, a Delaware limited liability company (the "Borrower"), and the project is now referred to as Deer Valley Veterans Assisted Living Project. These changes have no substantive effect on the conversion project that received the preliminary approval this past October.

The Borrower is now seeking the Board's final 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 Borrower will seek Phoenix City Council approval on either January 6, or 20, 2016, pending Phoenix IDA Board approval.

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 27th Avenue and Union Hills Drive, and is within Phoenix City Council District 1, represented by Councilwoman Thelda Williams.

The Borrower 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.

The Borrower anticipates completing the rehabilitation and development of the Project by March 31, 2015.

PLAN OF FINANCING

According to the Borrower, the Bonds will be issued in series as determined by the underwriter, William Blair & Company, L.L.C. The maturity of the longest series will be no more than 40 years. It is expected that the fixed rate Bonds will be sold in a limited public offering at the then prevailing market rate. The Borrower expects to complete the transaction by February or March 2016.

RECOMMENDATION

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

RESOLUTION NO. 2015-24

A RESOLUTION GRANTING FINAL APPROVAL TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS (DEER VALLEY VETERANS ASSISTED LIVING PROJECT), SERIES 2016 OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, TO BE ISSUED, WITH THE LIMITATIONS SET FORTH HEREIN, IN ONE OR MORE TAXABLE AND/OR TAX-EXEMPT SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$22,000,000 TO FINANCE A PROJECT FOR DEER VALLEY ASSISTED LIVING FACILITY, LLC, A DELAWARE LIMITED LIABILITY COMPANY; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A LOAN AGREEMENT, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A BOND PURCHASE AGREEMENT, AND A LIMITED OFFERING MEMORANDUM; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA; 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 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 (the “Board”) 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 under the Act 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, Deer Valley Assisted Living Facility, LLC, a Delaware limited liability company (together with its assignees and designees, the “Borrower”), has previously requested the Authority to issue its Multifamily Housing Revenue Bonds (Deer Valley Veterans Assisted Living Project) Series 2016 in one or more series in an aggregate principal amount not to exceed \$22,000,000 (the “Bonds”) 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, the Authority has previously granted preliminary approval to issue and sell the Bonds, pursuant to the Act, in one or more series in an aggregate principal amount not to exceed \$22,000,000 pursuant to Resolution 2015-20 adopted by the Authority at its October 13, 2015 meeting (the “Preliminary Resolution”); and

WHEREAS, the Borrower now requests the Authority’s final approval to issue and sell the Bonds as described in the Preliminary Resolution and as presented pursuant to this Final Approval Resolution (the “Resolution”); and

WHEREAS, the Bonds will be sold by William Blair & Company, L.L.C., as underwriter (the “Underwriter”), pursuant to a purchase contract (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”)

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”):

- (1) the Trust Indenture (the “Indenture”) to be entered into by and between the Authority and BOKF, NA, as bond trustee (the “Trustee”);
- (2) the Bonds (as set forth in the Indenture);
- (3) the Loan Agreement (the “Loan Agreement”) to be entered into by and between the Authority and the Borrower;
- (4) the Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into by and between the Authority, the Trustee and the Borrower;
- (5) the Bond Purchase Agreement; and
- (6) 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. The Board 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 acquisition, construction, improvement, equipping and operating 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 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 one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$22,000,000, 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% per year), to be subject to redemption and tender for purchase, to be payable as to principal, interest and any premium, and with such other terms, all as provided in the Indenture pursuant to which the Bonds are issued. This approval is subject to the following terms and conditions:

2.1 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.

2.2 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 ten days of such notice, the Arizona Attorney General does not issue an opinion indicating that the project to be financed does not come within the purview of the Act.

2.3 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.

2.4 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.

2.5 The proceedings under which the Bonds are to be issued have been approved by the Council of the City of Phoenix, Arizona (the “City”).

2.6 The Authority, its officers, directors, employees, agents and its Executive Director and the City are provided with full indemnification in connection with the issuance and sale of the Bonds, in form and substance satisfactory to the Authority’s counsel, from a credit-worthy source.

2.7 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 Documents executed in connection herewith.

Section 3. 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 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.

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 4. 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 2 hereof, the Authority's President, Vice President, Secretary and Treasurer (each an "Authorized Officer") are each hereby authorized individually in such offices 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 (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 Authority's counsel and delivered on the closing date or on such other date on which an executed signature page is required.

Section 5. After the Bonds are delivered by the Trustee to the Holder upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Bonds and interest thereon shall have been fully paid, canceled, and discharged.

Section 6. 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 counsel and any financial advisor, whether or not the Bonds are issued or sold.

Section 7. Each of the Borrower and those acting on its behalf is authorized to file one or more requests from time to time for allocations for private activity bonding authority for the Bonds through the Arizona Commerce Authority (whether in the form of carryforward allocations or otherwise) in an aggregate principal amount which, inclusive of any and all such requests, shall not exceed \$22,000,000.

Section 8. All actions of the officers, staff, directors, 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, including but not limited to the engagement of Squire Patton Boggs, as the Authority's counsel, shall be and are hereby ratified, confirmed and approved. The proper officers, staff, directors, 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.

Section 9. 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 or execution, delivery of performance of the Documents. 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 10. 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 11. 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 12. 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 13. 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 14. This Resolution is effective immediately upon its adoption.

Section 15. This Resolution is not to be construed as providing advice concerning municipal securities. This Resolution represents the Board'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 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).. The Authority is a conduit issuer and neither the Authority, the Board, nor 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 16th day of December, 2015.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By: _____
Juan Salgado, Executive Director