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

**October 16, 2014**

A public meeting of the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA") was convened on Thursday, October 16, 2014 at 3:30 p.m., at Phoenix City Hall, 200 West Washington Street, First Floor Atrium, Assembly Room B, Phoenix, Arizona.

**Directors present:**

Ms. Judy Bernas
Mr. Tommy Espinoza (telephonically)
Mr. Don Keuth
Mr. Bruce Mosby (arrived telephonically at 3:35 p.m.)
Mr. Sal Rivera (telephonically)
Ms. Christa Severns (telephonically)
Ms. Barbara Ryan Thompson (telephonically)

**Directors Absent:**

Ms. Charlene Tarver
Ms. Marian Yim

**Also present for all or portions of the meeting were:**

Mr. Paul Blue, City of Phoenix
Ms. Monique Cordova, Phoenix IDA
Mr. Greg Cross, Zion's Bank
Mr. C.W. Ross, Fennemore Craig, P.C.
Mr. Juan Salgado, Phoenix IDA's Executive Director
Mr. Mike Santellanes, Phoenix IDA
Ms. Debbie Scherer, BNY Mellon

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

Mr. Keuth called the Board Meeting to order at 3:31 p.m. A quorum was noted.

**ITEM 1:** **Approval of Meeting Minutes – September 18, 2014 Board of Directors Meeting**

Meeting minutes for the September 18, 2014 Board of Directors meeting were presented for approval.

Ms. Bernas moved to approve the minutes for the September 18, 2014 Board of Directors meeting. Mr. Espinoza seconded the motion. **Motion carried unanimously.**

**ITEM 2:** **Education Revenue Bonds (Arizona School for the Arts Project), Series 2008**

*(At 3:33 p.m., Director Keuth declared a conflict of interest, recused himself from discussing or voting on Item 2, and directed Ms. Bernas to preside.)*

Mr. Salgado introduced the item, and requested Mr. Santellanes brief the Board. Mr. Santellanes provided background information on the Education Revenue Bonds (Arizona School for the Arts Project), Series 2008 (the "Bonds"), and briefed the Board on the Arizona School for the Arts ("ASA") request to amend various provisions set forth in the 2008 bond documents, as reflected in Tab 2 of the Phoenix IDA's records for this meeting, available upon request. Mr. Santellanes noted that the Bonds were sold at a fixed interest rate of 7.25% through October 31, 2018, at which time the rate would increase to a fixed interest rate of 8.25% through bond maturity in 2048.

*(Mr. Mosby arrived telephonically at 3:35 p.m.)*

Mr. Santellanes noted that ASA had requested supplementing and amending the interest rate and redemption provisions in the relevant bond document to maintain the current fixed interest rate of 7.25% through the life of the Bonds, and that the Bonds' purchaser had agreed to the amendments. Mr. Santellanes and Mr. Salgado noted that according to legal counsel Kutak Rock LLP, the matter did not need to go before the Phoenix City Council for approval because ASA's request did not involve the issuance of any new bonds.

Ms. Ryan Thompson moved to approve **Resolution 2014-13** as recommended by the Phoenix IDA's legal counsel and executive director. Mr. Espinoza seconded the motion. **Motion carried unanimously.** A copy of Resolution 2014-13 is attached to these minutes as Exhibit A and made a part hereof.

*(Board President Keuth returned as meeting presider at 3:37 p.m.)*

**ITEM 3:** **Multifamily Housing Tax Regulatory Agreements Annual Report**

Mr. Salgado introduced the item, and requested Ms. Cordova brief the Board. Ms. Cordova briefed the Board on the Phoenix IDA's (i) obligation to provide an annual report to the Board on the compliance status of multifamily housing revenue bond projects ("Projects") that have active Tax Regulatory Agreements ("Agreements"), and (ii) the compliance status of Projects that had active Agreements, as of June 30, 2014. Ms. Cordova noted that as of June 30, 2014, 13 of the 19 Projects were compliant with their reporting obligations, five were delinquent or untimely with their reporting obligations, and one was considered to be in default, as reflected in Tab 3 of the Phoenix IDA's records for this meeting, available upon request. Ms. Cordova noted that Phoenix IDA staff would follow up with the noncompliant properties.

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

**ITEM 4:** **Communications and Government Affairs Committee Report**

Mr. Salgado introduced the item, and requested Communications and Government Affairs Committee Chair Ms. Bernas to brief the Board. Ms. Bernas briefed the Board on the items discussed during the Committee's September 24, 2014 meeting, as reflected in Tab 4 of the Phoenix IDA's records for this meeting, available upon request. Ms. Bernas discussed a presentation provided by Ms. Denise Resnik, DRA Strategic Communications and a report on legislative affairs given by Dr. Marc Osborn of Kutak Rock LLP.

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

**ITEM 5: Board of Directors Election of 2015 Officers**

Mr. Keuth noted that the Board needed to elect a President, Vice President, Treasurer, and Secretary, and that because all offices were uncontested, the Board could opt to elect the slate as presented by the Nominating Committee. He asked Nominating Committee Chair Mr. Mosby if he had any comments. Mr. Mosby noted the Nominating Committee had followed the nominating process in accordance with the Phoenix IDA's bylaws. Mr. Keuth announced the candidates by name, as noted below, and as reflected in Tab 5 of the Phoenix IDA's records for this meeting, available upon request.

- Mr. Tommy Espinoza, President
- Ms. Christa Severns, Vice President
- Ms. Judy Bernas, Treasurer
- Mr. Sal Rivera, Secretary

Mr. Mosby moved to approve the candidate slate as presented. Ms. Ryan Thompson seconded the motion. **Motion carried unanimously.**

**ITEM 6: Board of Directors 2015 Committee Assignments**

Mr. Keuth introduced the item, and requested that the Board approve the Board's 2015 Committee assignments, as reflected in Tab 6 of the Phoenix IDA's records for this meeting, available upon request.

Ms. Bernas moved to approve the Board of Directors 2015 Committee assignments. Mr. Espinoza seconded the motion. **Motion carried unanimously.**

**ITEM 7: President's Report**

Mr. Keuth presented the President's report, and made announcements about the Phoenix IDA's involvement in the following:

- Valle del Sol's annual Profiles of Success luncheon and awards ceremony in September
- Arizona Forward's award to Fresh Express mobile market in September
- Presentation made to the Phoenix City Council's Parks, Arts, Transparency and Education Subcommittee in September
- Sponsorship of Keogh Health Connections' upcoming gala event to be held November 7

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

**ITEM 8: Call to the Public**

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

With no further business to come before the Phoenix IDA, being duly moved and seconded, the Board Meeting was adjourned at 3:45 p.m.

# EXHIBIT A

## RESOLUTION NO. 2014-13

**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 SUPPLEMENTAL INDENTURE OF TRUST RELATED TO ITS OUTSTANDING EDUCATION REVENUE BONDS (ARIZONA SCHOOL FOR THE ARTS PROJECT), SERIES 2008; APPROVING THE TERMS OF SUCH SUPPLEMENTAL INDENTURE 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 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 "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

**WHEREAS,** in furtherance of the purposes and interests of the Authority under the Act, the Authority previously issued $10,500,000 aggregate principal amount of its Education Revenue Bonds (Arizona School for the Arts Project), Series 2008 (the "Series 2008 Bonds") pursuant to an Indenture of Trust, dated as of October 1, 2008, as previously supplemented and amended by a Series 2011 Supplemental Indenture of Trust, dated as of May 1, 2011 (together, the "Indenture"), both between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), and loaned the proceeds thereof to Arizona School for the Arts (the "Borrower"), a duly organized and validly existing Arizona nonprofit corporation operated exclusively for charitable and educational purposes as a charter school under Arizona Revised Statutes Title 15, Chapter 1, Article 8, as amended, pursuant to that certain Loan Agreement, dated as of October 1, 2008, as supplemented and amended by a First Amendment to Loan Agreement, dated as of May 1, 2011, between the Authority and the Borrower, to assist the Borrower in financing the costs of acquiring, constructing, improving, renovating and equipping, as applicable, land and buildings used by the Borrower in connection with its charter school operations; and

**WHEREAS,** the Borrower has requested that the interest rate and redemption provisions in the Indenture relating to the Series 2008 Bonds be supplemented and amended pursuant to a 2014 Supplemental Indenture of Trust (the "2014 Supplemental Indenture"), between the Authority and the Trustee; and

**WHEREAS,** the Authority and the Trustee, as applicable, are authorized to execute the 2014 Supplemental Indenture if certain conditions set forth in the Indenture are met, including receipt of the written consent and approval of the Beneficial Owners (or their Bondholder Representative) (both as defined in the Indenture) of not less than 66 2/3 percent of the aggregate principal amount of the Series 2008 Bonds at the time outstanding; and

**WHEREAS,** there has been prepared and presented to the Executive Director of the Authority the proposed and substantially final form of the 2014 Supplemental Indenture.

**WHEREAS,** it appears that the 2014 Supplemental Indenture above referred to as now before this meeting is in appropriate form to be approved for the purposes intended or approved,

**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 directed toward the execution and delivery of the 2014 Supplemental Indenture are hereby approved and ratified.

**Section 2.** Conditions. The 2014 Supplemental Indenture shall not be executed and delivered unless and until: (a) the Trustee mailed notice of the proposed execution and delivery of the 2014 Supplemental Indenture to the Registered Owners (as defined in the Indenture) of the Series 2008 Bonds, in accordance with the requirements of the 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 2008 Bonds currently outstanding to such execution and delivery; and (c) the other conditions of the Indenture required to be satisfied in connection with the execution of supplements to the Indenture, including the delivery of an opinion of Bond Counsel (as defined in the Indenture), are met. The execution and delivery of the 2014 Supplemental Indenture is expressly conditioned upon the understanding that the Authority 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 Authority and its counsel.

**Section 3.** Execution of Documents; Authority's Signatures. The form, terms and provisions of the 2014 Supplement Indenture, in the form of such document presented to this meeting, is 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 or Treasurer (each an "Authorized Officer") are each hereby authorized to execute and deliver the 2014 Supplemental Indenture. From and after the execution and delivery of the 2014 Supplemental Indenture, 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 the 2014 Supplemental Indenture (as executed and delivered).

**Section 4.** Further Actions. The officers, the agents and the Executive Director of the Authority, upon satisfaction of the conditions set forth in Section 2 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 execution and delivery of the 2014 Supplemental Indenture.

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

**Section 6.** Advice of Counsel. In the execution, delivery and performance of any documents or instruments authorized hereby, the President, the Vice President, the Secretary and any other officer of the Board are hereby authorized to rely on advice of counsel, to make modifications therein and to execute and deliver such additional documents or instruments as may be reasonably required in the opinion of such counsel.

**Section 7.** No Personal Liability. The Executive Director of the Authority, the members of the Board of Directors 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 execution and delivery of the 2014 Supplemental Indenture. The liability of the Authority with respect to the 2014 Supplemental Indenture, or any other document executed in connection with the transactions contemplated hereby, shall be limited as provided in the Act and such documents.

**Section 8.** 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 9.** 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 such Bylaws, Pamphlet or any such resolution or any part thereof.

**Section 10.** 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 11.** Effectiveness. This Resolution shall be effective immediately.

**Section 12.** 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 13.** Resolution Not to be Construed as Providing Advice Concerning Municipal Securities. None of this Resolution, the 2014 Supplemental Indenture or any action taken by the Authority, any member of the Board of Directors or the Authority's counsel in connection with the execution of the 2014 Supplemental Indenture is intended to provide, and shall not be construed as providing, advice of any kind to the Borrower or to the Authority with respect to the Series 2008 Bonds for purposes of 15 U.S. C. Section 78*o*-4(e)(4)(A)(i). That 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 execution of the 2014 Supplemental Indenture.

[Signature page follows.]

PASSED AND ADOPTED this 16th day of October, 2014.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By:_____
Juan Salgado, Executive Director