



PHOENIXIDA

---

**BOARD MEMBER  
HANDBOOK**

## BOARD MEMBER HANDBOOK

### *As of March 31, 2017 Table of Contents*

Board of Directors Roster, Committee Assignments, and Committee Descriptions...	TAB 1
Articles of Incorporation of the Authority.....	TAB 2
Amended and Restated Bylaws of the Authority.....	TAB 3
Arizona Revised Statutes, Title 35, Chapter 5, Industrial Development Financing, Allocation of Private Activity Bonding Authority, as of 52 <sup>st</sup> Legislature, 2nd Regular Session [Effective August 6, 2016]; .....	TAB 4
Governance Policies.....	TAB 5
No. 100 – Conflict of Interest	
No. 101 – General Ethics	
No. 200 – Fair Lending	
No. 201 – Financial Policy	
No. 202 – Investments Policy	
No. 203 – Community Impact Fund Investment Policy	
No. 300 – Expense Reimbursement	
Audited Financial Statements – Fiscal Year Ending June 30, 2016.....	TAB 6
Liability Insurance Binders: Darwin/RSUI Directors and Officers, Employment Practices Liability, Errors and Omissions Liability; Essex General Liability – April 26, 2016-May 26, 2017.....	TAB 7

# TAB 1







**2017  
COMMITTEE ASSIGNMENTS**

**Executive Committee**

Mr. Sal Rivera, Chair  
Ms. Barbara Ryan Thompson  
Mr. David Lujan  
Mr. Bruce Mosby

**Appointed**

October 13, 2016  
October 13, 2016  
October 13, 2016  
October 13, 2016

**Finance Committee**

Mr. David Lujan, Chair  
Mr. Lawrence Robinson  
Ms. Nicole Ong

October 13, 2016  
October 13, 2016  
February 15, 2017

**Nominating Committee**

Ms. Sal Rivera, Chair  
Mr. Bruce Mosby  
Ms. Christa Severns

October 13, 2016  
October 13, 2016  
October 13, 2016

**Communications and Government Affairs Committee**

Mr. Bruce Mosby, Chair  
Ms. Nicole Ong  
Ms. Christa Severns

October 13, 2016  
February 15, 2017  
October 13, 2016

**Community Impact Fund Committee**

Ms. Barbara Ryan Thompson, Chair  
Ms. Darcy Renfro  
Ms. Charlene Tarver

October 13, 2016  
February 15, 2017  
October 13, 2016



---

**Board of Directors  
Committee Objectives**  
As of March 22, 2017

**Board of Directors – Powers and Duties**

It shall be the duty of the board of directors to control and manage the property and business of the corporation. Generally, and without limitation, the board shall have the power and shall operate the business of the corporation in a prudent and careful manner in the best interests of the purposes of the corporation. (Amended and Restated Bylaws Section 2.4)

**Executive Committee**

The board of directors shall have the power to . . . appoint an executive committee with such powers as the board may, by resolution, delegate to such committee. (Articles of Incorporation, Article VII)

**Membership.** The Executive Committee members shall consist of the board of directors' President, Vice President, Treasurer and Secretary. The board of directors' President shall serve as the Executive Committee's Chairman.

**Scope of Duties.** The Executive Committee's duties will include:

- a. *Assist President Carry Out Duties.* The Executive Committee shall assist the President of the board of directors carry out the President's duties and responsibilities. The Phoenix IDA's Amended and Restated Bylaws states that the President shall preside at all board of directors' meetings. The President shall sign all deed and conveyances, all contracts and agreements, and all other instruments requiring execution on behalf of the corporation, and shall act as operating and directing head of the corporation, subject to policies established by the board of directors. (Amended and Restated Bylaws, Section 3.5)
- b. *Review Personnel Matters.* The Executive Committee shall review all personnel and related matters of the Phoenix IDA and make specific recommendations to the full board of directors for any action requiring full board of directors' approval.

**Required Time Commitment.** Serving on the Executive Committee requires attending monthly meetings, and other meetings, as the board of directors' President deems necessary. Executive Committee membership involves a minimum time commitment of 1 hour per meeting.

**Finance Committee**

**Membership.** The board of directors' Treasurer shall serve as Finance Committee's Chairman, and other members shall consist of at least two additional members of the board of directors as may be appointed by the President of the board of directors from time to time.

**Scope of Duties.** The Finance Committee's duties will include:



- a. *Assist Treasurer Carry Out Duties.* The Finance Committee shall assist the Treasurer of the board of directors carry out the Treasurer's duties and responsibilities. The Phoenix IDA's Amended and Restated Bylaws states that the Treasurer shall have general custody of all of the funds and securities of the corporation except such as may be required by law to be deposited with any state official; the Treasurer shall see to the deposit of the funds of the corporation in such bank or banks as the board of directors may designate. Regular books of account shall be kept under the Treasurer's direction and supervision, and the treasurer shall render financial statements to the President and directors at proper times. The Treasurer shall have charge of the preparation and filing of such reports and financial statements and returns as may be required by law. The Treasurer shall give to the corporation such fidelity bond as may be required, and the premium therefore shall be paid by the corporation as an operating expense. (Amended and Restated Bylaws, Section 3.8)
- b. *Investment Policy Review and Oversight.* The Finance Committee shall review and oversee all of the Phoenix IDA's investments and make specific recommendations to the full board of directors for any action requiring full board of directors' approval.
- c. *Financial Policy Review and Oversight.* The Finance Committee shall review all financial policies and procedures of the Phoenix IDA and make specific recommendations to the full board of directors for any action requiring approval by the full board of directors.
- d. *Budget Review and Oversight.* The Finance Committee shall review and oversee preparation of the Phoenix IDA's annual budget and make specific recommendations to the full board of directors for any action requiring approval by the full board of directors.
- e. *Financial Audit Review and Oversight.* The Finance Committee shall review and oversee all audits of the Phoenix IDA's financial statements and make specific recommendations to the full board of directors for any action requiring approval by the full board of directors.

**Required Time Commitment.** Serving on the Finance Committee requires attending regular quarterly meetings, and other meetings, as the board of directors' Treasurer deems necessary. Membership on the Finance Committee involves a minimum time commitment of 1 hour per meeting.

## **Nominating Committee**

A Nominating Committee shall be appointed to assist in the appointment of the officers of the corporation's board of directors. (Amended and Restated Bylaws, Section 3.2).

**Membership.** The Nominating Committee will consist of not less than 3 directors appointed by the then current president of the board of directors.

**Scope of Duties.** The Nominating Committee's duties will include:

- a. *Officer Responsibilities.* Explaining the roles and obligations of each office to candidates for office.

- b. *Nomination Process.* Accepting a listing of nominations and self-nominations for each office, which would include from each candidate (i) a brief statement as to why the particular candidate would be suited for the office, (ii) an affirmation to commit the time necessarily required by each office, and (iii) a brief statement as to how the candidate would go about fulfilling the duties of the office.

The list of candidates will be reduced to writing with the assistance of legal advisor and distributed to all directors prior to the meeting at which the election of officers will take place. At the meeting at which the election of officers is conducted, the Nominating Committee will present the candidates, and at the pleasure of the board of directors, each candidate may make a brief statement as to their candidacy, after which the board of directors will proceed with the appointment. (Amended and Restated Bylaws, Section 3.11)

**Required Time Commitment.** Serving on the Nominating Committee may require attending one or two meetings as convened by the Nominating Committee's Chairman prior to the annual meeting of the board of directors at which the election of officers will take place. Membership on the Nominating Committee may involve a substantial time commitment, as necessary, to complete the duties outlined above, but would be limited to the two or three months leading up to the Phoenix IDA's election of officers.

## **Community Impact Fund Committee**

**Membership.** The Committee will consist of not less than three (3) directors appointed by the then current president of the board of directors.

**Scope of Duties.** The Committee's duties will include:

- a. *Identify Community Impact Investing Collaborations.* The Committee will identify and promote community-based collaborations that (i) build on existing organizational strengths, (ii) increase the capacity and resources of nonprofits that serve the working poor and minority populations, and (iii) address broader community and economic development issues.
- b. *Identify Community Impact Investing Funding Priorities.* The Committee will review and identify funding priorities in the areas of: (i) community and economic development and (ii) education.

**Required Time Commitment.** Serving on the Committee requires attending regular quarterly meetings, and other meetings, as the Committee chairman deems necessary. Committee membership involves a minimum time commitment of 1.5 hours per quarterly meeting, and also requires attending individual follow-up meetings with the Phoenix IDA's executive director as scheduled between the quarterly meetings.

## **Communications and Government Affairs Committee**

**Membership.** The Committee will consist of not less than three (3) directors appointed by the then current president of the board of directors.

**Scope of Duties.** The Committee's duties will include:

- a. *Expand Awareness of Phoenix IDA's Brand.* The Committee will expand awareness of the Phoenix IDA's brand, services and accomplishments by developing a communications strategy that focuses on and addresses media relations, community outreach, social media, and marketing collateral.
- b. *Participate in Government Affairs.* The Committee will participate in government affairs and relations by (i) developing a communication plan with City Council, and (ii) monitoring federal and state legislation that could impact the issuance of bonds and related services.

**Required Time Commitment.** Serving on the Committee requires attending regular quarterly meetings, and other meetings, as the Committee chairman deems necessary. Committee membership involves a minimum time commitment of 1.5 hours per quarterly meeting, and also requires attending individual follow-up meetings with the Phoenix IDA's executive director as scheduled between the quarterly meetings.

# TAB 2

ARTICLES OF INCORPORATION

OF

THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA  
(A political subdivision of the State of Arizona)

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, whose names and addresses are hereinafter set forth, each of whom is an elector of the City of Phoenix, Arizona, have this day associated ourselves for the purpose of forming an Industrial Development Authority under the laws of the State of Arizona, and for that purpose do hereby adopt the following Articles of Incorporation:

ARTICLE I

The name of this corporation shall be THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, and the location of its principal place of business shall be in the City of Phoenix, Arizona as shall be fixed by the Board of Directors from time to time.

ARTICLE II

The names and residence addresses of the incorporators, each of whom is a qualified elector of the City of Phoenix, Arizona, are as follows:

NAME	POST OFFICE ADDRESS
Marriner Cardon	3148 North 53rd Street Phoenix, Arizona 85018
Ervin N. Hanson	12810 North Second Street Phoenix, Arizona 85022
George Iliff	1001 West Encanto Blvd. Phoenix, Arizona 85007

ARTICLE III

The incorporators herein received permission to organize the corporation pursuant to Resolution number 15553 duly passed by the Mayor and Council of the City of Phoenix at a regular meeting of the governing body held February 3, 1981 and the final form of these Articles of Incorporation were approved by Resolution No. 15683 duly passed by the Mayor and Council of the City of Phoenix at a regular meeting of the governing body held July 7, 1981.

#### ARTICLE IV

This corporation shall perform essential governmental functions and its activities shall serve public purposes and shall be in furtherance of the health, safety and welfare of the residents of the greater Phoenix area. The initial purposes for which this corporation is formed are:

1. In the manner and to the extent provided in Title 9, Chapter 11, Section 9-1151 et seq., of the Arizona Revised Statutes, as amended, to promote industry and develop trade in the greater Phoenix area, to stimulate and encourage the production, development and use of agricultural products and natural resources, to assist, financially and otherwise, in the rehabilitation, expansion and development of all kinds of businesses and industries which will promote and assure job opportunities and assure an improved standard of living and an increase in prosperity and health;

2. To acquire, own, construct, lease, sell and dispose of all kinds of properties;

3. Except as hereinafter provided in these Articles of Incorporation, to do any and all things and to exercise any and all powers as provided by Title 9, Chapter 11, Section 9-1151 et seq., Arizona Revised Statutes, Title 9, Chapter 12, Section 1221 et seq., Arizona Revised Statutes, and Title 10, Chapter 5, Section 10-1005, Arizona Revised Statutes, as such provisions may be amended from time to time.

#### ARTICLE V

This corporation is a political subdivision of the State of Arizona and shall have all the powers granted to such corporation by law, together with all powers incidental thereto or necessary for the performance thereof, including, without limitation, the powers provided in Title 9, Chapter 11, Section 9-1151 et seq., Arizona Revised Statutes, Title 9, Chapter 12, Section 9-1221 et seq., Arizona Revised Statutes, and Title 10, Chapter 5, Section 10-1005, Arizona Revised Statutes, as such provisions may be amended from time to time except that all applications for the financing of any project must be initially submitted to the City of Phoenix for review and comment and further, no bonds shall be issued by the Authority with respect to any project without the approval of the governing body of the City of Phoenix, which approval shall be given or denied solely within the discretion and judgment of the governing body.

## ARTICLE VI

The corporation shall be a nonprofit corporation and no part of its net earnings remaining after payment of its expenses shall inure to the benefit of any individual, firm or corporation, except such reasonable compensation as may properly be paid for services rendered or property or materials furnished to the corporation, and no dividends or other pecuniary profits may be declared for the benefit of any director or other individual, and no director or officer shall be entitled to participate for profit in any transaction with the corporation except as hereinabove provided. No substantial part of the activities of this corporation shall be devoted to carrying on propaganda for or otherwise attempting to influence legislation and this corporation shall not participate in or intervene in any political campaign on behalf of any candidate for public office.

## ARTICLE VII

The corporation shall have a board of directors in which all powers of the corporation shall be vested and which shall consist of any number of directors, not less than three nor more than nine, but initially nine, all of whom shall be qualified as provided by law. The directors shall serve as such without compensation except that they shall be reimbursed for their actual expenses incurred in the performance of their duties in the same manner as is provided for other state officers. No director shall be an officer or employee of the City of Phoenix. All directors shall declare any conflict of interest as provided in Title 38, Chapter 3, Article 8. The directors shall be elected by the Mayor and Council of the City of Phoenix, and they shall be so elected that they hold office for overlapping terms. At the time of the election of the first board of directors, the Mayor and Council of the City of Phoenix shall divide the directors into three groups containing as nearly equal whole numbers as possible. The first term of the directors included in the first group shall be two years, the first term of the directors included in the second group shall be four years, and the first term of the directors included in the third group shall be six years, and thereafter the terms of all directors shall be six years.

The affairs of the corporation shall be conducted by the board of directors and such officers, including a president, vice-president, treasurer, secretary, and such other officers as the board of directors shall elect or appoint. Any two or more offices may be held by the same person except the offices of president and secretary. The board of directors shall have power to adopt, amend and rescind bylaws and other

rules and regulations and to appoint an executive committee with such powers as the board may, by resolution, delegate to such committee. Notwithstanding the foregoing, the original bylaws and any amendment thereto shall not be effective until approved by the governing body of the City of Phoenix.

Meetings held by the Board of Directors for any purpose whatsoever shall be open to the public.

#### ARTICLE VIII

The board of directors of this corporation, named by the Mayor and Council of the City of Phoenix, Arizona, by Resolution Number 15683 adopted on July 7, 1981, are:

<u>NAME AND ADDRESS</u>	<u>TERM EXPIRES</u>
Marianne Fannin 77 East Missouri No. 23 Phoenix, Arizona	April 28, 1983
Paul R. Milus 6010 East Mountain View Road Phoenix, Arizona	April 28, 1983
John A. Kearney 9037 North 29th Street Phoenix, Arizona	April 28, 1983
Richard C. Allen 322 West Montebello Phoenix, Arizona	April 28, 1985
Thomas Aranda, Jr. 1825 East Nicolet Phoenix, Arizona	April 28, 1985
Barbara Callahan 2320 East Wier Phoenix, Arizona	April 28, 1985
Lyman A. Davidson 5401 East Camelback Road Phoenix, Arizona	April 28, 1987
Randolph "Bill" E. Soranson 2026 East Pasadena Phoenix, Arizona	April 28, 1987



Richard W. Koeb  
5335 Calle Del Norte  
Phoenix, Arizona

April 28, 1987

#### ARTICLE IX

The City of Phoenix shall not, in any event, be liable for the payment of the principal of, or interest on, any bonds of the corporation, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the corporation, and none of the bonds of the corporation or any of its agreements or obligations shall be construed to constitute an indebtedness or obligation of the City of Phoenix or the State of Arizona within the meaning of any constitutional or statutory provision whatsoever.

#### ARTICLE X

The Articles of Incorporation may at any time, and from time to time, be amended to make any changes therein and add any provisions thereto which might have been included in the Articles of Incorporation in the first instance, provided that the members of the board of directors of the corporation first shall file with the Mayor and Council of the City of Phoenix an application in writing seeking permission to amend the Articles of Incorporation, specifying in such application the amendment proposed to be made. The Mayor and Council of the City of Phoenix shall consider such application and, if, by resolution, it finds and determines it is wise and expedient, necessary or advisable that the proposed amendments be made, authorizes the same to be made, and approves the form of the proposed amendment, then the persons making such application shall proceed to amend the Articles in accordance with the provisions of Title 10, Arizona Revised Statutes, as amended.

#### ARTICLE XI

The time of the commencement of this corporation shall be the day these Articles of Incorporation are marked "filed" by the Arizona Corporation Commission. The duration of the existence of the corporation shall be perpetual unless it shall be sooner dissolved pursuant to Title 9, Chapter 11, Section 9-1187 of the Arizona Revised Statutes, as amended, in which case the property of the corporation remaining after payment of its debts and charges shall be distributed to and vest in the City of Phoenix, Arizona.

ARTICLE XII

The private property of the officers and directors of this corporation shall be exempt from liability for its debts and obligations.

ARTICLE XIII

The affairs of this Corporation shall be conducted on a fiscal year basis. The fiscal year for the Corporation shall end on the 30th day of June of each year.

ARTICLE XVI

When the board of directors of the corporation, by resolution, shall determine that the purposes for which the corporation was formed have been substantially complied with and that all bonds theretofore issued and all obligations theretofore incurred by the corporation have been fully paid, the members of the board of directors of the corporation shall thereupon dissolve the corporation in accordance with the provisions of Title 10 of the Arizona Revised Statutes, as amended.

ARTICLE XV

Statutory Agent. George Iliff, whose address is: 2400 N. Central Ste 300, Phoenix, Arizona, 85013 is hereby appointed agent of the corporation upon whom all notices and processes, including service of summons, may be served, and service upon such agent shall be lawful personal service on the corporation. This appointment may be revoked at any time by the filing of the appointment of another agent as provided by law.

IN WITNESS WHEREOF, we the undersigned have signed our names this 6th day of July, 1981.

George Iliff  
Merrill P. Davis  
Wm. H. Hansen

STATE OF ARIZONA        )  
                                  ) ss.  
COUNTY OF MARICOPA    )

Before me, the undersigned officer, personally appeared George Iliff, Marriner Cardon and Ervin N. Hanson, known to me to be the persons who executed the foregoing Articles of Incorporation, and acknowledged to me that they executed the same for the purposes therein expressed.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this 6th day of July, 1981.

*Marcia E. Tama*  
Notary Public

My Commission Expires:

My Commission Expires Oct. 3, 1984

# TAB 3

SECOND AMENDED AND RESTATED  
BYLAWS  
OF  
THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA  
(As Amended by the Authority through February 10, 2011  
and approved by City Council effective March 23, 2011)

SECTION 1

OFFICES

1.1 Principal Office. The known place of business of the corporation is the office of its statutory agent. The corporation must maintain its principal place of business in the City of Phoenix, Arizona. The corporation's mailing address is: The Industrial Development Authority of the City of Phoenix, Arizona c/o Executive Director, 251 W. Washington Street, 9<sup>th</sup> Floor, Phoenix, Arizona 85003.

1.2 Other Offices. The corporation may maintain offices at such other place or places, either within or without the State of Arizona, as may be designated from time to time by the board of directors, where the business of the corporation may be transferred with the same effect as though done at the principal office.

SECTION 2

BOARD OF DIRECTORS

2.1 General Powers; Not a Membership Corporation. All corporate powers shall be exercised by or under the authority of and the business and affairs of the corporation shall be managed under the direction of the board of directors. The corporation shall not be a membership corporation and shall have no members. All rights, powers and responsibilities which inure to the members of a nonprofit membership corporation shall be vested in the board of directors of this corporation.

2.2 Number, Qualifications and Election. The board of directors shall consist of nine (9) persons. All directors shall be duly qualified electors of the City of Phoenix. No director shall be an officer or employee of the City of Phoenix. The board of directors shall be elected by the City Council of the City of Phoenix. The initial board of directors shall be divided into three groups of three directors each, the first group to serve for two years, the second group to serve for four years, the third group to serve for six years. Upon expiration of each initial term, successor directors shall be elected by the City Council of the City of Phoenix to serve for terms of six years. Each director shall hold office until the next annual meeting of the directors nearest the date on which the director's term expires and until his successor shall have been duly qualified and elected by the City Council of the City of Phoenix and shall qualify.

2.3 Vacancies. A vacancy in the board of directors occurring by reason of death, resignation, removal, disqualification or otherwise shall be filled by an election by the City Council of the City of Phoenix. Any director elected shall serve for the unexpired term of the vacant office. Failure of the City Council of the City of Phoenix to fill vacancies shall not operate to reduce the size of the board of directors, but the directors actually in office shall at any time constitute the board of directors.

2.4 Powers and Duties. It shall be the duty of the board of directors to control and manage the property and business of the corporation, and to appoint from its own membership the officers of the corporation to serve at the pleasure of the board. The board shall have the power to enter into written contracts with officers for terms extending beyond their own terms of office. Generally, and without limitation, the board shall have the power and shall operate the business of the corporation in a prudent and careful manner in the best interests of the purposes of the corporation.

2.5 Place of Meetings. All meetings of the board of directors shall be held at such place in the City of Phoenix as may be fixed from time to time by the president or the secretary of the corporation, as stated in the notice of the meeting. The board of directors may hold meetings outside the City of Phoenix only for educational, marketing, or planning purposes. No official business may be conducted at a meeting held outside the City limits. Any meeting held by the board of directors for any purpose whatsoever must be open to the public. To the extent practicable, teleconferencing facilities will be made available to the public at a location within the City limits during any meeting for educational, marketing, or planning purposes held outside the City limits, in order to provide public access.

2.6 Annual Meetings. Annual meetings of the board of directors may be held on the second Thursday in October or on another date designated by the president or the secretary and stated in the notice of the meeting. Directors shall, at the annual meeting, appoint officers and transact such other business as properly may be brought before the meeting. Notice of the time, date and place of any annual meeting shall be given to the public not less than 24 hours previous thereto by the president or the secretary or at the direction of either of them.

2.7 Regular Meetings. The board of directors may establish a fixed time, date and place for regularly scheduled meetings. Subject to Section 2.5, regular meetings of the board of directors may be held at such time and at such place as shall from time to time be determined by the board. Notice of the time, date and place of any regular meeting shall be given to the public not less than 24 hours previous thereto by the president or the secretary or at the direction of either of them.

2.8 Special Meetings. Special meetings of the board may be called by the president, secretary or at least two directors. Notice of the time, date and place of any special meeting shall be given to the public not less than 24 hours previous thereto by the president or the secretary or at the direction of either of them.

2.9 Quorum. A majority of the membership of the board of directors shall constitute a quorum and the concurrence of a majority of those present and entitled to vote shall be sufficient to conduct the business of the board, except as may be otherwise specifically provided by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

## SECTION 3

### OFFICERS

3.1 Designation of Titles. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice president, a secretary and a treasurer. The board of directors may also choose additional vice presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices, except the offices of president and secretary, may be held by the same person.

3.2 Appointment of Officers. The board of directors at its annual meeting shall choose a president, one or more vice presidents, a secretary, and a treasurer, each of whom shall serve at the pleasure of the board of directors. The board of directors at any time may appoint such other officers and agents as it shall deem necessary who shall hold their offices at the pleasure of the board of directors and who shall exercise such powers and perform such duties as shall be determined from time to time by the board.

3.3 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the board of directors at any time.

3.4 President. The president shall preside at all meetings of the board of directors. The president shall sign all deeds and conveyances, all contracts and agreements, and all other instruments requiring execution on behalf of the corporation, and shall act as operating and directing head of the corporation, subject to policies established by the board of directors.

3.5 Vice Presidents. There shall be as many vice presidents as shall be determined from time to time and they shall perform such duties as may be from time to time assigned to them. Any one of the vice presidents, as authorized by the board, shall have all the powers and perform all the duties of the president in case of the president's temporary absence or inability to act. In case of the president's permanent absence or inability to act, the office shall be declared vacant by the board of directors and a successor chosen by the board.

3.6 Secretary. The secretary shall see that the minutes of all meetings of the board of directors and of any standing committees are kept. The secretary shall give or cause to be given required notices of all meetings of the board of directors. The secretary shall have charge of all the books and records of the corporation except the books of account and in general shall perform all the duties incident to the office of secretary of a corporation and such other duties as may be assigned to him or her.

3.7 Treasurer. The treasurer shall have general custody of all of the funds and securities of the corporation except such as may be required by law to be deposited with any state official; the treasurer shall see to the deposit of the funds of the corporation in such bank or banks as the board of directors may designate. Regular books of account shall be kept under the treasurer's direction and supervision, and the treasurer shall render financial statements to the president and directors at proper times. The treasurer shall have charge of the preparation and filing of such reports and financial statements and returns as may be required by law.

3.8 Assistant Secretaries. There may be such number of assistant secretaries as the board of directors may from time to time fix, and such persons shall perform such functions as may be from time to time assigned to them. No assistant secretary shall have power or authority to collect, account for, or pay over any tax imposed by any federal, state or city government.

3.9 Assistant Treasurers. There may be such number of assistant treasurers as the board of directors may from time to time fix, and such persons shall perform such functions as may be from time to time assigned to them. No assistant treasurer shall have the power or authority to collect, account for, or pay over any tax imposed by any federal, state or city government.

3.10 Nominating Committee. A Nominating Committee shall be appointed to assist in the appointment of the officers of the corporation's board of directors pursuant to Section 3.2 of these Bylaws. The Nominating Committee will consist of not less than 3 directors appointed by the then current president of the board of directors. The duties of the Nominating Committee will include:

- a. Explaining the roles and obligations of each office to candidates for office;
- and
- b. Accepting a listing of nominations and self-nominations for each office, which would include from each candidate (i) a brief statement as to why the particular candidate would be suited for the office, (ii) an affirmation to commit the time necessarily required by each office, and (iii) a brief statement as to how the candidate would go about fulfilling the duties of the office.

The list of candidates will be reduced to writing and distributed to all directors not less than two weeks prior to the meeting at which the appointment of officers will take place.

At the meeting at which the appointment of officers is conducted, the Nominating Committee will present the candidates, and at the pleasure of the board of directors, each candidate may make a brief statement as to their candidacy, after which the board of directors will proceed with the appointment.



## SECTION 4

### INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

4.1 Indemnification. Except as provided in these bylaws, the corporation shall hold harmless and indemnify each of its directors, officers, employees and agents (“indemnitee”) against any and all liability and expenses incurred by an indemnitee in connection with any threatened or actual proceeding or legal action resulting from the indemnitee’s service to the corporation or to another entity at the corporation’s request.

4.2 Exclusions. Except insofar as permitted by law, the corporation shall not indemnify an indemnitee for acts listed in A.R.S. § 10-851.D.

4.3 Procedure. An indemnitee shall notify the corporation promptly of the threat or commencement of any proceeding or legal action with respect to which the indemnitee intends to seek indemnification. The corporation is entitled to assume the indemnitee’s defense with counsel reasonably satisfactory to the indemnitee, unless the indemnitee provides the corporation with an opinion of counsel reasonably concluding that there may be a conflict of interest between the indemnitee and the corporation in the defense of the proceeding or legal action. If the corporation assumes the defense, the corporation is not liable to the indemnitee for legal or other expenses subsequently incurred by the indemnitee.

4.4 Expense Advances. The corporation shall advance automatically expenses, including attorneys’ fees, incurred or to be incurred by an indemnitee in defending a proceeding or legal action upon receipt of notice and, if required by law, of an undertaking by or on behalf of the indemnitee to repay all amounts advanced if it is ultimately determined by final judicial decision (after expiration or exhaustion of any appeal rights) that the indemnitee is not entitled to be indemnified for such expenses.

4.5 Settlement of Claims. The corporation is not obligated to indemnify an indemnitee for any amounts incurred in settlement if settlement is made without the corporation’s prior written consent. The corporation shall not enter into any settlement that would impose any penalty or limitation on an indemnitee without the indemnitee’s prior written consent. Neither the corporation nor the indemnitee will unreasonably withhold consent to any proposed settlement.

4.6 Effect of Repeal. In order that an indemnitee may rely on the indemnification promised by this Section, no repeal or amendment of this Section shall reduce the right of an indemnitee to payment of expenses or indemnification for acts of the indemnitee taken before the date of repeal or amendment.

## SECTION 5

### REPEAL, ALTERATION OR AMENDMENT

These bylaws may be repealed, altered or amended, or substitute bylaws may be adopted, only by a majority of the board of directors at any time. Notwithstanding the foregoing, the original bylaws and any amendment thereto are not effective until approved by the governing body of the City of Phoenix.

# TAB 4

## A.R.S. § 35-701

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 1. Incorporation*

### **Notice**

---

🚩 This section has more than one version with varying effective dates.  
*Second of two versions of this section.*

### **35-701. Definitions [Effective August 6, 2016]**

---

In this chapter, unless the context otherwise requires:

“Corporation” means any corporation organized as an authority as provided in this chapter.

“Governing body” means:

The board or body in which the general legislative powers of the municipality or the county are vested.

The Arizona board of regents with respect to a corporation formed with the permission of the Arizona board of regents.

The Arizona finance authority board of directors established by title 41, chapter 53, article 2.

“Income” means gross earnings from wages, salary, commissions, bonuses or tips from all jobs, net earnings from such person’s or family’s own nonfarm business, professional practice or partnership, and net earnings from such person’s or family’s own farm. Income includes income, other than earnings, that consists of amounts received from social security or railroad retirement, interest, dividends, veterans payments, pensions and other regular payments, public assistance or welfare payments, including aid for dependent children, old age assistance and aid to the blind or persons with total disability, but excluding separate payments for hospital or other medical care.

“Manufactured house” means a structure that is manufactured in a factory after June 15, 1976, that is delivered to a homesite in more than one section and that is placed on a permanent foundation. The dimensions of the completed house shall not be less than twenty feet by forty feet, the roof must be sloping, the siding and roofing must be the same as those found in site-built houses and the house must be eligible for thirty year real estate mortgage financing.

“Municipality” or “county” means the Arizona finance authority, the Arizona board of regents or any incorporated city or town, including charter cities, or any county in this state in which a corporation may be organized and in which it is contemplated the corporation will function.

“Persons of low and moderate income” means, for the purposes of financing owner-occupied single family dwelling units in areas that the municipality has found, pursuant to section 36-1479, to be slum or blighted areas, as defined in section 36-1471, persons and families whose income does not exceed two and one-half times the median family income of this state. In all other areas it means persons and families whose income does not exceed one and one-half times the median family income of this state.

“Project” means any land, any building or any other improvement and all real and personal properties, including machinery and equipment whether or not now in existence or under construction and whether located within or without this state or the municipality or county approving the formation of the corporation, that are suitable for any of the following:

With respect to a corporation formed with the permission of the Arizona finance authority, a municipality or a county other than the Arizona board of regents:

A.R.S. § 35-701

Any enterprise for the manufacturing, processing or assembling of any agricultural or manufactured products.

Any commercial enterprise for the storing, warehousing, distributing or selling of products of agriculture, mining or industry, or of processes related thereto, including research and development.

A health care institution as defined in section 36-401.

Residential real property for dwelling units located within the municipality or county approving the formation of the corporation and, in the case of a county, whether or not also within a municipality that is within the county.

Repairing or rehabilitating single family dwelling units or constructing or repairing residential fences and walls.

Convention or trade show facilities.

Airports, docks, wharves, mass commuting facilities, parking facilities or storage or training facilities directly related to any of the facilities as provided in this item.

Sewage or solid waste disposal facilities or facilities for the furnishing of electric energy, gas or water.

Industrial park facilities.

Air or water pollution control facilities.

Any educational institution that is operated by a nonprofit educational organization that is exempt from taxation under section 501(c)(3) of the United States internal revenue code and that is not otherwise funded by state monies, any educational institution or organization that is established under title 15, chapter 1, article 8 and that is owned by a nonprofit organization, any private nonsectarian school or any private nonsectarian organization established for the purpose of funding a joint technical education school district.

Research and development facilities.

Any commercial enterprises, including facilities for manufacturing, office, recreational, hotel, motel and service uses.

A child welfare agency, as defined in section 8-501, owned and operated by a nonprofit organization.

A transportation facility constructed or operated pursuant to title 28, chapter 22.

A museum operated by a nonprofit organization.

Facilities owned or operated by a nonprofit organization described in section 501(c) of the United States internal revenue code of 1986.

New or existing correctional facilities within this state.

With respect to a corporation formed with the permission of the Arizona board of regents, any facility consisting of classrooms, lecture halls or conference centers or any facility for research and development or for manufacturing, processing, assembling, marketing, storing and transferring items developed through or connected with research and development or in which the results of such research and development are utilized, but only if the facility is located in an area designated as a research park by the Arizona board of regents.

“Property” means any land, improvements thereon, buildings and any improvements thereto, machinery and equipment of any and all kinds necessary to a project and any other personal properties deemed necessary in connection with a project.

“Research park” means an area of land that has been designated by the Arizona board of regents as a research park for a university and that, at the date of designation, is owned by this state or by the Arizona board of regents.

“Single family dwelling unit” includes any new, used or manufactured house that meets the insuring requirements of the federal housing administration, the United States department of veterans affairs or any other insuring entity of the United States government or any private mortgage insurance or surety company that is approved by the federal home loan mortgage corporation or the federal national mortgage association.

## History

---

Last legislative year: 2014.

Recent legislative history: Laws 1999, Ch. 293, § 1; Laws 2000, Ch. 130, § 1; Laws 2000, Ch. 395, § 1; Laws 2002, Ch. 20, § 1; Laws 2003, Ch. 128, § 1; Laws 2004, Ch. 314, § 8; Laws 2006, Ch. 156, § 2; Laws 2009, Ch. 141, § 3; Laws 2009, 3rd Sp. Sess., Ch. 10, § 3; Laws 2010, 2nd Reg. Sess., Ch. 17, § 22; Laws 2012, 2nd Reg. Sess., Ch. 170, § 11; Laws 2014, 2nd Reg. Sess., Ch. 215, § 89; Laws 2015, Reg. Sess., Ch. 114, § 2; Laws 2016, 2nd Reg. Sess., Ch. 372, § 8.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

## A.R.S. § 35-702

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 1. Incorporation*

### **Notice**

---

🚩 This section has more than one version with varying effective dates.  
*Second of two versions of this section.*

### **35-702. Proceedings to incorporate industrial development authority [Effective August 6, 2016]**

---

Whenever any number of natural persons, not less than three, each of whom is a qualified elector of the municipality or the county or, in the case of a corporation to be formed with the permission of the Arizona finance authority or the Arizona board of regents, qualified electors of this state, file with any governing body thereof an application in writing seeking permission to apply for the incorporation of an industrial development board of the municipality or county, the governing body shall consider the application. If the governing body by resolution finds and determines that it is wise, expedient, necessary or advisable that the corporation be formed and authorizes the persons making the application to form the corporation, then the persons making the application shall proceed to incorporate as prescribed by this chapter. A corporation may not be formed unless the application first has been filed with the governing body having jurisdiction and the governing body adopts a resolution as provided in this section. Any corporation when formed shall be a political subdivision of this state and have only the governmental powers as are set forth in this chapter or in chapter 6 of this title and the power to enter into intergovernmental agreements in accordance with title 11, chapter 7, article 3.

Only one corporation shall be approved by a municipality or county for operation at any time.

### **History**

---

Last legislative year: 1992.

*Laws 2016, 2nd Reg. Sess., Ch. 372, § 9.*

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

## A.R.S. § 35-703

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 1. Incorporation*

### **Notice**

---

🚩 This section has more than one version with varying effective dates.  
*Second of two versions of this section.*

### **35-703. Articles of incorporation of industrial development authority [Effective August 6, 2016]**

---

In addition to the requirements of title 10, the articles of incorporation shall set forth:

The names and residences of the applicants, together with a recital that each of them is a qualified elector of the municipality or the county or, in the case of a corporation to be formed with the permission of the Arizona finance authority or the Arizona board of regents, a qualified elector of this state.

The name of the corporation, which shall be “the industrial development authority of the \_\_\_\_\_ of \_\_\_\_\_,” (the blank spaces to be filled in with the name of the municipality or the county). In the case of a corporation formed with the permission of the Arizona finance authority the name shall be the “Arizona industrial development authority”. In the case of a corporation formed with the permission of the Arizona board of regents the name shall be the “Arizona research park authority”.

A recital that permission to organize the authority has been granted by resolution duly adopted by the governing body of the municipality or county and the date of the adoption of such resolution.

The location of the principal office of the authority, which shall be in the municipality or county. In the case of a corporation formed with the permission of the Arizona board of regents the principal office of the corporation shall be the principal office of the Arizona board of regents. In the case of a corporation formed with the permission of the Arizona finance authority, the Arizona finance authority is the principal office of the corporation.

### **History**

---

Last legislative year: 1986.

*Laws 2016, 2nd Reg. Sess., Ch. 372, § 10.*

LexisNexis® Arizona Annotated Revised Statutes  
Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document



*A.R.S. § 35-704*

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 1. Incorporation*

**35-704. Amendment to articles**

---

The articles of incorporation may at any time and from time to time be amended to make any changes therein and add any provisions thereto which might have been included in the certificate of incorporation in the first instance, provided that the members of the board of directors of the authority first shall file with the authorizing governing body an application in writing seeking permission to amend the articles of incorporation, specifying in such application the amendment proposed to be made. The governing body thereof shall consider such application and, if by resolution it finds and determines that it is wise, expedient, necessary or advisable that the proposed amendment be made, authorizes the same to be made, and approves the form of the proposed amendment, then the persons making such application shall proceed to amend the articles in accordance with the provisions of title 10.

**History**

---

Last legislative year: 1986.

LexisNexis® Arizona Annotated Revised Statutes  
Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

## A.R.S. § 35-705

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 1. Incorporation*

### **Notice**

---

🚩 This section has more than one version with varying effective dates.  
*Second of two versions of this section.*

### **35-705. Board of directors [Effective August 6, 2016]**

---

The authority shall have a board of directors in which all powers of the authority shall be vested and that shall consist of any number of directors, not less than three nor more than nine, all of whom shall be duly qualified electors of the municipality or county with respect to which the authority was formed, except that a corporation that is formed by the Arizona finance authority shall be governed pursuant to section 41-5353. In the case of a corporation formed with the permission of the Arizona board of regents the directors must be qualified electors of this state. In the case of a corporation formed with the permission of the Arizona finance authority, the Arizona finance authority board shall serve as the board of the industrial development authority. The directors shall serve without compensation, except that the directors shall be reimbursed for their actual expenses incurred in the performance of their duties in the same manner as is provided for other state officers. A director shall not be an officer or employee of the authorizing municipality or county. All directors shall declare any conflict of interest as provided in title 38, chapter 3, article 8. The directors shall be elected by the governing body of the authorizing municipality or county, and they shall be so elected that they shall hold office for overlapping terms. At the time of the election of the first board of directors the governing body of the municipality or the county shall divide the directors into three groups containing as nearly equal whole numbers as possible. The first term of the directors included in the first group shall be two years, the first term of the directors included in the second group shall be four years, the first term of the directors included in the third group shall be six years, and thereafter the terms of all directors shall be six years. The governing body may remove a director at any time, with or without cause.

### **History**

---

Last legislative year: 2006.

Recent legislative history: Laws 2006, Ch. 156, § 3; Laws 2016, 2nd Reg. Sess., Ch. 372, § 11.

LexisNexis® Arizona Annotated Revised Statutes  
Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

*A.R.S. § 35-706*

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 1. Incorporation*

**35-706. Corporate powers**

---

In addition to the powers granted to an industrial development authority by law, the authority has the following powers, together with all powers incidental or necessary for the performance of those powers:

To acquire, whether by purchase, exchange, gift, lease or otherwise establish, construct, improve, maintain, equip and furnish one or more projects.

To lease to others any or all of its projects, to charge and collect rent and to terminate any lease on the failure of the lessee to comply with any of the obligations of the lease.

To sell, exchange, donate and convey to others any or all of its projects or properties on terms and conditions as its board of directors may deem advisable, including the power to receive for any sale the note or notes of the purchaser of the project or property, whenever its board of directors finds the action to further advance the interest of the corporation.

To issue its bonds for the purpose of carrying out any of its powers.

To mortgage and pledge any or all of its projects and properties, whether owned or acquired, and to pledge the revenues, proceeds and receipts or any portion of the revenues, proceeds and receipts from a project as security for the payment of the principal of and interest on any bonds so issued and any agreements made in connection therewith.

To contract with and employ others to provide and to pay compensation for professional services and other services as the board of directors deems necessary for the financing of projects and for the business of the corporation.

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.

To invest and reinvest funds under the control of the corporation and bond proceeds pending application thereof to the purposes for which the bonds were issued, subject only to the provisions of any bond resolution, lease or other agreement entered into by the board of directors.

To make secured or unsecured loans for the purpose of financing or refinancing the acquisition, construction, improvement, equipping or operating of a project and to charge and collect interest on the loans and pledge the proceeds of loan agreements as security for the payment of the principal and interest of any bonds, or designated issues of bonds, issued by the corporation, and any agreements made in connection with the loan, whenever the board of directors finds the loans to further advance the interest of the corporation or the public.

To acquire and hold obligations of any kind to carry out any of its purposes.

Subject to this section, to make loans to any bank, savings and loan institution, credit union or other mortgage lender, whether organized or existing under the laws of this state, another state or the United States, that is qualified to do business in this state, for the purpose of enabling the institutions to make loans to finance the acquisition, construction, improvement or equipping of projects that are owner-occupied single family dwelling units to be occupied by persons of low and moderate income, as determined by the corporation. The loans shall be fully secured in the same manner as deposits of public funds or by loans secured by mortgages, deeds of trust or other security instruments guaranteed or insured by the United States, or any instrumentality thereof, or by any private mortgage insurance or surety company that is approved by the federal home loan mortgage corporation or the federal national mortgage association and that is licensed to do business in this state, if the private mortgage insurance shall be in a dollar amount sufficient to satisfy the mortgage insurance requirements for loans eligible to be purchased by the federal

## A.R.S. § 35-706

home loan mortgage corporation or the federal national mortgage association or any other agency or department of the United States. The security shall not be necessary if the bonds issued to make the loans are guaranteed or insured by an agency, department or instrumentality of the United States. Any bonds issued to make loans shall be ratable as "A" or better by a nationally recognized bond rating agency.

Subject to this section, to purchase or enter into advance commitments to purchase loans or any loan interests secured by mortgages, deeds of trust or other security instruments relating to projects that are owner-occupied single family dwelling units from or with any bank, savings and loan institution, credit union or other mortgage lender, whether organized or existing under the laws of this state, another state or the United States, that is qualified to do business in this state, on terms and conditions as may be determined by the corporation. The purpose of the purchases shall be to finance directly or indirectly the acquisition, construction, improvement or equipping of projects that are owner-occupied single family dwelling units to be occupied by persons of low and moderate income. If the bonds issued to make purchases are not guaranteed or insured by an agency, department or instrumentality of the United States or secured by a letter of credit, insurance policy, surety bond or other credit facility from a financial institution or a combination of such instruments, the purchased loans shall be guaranteed or insured by the United States or any agency, department, or instrumentality thereof, or by any private mortgage insurance or surety company that is approved by the federal home loan mortgage corporation or the federal national mortgage association or secured by a letter of credit, insurance policy, surety bond or other credit facility from a financial institution or a combination of such instruments. In the case of private mortgage insurance, the insurance shall be in a dollar amount sufficient to satisfy the mortgage insurance requirements for loans eligible to be purchased by the federal home loan mortgage corporation or the federal national mortgage association or any other agency or department of the United States. Any bonds issued to purchase loans shall be ratable as "A" or better by a nationally recognized bond rating agency. If the purchased loans have not been originated on behalf of the corporation to directly finance projects, the corporation shall require that the institution receiving proceeds from the sale of the loans use the proceeds to make loans to finance or refinance the acquisition, construction, improvement or equipping of projects that are owner-occupied single family dwelling units to be occupied by persons of low and moderate income, as determined by the corporation.

To elect not to issue an amount of qualified mortgage revenue bonds which it may otherwise issue during any calendar year and to issue instead mortgage credit certificates pursuant to a qualified mortgage credit certificate program as defined in *section 35-901*.

To make loans to any person or entity owning residential property or to make loans to any bank, savings and loan association, credit union or other mortgage lender, or to purchase or enter into advance commitments to purchase funding for the repair or improvement of property related to residential or neighborhood improvement projects. An authority may issue its bonds or incur other obligations to fund loans or purchases. An authority shall establish the provisions relating to bonds or other obligations, including the security for the loans, and shall establish the guidelines for the approval, funding, purchasing and security of the loans.

To enter into contracts and execute any agreements or instrument and do any other act necessary or appropriate to carry out its purposes.

To exercise the powers granted by this chapter, including through the issuance of bonds, to provide financing or refinancing for projects other than a project as defined in *section 35-701*, paragraph 7, subdivision (a), item (ii), located in whole or in part outside this state, provided that the board of directors of the corporation has determined that the exercise of such powers will provide a benefit within this state.

The corporation shall not have the power to operate any project as a business other than as lessor or seller nor shall any corporation make any loans pursuant to subsection A, paragraph 9 of this section for projects that are owner-occupied single family dwelling units except by utilizing as its contract agent a mortgage lender, whether organized or existing under the laws of this state, another state or the United States, that is qualified to do business in this state. Any project established pursuant to subsection A, paragraph 14 of this section is not required to use a mortgage lender as its contract agent. The corporation shall not permit any funds derived from the sale of its bonds to be used, loaned or provided for the acquisition of any facilities of a public utility or public service corporation, except as provided in *section 35-701*. The corporation shall comply with title 38, chapter 3, article 3.1.

A person's or family's eligibility for an owner-occupied single family dwelling unit financed pursuant to subsection A, paragraph 11, 12 or 13 of this section shall be determined by considering the person's or family's income. Owner-occupied

## A.R.S. § 35-706

single family dwelling units shall only be financed as provided in subsection A, paragraphs 11, 12 and 13 of this section unless the owner-occupied single family dwelling units are located in an area designated pursuant to section 36-1479 as a slum or blighted area as defined in section 36-1471 by a municipality having a population of more than two hundred fifty thousand persons according to the most recent United States decennial census or a special census conducted in accordance with section 42-5033.

In the exercise of its powers authorized in this section with respect to projects that are owner-occupied single family dwelling units to be occupied by persons of low and moderate income and financed pursuant to subsection A, paragraphs 11 and 12 of this section, the corporation shall establish, subject to approval by the governing body of the authorizing county or municipality, standards and requirements applicable to the purchase of loans or the making of loans to mortgage lenders, including:

The eligibility of mortgage lenders, including the requirement that all mortgage lenders be approved as mortgagees by the federal housing administration and the United States department of veterans affairs and be approved as sellers and servicers of mortgage loans by the federal national mortgage association or federal home loan mortgage corporation.

The time within which mortgage lenders must make commitments and disbursements for mortgage loans.

The character of residences to be financed by mortgage loans.

The eligibility of persons of low and moderate income, including the requirement that no person of low and moderate income may receive, more than once in a three year period, a mortgage loan financed directly or indirectly from the proceeds of bonds issued by the corporation.

The terms and conditions of mortgage loans to be acquired.

The amounts and types of insurance coverage required on residences, mortgages and bonds.

The representations and warranties of mortgage lenders confirming compliance with the standards and requirements.

Restrictions as to interest rate and other terms of mortgage loans and the return realized on mortgage loans by mortgage lenders.

The type and amount of collateral security to be provided to assure repayment of any loans from the corporation and to assure repayment of bonds.

Assignment of the mortgage loans to a trustee acting on behalf of the corporation which shall be either a bank or trust company doing business in this state, having an officially reported combined capital surplus, undivided profits and reserves of not less than fifteen million dollars. Trustees must be approved to sell mortgages to and service mortgages for the federal national mortgage association and the federal home loan mortgage corporation.

Any other matters related to the purchase of mortgage loans or the making of loans to mortgage lenders deemed relevant by the corporation. In establishing standards and requirements, the corporation shall be guided by the following standards:

The amount of mortgage monies proposed to be made available in the area is to be reasonably related to the demand for mortgage monies.

For projects of owner-occupied single family dwelling units to be occupied by persons of low and moderate income and financed pursuant to subsection A, paragraphs 11 and 12 of this section, at least ten percent of all mortgage monies proposed to be made available by the corporations other than mortgage monies reserved for any period to finance mortgage loans on residences located within an area designated as a slum or blighted area as defined in section 36-1471 shall be reserved for at least a three month period for the financing of mortgage loans on manufactured housing unless the Arizona commerce authority determines that any bonds issued to make loans will not be ratable as "A" or better by a nationally recognized bond rating agency, in which case no such reservation is required. If all the mortgage monies reserved for manufactured housing are not committed or used to make mortgage loans during this three month period, the mortgage lender may allocate the remaining monies to finance mortgage loans on any single family dwelling unit.

Any departure from the level of commitment fees, origination fees or servicing fees normally charged by a mortgage lender is to be justified in the context of the transaction.

## A.R.S. § 35-706

The costs, fees and expenditures associated with the issuance of bonds are to be reasonably related to the services provided.

Only corporations, the formations of which have been approved by the governing body of a county having a population of more than seven percent of the total state population computed according to the most recent United States decennial census or by the governing body of a municipality having a population of more than seven percent of the total state population computed according to the most recent United States decennial census, shall have the powers granted in subsection A, paragraphs 11, 12 and 13 of this section. Except as provided in section 35-913, subsections E and F, a corporation shall not exercise the powers granted in subsection A, paragraphs 11, 12 and 13 of this section outside of its jurisdiction. For the purposes of a refunding of any mortgage revenue bond issued before January 1, 2000, the proceeds from the refunding may be used outside the jurisdiction of the corporation issuing the refunding bonds except the corporation issuing the refunding bonds shall obtain the consent from another corporation with powers granted in subsection A, paragraphs 11, 12 and 13 of this section if the proceeds of the refunding are to be used within the jurisdiction of that corporation. For the purposes of exercising the powers granted in subsection A, paragraphs 11, 12 and 13 of this section, the jurisdiction of a corporation formed on behalf of a county includes all incorporated and unincorporated territory in the county.

A corporation may not permit proceeds of bonds or a qualified mortgage credit certificate program to be used to finance projects that are owner-occupied single family dwelling units within the corporate limits of an incorporated city or town unless the governing body of the city or town has approved the general location and character of the residences to be financed. The corporation, prior to the issuance of bonds or mortgage credit certificates for that purpose, shall give written notice to the governing body of each city or town in which it intends to permit proceeds of an issue of bonds or mortgage credit certificates to be used to finance projects that are owner-occupied single family dwelling units and of the general location and character of the residences that may be financed. The governing body of the city or town shall be deemed to have given its approval unless it has denied approval by formal action of the governing body within twenty-one days after receiving the written notice from the corporation. Approvals given or deemed to have been given with respect to use of proceeds of an issue of bonds or mortgage credit certificates under this subsection may not be withdrawn. Denials may be withdrawn by the governing body of a city or town and approval may be given thereafter if the corporation issuing the bonds or mortgage credit certificates approves the withdrawal of the denial.

Two or more corporations with the powers granted by subsection E of this section may provide:

That a corporation, the formation of which was approved by the governing body of a county or city, may exercise the powers granted in subsection A, paragraphs 11, 12 and 13 of this section, with respect to owner-occupied single family dwelling units located in all counties and cities that are parties to a cooperative agreement.

For the joint exercise by two or more corporations, each formed with the approval of a governing body executing the cooperative agreement, of the powers granted in subsection A, paragraphs 11, 12 and 13 of this section, with respect to owner-occupied single family dwelling units located in all counties and cities that are parties to the cooperative agreement. The agreement shall specify the calendar year or years for which it is effective, the means by which the agreement may be terminated prior to the expiration of the calendar year or years and the aggregate principal amount of bonds that may be issued by the designated corporation or corporations to exercise the powers pursuant to the agreement. The corporation or corporations designated in the agreement to exercise the powers in the counties and cities that are parties to the agreement are the only corporation or corporations authorized and having jurisdiction to exercise the powers and to issue bonds to carry out the powers in the counties and cities while the agreement is in effect. The combined jurisdictions of all the counties and cities that are parties to the cooperative agreement are the jurisdictions of the corporation or corporations designated to exercise the powers granted in subsection A, paragraphs 11, 12 and 13 of this section within the meaning of the mortgage subsidy bond tax act of 1980 (P.L. 96-499; 26 United States Code section 103A).

It shall not be a conflict of interest under title 38, chapter 3, article 8, and this chapter, for any trustee or any mortgage lender to enter into loan agreements with, or to sell mortgage loans to, the corporation as contemplated in subsection A, paragraphs 11, 12 and 13 of this section, act for or under contract with the corporation as a mortgage originator, servicer, paying agent or depository, act as holder or dealer of bonds of the corporation or have as a director, officer or employee any member of the board of directors of the corporation or any combination.

## A.R.S. § 35-706

The department of economic security shall once in each calendar year on or before March 1 determine the median family income of this state for the purposes of this chapter.

All areas in this state that are either designated pursuant to *section 36-1479* as slum or blighted areas as defined in *section 36-1471* or designated as pockets of poverty by the United States department of housing and urban development are designated as areas of chronic economic distress within the meaning of the mortgage subsidy bond tax act of 1980 (*P.L. 96-499; 26 United States Code section 103A*).

Any corporation that is described in subsection E of this section and that desires to exercise the powers granted in subsection A, paragraphs 11, 12 and 13 of this section, with respect to owner-occupied single family dwelling units located in two or more counties, may do so if the corporation, before issuing bonds or mortgage credit certificates for that purpose, gives written notice to the governing bodies of the other counties and their respective corporations, if any, of its intent to permit the proceeds of an issue of bonds or mortgage credit certificates to finance projects within its jurisdiction that are owner-occupied single family dwelling units. The governing body of a county and its respective corporation, if any, that have been given notice are deemed to have approved the use of the proceeds or mortgage credit certificates for owner-occupied single family dwelling units within their jurisdiction and approved the use of any state ceiling, as defined in *section 35-901*, unless approval is denied by formal action of the governing body or the board of directors of the corporation, if any, within twenty-one days after receiving written notice from the corporation. Absent a denial of approval as stated in this subsection, a cooperative agreement providing for the exercise of the powers granted in subsection A, paragraphs 11, 12 and 13 of this section is deemed to exist among the applicable counties or corporations. Approvals given or deemed to have been given with respect to the matters stated in this subsection may not be withdrawn. Denials by the governing body of a county apply only to the unincorporated areas of the county. Denials may be withdrawn by the governing body of a county and approval may be given thereafter if the corporation issuing the bonds or mortgage credit certificates approves the withdrawal of the denial. Mortgage credit certificates and bond proceeds issued pursuant to this subsection shall be available on an equitable basis within each of the participating counties.

The corporation within thirty days shall upon actual notice notify the governing body of:

Any lawsuit filed against the corporation related to the issuance of bonds.

Any formal investigation of the corporation initiated by the United States securities and exchange commission.

## History

---

Last legislative year: 2013.

Recent legislative history: Laws 1999, Ch. 334, § 1; Laws 2003, Ch. 246, § 4; Laws 2006, Ch. 156, § 4; Laws 2012, 2nd Reg. Sess., Ch. 170, § 12; Laws 2013, 1st Reg. Sess., Ch. 130, § 1; *Laws 2015, Reg. Sess., Ch. 114, § 3*.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

*A.R.S. § 35-707*

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 1. Incorporation*

**35-707. Assumption of mortgage loans**

---

Notwithstanding the provisions of any other law, a corporation may prohibit the assumption of any single family mortgage loan purchased by it in accordance with the provisions of *section 35-706* and require prepayment of the loan if the person proposing to assume the loan or the single family dwelling unit to which the loan relates fails to meet such eligibility criteria relating to mortgagors or single family dwelling units, respectively, as may be established by the corporation as the purchaser of such loan.

**History**

---

Last legislative year: 1988.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document



## A.R.S. § 35-708

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 1. Incorporation

### **35-708. Financing certain owner-occupied single family dwellings; exception**

---

For purposes of section 35-701, paragraph 6, in areas other than a slum or blighted area, the authority undertaking the bond issue shall set aside for sixty days thirty percent of the mortgages for owner-occupied single family dwelling units for persons and families whose income is below the median family income of this state.

This section does not apply to projects described in section 35-701, paragraph 7, subdivision (a), item (iii) or programs established pursuant to section 35-706, subsection A, paragraph 14.

### **History**

---

Last legislative year: 2003.

Recent legislative history: Laws 2003, Ch. 246, § 5; Laws 2015, Reg. Sess., Ch. 114, § 4.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

*A.R.S. § 35-721*

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 2. Bonds*

**Notice**

---

🚩 This section has more than one version with varying effective dates.  
*Second of two versions of this section.*

**35-721. Bonds of the corporation [Effective August 6, 2016]**

---

All principal and interest of bonds issued by the corporation shall be payable solely out of the revenues, proceeds and receipts derived from the corporation's sale of property, loan repayments or lease rentals, or out of the proceeds of bonds issued hereunder, or of any revenues, proceeds and receipts thereof as shall be specified in the proceedings of the board of directors under which the bonds shall be authorized to be issued.

The proceedings under which such bonds are to be issued shall require the approval of the governing body of each issuance of bonds.

The bonds prescribed by subsection A of this section may:

Be executed and delivered by the corporation at any time and from time to time.

Be in such form and denominations and of such tenor and maturities.

Be in registered or bearer form either as to principal or interest or both.

Be payable in such installments and at such time or times not exceeding forty years from the date thereof.

Be payable at such place or places within or without this state.

Bear interest at such rate or rates, payable at such time or times and at such place or places and evidenced in such manner.

Be executed by such officers of the corporation and in such manner, and may contain such provisions not inconsistent herewith, all as shall be provided in the proceedings of the board of directors whereunder the bonds are authorized to be issued.

If deemed advisable by the board of directors, there may be retained in the proceedings under which any bonds of the corporation are authorized to be issued an option to redeem all or any part thereof as may be specified in such proceedings, at such price or prices and after such notice or notices and on such terms and conditions as may be set forth in such proceedings and as may be briefly recited on the face of the bonds, but nothing in this article shall be construed to confer on the corporation any right or option to redeem any bonds except as may be provided in the proceedings under which they shall be issued.

Any bonds of the corporation may be sold at public or private sale in such manner and from time to time as may be determined by the board of directors of the corporation to be most advantageous, and the corporation may pay all expenses, premiums and commissions which its board of directors may deem necessary or advantageous in connection with the issuance thereof. Issuance by the corporation of one or more series of bonds for one or more purposes shall not preclude it from issuing other bonds in connection with the same project or any other project, but the proceedings whereunder any subsequent bonds may be issued shall recognize and protect any prior pledge or mortgage made for any prior issue of bonds. Any bonds of the corporation at any time outstanding may at any time and from time to time be refunded by the corporation by the issuance of its refunding bonds in such amount as the board of directors may deem

## A.R.S. § 35-721

necessary but not exceeding an amount sufficient to refund the principal of the bonds so to be refunded, together with any unpaid interest thereon and any premiums and commissions necessary to be paid in connection therewith. Any such refunding may be effected whether the bonds to be refunded shall have then matured or shall thereafter mature, either by sale of the refunding bonds and the application of the proceeds thereof for the payment of the bonds to be refunded thereby, or by the exchange of the refunding bonds for the bonds to be refunded thereby with the consent of the holders of the bonds so to be refunded, and regardless of whether or not the bonds to be refunded were issued in connection with the same projects or separate projects, and regardless of whether or not the bonds proposed to be refunded shall be payable at the same date or different dates or shall be due serially or otherwise. All such bonds and the interest coupons applicable thereto are hereby made and shall be construed to be negotiable instruments.

Unless the corporation was approved by the Arizona finance authority, the corporation shall notify the attorney general of its intention to issue bonds. Such notification shall adequately describe the project. The attorney general shall inform the corporation within ten days if in the attorney general's opinion the project sought to be financed does not come within the purview of this chapter. If after ten days the attorney general has not issued an opinion that the project does not so conform, the corporation may issue such bonds. If the attorney general's negative opinion is issued within ten days, such bonds shall not be issued. Action shall not be brought questioning the legality of any contract, lease, mortgage, proceedings or the issuance of bonds hereunder from and after ninety calendar days after the date the bonds are authorized to be issued by the governing body.

## History

---

Last legislative year: 2006.

Recent legislative history: Laws 2006, Ch. 156, § 5; Laws 2016, 2nd Reg. Sess., Ch. 372, § 12.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document


## A.R.S. § 35-722

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 2. Bonds*

### Notice

---

 This section has more than one version with varying effective dates.  
*Second of two versions of this section.*

### **35-722. Approval by elected official if required by federal law [Effective August 6, 2016]**

---

The governor or the attorney general, or the state treasurer if designated by the governor, may approve the issuance of any bonds issued by a corporation formed with the permission of the Arizona finance authority or the Arizona board of regents for purposes of complying with federal laws requiring approval by an applicable elected representative.

### History

---

Last legislative year: 1986.

*Laws 2016, 2nd Reg. Sess., Ch. 372, § 13.*

LexisNexis® Arizona Annotated Revised Statutes  
Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

*A.R.S. § 35-723*

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes* > *Title 35 Public Finances* > *Chapter 5 Industrial Development Financing* > *Article 2. Bonds*

**35-723. Prohibition on state debt**

---

This chapter shall not be construed to authorize the incurrence of a debt by this state within the meaning of any constitutional provision or to permit the pledging of student fees, charges or tuition to the payment of any bonds issued pursuant to this chapter.

**History**

---

Last legislative year: 1986.

LexisNexis® Arizona Annotated Revised Statutes  
Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

## A.R.S. § 35-724

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 2. Bonds

### **35-724. Security for bonds**

---

The principal of and interest on any bonds issued by the corporation shall be secured by a pledge of the revenues, proceeds and receipts or any portion thereof out of which the principal and interest are made payable, and may be secured by a mortgage covering all or any part of the projects and properties from which the revenues, proceeds or receipts so pledged may be derived, including any enlargements of and additions to any such projects and properties thereafter made. The resolution under which the bonds are authorized to be issued and any such mortgage may contain any agreements and provisions respecting the maintenance of the projects and properties covered thereby, the fixing and collection of rents for any portions thereof leased by the corporation to others, the fixing and collection of proceeds from the sale of any projects and properties by the corporation to others, the creation and maintenance of special funds from such revenues and the rights and remedies available in the event of default, all as the board of directors shall deem advisable and not in conflict with the provisions of this article. Each pledge, lease, agreement and mortgage made by the corporation for the benefit or security of any of the bonds of the corporation shall continue effective until the principal of and interest on the bonds for the benefit of which the same were made have been fully paid. In the event of default in such payment or in any agreements of the corporation made as a part of the contract under which the bonds were issued, whether contained in the proceedings authorizing the bonds or in any mortgage executed as security therefor, may be enforced by mandamus, the appointment of a receiver, or by foreclosure of any such mortgage, or any one or more of such remedies.

### **History**

---

Last legislative year: 1986.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

*A.R.S. § 35-725*

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes* > *Title 35 Public Finances* > *Chapter 5 Industrial Development Financing* > *Article 2. Bonds*

**35-725. Bonds made legal investments**

---

Bonds issued under the provisions of this chapter shall be legal investments for all banks, trust companies and insurance companies organized and operating under the laws of this state.

**History**

---

Last legislative year: 1986.

LexisNexis® Arizona Annotated Revised Statutes  
Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

A.R.S. § 35-726

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 2. Bonds*

**Notice**

---

▮ This section has more than one version with varying effective dates.  
*Second of two versions of this section.*

**35-726. Approval of general plan before issuing bonds; fee; definition [Effective August 6, 2016]**

---

Bonds shall not be issued by a corporation for the purpose of financing single family dwelling units pursuant to section 35-706, subsection A, paragraph 11 or 12 without approval of a general plan by its governing body. The corporation shall submit a general plan for each respective series of bonds to its governing body. The general plan shall briefly describe:

The amount of the proposed bonds.

The maximum term of the bonds.

The maximum interest rate on the bonds.

The need for the bond issue.

The terms and conditions for originating or purchasing mortgage loans or making loans to lenders.

The area in which the single family dwelling units to be financed may be located.

The proposed fees, charges and expenditures to be paid for originators, servicers, trustees, custodians, mortgage administrators and others.

All insurance requirements with respect to mortgage loans, mortgaged property, mortgagors, originators, servicers and trustees.

The anticipated date of issuance of the bonds.

The governing body shall review general plans submitted by corporations pursuant to subsection A of this section. In reviewing the plans the governing body shall consider:

Whether the amount of the mortgage monies proposed to be made available is reasonably related to the demand for the mortgage monies.

Whether the terms of the general plan are justifiable in the context of the transaction and in the context of similar transactions.

Whether the fees, costs and expenditures as set forth in the general plan are reasonably related to the services provided.

For projects of owner-occupied single family dwelling units to be occupied by persons of low and moderate income and financed pursuant to section 35-706, subsection A, paragraphs 11 and 12, whether the proposed mortgage monies to be made available will fulfill a public purpose by providing housing for persons of low and moderate income or by encouraging single family developments in all participating jurisdictions, including such jurisdictions' slum or blighted areas as defined in section 36-1471.



## A.R.S. § 35-726

The governing body shall approve or disapprove the general plan not later than thirty days after receipt of the plan. If the governing body does not act on the general plan within thirty days after the date of receipt, the general plan shall be deemed approved. If a general plan is approved, the corporation may issue the series of bonds covered by the general plan with a total principal amount, maximum term and maximum interest rate no greater than that which is set forth in the general plan. The origination and servicing fees pertaining to mortgage loans to be financed in accordance with the general plan shall not exceed those proposed in the general plan. The corporation may vary other items in the general plan on a finding that the variation is minor and that the variations will not impair the security for the bonds or substantially increase the cost of financing the single family dwelling units and the findings of the corporation shall be conclusive.

The governing body may charge any corporation submitting a general plan for review a fee of not to exceed ten thousand dollars together with reimbursement of its actual costs and expenses incurred in reviewing the general plan.

Except for a corporation approved by the Arizona finance authority or a governing body of a county or a municipality having a population of more than seven percent of the total state population, a corporation shall not issue bonds, other than refunding bonds the proceeds of which are used exclusively to refund a prior bond issue, to finance a multifamily residential rental project, sanitarium, clinic, medical hotel, rest home, nursing home, skilled nursing facility or life care facility as prescribed in section 20-1801, unless the department approves the project. The department, with or without a hearing, shall review the project and consider at least the following factors:

The demand for and feasibility of the project in the area set forth in the application to the corporation.

The terms and conditions of the proposed bonds.

The proposed use of bond proceeds.

The benefit to the public if the project provides rental housing for persons of low and moderate income or encourages rental housing in slum or blighted areas as defined in section 36-1471.

If the project consists of a nursing home, or a life care facility as prescribed in section 20-1801, the benefit to the public of the project, including the proposed rent, fees and other charges of the project in relation to the level of services to be offered.

Subsection E of this section does not apply to bonds issued to finance:

A sanitarium, clinic, medical hotel, rest home, nursing home, skilled nursing facility, or life care facility as prescribed in section 20-1801, if the facility is to be owned and operated by this state or a political subdivision or agency of this state.

A nursing home, rest home, skilled nursing facility, life care facility or senior residential facility providing on-site medical and support services if the facility is owned and operated by a nonprofit organization that is exempt from taxation under section 501(c)(3) of the United States internal revenue code.

Except for a corporation that is exempt under subsection E of this section, the department with or without a hearing shall approve or disapprove the project not later than thirty days after receipt of the request for approval. If the project is approved the corporation may issue the bonds described in the approval request with the total principal amount, maximum term and maximum interest rate no greater than as set forth in the request. The department shall charge each applicant submitting a project approval request pursuant to this subsection a fee of not to exceed five thousand dollars together with reimbursement of its actual costs and expenses incurred in reviewing the project. The department shall remit the fees to the state treasurer for deposit in the Arizona department of housing program fund established by section 41-3957.

For the purposes of this section, "department" means the Arizona department of housing.

## History

---

Last legislative year: 2014.

Recent legislative history: Laws 2001, Ch. 22, § 1; Laws 2003, Ch. 246, § 6; Laws 2013, 1st Reg. Sess., Ch. 130, § 2; Laws 2014, 2nd Reg. Sess., Ch. 140, § 1; *Laws 2016, 2nd Reg. Sess., Ch. 372, § 14.*

A.R.S. § 35-726

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

*A.R.S. § 35-728*

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 2. Bonds*

**35-728. Additional powers; allocating low-income housing tax credits; report; definition**

---

In addition to the other powers granted to the department, the department may:

Adopt rules for the conduct of its business and its review of the activities described in this article.

Contract with, retain or designate financial consultants, attorneys and such other consultants and independent contractors as it determines necessary or appropriate to carry out the purposes of this article.

Undertake and carry out or authorize the completion of studies and analyses of housing conditions and needs within this state relevant to the purposes of this section to the extent not otherwise undertaken by other departments or agencies of this state satisfactory for such purpose.

The department is designated the housing credit agency for this state for purposes of section 42 of the United States internal revenue code and is responsible for allocating the federal low-income housing tax credits available to this state. After reviewing applications the department may assess the applicant a reasonable fee in connection with processing the applications and monitoring compliance with the program. Beginning on October 1, 2002, the department shall remit the fees to the state treasurer for deposit in the Arizona department of housing program fund established by *section 41-3957*.

For the activities authorized in this section, the department shall notify a city, town, county or tribal government that a multifamily rental project is planned for its jurisdiction and, before proceeding, shall request and obtain written consent from the governing body of the city, town, county or tribal government or an official authorized by the governing body of the city, town, county or tribal government. The department shall not interfere with or attempt to override the local jurisdiction's planning, zoning or land use regulations. This subsection shall not be interpreted to interfere in any way with the requirements of state or federal fair housing laws.

The department shall provide to the governor, the president of the senate, the speaker of the house of representatives and the auditor general not later than September 30 of each year a report of the activities of the department during the preceding fiscal year. The report shall include information on the following matters:

An assessment of the number and geographic location of housing units or developments financed or otherwise assisted by the department or by the corporations reporting to the department.

An assessment of the assistance in obtaining housing provided by the department or by the corporations reporting to the department to persons of low or moderate income and to other persons.

An assessment of the approximate amount of money used in the housing industry as a result of the department's activities.

For the purposes of this section, "department" means the Arizona department of housing.

**History**

---

Last legislative year: 2006.

Recent legislative history: Laws 2001, Ch. 22, § 2; Laws 2006, Ch. 156, § 6.

A.R.S. § 35-728

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

A.R.S. § 35-729

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 2. Bonds

**35-729. Exemption from procurement code**

---

For purposes of this article and chapter 7 of this title, the following are exempt from title 41, chapter 23 or other restrictions on the procedure for entering into contracts:

The Arizona commerce authority.

The Arizona department of housing.

**History**

---

Last legislative year: 2012.

Recent legislative history: Laws 2001, Ch. 22, § 3; Laws 2006, Ch. 156, § 7; Laws 2012, 2nd Reg. Sess., Ch. 170, § 13.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

*A.R.S. § 35-741*

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 3. Tax Exemption and Liability*

**35-741. Exemption from taxation**

---

The corporation and its income and all bonds issued by it and the income therefrom shall be exempt from all taxation in this state, except that property of the corporation shall be subject to all applicable ad valorem taxes. If such property is leased, such ad valorem taxes shall be charged to the lessee as fully as if the lessee were the owner of such leased property except that no ad valorem tax shall be imposed upon any property of the corporation which is leased to a person qualified for exemption from such taxes by article 9, section 2, Constitution of Arizona and no charge for such a tax shall be made to any such lessee.

**History**

---

Last legislative year: 1986.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

A.R.S. § 35-742

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 3. Tax Exemption and Liability

**35-742. Municipality or county not liable**

---

The municipality or the county shall not in any event be liable for the payment of the principal of or interest on any bonds of the corporation, formed thereby or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the corporation, and none of the bonds of the corporation or any of its agreements or obligations shall be construed to constitute an indebtedness of the municipality or county within the meaning of any constitutional or statutory provision whatsoever.

**History**

---

Last legislative year: 1986.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

*A.R.S. § 35-743*

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 3. Tax Exemption and Liability*

**35-743. Liability insurance**

---

Notwithstanding any other provision of law, the municipality or county in which an industrial development authority corporation has been organized may expend public monies to procure liability insurance covering the corporation and its board directors, members, officers, agents and employees, or may include the corporation and its board directors, members, officers, agents and employees in a self-insurance program in the same manner and to the same extent that the municipality or county is authorized by law to do so for its officers, agents and employees.

**History**

---

Last legislative year: 1991.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document



## A.R.S. § 35-751

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 4. Corporations*

### Notice

---

🚩 This section has more than one version with varying effective dates.  
*Second of two versions of this section.*

### **35-751. Earnings of the corporation and exemption from restrictions [Effective August 6, 2016]**

---

The corporation shall be a nonprofit corporation, and no part of its net earnings remaining after payment of its expenses shall inure to the benefit of any individual, firm or corporation.

A project shall be exempt from any requirement of competitive bidding or other restrictions imposed on the procedure for the financing of public improvements or the award of contracts for the construction of public improvements and shall also be exempt from any restrictions imposed on municipalities, counties or political subdivisions relating to the leasing, sale or other disposition of property or funds.

At the end of each fiscal year, the Arizona industrial development authority shall:

Transfer all unencumbered monies in excess of the authority's operating costs generated after the effective date of this amendment to this section from single family mortgage programs that were in existence before the effective date of this amendment to this section to the housing trust fund established by section 41-3955.

After the transfer is made pursuant to paragraph 1 of this subsection, transfer all unencumbered monies in excess of the authority's operating costs to the economic development fund established by section 41-5302.

### History

---

Last legislative year: 1986.

*Laws 2016, 2nd Reg. Sess., Ch. 372, § 15.*

LexisNexis® Arizona Annotated Revised Statutes  
Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

**A.R.S. § 35-752**

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

**LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 4. Corporations**

**35-752. Dissolution of corporation and vesting of title in municipality or county**

Whenever the board of directors of the corporation, by resolution, determines that the purposes for which the corporation was formed have been substantially complied with and that all bonds and mortgage credit certificates theretofore issued and all obligations theretofore incurred by the corporation have been fully paid or discharged, the members of the board of directors of the corporation shall thereupon dissolve the corporation in accordance with the provisions of title 10 and all funds held by the corporation and title to its property shall vest in the municipality or county with respect to which it was organized.

**History**

Last legislative year: 1992.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

**A.R.S. § 35-753**

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

**LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 4. Corporations**

**35-753. Recordation of documents**

---

The articles of incorporation of the corporation and the certificate of dissolution of the corporation shall be filed for record with the corporation commission.

**History**

---

Last legislative year: 1986.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

*A.R.S. § 35-754*

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 4. Corporations*

**35-754. Chapter cumulative; no notice required**

---

Neither this chapter nor anything herein contained shall be construed as a restriction or limitation upon any powers which the corporation otherwise might have under any laws of this state, but shall be construed as cumulative of any such powers. Except as provided in title 44, chapter 12, article 4, no proceedings, notice or approval shall be required for the organization of the corporation or the issuance of any bonds or any instrument as security therefor, except as is provided in this chapter, any other law to the contrary notwithstanding, provided that nothing in this chapter shall be construed to deprive the state and its governmental subdivisions of their respective police powers over any properties of the corporation, or to impair any power thereover of any official or agency of the state and its governmental subdivisions which may be otherwise provided by law.

**History**

---

Last legislative year: 1986.

LexisNexis® Arizona Annotated Revised Statutes  
Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

## A.R.S. § 35-761

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 5. Cooperation with Governmental Bodies*

### **Notice**

---

🚩 This section has more than one version with varying effective dates.  
*Second of two versions of this section.*

### **35-761. Cooperation with public bodies [Effective August 6, 2016]**

---

For the purposes of carrying out the intent and provisions of this chapter, the authorizing governing body may enter into cooperative agreements with any other governing bodies or with a state or any department or agency thereof, or with the United States or with any agency, department, or instrumentality thereof.

### **History**

---

Last legislative year: 1986.

*Laws 2016, 2nd Reg. Sess., Ch. 372, § 16.*

LexisNexis® Arizona Annotated Revised Statutes  
Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

## A.R.S. § 35-762

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 5. Cooperation with Governmental Bodies*

### Notice

---

🚩 This section has more than one version with varying effective dates.  
*Second of two versions of this section.*

### **35-762. Reviewing entities; approval of developments; coordination; definitions** **[Effective August 6, 2016]**

---

Any reviewing entity exercising its statutory duties in connection with a project may agree with any other reviewing entity to share information, coordinate review schedules or jointly conduct reviews.

A reviewing entity, in its discretion, may cooperate in the review of a project financing by adopting in whole or in part substantially similar review work performed on the project financing by another reviewing entity that is also charged with review of the project financing if the review work completed by the other entity meets the standards of the reviewing entity.

A reviewing entity that adopts in whole or in part review work performed on the project financing by another reviewing entity is deemed for all purposes to have complied with its review responsibilities as if the review work had been performed by the reviewing entity itself.

For the purposes of this section:

“Project” means a nursing home, rest home, skilled nursing facility, senior residential facility providing on-site medical and support services or life care facility owned and operated by a nonprofit organization that is exempt from taxation under section 501(c)(3) of the United States internal revenue code that is seeking debt financing pursuant to this chapter or a permit pursuant to title 20, chapter 8.

“Reviewing entity” means an industrial development authority formed pursuant to this chapter, a governing body approving the formation of an industrial development authority or the department of insurance.

### History

---

Last legislative year: 2014.

Recent legislative history: Laws 2014, 2nd Reg. Sess., Ch. 140, § 2; Laws 2016, 2nd Reg. Sess., Ch. 372, § 17.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

## A.R.S. § 35-771

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 6. STUDENT LOAN BOND PROGRAMS

### **35-771. Definitions**

---

In this article, unless the context otherwise requires:

“Educational institution” means a university under the jurisdiction of the Arizona board of regents, a community college in this state, an accredited private postsecondary institution eligible under title IV of the higher education act of 1965 licensed by this state and any other accredited institution eligible under title IV of the higher education act of 1965 offering postsecondary education or courses, whether located within or outside of the boundaries of this state, that awards any eligible degree.

“Eligible degree” means any postsecondary degree or program.

“Eligible lender” means an entity affiliated or contracting with a corporation or a qualified educational institution that may make student loans to eligible students or to the parents of eligible students or a nonprofit entity that is exempt from taxation under section 501(c)(3) of the internal revenue code and that makes student loans.

“Eligible student” means any student attending any qualified educational institution and any resident of this state attending any educational institution.

“Parent” means a student’s mother, father, adoptive parent, grandparent or guardian or any person with the duty and authority to make important decisions in matters having a permanent effect on the life and development of a student and to be concerned about the student’s general welfare.

“Qualified educational institution” means an educational institution, as defined in paragraph 1 of this section, with a campus and facilities located in this state that offers one or more eligible degrees.

“State program representative” means the state treasurer or the state treasurer’s designee.

“Student loan” means a loan to or for the benefit of an eligible student for the purpose of financing all or a part of the eligible student’s cost of attending an educational institution in pursuit of an eligible degree or refinancing any such loan previously made.

### **History**

---

Last legislative year: 2013.

Recent legislative history: Laws 2013, 1st Reg. Sess., Ch. 228, § 1; *Laws 2015, Reg. Sess., Ch. 311, § 1.*

LexisNexis® Arizona Annotated Revised Statutes  
Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

## A.R.S. § 35-772

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

*LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 6. STUDENT LOAN BOND PROGRAMS*

### **35-772. Student loan bonds**

---

In addition to any powers granted under this chapter, a corporation is authorized to issue bonds in order to finance student loans made in a student loan program established pursuant to this article and to issue refunding bonds to refund bonds previously issued under this article as provided in this chapter.

A corporation, in furtherance of a student loan program, shall have the power to:

Determine the nature of student loan programs for eligible students or their parents for which the corporation will issue bonds.

Enter into contracts for any or all student loan program purposes.

Enter into contracts for the origination, administration or servicing of student loans.

Designate a particular qualified educational institution or institutions, or eligible lender or lenders, as its agent for accomplishing its purposes.

Make loans with proceeds of the sale of its bonds to any eligible student, any parent of an eligible student, any educational institution or any eligible lender in accordance with an agreement between the corporation and other parties. The agreements may provide that the proceeds of any loan made to an educational institution or eligible lender shall be used by the educational institution or eligible lender to purchase, originate or make loans only to or for the benefit of eligible students attending designated qualified educational institutions, or to the parents of those students.

Acquire, purchase and make commitments to purchase student loans with proceeds of the sale of its bonds from any educational institution or eligible lender in accordance with an agreement between the corporation and other parties. The agreement may provide that the student loans be made only to or for the benefit of eligible students attending designated educational institutions, or to the parents of those students.

Receive and accept from any public agency or any other source loans, grants, guarantees or insurance with respect to student loans and student loan programs.

Establish guidelines governing the actions of qualified educational institutions and eligible lenders participating in the corporation's student loan program.

Perform any acts incidental to and that it deems necessary to execute the powers listed in this article.

Except as provided in subsection D of this section, a corporation shall not issue bonds to finance student loans pursuant to this article unless the corporation has approved a plan for the student loan program to be financed by the bonds and has submitted the plan for review and approval by the state program representative pursuant to *section 35-773*. A corporation shall follow the plan as submitted and approved except for insubstantial deviations determined by the corporation's board of directors to be necessary for the successful issuance of the bonds and establishment and operation of the program. The plan submitted to the state program representative must establish at least the following:

The criteria for participation in the program by educational institutions, eligible lenders and eligible students.

The general terms of the student loans and the program.

Any other information reasonably requested by the state program representative.

A corporation may issue bonds without approving a plan or submitting a plan for review and approval to the state program representative if the issuance is for either:



## A.R.S. § 35-772

Refunding bonds, the proceeds of which are exclusively used to refund bonds previously issued pursuant to this article.

Additional bonds issued under the same governing documents and secured on the same basis as bonds described in a plan previously approved by the corporation and reviewed and approved by the state program representative if the additional bonds are rated in the "A" category or better, without regard to modifiers within the "A" category, by a nationally recognized bond rating agency.

A corporation shall notify the state program representative in writing at least sixty days before issuing bonds pursuant to subsection D of this section. The written notification must set forth the basis under subsection D of this section for the issuance.

A corporation that has approved a plan for issuing student loan bonds and a student loan program to be financed by the bonds under this article is a student loan corporation for the purposes of chapter 7 of this title.

## History

---

Last legislative year: 2013.

Recent legislative history: *Laws 2013, 1st Reg. Sess., Ch. 228, § 1*; *Laws 2015, Reg. Sess., Ch. 311, § 2*.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

## A.R.S. § 35-773

Current through all 2016 emergency legislation. Unless an effective date is specified in the act, the effective date of 2016 legislation is August 6, 2016.

LexisNexis® Arizona Annotated Revised Statutes > Title 35 Public Finances > Chapter 5 Industrial Development Financing > Article 6. STUDENT LOAN BOND PROGRAMS

### **35-773. State program; representative; plan approval; bond rating**

---

All industrial development authorities are authorized to exercise powers and issue revenue bonds to finance student loans in accordance with this chapter so that the state's student loan program is available for eligible students at educational institutions as a student loan program of general application in this state and approved by this state.

The state program representative shall approve or disapprove a plan submitted under *section 35-772*, with or without a hearing, not later than thirty days after receipt of the plan and shall promptly notify the corporation that submitted the plan of the approval or disapproval. If the state program representative does not notify the corporation that submitted the plan of the approval or disapproval within forty-five days after receiving the plan, the plan is deemed approved. Approval of a plan constitutes a finding by the state program representative that:

The origination or acquisition of student loans by the corporation or its agent or agents, a qualified educational institution or an eligible lender to eligible students or their parents will assist the students in attending an educational institution and financing the student's education.

Adequate provision has been or will be made for the payment of the principal of or interest on any bonds issued by the corporation to finance the loan program and for the reasonable expenses of the administration of the loan program.

The proposed procedures for application of the bond proceeds, the collection of payments, interest charges and any other matters concerning the administration of the loan program are in conformance with the laws of this state.

If the bonds are rated in the "A" category or better, without regard to modifiers within the "A" category, by a nationally recognized bond rating agency, that rating is conclusive proof that adequate provision for payment has been made pursuant to subsection B, paragraph 2 of this section.

### **History**

---

Last legislative year: 2013.

Recent legislative history: Laws 2013, 1st Reg. Sess., Ch. 228, § 1; *Laws 2015, Reg. Sess., Ch. 311, § 3*.

LexisNexis® Arizona Annotated Revised Statutes

Copyright © 2016 Matthew Bender & Company Inc., a member of the LexisNexis Group. All rights reserved.

---

End of Document

# TAB 5



## **Governance Policies**

**Effective Date: September 8, 2016**

## GOVERNANCE POLICIES HANDBOOK

### Index

Effective Date: September 8, 2016

No.	Title	Committee Assignment
-	Preamble	Executive
100	Conflict of Interest Policy	Executive
101	General Ethics Policy	Executive
200	Fair Lending Policy Statement	Finance
201	Financial Policy	Finance
202	Investment Policy	Finance
203	Community Impact Fund Investment Policy	Community Impact Fund
300	Expense Reimbursement Policy	Executive

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	
	Effective Date: <b>May 15, 2015</b>
SUBJECT  <b>PREAMBLE</b>	<b>Page 1 of 1</b>

The Industrial Development Authority of the City of Phoenix, Arizona (the “Phoenix IDA”) was established in 1981 by the City of Phoenix under the Industrial Financing Act, Arizona Revised Statute §35-701 et. seq. The Phoenix IDA is an Arizona non-profit corporation and political subdivision of the State of Arizona possessing the corporate powers set forth in §35-706 of the Arizona Revised Statutes.

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 100</b>
SECTION 100 <b>ETHICS</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>GENERAL ETHICS POLICY</b>	<b>Page 1 of 8</b> Effective Date: <b>May 15, 2015</b>

This document sets forth the general ethics policy (the “Policy”) of the Phoenix IDA. The Policy is intended to clarify our standard of conduct. It makes clear that the Phoenix IDA expects its Board of Directors, Executive Director, and employees to understand the ethical considerations associated with their actions and to conduct business with integrity and without deception.

The City of Phoenix adopted the “City of Phoenix Ethics Policy” codified in the City Code, Ch. 2, Art. II, §2-52. Upon appointment to the Phoenix IDA, each member of the Board of Directors of the Phoenix IDA agreed to comply with the City of Phoenix Ethics Policy. The Phoenix IDA formally adopts the following policies:

## **A. ATTENDANCE**

If a member fails to attend three consecutive regular meetings, or more than 50% of all meetings of the Board of Directors held over a calendar year period, the City Council may declare the seat vacant and appoint a replacement. See City Code, Art. 1 §2-40.

**Comment:** Members of the Board of Directors are expected to attend all regularly scheduled meetings and should make every effort to do so. The City Council appointed each member of the Board for each member’s experience, background and perspective in a particular policy area, and wants the benefit of each member’s consideration and judgment. Moreover, the Board of Directors shall not conduct any business unless a quorum is present. Accordingly, if a member of the Board of Directors must miss a meeting because of business, vacation or illness, please advise the chairperson of the Board of Directors or Committee of the Board of Directors and the Executive Director in advance of the meeting.

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 100</b>
SECTION 100 <b>ETHICS</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>GENERAL ETHICS POLICY</b>	<b>Page 2 of 8</b> Effective Date: <b>May 15, 2015</b>

## B. CONFLICTS OF INTEREST

As a political subdivision of the State of Arizona, the Phoenix IDA is subject to and must comply with Arizona's Conflict of Interest Laws. The Phoenix IDA considers conflicts of interest a very important ethical consideration that requires its own detailed policy. (See Governance Policy No. 101)

## C. CONTRACTS WITH THE CITY

Arizona law prohibits any member of the Board of Directors, the Executive Director or employee of the Phoenix IDA who has, or whose relative has, "a substantial interest in any contract, sale, purchase, or service to" the Phoenix IDA from participating in any way with the transaction. See A.R.S. §38-503 (A).

**Comment:** As with other conflicts of interest, any member of the Board of Directors, the Executive Director or employee of the Phoenix IDA in such a situation must (i) make known the substantial interest involved, and (ii) refrain from voting upon or otherwise participating in the transaction or the making of such contract or sale.

## D. DISCLOSURE OF CONFIDENTIAL INFORMATION

Arizona law provides that, during an individual's employment or service with the Phoenix IDA and for two years thereafter, no such individual may disclose or use confidential information without appropriate authorization. See A.R.S. §38-504(B). "Confidential information" means any and all information which is not generally known but which becomes known as a consequence of the individual's employment or service with the Phoenix IDA, whether relating to the Phoenix IDA or a third party, whether oral or in writing, and whether or not marked "confidential", "proprietary" or "private." "Confidential information" does not include: (i) information that was generally available to the public at the time of disclosure; (ii) information that later becomes publicly known other than through the individual's actions; or (iii) information that was already known to the individual before he/she learned it from or through his/her relationship with the Phoenix IDA. Moreover, if during the individual's employment or service with the Phoenix IDA, such individual learns information that constitutes a trade secret, he/she shall be obligated to maintain the secrecy of the information for so long as the information constitutes a trade secret,



## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 100</b>
SECTION 100 <b>ETHICS</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>GENERAL ETHICS POLICY</b>	<b>Page 3 of 8</b> Effective Date: <b>May 15, 2015</b>

but in no case for less than two years after the employment or service ends, unless the Phoenix IDA authorizes him/her to reveal information.

**Comment:** Members of the Board of Directors, the Executive Director and employees of the Phoenix IDA may have access to important non-public information regarding the property, operations, policies or affairs of the Phoenix IDA and/or of the City of Phoenix. Such information may concern real estate transactions, expansion of public facilities or other City projects. The leaking of this inside information may benefit a few at the expense of a possible monetary loss to the Phoenix IDA or the City and a deterioration of public confidence. If a member of the Board of Directors, the Executive Director or employee of the Phoenix IDA are privy to confidential information, such individual may not disclose that information to any private citizen and should disclose it to other public employees only on a “need to know” basis.

### E. DISCRIMINATION

Chapter XI, Section 2 of the City Charter provides: “No person shall be appointed to, removed from or in any way favored or discriminated against with respect to any city position because of race, color, ancestry, national origin, sex, political or religious opinions or affiliations.” Illegal discrimination on the basis of sexual orientation, age, marital status, pregnancy, disability, citizenship status, veteran status, or military obligation or any other basis prohibited by law is also forbidden. Harassment on the basis of sex is a violation of Title VII of the U.S. Civil Rights Act of 1964, as amended. The United States Equal Employment Opportunity Commission (EEOC) defines sexual harassment as “unwelcome” sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when: 1) submission to such conduct is made wither explicitly or implicitly a term or condition of an individual's employment; 2) submission to or rejection of such conduct is used as the basis for employment decisions affecting an individual; or 3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

**Comment:** All people must be recognized, honored and mutually respected. The United States and Arizona Constitutions, as well as numerous federal, state and local laws, outlaw various forms of discrimination. The Phoenix IDA should

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 100</b>
SECTION 100	Original Effective Date: <b>March 11, 2008</b>
<b>ETHICS</b>	<b>Page 4 of 8</b>
SUBJECT	Effective Date: <b>May 15, 2015</b>
<b>GENERAL ETHICS POLICY</b>	

make available to every person – whether they are applying for a Board position or employment position of the Phoenix IDA – every consideration, treatment, and advantage or favor that is the general practice to make available to all citizens. The equality of opportunity to enter into public service, besides being the object of various federal, state and local laws, is a central factor in achieving efficient public service and good morale. The Phoenix IDA promotes an environment where all members, employees and citizens are respected and valued.

### F. EMPLOYMENT

1. Representing Private Interests Before the Phoenix IDA: For twelve months following the termination of a person’s service as a member of the Board of Directors, or employment with the Phoenix IDA, Arizona law prohibits such individuals from representing another person for compensation before the Phoenix IDA concerning any matter with which that individual, during their time of service to the Phoenix IDA, was directly concerned and personally participated in by a substantial and material exercise of administrative discretion. See A.R.S. §38-504(A).

**Comment:** Members of the Board of Directors, the Executive Director and employees of the Phoenix IDA may appear before the Phoenix IDA on behalf of constituents in the course of performing duties as a representative of the electorate or in the performance of public or civil obligations, as long as they are not representing any private person, group or interest for compensation that is contingent on such activity.

2. Employment of Relatives: Arizona law prohibits members of the Board of Directors, the Executive Director and employees of the Phoenix IDA from being involved in the appointment, hiring or supervision of a relative. See A.R.S. §38-481 and A.R. §2.91.

**Comment:** Because hiring and supervising a relative is a special type of a conflict of interest, it must be avoided.

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 100</b>
SECTION 100 <b>ETHICS</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>GENERAL ETHICS POLICY</b>	<b>Page 5 of 8</b> Effective Date: <b>May 15, 2015</b>

## G. GIFTS, FAVORS AND EXTRA COMPENSATION

Neither any member of the Board of Directors, the Executive Director or any employee of the Phoenix IDA shall accept any gift, service or favor that would lead toward favoritism or the appearance of favoritism in any way.

**Comment:** Board Members or employees of the Phoenix IDA should not accept gifts (monetary or otherwise, such as a service, loan, thing or promise), gratuities, or favors from anyone for the performance of acts within the regular course of official duties. Board Members and employees of the Phoenix IDA should refuse any gifts or favors that reasonably may be interpreted to have been offered in order to influence a Phoenix IDA decision. Compensation for a Phoenix IDA employee performing that employee's duty is limited to salaries, fringe benefits and any personal satisfaction that such person may derive from doing a good job. While a Board Member or employee of the Phoenix IDA is the first to decide whether to accept any gift, such person must recognize that others will decide if there is "the appearance of favoritism" for such person having accepted a gift. Finally, Board Members and employees of the Phoenix IDA should be wary of accepting any gifts or benefits from individuals doing business with the Phoenix IDA or the City or whose financial interests are affected by Phoenix IDA action.

1. Board Members and employees of the Phoenix IDA must consider ethical principles before accepting personal gifts of entertainment and sports/athletic activities.

**Comment:** After the above gift policy is applied, if a Board Member or employee of the Phoenix IDA accepts the entertainment or sports/athletic activity gift and does not pay for it, such Board Member or employee must declare the gift with the President of the Board, within two working days, using a "Declaration Form." Gifts must be declared regardless of whether the gifts are actually used by the Board Member or employee. If the President of the Board accepts the entertainment or sports/athletic gift and does not pay for it, the President must declare the gift with the Vice President of the Board.

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 100</b>
SECTION 100 <b>ETHICS</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>GENERAL ETHICS POLICY</b>	<b>Page 6 of 8</b> Effective Date: <b>May 15, 2015</b>

There are three examples of gifts that do not require declaration:

- a. A personal gift from a friend or relative, unless that friend or relative has done business with the Phoenix IDA, is doing business with the Phoenix IDA or is seeking to do business with the Phoenix IDA.
- b. Winning or receiving a promotional gift from a community business, where the opportunity to win/receive the gift is open to the community in general.
- c. Board Members or employees of the Phoenix IDA who pay for a ticket or elect to make a charitable contribution in the name of the donor for the face value of the gift do not need to file a declaration.
- d. Acknowledgements of voluntary service from the Phoenix IDA.
- e. All other gifts accepted must be declared regardless of whether the Board Member or employee of the Phoenix IDA personally used the gift.

## H. POLITICAL ACTIVITY

As citizens, Board Members and employees of the Phoenix IDA can and should exercise their rights to register and vote in all elections including City elective offices. The City Attorney, in opinion No. 60-012, determined that the provisions of Chapter XXV, Section 11 of the City Charter, do not apply to citizen members of City boards and commissions and, therefore, Board Members may participate in political campaigns for City elective officials.

## I. PUBLIC ACCESS: OPEN MEETINGS AND PUBLIC RECORDS

Numerous Arizona and City laws require that meetings of public bodies be open to the public and that public records be available for inspection. See Open Meeting Laws (A.R.S. §§38-431 through 431.09 and City Charter Ch. 4 & 5) and Public Records Laws (A.R.S. §§39-121 through 121.03 and City Charter Ch. 4 & 21).

**Comment:** As declared in state statute, it is the official public policy of Arizona that meetings of public bodies be conducted openly. Also, Arizona law allows

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 100</b>
SECTION 100 <b>ETHICS</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>GENERAL ETHICS POLICY</b>	<b>Page 7 of 8</b> Effective Date: <b>May 15, 2015</b>

broad access to public records. Open government gives the public confidence that public affairs are being performed properly.

## J. USE OF EQUIPMENT, FACILITIES, OR PERSONNEL FOR PRIVATE GAIN

Members of the Board of Directors, the Executive Director and employees of the Phoenix IDA should not use Phoenix IDA or City facilities, equipment, personnel or supplies for private purposes, except to the extent they are lawfully available to the public.

**Comment:** Public respect for its government is weakened when Phoenix IDA-owned or City-owned facilities and equipment are used by members of the Board of Directors, the Executive Director or employees of the Phoenix IDA for personal gain. Phoenix IDA or City office supplies, work materials and equipment are to be used only for the Phoenix IDA work. Taking Phoenix IDA or City goods for private use is not a “fringe benefit,” it is stealing. See A.R.S. §13-1802. Also, it is improper (and maybe unlawful) for supervisors to use subordinates for their personal benefit. Finally, members of the Board of Directors, the Executive Director and employees of the Phoenix IDA should avoid waste of public supplies and equipment.

## K. WHISTLEBLOWER POLICY

The Phoenix IDA promotes ethical conduct, transparency and compliance with the law. Should any individual know of, or have a suspicion about, illegal or unethical conduct in connection with the finances or other aspect of the Phoenix IDA's operations, that individual should inform the President of the Board of Directors. If the alleged wrongdoing concerns the President, then another officer or director of the Phoenix IDA should be notified instead.


Should the President or another officer or director of the Phoenix IDA receive information regarding alleged illegal or unethical conduct in connection with the finances or other aspect of operations, those officers or directors shall inform the full Board of Directors. The Board of Directors shall investigate all credible allegations at all times respecting the privacy and reputation of individuals involved.

**The Industrial Development Authority of the City of Phoenix, Arizona**

<b>GOVERNANCE POLICY</b>	<b>No. 100</b>
SECTION 100 <b>ETHICS</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>GENERAL ETHICS POLICY</b>	<b>Page 8 of 8</b> Effective Date: <b>May 15, 2015</b>

There will be no punishment or other retaliation for the reporting of conduct pursuant to this policy. If the person providing the information requests anonymity, this request will be respected to the extent that doing so does not impede any investigation.

**APPROVED:**

  
\_\_\_\_\_  
Sal Rivera, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 101</b>
SECTION 100 <b>ETHICS</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>CONFLICT OF INTEREST POLICY</b>	<b>Page 1 of 2</b> Effective Date: <b>May 15, 2015</b>

This document sets forth the conflict of interest policy (the “Policy”) of The Industrial Development Authority of the City of Phoenix, Arizona (the “Phoenix IDA”). The Policy is intended to guide the Phoenix IDA’s Board of Directors, the Executive Director, and Phoenix IDA employees whenever a director, officer or management has a financial or personal interest in any matter coming before the board of directors, thus achieving the highest level of transparency and accountability.

## **A. CONFLICT OF INTEREST AND INDUCEMENT**

Members of the Board of Directors of the Phoenix IDA, the Executive Director, and employees of the Phoenix IDA are prohibited from receiving compensation of any kind from vendors, realtors, brokers, contractors, mortgage lenders, clients, or any similar entities or individuals for the purpose of receiving preferential treatment of any kind.

“Kickback” means any money, fee, commission, credit, gift, gratuity, object of value, offer of employment, or compensation of any kind which is provided, directly or indirectly, to any member of the Board of Directors, the Executive Director or Phoenix IDA employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with grant assistance programs, client referrals or contacts.

The Phoenix IDA prohibits members of the Board of Directors, the Executive Director and any Phoenix IDA employee from soliciting, accepting, or attempting to accept any kickbacks. The Phoenix IDA also prohibits vendors, realtors, brokers, contractors, mortgage lenders, clients, or any similar entities or individuals from providing or attempting to provide any kickbacks to members of the Board of Directors, the Executive Director or Phoenix IDA employees.

Phoenix IDA employees will be immediately terminated from employment if it is determined that they are soliciting, accepting, or attempting to accept any kickbacks. Any vendors, realtors, brokers, contractors, mortgage lenders, clients, or any similar entities or individual in violation of this Policy will be prohibited from doing business with the Phoenix IDA. Finally, individuals or entities determined to be engaging in kickback practices may also be subject to additional civil or criminal penalties as provided under Arizona State Revised statutes and U.S. law.

**The Industrial Development Authority of the City of Phoenix, Arizona**

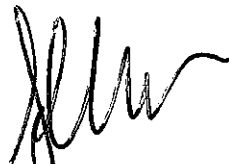
<b>GOVERNANCE POLICY</b>	<b>No. 101</b>
SECTION 100 <b>ETHICS</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>CONFLICT OF INTEREST POLICY</b>	<b>Page 2 of 2</b> Effective Date: <b>May 15, 2015</b>

**B. CONFLICT OF INTEREST**

Situations of actual or potential conflict of interest are to be avoided by all members of the Board of Directors, the Executive Director and employees of the Phoenix IDA. A conflict of interest may exist when any such individual's personal activities or financial affairs adversely influence such individual's judgment or performance of duties for the Phoenix IDA. An actual or potential conflict of interest occurs when such an individual is in a position to influence a decision that may result in a personal gain for that individual or for a relative or friend as a result of the Phoenix IDA business dealing. Personal involvement with a competitor, supplier or subordinate employee of the Phoenix IDA, which impairs an employee's ability to exercise good judgment on behalf of the Phoenix IDA, creates an actual or potential conflict of interest.

Except for gifts allowed under subsection G of the "General Ethics Policy: Gifts, Favors, and Extra Compensation," no gifts or gratuities, unless deemed to be of minimal value, shall be accepted by the Executive Director, staff or any member of the Board of Directors from any individual or businesses that is in any way associated with the Phoenix IDA. For purposes of this paragraph, minimal value shall be deemed as \$25.00.

**APPROVED:**



---

Sal Rivera, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona



**The Industrial Development Authority of the City of Phoenix, Arizona**

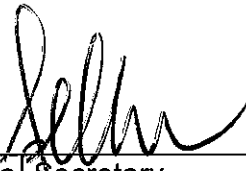
<b>GOVERNANCE POLICY</b>	<b>No. 200</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS, AND LENDING</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>FAIR LENDING POLICY STATEMENT</b>	<b>Page 1 of 1</b> Effective Date: <b>May 15, 2015</b>

This document sets forth the fair lending policy statement (the "Policy") of The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA"). The inclusion of this Policy in our Governance Policies, reinforces our dedication to providing equal access to credit and equal treatment of all credit applicants.

**A. OBJECTIVE**

The Phoenix IDA is committed to ensuring that all loan applications are treated fairly, without unlawful regard to race, color, national origin, gender, religion, age, marital status, sexual orientation, disability, familial status, citizenship status, veteran status or military obligations or any other basis prohibited by law.

**APPROVED BY:**

  
\_\_\_\_\_  
Sal Rivera, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 201</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>FINANCIAL POLICY</b>	<b>Page 1 of 4</b> Effective Date: <b>May 15, 2015</b>

This document sets forth the financial policy (the "Policy") of The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA"). The Policy is intended to guide the Phoenix IDA's Board of Directors, Executive Director and employees in establishing financial goals and objectives, making financial decisions, reporting the financial status of the Phoenix IDA, and managing the Phoenix IDA's funds to achieve the highest level of transparency and accountability with respect to the Phoenix IDA's financial operations.

## A. GENERAL POLICIES

1. Accounting Method: The Phoenix IDA operates on the accrual basis of accounting and in accordance with generally accepted accounting principles.
2. Accounting Procedures: It is the policy of the Phoenix IDA that accounting procedures will be reviewed and maintained by the Executive Director to ensure that accounting principles generally accepted in the United States of America as applied to a governmental entity are followed in support of this Financial Policy. These procedures cover accounting for all assets, liabilities, equity, income and expenses, and allow for accounting entries, summaries, reconciliations and reporting to be performed by Phoenix IDA staff, an outside accounting firm or a combination of both.
3. Chart of Accounts: It is the policy of the Phoenix IDA to maintain a chart of accounts. All employees, staff or advisors involved with account coding or budgetary responsibilities will be issued a chart of accounts, and the chart of accounts will be updated as needed.
4. Separate Program Funds: It is the policy of the Phoenix IDA that from time to time the Phoenix IDA may designate separate funds for its programs. The Phoenix IDA to designate such funds is vested in the Board. Separate funds may be restored to the Phoenix IDA's administrative fund either upon termination of the program or Board action.

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 201</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>FINANCIAL POLICY</b>	<b>Page 2 of 4</b> Effective Date: <b>May 15, 2015</b>

## B. COLLECTIONS AND LOAN LOSS RESERVES

1. Collections: It is the policy of the Phoenix IDA to ensure that all available means of collecting accounts receivable have been exhausted before write-off procedures are initiated.
2. Loan Loss Reserves: Loans will be treated as zero percent (0%) in reserve if under 180 days in arrears, fifty percent (50%) in reserve if between 180 and 365 days in arrears, and one hundred percent (100%) in reserve if over 365 days in arrears. The Executive Director may reserve additional amounts related to other loans as needed. If a loan is deemed by the Executive Director to be uncollectible, interest will no longer be accrued.

## C. CHECK APPROVAL AND SIGNING AUTHORITY

1. Check Approval: It is the policy of the Phoenix IDA that all requests for checks are approved by the Executive Director and documentation of approval is kept on record. In the absence of the Executive Director, or for reimbursements to the Executive Director or for payment of the Executive Director's credit card expenses, the Treasurer, the President of the Phoenix IDA or any other Board member designee of the President may approve check requests.
2. Check Signing Authority: It is the policy of the Phoenix IDA to give check signing authority to the Executive Director and other employees of the Phoenix IDA as designated by the Board. Checks can only be signed by a person not requesting the check. Checks issued for payment of the Phoenix IDA's debts over \$15,000 will require two signatures of individuals with current check signing authority. Individuals responsible for check preparation and bank reconciliation are prohibited from having check signing authority. The Phoenix IDA shall be responsible for keeping signature cards granting check signing authority current.

## D. CREDIT CARDS

1. Credit Card Holder: It is the policy of the Phoenix IDA to issue a credit card to the Executive Director. Additional credit cards will be issued to the Phoenix IDA staff at the discretion of the Executive Director.

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 201</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>FINANCIAL POLICY</b>	<b>Page 3 of 4</b> Effective Date: <b>May 15, 2015</b>

2. Credit Card Use: The Executive Director shall remit a detailed description of all credit card expenses each month to the Phoenix IDA.
3. Credit Card Limit: The maximum credit card line of credit shall be \$5,000.00.

## **E. FINANCIAL STATEMENTS**

The Executive Director will distribute the monthly financial statements to the Board following review by the Treasurer. An outside accounting firm may be engaged, at the Executive Director's discretion, to assist in preparation of a monthly financial statement compilation.

## **F. ANNUAL AUDIT**

An audit will be performed at the close of the fiscal year by an independent accounting firm. The results of this audit will be presented to the Board by the Executive Director.

## **G. ANNUAL BUDGET**

Annually, prior to the beginning of its fiscal year, the Phoenix IDA's Executive Director shall prepare a forecast of the Phoenix IDA's annual operating budget for the forthcoming fiscal year and present the forecast for Board approval. The forecast will include estimates and sources of income, operating expenses, and other expenses.

## **H. THREE YEAR OPERATING EXPENSE RESERVE**

It is the policy of the Phoenix IDA to reserve, against the assets of the Phoenix IDA, an amount equal to three years of operating expenses. The purpose of this policy is to provide for ongoing expenses in the event of the Phoenix IDA's inability to collect any fees for up to three years.

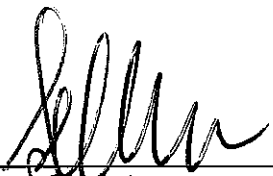
As part of the annual budget process, the Phoenix IDA's calculation of the upcoming year's operating expenses will be used to project expenses for the two succeeding years, adjusting for possible changes in costs or other identifiable factors. The

**The Industrial Development Authority of the City of Phoenix, Arizona**

<b>GOVERNANCE POLICY</b>	<b>No. 201</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>FINANCIAL POLICY</b>	<b>Page 4 of 4</b> Effective Date: <b>May 15, 2015</b>

Executive Director shall present this three year total for Board approval with the annual budget. On Board approval, this total will create a reserve against the net assets of the Phoenix IDA in the next fiscal year.

**APPROVED:**

  
\_\_\_\_\_  
Sal Rivera, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>INVESTMENT POLICY</b>	<b>Page 1 of 4</b> Effective Date: <b>May 15, 2015</b>

This document sets forth the investment policy (the "Policy") of The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA"). The Policy is intended to guide the Phoenix IDA's management in investing the Phoenix IDA's administrative funds and to guide the Phoenix IDA's Board of Directors in the oversight of such investments, thus achieving the highest level of transparency and accountability with respect to the Phoenix IDA's investment operations. The scope of the Policy is limited to investment of the Phoenix IDA's administrative funds and is not intended to cover investment of any funds held in trust accounts containing proceeds of bonds issued by the Phoenix IDA.

## **A. BACKGROUND**

The Phoenix IDA earns income from bond issue fees, ongoing assessment fees, extensions of credit, bond redemptions, investments, and administrative fees.

## **B. STANDARD OF CARE**

The Executive Director, and his/her designee, as administrators of the Phoenix IDA's monies, shall adhere to the "prudent person" standard when managing the Phoenix IDA's funds. Their duties must be performed with the care, skill, prudence and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise with like character and goals of the Phoenix IDA.

The Executive Director, and his/her designee, shall refrain from engaging in any activity that impairs (or has the potential to impair) his or her ability to make impartial investment decisions for the Phoenix IDA. The Executive Director, and his/her designee, shall disclose in writing to the Board of Directors any material financial interests as well as personal relationships existing with employees and/or officers of financial institutions conducting business with the Phoenix IDA.

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>INVESTMENT POLICY</b>	<b>Page 2 of 4</b> Effective Date: <b>May 15, 2015</b>

## C. GOALS

The following are the Phoenix IDA's goals as they relate to its investments in marketable securities, listed in order of priority:

1. Safety of principal: Safety of principal is the Phoenix IDA's most important investment policy goal. Investments shall be made with the primary aim of avoiding loss of principal.
2. Liquidity: An adequate amount of funds shall remain liquid in order to meet anticipated cash disbursement requirements.
3. Rate of return: The Phoenix IDA seeks a rate of return consistent with its safety of principal and liquidity goals.

## D. CASH MANAGEMENT

The Phoenix IDA shall meet its annual operating cash needs by depositing funds in insured bank accounts. To ensure maximum safety, the Phoenix IDA shall deposit, in aggregate, no more than the FDIC insurance limit (currently \$250,000) in any one insured institution that does not offer a program, or programs, such as that described in Section F. of this Policy. To the extent the FDIC, or other, insurance limit is reduced, the Phoenix IDA's aggregate deposit with any one insured institution shall be adjusted accordingly.

## E. INVESTMENTS IN SECURITIES

Given the priority of safety of principal, the Phoenix IDA shall invest only in the following securities:

1. U.S. Treasury bills, notes and bonds.
2. Securities guaranteed, insured, or backed by the full faith and credit of the U.S. Government.

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT  <b>INVESTMENT POLICY</b>	<b>Page 3 of 4</b> Effective Date: <b>May 15, 2015</b>

3. U.S. Government Agency Securities (Government Sponsored Enterprises) exclusive of mortgage-backed and commercial-backed securities.
4. Repurchase Agreements – All repurchase agreements require that a fixed rate of interest be paid and further require that related collateral be delivered versus payment to the Phoenix IDA’s custodian. Delivery price of collateral shall be at least 102% of the dollar price with collateral marked-to-market daily. Maximum maturity shall be one year.
5. Certificates of Deposit where maturing principal and interest do not exceed the \$250,000 FDIC deposit insurance limit (total deposits and maturing values of CDs in any institution should not exceed \$250,000 in aggregate, except as delineated in this section).
6. Private fixed-income obligations fully guaranteed by the United States (such as FDIC-backed assets).
7. Municipal obligations – Issuer must be a city, county, state, or other political subdivision created by a government act. If the obligation is short-term debt, then it must have a minimum “P1” rating by Moody’s and a minimum “A1” rating by S&P. If the obligation is long-term, then it must have a minimum “A1” unsecured rating by Moody’s and a minimum “A+” unsecured rating by S&P. Purchases will not be allowed for those issuers who are currently under review by either rating agency for possible downgrade of their debt rating.
8. Money Market Mutual Funds must be U.S. Government, U.S. Government Agencies, or Municipal Money Market Mutual Funds registered with the Securities and Exchange Commission pursuant to the Federal Investment Company Act of 1940. By prospectus or other fund statement of additional information, the funds shall only invest in investments that comply with this Policy’s requirements for authorized investments.
9. Bank deposits backed with a letter of credit (LOC) from a Government Sponsored Enterprise, such as a Federal Home Loan Bank (FHLB), that insures the funds in excess of the FDIC limit. The LOC would serve as the mechanism



The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>INVESTMENT POLICY</b>	<b>Page 4 of 4</b> Effective Date: <b>May 15, 2015</b>


by which the trustee would draw the insured funds to remit to the bank's insured account holders.

**F. PROCEDURES**

Below are key procedures to maximize the effectiveness of this Policy:

1. Reporting: The Executive Director should receive bank statements and securities holdings and performance reports not less than monthly.
2. Audit: A review of the Phoenix IDA's banking and investment activities shall be included in the Phoenix IDA's annual financial audit.
3. Oversight: Administration of banking and investment relationships shall be handled by the Executive Director and his/her designee. The Executive Director and the Phoenix IDA's Treasurer shall provide regular oversight of banking and investment activities. At least annually the Finance Committee shall receive a written and verbal report on investments and banking activities from the Executive Director, or his/her designee.

**APPROVED:**

  
\_\_\_\_\_  
Sal Rivera, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 203</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>June 14, 2012</b>
SUBJECT <b>COMMUNITY IMPACT FUND INVESTMENT POLICY</b>	<b>Page 1 of 3</b> Effective Date: <b>September 8, 2016</b>

This document sets forth the community impact investment fund policy (the "Policy") of The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA"). The Policy is intended to guide the Phoenix IDA's Board of Directors (the "Board"), Community Impact Fund Committee (the "Committee"), Executive Director and employees in investing the Phoenix IDA's community impact funds and to guide the Board in the oversight of such investments, thus achieving the highest level of transparency and accountability with respect to the Phoenix IDA's operations.

This Policy provides for investment in the community outside the Investment Policy. The scope of this Policy is limited to investment of the Phoenix IDA's funds allocated from the administrative fund to the community impact fund ("Fund") by the Board.

## A. GENERAL

Community impact funds are to be directed for a public purpose to maximize community or social impact, while seeking a return on capital. Returns may be measured in traditional return on investment, such as interest on loans, or in other impacts, such as education, job creation, innovation, improving social services and similar non-traditional effects, or any combination of returns.

The Phoenix IDA may make impact investments directly or in collaboration with other lenders, nonprofit organizations, educational institutions, foundations, economic development groups or other governmental agencies. Recipients of community impact funds may be businesses, 501 (c) nonprofit corporations or other organizations whose mission is in keeping with this Policy.

## B. GUIDELINES

Impact investments will follow these guidelines:

1. One hundred percent (100%) of the Fund's investments will be directed to organizations with projects in Arizona, at least sixty percent (60%) of which projects shall be in the city of Phoenix.
2. No more than 10% of the Fund's total allocation shall be actively invested with one organization.

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 203</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>June 14, 2012</b>
SUBJECT <b>COMMUNITY IMPACT FUND INVESTMENT POLICY</b>	<b>Page 2 of 3</b> Effective Date: <b>September 8, 2016</b>

3. Impact investments will be for no more than a seven (7) year period before the capital is to be returned.
4. Loan fees and interest rates are to be at market rates, with adjustment possible for social impact up to a 100% waiver of loan fee and/or a 50% reduction in the interest rate.
5. Collection of receivables and loan loss reserves for impact investments are governed by those provisions in the Financial Policy.
6. Proceeds from the Fund's impact investments will be treated as operating revenues and maintained in the administrative fund.
7. Exceptions to any requirements of this Policy may be made on a case-by-case basis by the Committee or the Board.

### C. PROCEDURES

Below are key procedures to maximize the effectiveness of this Policy:

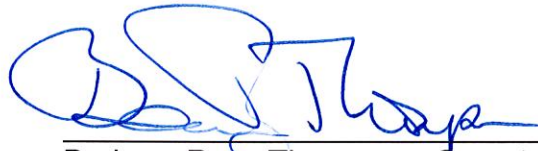
1. "Programs" are multiple similar impact investments, such as a loan participation program or collateral enhancement program. All Programs shall be approved by the Board. Once the Board has approved a Program, the Board may delegate approval of individual investments within such Program to the Committee or to the Executive Director.
2. The Board shall approve all individual non-Program impact investments over \$100,000.
3. The Committee may approve any individual non-Program impact investment up to \$100,000 and may delegate approval of individual non-Program impact investments up to \$50,000 to the Executive Director.
4. The Executive Director is delegated signing authority for all related documents on approved impact investments. No authorization is given in this Policy to conflict with the check signing authority provided by the Financial Policy.

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 203</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>June 14, 2012</b>
SUBJECT <b>COMMUNITY IMPACT FUND INVESTMENT POLICY</b>	<b>Page 3 of 3</b> Effective Date: <b>September 8, 2016</b>

5. Administration of impact investment relationships shall be handled by the Executive Director and his/her designee. The Executive Director and the Committee chairperson shall provide regular oversight of Fund impact investments. At least annually the Committee shall receive a written and verbal report on Fund impact investments from the Executive Director, or his/her designee.
6. The Executive Director or his/her designee shall maintain a listing of all active Programs with a summary of each Program's requirements, investment term limits and maximum amounts, as applicable.

**APPROVED:**



Barbara Ryan Thompson, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 300</b>
SECTION 300 <b>BUSINESS AND TRAVEL EXPENSES</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>EXPENSE REIMBURSEMENT POLICY</b>	<b>Page 1 of 4</b> Effective Date: <b>September 8, 2016</b>

This document sets forth the expense reimbursement policy (the "Policy") of The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA"). The Policy is intended to guide the Phoenix IDA's Board of Directors, Executive Director and employees in establishing financial goals and objectives, making financial decisions, reporting the financial status of the Phoenix IDA, and managing the Phoenix IDA's funds to achieve the highest level of transparency and accountability with respect to the Phoenix IDA's financial operations.

## A. GENERAL POLICIES

The Phoenix IDA is made up of a Board of Directors (the "Board") which consists of not less than three or more than nine members with a term of six years each. The Phoenix IDA also employs an Executive Director and additional employees.

All business-related expenses, costs and expenditures, which are (1) incurred or paid by the members of the Board, the Executive Director or Phoenix IDA employees while representing the Phoenix IDA and (2) are within amounts budgeted for or set aside by the Board for such purposes, are reimbursable in accordance with this Policy.

The Board defines "business-related" expenses to mean those expenses, costs and expenditures incurred or paid by the members of the Board, the Executive Director or Phoenix IDA employees during the ordinary course of conducting Phoenix IDA business.

The Board may grant exceptions to this Policy at its discretion from time to time; provided that such exceptions will apply on a case-by-case basis only.

## B. EXPENSES ELIGIBLE FOR REIMBURSEMENT

1. Meals and Hospitality. These include restaurant-type expenditures incurred while meeting members of the Board, the Phoenix IDA staff, current or potential customers, business partners and consultants of the Phoenix IDA, or otherwise conducting Phoenix IDA business. Typical meal and hospitality expenses include amounts for food, beverages, tips and related service fees.

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 300</b>
SECTION 300 <b>BUSINESS AND TRAVEL EXPENSES</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>EXPENSE REIMBURSEMENT POLICY</b>	<b>Page 2 of 4</b> Effective Date: <b>September 8, 2016</b>

2. Travel. Except as otherwise noted herein, travel expenditures are reimbursable for members of the Board, the Executive Director or Phoenix IDA employees incurred while conducting Phoenix IDA business. Travel expenses for accompanying spouses, friends, etc. are not reimbursable.
  - a. Requests for travel advances should be submitted to the Executive Director two weeks in advance or as soon as possible. To the extent advances exceed actual expenditures (receipts must be submitted upon return from the trip), the person traveling must reimburse the Phoenix IDA in the amount of the excess payment. Actual expenses incurred in excess of any advance will be reimbursed by the Phoenix IDA.
  - b. Mileage for driving trips taken while acting on behalf of the Phoenix IDA are reimbursable at the standard mileage rates published by the IRS from time to time. Members of the Board, the Executive Director or Phoenix IDA employees seeking mileage reimbursement may be required to provide information about auto insurance coverage and update such information periodically or whenever changes are made to such coverage.
    - i. No reimbursement will be made for auto insurance expenses.
    - ii. Commuting expenses of Phoenix IDA employees are not reimbursable.
3. Other Expenses. Business-related expenses similar to those described in Sections B.1 and B.2 above but outside of those descriptions, as well as other expenses approved by the Executive Director or the Board in accordance with this Policy, are reimbursable if they are incurred in furtherance of Phoenix IDA business operations or for the substantial benefit of the Phoenix IDA.

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 300</b>
SECTION 300 <b>BUSINESS AND TRAVEL EXPENSES</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>EXPENSE REIMBURSEMENT POLICY</b>	<b>Page 3 of 4</b> Effective Date: <b>September 8, 2016</b>

### C. EXPENSES INELIGIBLE FOR REIMBURSEMENT

Notwithstanding the terms and provisions of this Policy, the Board retains the final authority to determine whether an expenditure is a business-related expense that is eligible for reimbursement by the Phoenix IDA.

The following expenses have been deemed ineligible for reimbursement. This list is not all-inclusive and is intended only as a guide.

- Airline club memberships
- Airline upgrades to business class (domestic flights) or first class
- Laundry and dry cleaning
- Personal entertainment expenses (e.g., in-flight movies, headsets, health club facilities, hotel pay-per-view movies, in-room bars and social activities)
- Travel insurance premiums
- Personal grooming services such as barbers, hairdressers and shoe shines
- Personal clothing and accessories
- Personal reading material such as magazines, books and newspapers
- Parking tickets or traffic violations

### D. REIMBURSEMENT PROCESS

1. Expense Report. Reimbursement is requested by submitting an expense reimbursement request ("Expense Report") no later than 30 days following the completion of the travel or of incurring the expense. Expense Reports of the Executive Director are submitted to the Phoenix IDA Treasurer or another officer of the Board. Expense Reports of all others are submitted to the Executive Director or designee.
2. Documentation Requirements. The following information is to be submitted along with the Expense Report:

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 300</b>
SECTION 300 <b>BUSINESS AND TRAVEL EXPENSES</b>	Original Effective Date: <b>March 11, 2008</b>
SUBJECT <b>EXPENSE REIMBURSEMENT POLICY</b>	<b>Page 4 of 4</b> Effective Date: <b>September 8, 2016</b>

- a. General descriptive information, such as the names of individuals present, their titles and company name, the purpose of the expense, and the name and location of where the meal or event took place
- b. Amount and date of the expense
- c. Receipts for all expenditures in excess of \$15.00

Expense reimbursements may be made from available petty cash; provided that, reimbursements in excess of \$50.00 will be paid by check.

**APPROVED:**



Barbara Ryan Thompson, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona



## **Policy Review History**

- **September 8, 2016:** Board of Directors adopts revisions to polices 203 and 300.
- **May 14, 2015:** Board of Directors adopts revisions to governance policies in full.
- **May 6, 2015:** Executive Committee reviews/approves minor revisions to policies: 100, 101, 200, 203 and 300
- **May 1, 2015:** Finance Committee reviews/approves minor revisions to policies: 201 and 202
- **June 9, 2014:** Executive Committee reviews/approves minor revisions to policy: 200
- **May 29, 2013:** CIF Committee reviews/approves minor revisions to policy: 203
- **April 30, 2013:** Finance Committee reviews/approves minor revisions to policies: 201 and 202
- **February 6, 2013:** Executive Committee reviews/approves minor revisions to policies: 100, 101 and 300
- **June 14, 2012:** Board of Directors adopts new policy: 203
- **May 22, 2012:** CIF Committee reviews draft of new policy: 203
- **February 9, 2012:** Board of Directors approves amended policies: 100, 101, 201, 202 and 300
- **February 1, 2012:** Executive Committee and legal counsel review policy changes. Committee recommends Board of Directors approval of amendments to policies: 100, 101, 200, 201, 202 and 300. No changes recommended: 200

## **PROCEDURES**

Below is a key procedure to maximize the effectiveness of these policies:

- No later than 24 months after the last review period, administrative staff shall evaluate policy(ies) and make recommendations, if any, to the respective Committee(s) regarding amendments or terminations. Material amendments to, or termination of, policy(ies) require action of the assigned Committee(s) and ratification of the Board of Directors. Governance Policies shall remain in effect until terminated by the Board of Directors.

# TAB 6

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Industrial Development Authority  
of the City of Phoenix, Arizona  
Phoenix, Arizona

### **Report on the Financial Statements**

We have audited the accompanying statement of net position of The Industrial Development Authority of The City of Phoenix, Arizona as of June 30, 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Industrial Development Authority of The City of Phoenix, Arizona, as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016, on our consideration of The Industrial Development Authority of The City of Phoenix's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Industrial Development Authority of The City of Phoenix's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
October 26, 2016

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

We, The Industrial Development Authority of The City of Phoenix (Phoenix IDA), are pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2016. The Management's Discussion and Analysis (MD&A) is intended to provide an objective and easy to read analysis of the Phoenix IDA's financial activities based on currently known facts, decisions and conditions. This discussion addresses current operational activities, the sources, uses, and changes in resources, service levels, limitations and significant economic factors. When referring to prior year data in this analysis that data is drawn from last year's audited financial report.

**FINANCIAL HIGHLIGHTS**

- ◆ The assets of the Phoenix IDA exceeded its liabilities at the close of the most recent fiscal year by \$24,556,110 (net position). All of this amount is unrestricted with the exception of \$19,832,770 and may be used to meet the Phoenix IDA's ongoing obligations to citizens and creditors. The Phoenix IDA Board has designated the \$19,832,770 for operating reserves, community development fund awards, and a fund for community investments where a return is expected on those investments.
  
- ◆ During the fiscal year, net position increased by \$4,136,064 compared to an increase in the previous year of \$2,262,959. As in previous years, sources of revenue include bond fees, which increased by \$737,350 during the fiscal year and other fees. The major revenue source is residential mortgage program income which increased by \$448,970 during the fiscal year. The increases are attributable to a one-time user assessment fee received and the fees earned for the Phoenix IDA's participation in the Home in Five Advantage mortgage origination program.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the financial statements for the Phoenix IDA consists of this discussion and analysis and the basic financial statements. The basic financial statements include the fund financial statements and notes to the basic financial statements.

**Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the Phoenix IDA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Unlike most other governments, which have multiple funds, all of the Phoenix IDA's activities are business-type activities and are accounted for in a single proprietary fund.

**Proprietary Fund**

The Phoenix IDA maintains its accounting records in a single enterprise fund. Enterprise funds are used to report functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Phoenix IDA uses an enterprise fund to account for its operations.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

The statement of net position presents information on the Phoenix IDA's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Phoenix IDA is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information on how the Phoenix IDA's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows in future fiscal periods.

The basic financial statements can be found on pages 8 - 10 of this report.

**Notes to Basic Financial Statements**

The notes to basic financial statements (pages 11 - 18) provide additional information that is essential to a full understanding of the data provided in the basic financial statements and should be read with the basic financial statements.

**Financial Analysis**

Net position may serve over time as useful indicators of a government's financial position. The following table reflects the condensed statement of net position of the Phoenix IDA for June 30, 2016 showing that assets exceeded liabilities by \$24,556,110.

The Industrial Development Authority of The City of Phoenix  
Net Position  
June 30, 2016 and 2015

	2016	2015
<b>ASSETS</b>		
Current Assets	\$ 18,285,303	\$ 17,264,146
Other Assets	6,911,531	3,297,218
Total Assets	\$ 25,196,834	\$ 20,561,364
 <b>LIABILITIES</b>		
Current Liabilities	\$ 640,724	\$ 141,318
 <b>NET POSITION</b>		
Unrestricted	24,556,110	20,420,046
Total Liabilities and Net Position	\$ 25,196,834	\$ 20,561,364

All of the Phoenix IDA's net position of \$24,556,110 is unrestricted. The \$19,832,770, as discussed above, is designated to meet the Phoenix IDA's ongoing obligations to citizens and creditors.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

Overall, net position increased by \$4,136,064. Key elements of this increase are as follows:

The Industrial Development Authority of The City of Phoenix  
Changes in Net Position  
Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
<b>REVENUES</b>		
Early bond redemption	\$ 334	\$ 85,731
Bond fees	1,666,323	928,973
Residential mortgage program income	4,035,656	3,586,686
Fee income	86,750	221,115
Total Revenues	5,789,063	4,822,505
<b>EXPENSES</b>		
General and Administration	1,215,581	1,022,090
Bond Administration	17,114	9,778
Other Programs	44,097	34,350
Community Investment	747,276	1,512,000
Program and Project Development	165,605	100,250
Loan Portfolio Administration	19,725	2,798
Total Operating Expenses	2,209,398	2,681,266
<b>NONOPERATING REVENUE</b>		
Interest Income	128,384	121,720
Gain on Sale/Disposal of Asset	20,000	-
Net Increase (Decrease) in Fair Value of Investments	408,015	-
Total nonoperating revenue	556,399	121,720
<b>CHANGE IN NET POSITION</b>	4,136,064	2,262,959
Net Position - Beginning of Year	20,420,046	18,157,087
<b>NET POSITION - END OF YEAR</b>	\$ 24,556,110	\$ 20,420,046

The Phoenix IDA's major revenue source is residential mortgage program income which increased by \$448,970 or 12.5% during the fiscal year. This increase is attributable to the fees earned for the Phoenix IDA's participation in the Home in Five Advantage mortgage origination program.

In 2016, Fee income decreased by \$134,365 or 60.8% during the fiscal year. The decrease is attributable to fees collected on non-Arizona bond transactions. While bond fees increased by \$737,350 or 79.4% during the fiscal year, this was attributable to a one-time bond fee received of \$700,000.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

Early bond redemption income is the result of taking advantage of the marketability of outstanding single family bonds that can be redeemed and resold in the secondary markets. Over the past several years, the Phoenix IDA has identified bond issues that would generate a positive return when redeemed. Consequently, the Phoenix IDA has greatly reduced the total outstanding single family bonds, and each year has produced slightly lower income from the decreasing balance of single family bonds. The income in 2016 reflects residual interest from prior year redemptions. The early bond redemption income in 2016 decreased by \$85,397 or 99.6% as a result.

The operating expenses of the Phoenix IDA for 2016 decreased by \$471,868 or 17.6%. This decrease is mostly attributable to a \$764,724 decrease in community development fund awards made by the Phoenix IDA during the fiscal year, offset by increases in payroll and program/project development expenses due to added staff and increased efforts to diversify the income portfolio.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Economic growth in the Phoenix Metropolitan and Statistical Area (Phoenix MSA), as measured by personal income, grew slightly faster than the national average in the second quarter of 2016, with job growth far outpacing the United States average. The Phoenix MSA outpaces the statewide figures in nearly every economic measure. The state economy continues to expand and growth is likely to continue as long as the nation avoids recession. The forecast calls for state growth to pick up speed over the next five years, with gains across most indicators far exceeding national results (<http://azeconomy.eller.arizona.edu>).
- The United States Census Bureau reports that the City of Phoenix's population increased by 1.6% from July 2014 to July 2015 ([www.census.gov](http://www.census.gov)). The unemployment rate in the Phoenix MSA in August 2015 was 5.0%, which lies between the state and national averages of 5.9% and 4.9%, respectively ([laborstats.az.gov](http://laborstats.az.gov)).
- As reported by the U.S. Census Bureau, City of Phoenix's population increased 9.9% from 2000 to 2010, which is higher than the United States' overall population increase of 9.7% for the same time period ([www.census.gov](http://www.census.gov)).

The Phoenix IDA will continue to generate revenue from the Home in Five Advantage mortgage origination program. The program has experienced great success and continues to be a successful tool for homebuyers in Maricopa County, including the city of Phoenix. The current program has provided down payment and closing cost assistance for low to moderate income homebuyers with government backed (FHA, VA and USDA-RH) loans. The program was expanded in Fiscal Year 2015-16 to provide assistance for similar homebuyers using conventional loans. The program also provides an additional 1% assistance to qualified military homebuyers, first responders and full-time teachers in pre-K-12 which is being expanded in Fiscal Year 2016-17 to include very low income households (below 50% AMI).

The Phoenix IDA anticipates continued growth in bond financings, with a focus on health care, education and manufacturing. This growth, offset by the regular redemption of bonds, should result in a modest increase in user assessments in Fiscal Year 2016-17. Application and other fees should be consistent with past years. Investment earnings are difficult to predict, however we expect rates and earnings to be similar during the upcoming fiscal year. The final early single family bond redemptions took place early in Fiscal Year 2016-17, resulting in the end of that small revenue stream and well below that of Fiscal Year 2015-16, bringing the balance of outstanding single family bonds to zero.



**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

The operating expenses of the Phoenix IDA continue to be managed in a fiscally prudent manner. Expenses will increase in Fiscal Year 2016-17 due to the full year effect of additional staff positions added in mid-Fiscal Year 2015-2016 and another position to be added in Fiscal Year 2016-2017 that will focus on increasing communications with constituents and others with interest in the Phoenix IDA. There will be additional community development fund dollars awarded by the Phoenix IDA in Fiscal Year 2016-17. These dollars are contingent on operating income of the Phoenix IDA during the fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Phoenix IDA's finances for all of those with an interest in the government's finances. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to:

Phoenix IDA  
251 W. Washington Street, 9th Floor  
Phoenix, AZ 85003  
(602) 262-7304

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 4,718,506
Certificates of Deposit	13,475,000
Accounts Receivable	36,975
Interest Receivable	33,125
Deposits	560
Prepaid Expenses	21,137
Total Current Assets	18,285,303

**NONCURRENT ASSETS**

Community Development Fund, Net of Unrealized Gain/Loss	1,511,559
Investment in Land	3,388,650
Asset Held for Future Investment	1,173,729
Land Sale Receivable	137,593
Long Term Notes Receivable, Net	700,000

Total Noncurrent Assets	6,911,531
-------------------------	-----------

Total Assets	\$ 25,196,834
--------------	---------------

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts payable	\$ 640,724
------------------	------------

**NET POSITION - UNRESTRICTED**

	24,556,110
Total Liabilities and Net Position	\$ 25,196,834

See accompanying Notes to Financial Statements.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016**

**OPERATING REVENUE**

Early Bond Redemption	\$ 334
Bond Fees	1,666,323
Residential Mortgage Program Income	4,035,656
Fee Income	52,469
Other Income	34,281
Total Operating Revenue	5,789,063

**OPERATING EXPENSES**

General and Administration	1,215,581
Bond Administration	17,114
Other Programs	44,097
Community Investment	747,276
Program and Project Development	165,605
Loan Portfolio Administration	19,725
Total Operating Expenses	2,209,398

Operating Income 3,579,665

**NONOPERATING REVENUE**

Interest Income	128,384
Gain on Sale/Disposal of Asset	20,000
Net Increase in the Fair Value of Investments	408,015
	408,015

Total Nonoperating Revenue 556,399

**CHANGE IN NET POSITION**

4,136,064

Unrestricted Net Position - Beginning of Year

20,420,046

**UNRESTRICTED NET POSITION - END OF YEAR**

\$ 24,556,110

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Customers	\$ 1,735,839
Net Cash Receipts from Down Payment Assistance Program	4,035,656
Cash Payments to Suppliers for Goods or Services	(754,465)
Cash Payments to Employees for Services	(953,207)
Net Cash Provided by Operating Activities	4,063,823

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Notes Receivable	31,011
Issuance of Notes Receivable	(600,000)
Proceeds from Sale of Assets	20,000
Interest Income Received	130,710
Purchases of Certificates of Deposit	(964,697)
Purchase of Asset held for Future Investment	(1,173,729)
Purchases of Investments	(1,454,188)
Net Cash Used by Investing Activities	(4,010,893)

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

52,930

Cash and Cash Equivalents - Beginning of Year

4,665,576

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 4,718,506

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income	\$ 3,579,665
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Accounts Receivable	(36,975)
Land Sale Receivable	19,407
Deposits	4,440
Prepaid Expenses	(2,120)
Accounts Payable	499,406
Net Cash Provided by Operating Activities	\$ 4,063,823

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Industrial Development Authority of the City of Phoenix, Arizona (Phoenix IDA) is a nonprofit corporation designated a political subdivision of the state of Arizona. The Phoenix IDA was established on July 7, 1981 in order to exercise its broad statutory powers, including the power to issue conduit revenue bonds to finance “projects” as such term is defined by the Arizona Revised Statutes, §35-701(8). All bonds issued by the Phoenix IDA are special, limited obligations of the Phoenix IDA, payable solely from revenues generated by the project being financed, and do not constitute a debt of, a loan of, or credit by, the Phoenix IDA. The Phoenix IDA charges administration fees to bond applicants and uses such fees to cover its administration costs and to support its ongoing community and economic development programs in Arizona. The Phoenix IDA is a special-purpose governmental entity engaged in business type activities. The Phoenix IDA is the primary governmental entity but has no taxing power and is a component unit of the City of Phoenix, Arizona.

The Phoenix IDA has one single blended component unit, the Phoenix IDA Real Estate Holdings Corporation (Corporation). The Corporation is included as a blended component unit because the Corporation is organized for the exclusive purpose of acquiring, holding title to, and collecting income from real property, and remitting the entire amount of income from such property (less expenses) to the Phoenix IDA.

**Basis of Accounting**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Phoenix IDA evaluates its estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that its estimates and assumptions are reasonable under the circumstances; however, actual results may differ from those estimates.

**Fund Accounting**

The Phoenix IDA reports in a manner consistent with proprietary funds for their ongoing operations and activities, which are similar to those often found in the private sector. Enterprise funds are the only type of proprietary funds used by the Phoenix IDA. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

A significant portion of the Phoenix IDA revenue is derived from issuer fees related to its bond issuances activity and includes assessment fees, program fees and application fees. Issuer fees are based on executed Trust Indenture/Loan Financing Agreements and are recognized as revenue when earned. Other significant revenue is derived from fees earned from a down payment assistance program through sales of mortgage backed securities.

**Cash and Cash Equivalents**

The Phoenix IDA considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

**Certificates of Deposit**

Certificates of deposit are valued at cost including accrued interest which approximates fair value. The Phoenix IDA intends on holding these certificates to maturity.

**Investments**

Investments are stated at fair value based upon quoted market prices. Limited marketability investments, such as private investments and investments in land, are valued based on the price for underlying marketable securities or an estimate of underlying asset fair values as determined in good faith. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the change in net position.

**Assets Held for Future Investment**

Real estate held for future investment consists primarily of land, stated at cost.

**Notes Receivable**

Notes receivable consist of amounts advanced to projects financed in whole or in part by the Phoenix IDA and other entities. Interest on notes receivable is recognized as revenue when earned. The Phoenix IDA does not recognize interest income on notes once they are deemed to be impaired or nonperforming. A note is considered impaired when, based on current information and events, it is probable that the Phoenix IDA will be unable to ultimately collect all amounts due. Nonperforming notes include all notes for which payment of principal and/or interest is more than 90 days past due. Cash receipts are first allocated to interest income, except when such payments are specifically designated by the terms of the note as principal reductions or payment of fees.

**Allowance for Notes Receivable**

The allowance for notes receivable is established as losses are estimated to have occurred through a provision for doubtful accounts charged to earnings on a monthly basis and is based on risk. Notes receivable losses are charged against the allowance when management believes the uncollectibility of a notes receivable balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Allowance for Notes Receivable (Continued)**

The allowance for notes receivable is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the notes receivable in light of historical experience, adverse situations that may affect the borrower's ability to repay, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

**Program Receivables**

Program receivables are stated at the amount management expects to collect under the terms of the contracts and agreements. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of the related receivables. Management considers all program receivables to be collectible at June 30, 2016.

**Unrestricted Net Position**

The Phoenix IDA's reported total net position is entirely comprised of unrestricted net position, of which the board of directors has designated \$19,832,770 of net position for specific uses.

**Tax-Exempt Status**

As a political subdivision of the state of Arizona, the Phoenix IDA is exempt from federal and state corporate income taxes. Consequently, no provision for corporate income taxes has been included in the accompanying financial statements.

**NOTE 2 CASH AND INVESTMENTS**

A summary of the Phoenix IDA's cash and investments at June 30, 2016 follows:

Cash	\$ 268,170
Cash Equivalents, Money Markets	4,450,336
Certificates of Deposit	<u>13,475,000</u>
Cash and Cash Equivalents	18,193,506
Investments	1,511,559
Investment in Land	<u>3,388,650</u>
Total Investments	<u>4,900,209</u>
Total Cash and Investments	<u><u>\$ 23,093,715</u></u>

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

The Phoenix IDA's investment policy, as approved by the board of directors, is to match investment maturities with cash requirements. The fair value of certificates of deposit as of June 30, 2016, by contractual maturity, is shown below.

As of June 30, 2016, the Phoenix IDA had certificates of deposit with the following maturities:

	Credit Quality		
	<u>Rating</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Certificates of Deposit	Nonrated	\$ 13,475,000	\$ -

The above certificates of deposit have original maturities of six months or greater, which are not rated, and management intends to reinvest the monies as they mature.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The Phoenix IDA had \$-0- realized gains on investments during 2016 and is reflected in interest income on the statement of revenues, expenses, and changes in net position.

*Custodial Risk* – The Phoenix IDA places its cash with high credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the FDIC insurance coverage limit. At June 30, 2016, all of the Phoenix IDA's cash accounts were covered by FDIC insurance.

*Interest Rate Risk* – It is the Phoenix IDA's policy to hold investments to maturity and avoid any loss on investments resulting from an early sale or retirement of an investment.

*Credit Risk* – The Phoenix IDA's investment policies mandate the quality of investments allowable for purchase. Specifically, municipal bonds must be rated AAA or better by Moody's or Standard & Poor's, or an equivalent by a second major rating agency. In addition investments in U.S. Government Securities carry an implied AAA rating.

**Concentration of Credit Risk**

The Phoenix IDA's Investment Policy limits unreasonable risks inherent in over-weighting in certain financial institutions. In order to comply with its Investment Policy, whereby maturing principal and interest on certificates of deposit (CDs) in any institution should not exceed the \$250,000 FDIC deposit insurance limit, the Phoenix IDA utilizes three types of accounts, the Insured Cash Sweep (ICS), the Certificate of Deposit Account Registry Service (CDARS), and a managed CD account.



**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk (Continued)**

The ICS and CDARS services are comprised of a network of member financial institutions that each issue either money market accounts or CDs in increments below the FDIC insurance maximum, thus both principal and interest are FDIC insured. This allows the Phoenix IDA to invest its funds through a wide array of banks by making deposits through ICS and/or CDARS member banks that place the funds through ICS and/or CDARS, while ensuring all of its deposits are federally insured. As a result, the Phoenix IDA has a vastly diverse investment portfolio, and investments in any one banking institution do not exceed 5% of total investments.

Investments through the custodians (KS Bank and Mutual of Omaha Bank) in the ICS, CDARS or managed CD account programs are, in actuality, investments made in multiple financial institutions at a level covered by FDIC insurance and, as such, do not individually exceed 5% of total investments.

**Assets in Land**

In January 2012, the Phoenix IDA entered into an agreement with the City of Phoenix to purchase a 50% stake in the proceeds of the future, mutually agreed upon development or disposition of a parcel of land owned by the City of Phoenix for \$157,000. At June 30, 2016, the IDA received \$19,407 of the \$157,000 land receivable balance resulting in an ending receivable balance of \$137,593.

Similarly, in September 2013, the Phoenix IDA entered into a separate development agreement with the City of Phoenix to purchase a 50% stake in the proceeds of the future, mutually agreed upon development or disposition of a different parcel of land also owned by the City of Phoenix for \$370,433. In January 2015, the Phoenix IDA entered into a third separate development agreement with the City of Phoenix to purchase a 90% stake in the proceeds of the future, mutually agreed upon the development or disposition of another parcel of land also owned by the City of Phoenix for \$2,667,073. The investment in land is currently held for sale and reported at fair value as of June 30, 2016, for \$3,388,650.

On August 31, 2015, the Phoenix IDA purchased a parcel of land and improvements thereon from the Arizona Department of Economic Security. The Phoenix IDA then transferred title to such land and improvements to its component unit by general warranty deed effective November 30, 2015, to be held for future investment or development and is reported at the total cost of \$1,173,729.

**NOTE 3 FAIR VALUE**

In determining fair value, the Phoenix IDA uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 FAIR VALUE (CONTINUED)**

The fair value measurements framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value measurements define levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The Phoenix IDA investments at June 30, 2016, categorized within the fair value hierarchy detailed above were as follows:

	Total	Level 1	Level 2	Level 3
Arizona Community Foundation	\$ 1,511,559	\$ -	\$ -	\$ 1,511,559
Investment in Land	3,388,650	-	-	3,388,650
Total Investments	<u>\$ 4,900,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,900,209</u>

**NOTE 4 NOTES RECEIVABLE**

Borrower, Terms and Maturity	Purpose	Original Principal	Outstanding Principal Balance
Original loan was modified on June 30, 2010, in which \$88,984 of interest was added to principal of \$250,000 and the due date accelerated. Interest only at 4%. All principal and interest is due April 7, 2019.	Funds used to assist in the acquisition and construction of an affordable senior housing project, located in the Phoenix metropolitan area.	\$ 338,984	\$ 338,984

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 NOTES RECEIVABLE (CONTINUED)**

Borrower, Terms and Maturity	Purpose	Original Principal	Outstanding Principal Balance
Loan commencing July 1, 2002, bearing interest at 4%, interest only payments. Interest and any unpaid principal is due December 20, 2040.	Funds used to assist in the acquisition and construction of an affordable housing project, located in the Phoenix metropolitan area.	\$ 250,000	\$ 250,000
Original loan was modified on June 30, 2010, in which \$27,040 of interest was added to principal of \$250,000. Interest only loan at 4%. The remaining interest and principal is due October 15, 2021.	Funds used to assist in the acquisition and construction of an affordable housing project, located in the Phoenix metropolitan area.	277,040	277,040
Original loan was modified at June 30, 2010, in which \$65,000 of interest added to principal of \$250,000 and the due date extended to 2021. Interest bearing loan at 4%. Principal and interest due June 1, 2021.	Funds used to assist in the acquisition and rehabilitation of an affordable housing project, located in the Phoenix metropolitan area.	315,000	315,000
Loan to Espiritu Community Development Corporation commencing December 16, 2014, bearing interest at 5.5%, due December 16, 2017.	Funds used to assist in the predevelopment costs associated with construction, improvement, operation and/or equipping of charter school facilities.	100,000	100,000
Loan to Ridgeline Academy, Inc. commencing April 1, 2016 bearing interest at 12%. Principal and Interest due May 2, 2021	Funds used to finance the cost of acquiring the facilities for continued use in connection with operation of the school and pay certain costs related to the issuance of the bonds	600,000	600,000
Total Notes Receivable			1,881,024
Less Reserve for Uncollectible Accounts			(1,181,024)
Notes Receivable, Net			<u>\$ 700,000</u>

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX  
(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 NOTES RECEIVABLE (CONTINUED)**

As of June 30, 2016, current and noncurrent notes receivable, after applying the reserve for uncollectible accounts, consisted of the following:

Current Portion	\$ -0-
Long Term	700,000
Total	<u>\$ 700,000</u>

**NOTE 5 CONDUIT BALANCE**

The Phoenix IDA issues Private Activity Revenue Bonds that provide capital financing for third parties that are not part of the Phoenix IDA's reporting entity. The aggregate amount of all conduit balance obligations outstanding at June 30, 2016, was \$1,800,727,959. The Phoenix IDA has no obligation for the repayment by the borrower.

**NOTE 6 RELATED PARTY TRANSACTIONS**

The City of Phoenix City Council appoints the board of directors of the Phoenix IDA. The City of Phoenix also provides certain administrative functions on behalf of the Phoenix IDA. As of June 30, 2016, the Phoenix IDA had reimbursed the City of Phoenix approximately \$296,681 for administrative expenses.

Management believes that the transactions between the Phoenix IDA and the City of Phoenix, Arizona are arm's length transactions.

**NOTE 7 CONTINGENCIES**

The Phoenix IDA is periodically involved in various claims arising in the ordinary course of business, none of which, in the opinion of management, if determined adversely against the Phoenix IDA, will have a material adverse effect on the financial condition, results of operations, or liquidity of the Phoenix IDA.

**NOTE 8 SUBSEQUENT EVENTS**

Management evaluated subsequent events through October 26, 2016, the date the financial statements were available to be issued.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
The Industrial Development Authority  
of the City of Phoenix, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of The Industrial Development Authority of The City of Phoenix as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise The Industrial Development Authority of The City of Phoenix's basic financial statements and have issued our report thereon dated June 30, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we consider The Industrial Development Authority of The City of Phoenix's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Industrial Development Authority of The City of Phoenix's internal control. Accordingly, we do not express an opinion on the effectiveness of The Industrial Development Authority of The City of Phoenix's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Industrial Development Authority of The City of Phoenix's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
October 26, 2016



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAconnect.com

Board of Directors  
The Industrial Development Authority of The City of Phoenix, Arizona  
Phoenix, Arizona

We have audited the financial statements of The Industrial Development Authority of The City of Phoenix, Arizona as of and for the year ended June 30, 2016, and have issued our report thereon dated October 26, 2016. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Industrial Development Authority of The City of Phoenix, Arizona are described in Note 1 to the financial statements.

For the year ended June 30, 2016, the financial statements include the impact, if any, of Governmental Accounting Standards Board Statement (GASBS) Number 72 – *Fair Value Measurement and Application*, GASBS Number 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASBS Number 68 and Amendments to Certain Provisions of GASBS Numbers 67 and 68*, GASBS Number 76 – *the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASBS Number 79 – *Certain External Investment Pools and Pool Participants*.

We noted no transactions entered into by the entity during the year for which there was a lack of authoritative guidance or consensus. All significant transactions were recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of allowance for doubtful notes receivable balances:

- Management determines the allowance for doubtful notes receivable by identifying troubled accounts as well as evaluating receivables and considering the entity's financial condition, credit history, and current economic conditions. Our conclusion regarding the reasonableness of the estimate for the allowance for doubtful accounts was based primarily on the entity's history of subsequent collections and current period write-offs.

- Management's estimate of the fair value of investments was based on quoted market prices provided by a third party. We evaluated the key factors and assumptions used to develop the fair market value of investments in determining the reasonableness in relation to the financial statements taken as a whole.

#### Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are considered neutral, consistent, and clear.

#### ***Difficulties encountered in performing the audit***

We encountered no difficulties in dealing with management in performing and completing our audit.

#### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that were clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

#### ***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

#### ***Disagreements with management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

#### ***Management representations***

We have requested certain representations from management that are included in the attached management representation letter dated October 26, 2016.

#### ***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### ***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.



***Other information in documents containing audited financial statements***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

\* \* \*

This communication is intended solely for the information and use of the board of directors and management of The Industrial Development Authority of The City of Phoenix, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
October 26, 2016



October 26, 2016

CliftonLarsonAllen LLP  
20 East Thomas Road, Suite 2300  
Phoenix, Arizona 85012-3111

This representation letter is provided in connection with your audit of the statements of assets, liabilities and net position of The Industrial Development Authority of the City of Phoenix, Arizona (Phoenix IDA) as of June 30, 2016 and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 26, 2016, the following representations made to you during your audit.

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 14, 2016, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions used in making those estimates, and we believe the estimates (including those measured at fair value) and the significant assumptions used in making those accounting estimates are reasonable.
- Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

- Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
- We have not identified or been notified of any uncorrected financial statement misstatements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments through the date of this letter.
- Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
- Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.
- Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
- We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

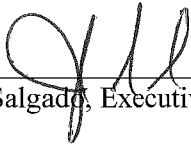
**Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - Additional information that you have requested from us for the purpose of the audit.
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.

- All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.
- Access to all audit or relevant monitoring reports, if any, received from funding sources.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
- We believe that all material expenditures that have been deferred to future periods will be recoverable.
- There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
- We have a process to track the status of audit findings and recommendations.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to, The Phoenix IDA, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have complied with all restrictions on resources and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance.
- We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources \$750,000 or more. For this representation, “award” means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- The financial statements properly classify all funds and activities.
- Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
- We have appropriately disclosed the entity’s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management’s chart of accounts.

- As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.



---

Juan Salgado, Executive Director



---

Murray Boess, Administrator

# TAB 7



# CONFIRMATION OF COVERAGE BOUND (BINDER CONFIRMATION)

Apr 22, 2016

**ATTN:**  
**AGENCY:** USI Insurance Services, LLC - Phoenix  
**BINDER CONFIRMATION EFF:**4/26/2016

**Email:** cecille.depiero@usi.biz  
**BINDER CONFIRMATION I.D:**4955650  
**BINDER CONFIRMATION EXP:**5/26/2016

Dear ,

*We are pleased to confirm the following coverage that has been bound by the carrier shown below. Please note that this binder confirmation is based on the coverage, terms and conditions listed below, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this binder confirmation carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, Inc. disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms confirmed below and those terms originally requested. THIS COVERAGE MAY NOT BE BOUND WITHOUT A FULLY EXECUTED BROKERAGE AGREEMENT.*

The terms of our binder confirmation are as follows:

<b>INSURED NAME:</b>	The Industrial Development Authority of the City of Phoenix, Arizona	
<b>ADDRESS:</b>	251 West Washington St., 9th Floor Phoenix AZ 85003	
<b>MAILING ADDRESS:</b>	251 West Washington St., 9th Floor Phoenix, AZ 85003	
<b>Policy Number:</b>	02024309	
<b>Effective:</b>	4/26/2016 to 4/26/2017	
<b>Carrier:</b>	Allied World Surplus Lines Insurance Company <b>NAIC:</b> 24319	
<b>Coverage:</b>	PUBLIC OFFICIALS	
<b>Limit:</b>	\$5,000,000	Public Officials Management
	\$5,000,000	Employment Practices Liability
	\$5,000,000	Policy Aggregate
	\$100,000	Non-Monetary Coverage-Defense Only
	\$300,000	Non-Monetary Coverage- Defense Only Aggregate
	\$25,000	Crisis Only Management
<b>SIR:</b>	\$15,000	Each Claim; Public Officials Management
	\$15,000	Each Claim; EPL
	\$15,000	Each Claim; Non-Monetary Coverage
	\$5,000	Each Claim; Crisis Management



**Terms & Conditions:** \*CRC TO FILE TAXES\*

Coverage: See coverage form DRWN POL 1000 (01/2012) for terms, conditions and limitations

Form: Claims Made

Insurer Information:  
Allied World Surplus Lines Insurance Company  
Member of Allied World Assurance Group  
Best Rating: A XV  
Surplus Lines Insurer

Retro Date: Full Prior Acts

P&P Date: 4/26/95

All fees are fully earned.

Retentions are each claim including LAE

See attached Coverage Features attachment for additional information.

Minimum Earned Premium is the GREATER of \$1,500 or 25% of annual premium. We will not cancel flat after inception date.

By purchasing this coverage, you will be provided with toll-free and online access to Employment Law Attorneys who will answer your organization's specific Human Resource and Employment Law questions and provide access to state and federal employment law changes and more. Insureds can access HELPLINE services throughout the policy period at no additional cost.

Limits, deductibles, terms and conditions quoted do not necessarily match those requested.

This is only a summary and the Terms and Conditions of any policy will take precedence over any proposal.

This proposal contains a brief outline of coverages to be included in any policy that may be issued in the future.

**Endorsements:**

DRWN POL 1005 PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY  
POLICY DECLARATIONS  
SAA- 100 SCHEDULE OF POLICY FORMS AND ENDTS  
DRWN POL 1000 PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY  
INSURANCE POLICY  
S1006 DSI SERVICE OF SUIT  
PGU 1072 DEFENSE COVERAGE FOR TAX EXEMPT BOND CLAIMS  
PGU 1052 MINIMUM EARNED PREMIUM UPON CANCELLATION  
PGU 1008 AMEND PRIOR AND PENDING LITIGATION EXCLUSION 4/26/95

**Pursuant to Arizona Revised Statutes section 20-401.01, subsection B, paragraph 1; this policy is issued by an insurer that does not possess a certificate of authority from the director of the Arizona Department of Insurance. If the insurer that issued this policy becomes insolvent, insureds or claimants will not be eligible for insurance guaranty fund protection pursuant to Arizona Revised Statutes title 20.**

Premium:	\$8,786.00
Policy Fee	\$400.00
Company Policy Fee	\$245.00
State Tax	\$282.93
Stamping Fee:	\$18.86

**Grand Total: \$9,732.79**



PO Box 59689 Birmingham, AL 35259-9689 Phone: (800) 824-1709 Fax: (205) 879-3739

# CONFIRMATION OF COVERAGE BOUND (BINDER CONFIRMATION)

Apr 22, 2016

**ATTN:**  
**AGENCY:** USI Insurance Services, LLC - Phoenix  
**BINDER CONFIRMATION EFF:**4/26/2016

**Email:** cecille.depiero@usi.biz  
**BINDER CONFIRMATION I.D:**4955654  
**BINDER CONFIRMATION EXP:**7/26/2016

Dear ,

*We are pleased to confirm the following coverage that has been bound by the carrier shown below. Please note that this binder confirmation is based on the coverage, terms and conditions listed below, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this binder confirmation carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, Inc. disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms confirmed below and those terms originally requested. THIS COVERAGE MAY NOT BE BOUND WITHOUT A FULLY EXECUTED BROKERAGE AGREEMENT.*

The terms of our binder confirmation are as follows:

**INSURED NAME:** The Industrial Development Authority of the City of Phoenix, Arizona

**ADDRESS:** 251 West Washington St., 9th Floor  
Phoenix AZ 85003

**MAILING ADDRESS:** 251 West Washington St., 9th Floor  
Phoenix, AZ 85003

**Policy Number:** LHS667375

**Effective:** 4/26/2016 to 4/26/2017

**Carrier:** Landmark American Insurance Company **NAIC:** 33138

**Coverage:** EXCESS

**Limit:** \$5,000,000 Limit  
In Excess of:  
\$5,000,000

**Terms & Conditions:** Form: RSG 231007 0609 Excess Liability Policy - 2009

Carrier: Landmark American Insurance Company - (Best rating: A+ XIII) NON-ADMITTED

Please read all terms and conditions shown above carefully as they may not conform to specifications shown on your submission.

TRIA: Premium waived

Notwithstanding the issuance of this Binder, or the payment or receipt of any premium in connection with this Binder, it is understood and agreed that the insurance coverage, if any, represented by the Binder shall be TEMPORARY AND CONDITIONAL, being subject to the receipt, review and underwriting approval, in writing, of the additional information specified above in the section entitled "Additional Information Required." If such information is not received by the Insurer within 30 days of the date this Binder is executed by the Insurer, or such information is received by the Insurer within the 30 day period but not given written underwriting approval by the Insurer for any reason, then this Temporary and Conditional Binder and any coverage represented by this Binder, in the form of a policy or otherwise, may be declared null and void from its inception or ab initio by the underwriter. In such case, the Binder and any policy represented by the Binder will have no effect.

The Insurer reserves the right to issue the policy after the 30 day period with a prior acts and known circumstance exclusion. This exclusion would apply to any claim(s) arising out of actual or alleged wrongful act(s) committed prior to the inception date of the policy as well as any actual or alleged wrongful act(s) which as of the effective date of this policy, any Insured(s) knew or could have reasonably foreseen could lead to a claim.

Please read all terms and conditions shown above carefully as they may not conform to specifications shown on your submission.

Coverage bound herewith shall be subject to all terms and conditions of the policy to be issued which, when delivered, replaces this binder.

**Endorsements:**

RSG 204123 0116 Disclosure Pursuant to Terrorism Risk Insurance Act  
RSG 236008 0204 Exclusion - Prior and or Pending Litigation Backdated - 4/26/95  
RSG 99068 0106 Arizona Surplus Lines Disclosure Notice  
RSG 234018 0407 Service Of Suit  
RSG 206097 0315 Exclusion - Telecommunications Claims

**Pursuant to Arizona Revised Statutes section 20-401.01, subsection B, paragraph 1; this policy is issued by an insurer that does not possess a certificate of authority from the director of the Arizona Department of Insurance. If the insurer that issued this policy becomes insolvent, insureds or claimants will not be eligible for insurance guaranty fund protection pursuant to Arizona Revised Statutes title 20.**

Premium:	\$8,295.00
Policy Fee	\$500.00
State Tax	\$263.85
Stamping Fee:	\$17.59

**Grand Total: \$9,076.44**

Again, keep in mind that the coverages offered in this binder confirmation may differ from that requested in the application. Failure to provide the requested coverage shall impose no liability on CRC Insurance Services, Inc. or its companies.



**Risk Placement Services, Inc.**

Knowledge. Relationships.  
Trust. Confidence.

**Retail Producer:**

Vicki Negbee  
USI Insurance Services - Phoenix (2201 East Camelba  
2201 East Camelback Rd, Suite 220A  
Phoenix, AZ 85016  
Phone: (602) 279-5800  
Fax: (602) 395-0222  
Email: Vicki.negbee@usi.biz

## INSURANCE BINDER

Apr 28, 2016

RPS Submission #: 0885318D

### Binder Information

Insured Name: The Industrial Development Authority of the City of Phoenix, Arizona; Phoenix IDA  
Real Estate Holdings Corporation  
Policy Number: 2CW7785  
Policy Period: 4/26/2016 to 4/26/2017  
Insurance Carrier: Essex Insurance Company NAIC #: 39020  
Admitted / Non-Admitted: Non-Admitted  
A. M. Best Rating: A XIV

- **Retroactive Date (if Claims Made coverage):**

### Physical Location

251 W Washington 9th Floor,  
Phoenix, AZ 85003

### Limits of Insurance

Refer to company quote

Deductible  
Refer to company quote

### Rating Information

Refer to company quote

## Premium Summary

Premium \$1,500.00

<u>Coverage</u>	<u>Premium</u>	<u>Commission%</u>	<u>MEP % -If varies from policy MEP</u>
Commercial General Liability	\$1,500.00	12.00	

Minimum Earned Premium: 25%

TRIA Premium: REJECTED

(All applicable taxes and fees are Fully Earned unless otherwise specified.)

**Fees:**

Broker Fee \$150.00

Tax State (or home state): AZ

The State Surplus Lines Notice applies only if Insurance Carrier is shown as Non-Admitted in the Binder Information Section.

Pursuant to Arizona Revised Statutes section 20-401.01, subsection b, paragraph 1, this policy is issued by an insurer that does not possess a certificate of authority from the director of the Arizona Department of Insurance. If the insurer that issued this policy becomes insolvent, insureds or claimants will not be eligible for insurance guaranty fund protection pursuant to Arizona Revised Statutes Title 20.

**SURPLUS LINES TAXES:**

Surplus Lines Tax	\$49.50
Stamping Office Fee	\$3.30
<b>TOTAL</b>	<b>\$1,702.80</b>

## Coverage Notes

Flat cancellation is not permitted. Minimum earned premium provision applies.

## Forms / Endorsements

Refer to company quote  
Sample copies of forms are available on request

## Terms & Conditions

**Binder Issuance is Subject To:**

Refer to company quote

Hired & Non-Owned Auto will be modified to include Members of the Board of Directors of the Insured

→ This binder does not include all the terms, coverages, exclusions, limitations, conditions of the actual contract language. The policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

→ **When requesting a policy change, addition, cancellation, endorsement, etc., you must provide every policy number/coverage to which the request applies.**



April 28, 2016

Alex Sanders  
Risk Placement Services, Inc.  
8700 East Northsight Boulevard Suite 100  
Scottsdale, AZ 85260-3671  
alex\_sanders@rpsins.com

**Quote Summary**

Based on the information provided, we are pleased to offer the following quote with Essex Insurance Company. Essex Insurance Company is a surplus lines insurer currently rated A XIV by A.M. Best.

These terms are valid for thirty days from the date on this letter. Our quotation may differ from the terms requested in the submission. Please review our quotation carefully.

Named insured: The Industrial Development Authority of the City of Phoenix, Arizona; Phoenix IDA Real Estate Holdings Corporation  
Mailing Address: 251 W. Washington 9th floor  
Phoenix, AZ 85003  
Transaction number: 1326591  
Renewal of: 3DY4662  
Company: Essex Insurance Company  
Term quoted: 04/26/2016 to 04/26/2017 (These dates may be amended at time of binding.)

**Premium Summary**

General liability	\$1,500	MP
Total Premium without TRIA	\$1,500	
<b>Total amount due</b>	<b>\$1,500.00</b>	

**This quote is subject to the following:**

- 

**Supplemental Application(s):**

MAGL 2015 10 11 Vacant Building Supplement (fillable PDF)



## General Liability Coverage

### Limits of Insurance

General Aggregate Limit	\$2,000,000
Products/Completed Operations Aggregate Limit	Excluded
Personal/Advertising Limit	Excluded
Each Occurrence Limit	\$1,000,000
Damage to Premises Rented to You Limit	\$100,000
Medical Expense Limit (Any one person)	\$5,000

**Deductible** \$500 BI/PD Combined Per claim

### Classification and premium

State - Territory	Class Code	Description	Rating Basis	Exposure	Rate	Premium
AZ - 502	61224	Buildings or Premises - office premises primarily occupied by employees of the insured (For-Profit)	Per 1,000 Square Feet of Area	600	60.97	\$37
AZ - 502	46622	Parking - private	Per 1,000 Square Feet of Area	20,000	26.34	\$527
AZ - 502	68606	Vacant Buildings - not factories (For-Profit)	Per 1,000 Square Feet of Area	13,150	13.48	\$177

### Optional Coverages

Coverage	Limit	Qty.	Premium
Employee Benefits Liability	Each Employee Aggregate	\$1,000,000 \$1,000,000	n/a \$350

MEGL 1547 (07/10) Hired And Non-owned Automobile Liability Coverage 1/1 limits \$400

### Terrorism

The Terrorism Risk Insurance Act (TRIA), as amended, requires insurance companies to offer limited terrorism coverage. TRIA coverage will cost 3% of the GL premium, subject to a \$150 minimum.



If purchased, the CG 21 73 Exclusion of Certified Acts of Terrorism will be removed from your policy and the CG 21 70 Cap on Losses from Certified Acts of Terrorism will be added.

**Total General Liability Premium (25% minimum earned)    \$1,500 MP            minimum and deposit**





## Forms and Endorsements

<u>MJIL 1000 08 10</u>	Policy Jacket (Essex)
<u>MPIL 1007 03 14</u>	Privacy Notice
<u>MDIL 1000 08 11</u>	Common Policy Declaration
<u>MDIL 1001 08 11</u>	Forms Schedule
<u>IL 00 17 11 98</u>	Common Policy Conditions
<u>IL 00 21 09 08</u>	Nuclear Energy Liability Exclusion Endorsement
<u>MEIL 1200 01 10</u>	Service Of Suit
<u>MEIL 1225 10 11</u>	Change - Civil Union
<u>MDGL 1008 08 11</u>	Commercial General Liability Coverage Part Declarations
<u>CG 00 01 12 07</u>	Commercial General Liability Coverage Form
<u>CG 00 68 05 09</u>	Recording And Distribution Of Material Or Information In Violation Of Law Exclusion
<u>CG 03 00 01 96</u>	Deductible Liability Insurance
<u>CG 04 35 12 07</u>	Employee Benefits Liability Coverage
<u>CG 21 04 11 85</u>	Exclusion-Products-Completed Operations Hazard
<u>CG 21 09 06 15</u>	Exclusion - Unmanned Aircraft
<u>CG 21 36 03 05</u>	New Entities Exclusion
<u>CG 21 38 11 85</u>	Personal and Advertising Injury Exclusion
<u>CG 21 47 12 07</u>	Employment - Related Practices Exclusion
<u>CG 21 49 09 99</u>	Total Pollution Exclusion Endorsement
<u>CG 21 73 01 15</u>	Exclusion Of Certified Acts Of Terrorism
<u>ME 008 01 09</u>	Pre-existing Injury, Loss or Damage Exclusion
<u>ME 030 04 99</u>	Classification Limitation Endorsement
<u>ME 126 01 09</u>	Liquor Liability Exclusion Amended
<u>ME 217 07 09</u>	Specified/Designated Premises/Project Limitation
<u>ME 267 01 05</u>	Vacant Building Endorsement
<u>MEGL 0001 08 14</u>	Combination General Endorsement
<u>MEGL 0024 04 13</u>	Exclusion - Assault Or Battery
<u>MEGL 1636 08 14</u>	Exclusion - Employer's Liability And Bodily Injury To Contractors Or Subcontractors In Designated States



**Retail Producer:**

USI Insurance Services - Phoenix  
2375 E. Camelback Road, Suite 250  
Phoenix, AZ 85016  
Phone: (602) 395-9111  
Fax: (602) 395-0222  
Email: Sherrie.Cox@usi.biz

## INSURANCE BINDER

### Binder Information

Insured Name: The Industrial Development Authority of the City of Phoenix, Arizona; Phoenix IDA  
Real Estate Holdings Corporation  
Policy Number: EZXS1005695  
Policy Period: 8/4/2016 to 4/26/2017  
Insurance Carrier: Evanston Insurance Company NAIC #: 35378  
Admitted / Non-Admitted: Non-Admitted  
A. M. Best Rating: A XV

Retroactive Date (if Claims Made coverage):

### Physical Location

251 W Washington 9th Floor,  
Phoenix, AZ 85003

### Limits of Insurance

Coverage: Commercial Excess

Claim Form:

Refer to company binder

### SIR

Refer to company binder

### Rating Information

Refer to company binder

## Premium Summary

Premium \$1,500.00

Coverage Premium

MEP % -If varies  
from policy MEP

Minimum Earned Premium: 25%

TRIA Premium: REJECTED

(All applicable taxes and fees are Fully Earned unless otherwise specified.)

Fees:

Broker Fee \$150.00

Tax State (or home state): AZ

The State Surplus Lines Notice applies only if Insurance Carrier is shown as Non-Admitted in the Binder Information Section.

Pursuant to Arizona Revised Statutes section 20-401.01, subsection b, paragraph 1, this policy is issued by an insurer that does not possess a certificate of authority from the director of the Arizona Department of Insurance. If the insurer that issued this policy becomes insolvent, insureds or claimants will not be eligible for insurance guaranty fund protection pursuant to Arizona Revised Statutes Title 20.

### SURPLUS LINES TAXES:

Surplus Lines Tax \$49.50  
Stamping Office Fee \$3.30

TOTAL \$1,702.80

## Coverage Notes

Flat cancellation is not permitted. Minimum earned premium provision applies.

## Forms / Endorsements

Refer to company binder  
Sample copies of forms are available on request

## Terms & Conditions

Binder Issuance is Subject To:  
Refer to company binder

→ This binder does not include all the terms, coverages, exclusions, limitations, conditions of the actual contract language. The policies themselves must be read for those details. Policy forms for your reference will be made available upon request

→ **When requesting a policy change, addition, cancellation, endorsement, etc., you must provide every policy number/coverage to which the request applies.**



August 5, 2016

William DeFrese  
Risk Placement Services, Inc.  
8700 East Northsight Boulevard Suite 100  
Scottsdale, AZ 85260-3671  
bill\_defrese@rpsins.com

## **Binder**

Thank you for your request to bind the below referenced account. We appreciate your business and are pleased to bind coverage as follows.

Named insured:	The Industrial Development Authority of the City of Phoenix,Arizona	
Mailing Address:	251 W Washington 9th Floor Phoenix, AZ 85003	
Transaction number:	1328516	
Policy number:	EZXS1005695	
Company:	Evanston Insurance Company	
Term:	08/04/2016 to 04/26/2017	
Governing Class:	ISO Code:	61224
	Description:	Buildings or Premises - office premises primarily occupied by employees of the insured (For-Profit)
	Premium base:	Area
	Exposure amount:	600
	Primary state:	Arizona
	Audit basis:	Flat



## **Excess Liability Coverage**

### **Limits of Insurance**

\$2,000,000 Occurrence / \$2,000,000 Aggregate, excess of primary insurance (see schedule)

### **Premium Summary**

Excess Liability Premium	\$1,500
Total Excess Liability Premium (25% minimum earned)	\$1,500
<b>Total amount due</b>	<b>\$1,500.00</b>



## Forms and Endorsements

<a href="#"><u>MEL 1000 08 10</u></a>	Policy Jacket (Evanston)
<a href="#"><u>MPL 1007 03 14</u></a>	Privacy Notice
<a href="#"><u>MPL 1088 06 16</u></a>	Notice to Policyholders-Merger and Company Name
<a href="#"><u>MDIL 1001 08 11</u></a>	Forms Schedule
<a href="#"><u>MEH 1200 01 10</u></a>	Service Of Suit
<a href="#"><u>MEIL 1225 10 11</u></a>	Change - Civil Union
<a href="#"><u>MAJUB 1060 01 15</u></a>	Commercial Excess Liability Policy Declaration
<a href="#"><u>MAJUB 1003 01 15</u></a>	Schedule Of Underlying Insurance
<a href="#"><u>MAJUB 0001 01 15</u></a>	Commercial Excess Liability Policy
<a href="#"><u>MAJUB 1243 01 15</u></a>	Unimpaired Aggregate Limit
<a href="#"><u>MAJUB 1255 01 15</u></a>	Non-Drop Down Provision
<a href="#"><u>MAJUB 1264 01 15</u></a>	25% Minimum Earned Premium
<a href="#"><u>MAJUB 1308 01 15</u></a>	Exclusion - Breach Of Contract
<a href="#"><u>MAJUB 1310 01 15</u></a>	Exclusion - Prior Incidents And Prior Construction Defects
<a href="#"><u>MAJUB 1338 01 15</u></a>	Exclusion - Aircraft Products and Grounding
<a href="#"><u>MAJUB 1355 01 15</u></a>	Exclusion - Nuclear Energy Liability
<a href="#"><u>MAJUB 1384 01 15</u></a>	Exclusion - Employment-Related Practices
<a href="#"><u>MAJUB 1386 01 15</u></a>	Exclusion - ERISA
<a href="#"><u>MAJUB 1390 01 15</u></a>	Exclusion - Assault Or Battery
<a href="#"><u>MAJUB 1391 01 15</u></a>	Exclusion - Computer Related And Other Electronic Problems
<a href="#"><u>MAJUB 1506 01 15</u></a>	Intellectual Property Rights Following Form
<a href="#"><u>MAJUB 1601 01 15</u></a>	Exclusion - Insured Versus Insured
<a href="#"><u>MAJUB 1615 01 15</u></a>	Exclusion - Damage To Property
<a href="#"><u>MAJUB 1617 01 15</u></a>	Exclusion - Recall Of Products, Work Or Impaired Property
<a href="#"><u>MAJUB 1621 01 15</u></a>	Exclusion - Recording And Distribution Of Material Or Information In Violation Of Law
<a href="#"><u>MAJUB 1638 01 15</u></a>	Exclusion - Fungi Or Bacteria
<a href="#"><u>MAJUB 1642 01 15</u></a>	Exclusion - Lead
<a href="#"><u>MAJUB 1663 01 15</u></a>	Exclusion - Professional Services
<a href="#"><u>MAJUB 1665 01 15</u></a>	Exclusion - Auto No-Fault And Similar Laws
<a href="#"><u>MAJUB 1666 01 15</u></a>	Exclusion - War Liability
<a href="#"><u>MAJUB 1678 01 15</u></a>	Exclusion - Pollution
<a href="#"><u>MAJUB 1692 01 15</u></a>	Exclusion - Punitive Damages
<a href="#"><u>MAJUB 1696 01 15</u></a>	Exclusion Of Certified Acts Of Terrorism
<a href="#"><u>MAJUB 1804 01 15</u></a>	Exclusion - Silica Or Mixed Dust
<a href="#"><u>MAJUB 1813 01 15</u></a>	Exclusion - Asbestos
<a href="#"><u>MAJUB 1822 06 15</u></a>	Exclusion - Unmanned Aircraft
<a href="#"><u>MJUB Terr-2 01 15</u></a>	Confirmation Of Exclusion Of Certified Acts Of Terrorism Coverage - Terrorism Risk Insurance Act



## Schedule of Underlying Coverage

### Commercial General Liability

Carrier	Essex Insurance Company	
Policy Period:	04/26/2016 to 04/26/2017	
Limits	\$1,000,000	Per Occurrence
	\$2,000,000	General Aggregate
	Excluded	Products/Completed Operations Aggregate
	Excluded	Personal & Advertising Injury

### Hired and Non Owned Liability

Carrier	Essex Insurance Company
Policy Period:	04/26/2016 to 04/26/2017
Limit	Included in General Liability



## NOTICE TO POLICYHOLDERS – MERGER AND COMPANY NAME CHANGE

Effective June 30, 2016, Essex Insurance Company merged with Evanston Insurance Company. Both companies are members of the Markel group of insurance companies. This is to provide you with notice of the merger since coverage was quoted or bound by Essex Insurance Company, but the policy has been issued by the new resulting combined entity, Evanston Insurance Company.

All references to Essex Insurance Company in your quote letter or any other document related to or affecting the purchase of this policy are changed to reflect Evanston Insurance Company's name.

Evanston Insurance Company is responsible for all Essex Insurance Company legal obligations and commitments. The merger will not impact our obligations to you, and the terms and conditions under this policy will not change as a result of this merger.

This change is the result of an initiative underway at Markel to consolidate insuring entities and simplify its structure.

We remain committed to offering you the best service and quality products for your needs. If you have any questions, please contact your insurance agent or representative.