



**PROCEDURAL PAMPHLET**

**As Amended through March 18, 2014**

## SECTION 1

### DEFINITIONS

As used in this Procedural Pamphlet and the Application for Bond Financing, the following terms have the indicated meanings:

- a) “Act” means Arizona Revised Statutes, §§35-701 et seq.
- b) “Applicant” means the entity seeking to have bonds issued on its behalf to purchase, construct or acquire one or more Projects.
- c) “Board” means the Board of Directors of the Phoenix IDA.
- d) “Bond Counsel” means a law firm selected by the Applicant and approved by the Phoenix IDA. Applicant’s counsel may not serve as Bond Counsel except with the express approval of the Phoenix IDA’s executive director. In the event Bond Counsel is not designated by the Applicant, the Phoenix IDA shall select Bond Counsel.
- e) “Bond Purchaser” means the entity, or entities, that have agreed to purchase some or all of an issue of the Phoenix IDA’s bonds for investment and not with a view to public distribution.
- f) “Carryforward Project” has the meaning set forth in Section 146(f) of the Code, as may hereafter be amended.
- g) “City” means the City of Phoenix, Arizona.
- h) “City Council” means the City Council of the City of Phoenix.
- i) “Code” means the Internal Revenue Code of 1986, as amended.
- j) “Day” means a calendar day.
- k) “Director” means a member of the Board.
- l) “Fee Schedule” means the Phoenix IDA’s schedule of fees, as amended from time to time.
- m) “Finance Team” means all third-parties associated with the Project (all parties except the Applicant and the Phoenix IDA) including Bond Counsel, Issuer Counsel, Applicant counsel, Bond Purchaser, Trustee, Underwriter and any other party required by the Applicant, Bond Counsel, Issuer, Bond Purchaser, Trustee or Underwriter to be a party to the transaction.
- n) “Issuer” means The Industrial Development Authority of the City of Phoenix, Arizona.

- o) “Issuer Counsel” means the law firm retained by the Phoenix IDA to review the Application to determine a Project’s legal eligibility for bond financing and to review all documents to be used in the bond financing.
- p) “Legal Counsel” means Bond Counsel and Issuer Counsel, together.
- q) “Meeting” means either a Regular Meeting or Special Meeting.
- r) “Phoenix IDA” also means The Industrial Development Authority of the City of Phoenix, Arizona.
- s) “Proceedings” means proceedings of the Board under which the bonds are authorized to be issued as set forth in Arizona Revised Statutes §35-721(a)
- t) “Project” means any project authorized by the Act. Each phase of a multiphase application or Project may be considered to be a separate Project for all purposes.
- u) “Regular Meeting” means a regularly scheduled meeting of the Board as published on the Phoenix IDA’s website ([www.phoenixida.com](http://www.phoenixida.com)).
- v) “Regulations” means the Regulations to the Internal Revenue Code of 1986, as amended.
- w) “Special Meeting” means a meeting of the Board not on the Regular Meeting schedule.
- x) “Trustee” means a financial institution, trust company, paying agent or other entity generally responsible for transmitting payments to the bondholders and other related parties.
- y) “Underwriter” means any entity that has, directly or indirectly, purchased or plans to purchase the Phoenix IDA’s bonds with a view to public distribution.

## SECTION 2

### INTRODUCTION

**2.1 Phoenix IDA Meetings.** Meetings are generally held in the Phoenix City Hall Building, 200 West Washington Street, Assembly Room B, Phoenix, Arizona, subject to cancellation, or change in date, time, and location. The Board’s current Regular Meeting schedule is available from the Phoenix IDA’s website ([www.phoenixida.com](http://www.phoenixida.com)). In addition to its Regular Meeting schedule, the Phoenix IDA may schedule Special Meetings as necessary.

A Special Meeting may be held on the written request of an Applicant, and at the sole discretion of the Phoenix IDA, after receipt of a Special Meeting Fee as described in the Fee Schedule.

A representative of the Applicant must attend, in person or by telephone, all Meetings at which the Application is to be considered. The Phoenix IDA reserves the right to defer consideration of the requested action if an Applicant representative is not present.

**2.2 Approvals.** Application requests for bond financings are required to be brought before the Board for approval as described in Section 5. The Proceedings must receive approval from City Council prior to issuance of the bonds.

**2.3 Public Nature of Application Process.** By filing the Application, the Applicant acknowledges that any information submitted to the Phoenix IDA on its behalf is not privileged or confidential and may be disclosed to the public.

**2.4 Purchase and Sale Documentation.** The Applicant and the Bond Purchaser or Underwriter have the responsibility of ensuring that the statements contained in any offering and sale document are true and correct and that they do not contain any material misrepresentations of fact or omit any material information. The Phoenix IDA shall have no responsibility for the accuracy or content of the disclosure document, except for the sections directly pertaining to the Phoenix IDA. By filing an application or by agreeing to act as Bond Purchaser or Underwriter, the Applicant and the Bond Purchaser or Underwriter agree to these terms.

The Applicant must provide that the ongoing disclosure obligations, if any, required by SEC Rule 15c2-12 are in a form and substance satisfactory to the Phoenix IDA.

With respect to any bonds issued by the Phoenix IDA, the Applicant must adhere to the bond denomination standards attached as Appendix “B”.

Any filing with the Securities Division of the Arizona Corporation Commission, required by Arizona Revised Statutes §44-1841 in connection with offering the Phoenix IDA’s bonds for public sale is the responsibility of the Applicant and the Underwriter.

**2.5 Questions Concerning Process and Application; Solicitation of Support.** Applicants should not initiate contact with any Director(s) for the purpose of soliciting support for or discussing their applications.

Any questions concerning this application, or the process of obtaining financing from the Phoenix IDA, may be directed to:

Mike Santellanes, Public Finance Administrator

Email: msantellanes@phoenixida.com

Phone: (602) 262-7644

## SECTION 3

### ELIGIBLE PROJECTS

The Phoenix IDA may issue its bonds only to finance a Project that is authorized by the Act.

Until the bonds are issued, the Phoenix IDA reserves the right, among other things:

- (a) to reject the Application or Project in whole or in part for any reason;
- (b) to reject the Applicant's choice of Bond Counsel, Underwriter or Trustee for any reason;
- (c) to require corrections, deletions, changes, additions or amendments to any Proceedings;
- (d) to impose any other reasonable requirements as conditions precedent to the issuance of its bonds; and
- (e) to postpone from time to time consideration of the Application.

## SECTION 4

### APPLICATION PROCEDURE

**4.1 Application and Filing Procedure.** The Applicant must submit a complete application, in a form acceptable to the Phoenix IDA, and the application filing fee no fewer than 18 Days prior to the Meeting at which consideration for approval is requested. The Phoenix IDA will have each application reviewed by its executive director, Issuer Counsel and by any other persons it deems necessary. The executive director shall present a memorandum and resolution to the Board for consideration of the Applicant's request. Material changes to the Application may result in an additional application filing fee.

**4.2 Attendance of Applicant at Meetings.** A representative of the Applicant must attend, in person or by telephone, all Meetings at which the Applicant's request will be considered.

**4.3 Fees of the Phoenix IDA.** The Fee Schedule is attached as Appendix "A".

**4.4 Related Expenses.** The Applicant agrees to pay all costs and third-party expenses relative to the proposed financing, including payment on demand of such costs incurred by the Phoenix IDA, including but not limited to, the fees of Legal Counsel for the preparation, filing and processing of the Application, review of Proceedings and the issuance of the bonds.

## SECTION 5

### APPROVAL AND ADOPTION OF PROCEEDINGS

**5.1 Preliminary Approval by the Phoenix IDA.** The Board may require, or the Applicant may request, consideration of a resolution conditionally granting preliminary approval with respect to an application. The preliminary approval may be subject to such conditions as the Phoenix IDA, in its sole discretion, may set forth. Except with respect to a Carryforward Project, the Board's preliminary approval will expire in 180 Days, or such other time period as the Board may direct in its Proceedings, unless within that time final approval has been granted by the Board or an extension of preliminary approval (see Section 5.4) has been obtained.

**5.2 Amendments to and Transfers of Preliminary Approval.** The Applicant may request an amendment to preliminary approval by submitting a written request of the amendment to the Phoenix IDA no fewer than 18 Days prior to the Meeting at which consideration of the amendment is requested. Amendments to preliminary approval may be requested in conjunction with a request for final approval provided, however, that all information in support of the amendments is submitted to the Phoenix IDA as set forth herein.

The Applicant may request a transfer of preliminary approval to another party. However, the application fee will remain nonrefundable, and all expenses, including those described in Section 4.4 above, will remain the responsibility and obligation of the Applicant. The Applicant's transfer request must be submitted to the Phoenix IDA no fewer than 18 Days prior to the Meeting at which consideration of the transfer is requested, accompanied by:

- a) a written request for transfer by the proposed transferee;
- b) a revised application, setting forth all information regarding the proposed transferee is required; and
- c) the Affidavit set forth in Section 7 of the Application, signed by the proposed transferee.

The Phoenix IDA reserves the right to designate as a new application any transfer of preliminary approval which incorporates substantive changes from the size, nature, design, use and/or intent of the Project as originally approved, subject to all fees, policies and requirements applicable to new applications.

A representative of the Applicant and the proposed transferee, where applicable, must attend, in person or by telephone, the Meeting at which the Board will consider such action.

**5.3 Final Approval by the Phoenix IDA.** The Board shall adopt a resolution granting final approval of each application. Current compliance with all applicable provisions of this Procedural Pamphlet is required for consideration by the Board of a request for final approval and adoption of the Proceedings. Except with respect to a Carryforward Project, the Board's final approval will expire on the 180th Day following final approval unless the bonds have been issued or an extension of final approval (see Section 5.4) has been obtained.

**5.4 Extensions of Approval.** Except with respect to a Carryforward Project, the Applicant may request an extension of approval by submitting, to the executive director of the Phoenix IDA the Extension Fee as described in the Fee Schedule, and a written request for such extension setting forth: (a) the date preliminary and/or final approval was granted; (b) the extension period requested; (c) the number of extensions previously granted; and (d) the reasons for the requested extension. The executive director of the Phoenix IDA reserves the right to approve or deny requests for extension for any reason.

**5.5 Approval by City Council.** After final approval has been granted by the Board, the proposed bond issuance will be referred to the City Council for approval of the Proceedings at a regularly scheduled formal meeting of the City Council. City Council formal meetings are regularly scheduled at 3:00 p.m. on Wednesday of each week, subject to cancellation or change in time.

**5.6 Carryforward Projects.** The Phoenix IDA will permit an applicant to submit a request for approval of a Project contingent upon obtaining a carryforward allocation in accordance with applicable state and federal law. If the Board grants preliminary approval for the financing of a Carryforward Project, the Applicant shall have until the end of the third calendar year (or such shorter or longer period as may then be provided under federal and state law applicable to Carryforward Projects) following the calendar year in which the carryforward arose to issue the bonds (the "Carryforward Deadline"). The expiration dates with respect to preliminary approval and final approval and the extension provisions with respect to preliminary approval and final approval shall not apply to Carryforward Projects. However, Applicants shall be required to submit a status report on the Project to the Phoenix IDA, together with a \$500 filing fee, at the end of each 180-Day period following preliminary approval until final approval is granted. All other provisions of this Procedural Pamphlet that would otherwise apply to a given Project shall apply to a Carryforward Project of the same nature. The Board's preliminary approval with respect to a Carryforward Project shall expire upon the earlier of the Carryforward Deadline or the granting of final approval by the Board. The Board's final approval with respect to a Carryforward Project shall expire upon the earlier of the Carryforward Deadline or the issuance of the bonds.

**5.7 Site Sign During Construction and Upon Completion.** For all Projects where construction is contemplated or in progress when bonds are issued, the Applicant shall permit a sign to be posted at the Project site, clearly visible from the roadway, indicating that the Project has been financed through the Phoenix IDA.

## SECTION 6

### CLOSING REQUIREMENTS AND CONDITIONS

**6.1 The Closing.** Bond Counsel shall be responsible for coordinating the bond closing.

**6.2 Opinions of Counsel.** All legal opinions shall be in a form and substance acceptable to Issuer Counsel.

**6.3 Indemnity Agreement.** As a condition to closing, the Applicant and any third-party guarantor must execute and deliver to the Phoenix IDA an indemnity agreement acceptable to the Phoenix IDA.

## SECTION 7

### MISCELLANEOUS

**7.1 Conflict of Interest.** The Phoenix IDA and the Board are deemed to be subject to Arizona's Conflict of Interest Law (Arizona Revised Statutes, §38-501 et seq.). The Applicant should take every precaution available to learn of any possible conflict between itself and Directors, officers or employees of the Phoenix IDA or any "relative" (as defined in the Conflict of Interest Law) of any of the foregoing which might prohibit the Phoenix IDA from completing the financing, especially where construction or other contracts may be signed before the bonds are authorized or issued.

**7.2 A.R.S. §38-511.** A.R.S. §38-511 provides that the State of Arizona (the "State"), its political subdivisions (including the Phoenix IDA) or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract.

Notice of A.R.S. §38-511 shall be included in every contract to which the Phoenix IDA is a party.

**7.3 Arbitrage Rebate and Yield Restriction.** For bonds that are intended to be federally tax-exempt, a qualified rebate consultant (Rebate Analyst) must be retained by the Applicant. Any tax exemption certificate delivered at closing will require the Applicant to acknowledge that it has reviewed the provisions of the documents relating to arbitrage rebate, yield restriction and rebate requirements of Code Section 148 with Bond Counsel and will comply with those provisions.



**7.4 Sale or Lease or Other Change in Use of a Bond Financed Facility.** In the case of the sale or lease or other change in use of a bond financed facility, or a portion thereof, the Applicant must notify Bond Counsel and the Phoenix IDA at least 30 Days prior to such action and provide detail as to whether the remedial action provisions of the Code and Regulations may be applicable and if the tax-exempt status of the bonds is affected. Additionally, the Applicant must include a statement in its annual certification that no such sale or lease or other change in use has occurred or, if it has, that it was reported as required.

## APPENDIX “A”

### PHOENIX IDA FEE SCHEDULE

*{Subject to change without notice}*

**Application Filing Fee:** The non-refundable fee for filing an application is \$3,000, which must be paid at the time the Application is filed.

**Carryforward Status Fee:** With respect to Carryforward Projects, a \$500 filing fee is payable each time the status report required by Section 5.6 of the Procedural Pamphlet is due.

**Closing Fee:** At closing, a fee of 2 basis points (.0002) of the aggregate principal amount of bonds issued, with a minimum of \$1,000.

**Community Development Fund Fee:** Applicants for non-Arizona projects are required to pay a minimum \$25,000 Community Development Fund Fee<sup>1</sup>, in addition to the Closing Fee, due at closing.

**Extension Fee:** If the Applicant requests an extension of preliminary or final approval pursuant to Section 5.4 of the Procedural Pamphlet, an additional fee of up to \$1,000 may become payable at the time such extension is requested. The additional fee is payable each time an extension is requested.

**Issuer’s Annual<sup>2</sup> Administrative Fee:** The annual administrative (Issuer’s) fee is to be collected in advance by the Trustee and paid to the Phoenix IDA, initially on the closing date of the bonds in a prorated amount for that calendar year and each year thereafter by January 15. In addition, the bond financing documents executed and delivered to the Phoenix IDA must contain a covenant of the Applicant to pay an annual administrative fee in an amount equal to:

- Non-Profits: 7.5 basis points (.00075) of the outstanding aggregate principal amount of bonds as of each January 1, with a minimum of \$3,000 per series, without demand.
- For-Profits: 9 basis points (.0009) of the outstanding aggregate principal amount of bonds as of each January 1, with a minimum of \$3,600 per series, without demand.

**Special Meeting Fee:** The fee for holding a Special Meeting of the Board is \$5,000 and is to be paid at the time the written request for the Special Meeting is submitted.

**Transfer Fee:** The fee for review of ownership transfer is \$3,000 and is to be paid at the time the written request for the transfer is submitted.

Proceedings shall provide that an Applicant’s failure to pay such fees within 90 Days of the due date shall constitute an event of default.

The Phoenix IDA’s wire instructions for payment of closing fees and administrative fees will be provided to the Applicant prior to the closing date.

See Section 4.4 of the Phoenix IDA Procedural Pamphlet regarding payment of costs and third-party expenses relative to the proposed financing.

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<sup>1</sup> Please contact Mike Santellanes at (602) 262-7644, for additional information regarding the Community Development Fund Fee.

<sup>2</sup> A one-time fee, due at closing, may be alternatively considered.

## **APPENDIX “B”**

### **PHOENIX IDA BOND DENOMINATION STANDARDS**

*{Subject to change without notice}*

The following represents the Phoenix IDA’s standards regarding bond transaction minimum starting denominations and investor letter requirements:

#### **Investment Grade**

**Moody’s** ‘Aaa’ through ‘Baa3’

**Standard & Poor’s** ‘AAA’ through ‘BBB-’

**Fitch** ‘AAA’ through ‘BBB-’

These ranges encompass ‘exceptionally strong credit quality and minimal default risk’ on the high end, to ‘subject to moderate risk and possess some speculative characteristics’ on the low end.

**Standard:** Bonds will be issued in minimum denominations of \$5,000, or any integral multiple thereof; no investor letter required.

#### **Non-Investment Grade and Unrated Transactions – Preferred Underwriters**

**Standard:** Bonds will be issued in minimum denominations of \$25,000, or any integral multiple of \$5,000 in excess thereof; broad investor letter required (investor letter is not required to be a travelling letter); Preferred Underwriters may sign a single letter on behalf of ultimate investors.

#### **Other Non-Investment Grade and Unrated Transactions**

**Standard:** Bonds will be issued in minimum denominations of \$25,000 (\$50,000 for multifamily housing bonds), or any integral multiple of \$5,000 in excess thereof; broad investor letter required (investor letter is not required to be a travelling letter); sales limited to ‘accredited investors’ under Regulation D or ‘qualified institutional buyers’ under Rule 144A; letters must be signed at closing by all ultimate investors.

**Deviations from these standards will require approval of the executive director.**