



PHOENIXIDA

Item 3



PHOENIX IDA

MEMORANDUM

DATE: January 18, 2022

TO: Members, Board of Directors

FROM: Juan Salgado, Chief Executive Officer

SUBJECT: Multifamily Housing Revenue Bonds-Helen Drake Village Project

THE BORROWER

Richman Helen Drake Village, LLC, a Delaware limited liability company (together with its successors, assignees, and designees, the “Borrower”), is seeking the Board’s preliminary approval for the issuance of the Phoenix IDA’s subject Multifamily Housing Revenue Bonds (the “Bonds”), in an aggregate principal amount not to exceed \$20,000,000.

The proceeds of the Bonds, along with other anticipated financing sources (including 4% low-income housing tax credits), will be used by the Borrower to finance or refinance acquisition, rehabilitation, construction, development, improvement, equipping and/or operation of the project described below. It is anticipated that the Borrower will seek Board final approval during the third quarter of 2024. Pending such final approval, the Borrower intends to seek City Council approval shortly thereafter.

THE PROJECT

The Borrower states that the project consists of a multifamily residential rental housing community comprised of approximately 80 units currently referred to as Helen Drake Village. The project is located at 7600 North 27th Avenue in Phoenix, Arizona, south of the southwest corner of West Belmont Avenue and North 27th Avenue, within Phoenix City Council District 5, represented by Councilmember Betty Guardado.

PLAN OF FINANCING

At this time, the purchaser of the Bonds has not been identified, but it is anticipated that such purchaser will be known at the time the Borrower seeks Board final approval. The Borrower currently expects the transaction to close in December of 2024.

RECOMMENDATION

After consultation with the Phoenix IDA’s legal advisor, Kutak Rock LLP, I recommend that approval be granted subject to the terms and conditions contained in the Board preliminary approval resolution, as reviewed by same.

RESOLUTION NO. 2024-02

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, GRANTING PRELIMINARY APPROVAL TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS, NOTES OR OTHER OBLIGATIONS TO BE ISSUED FROM TIME TO TIME PURSUANT TO A PLAN OF FINANCING IN ONE OR MORE TAX-EXEMPT AND/OR TAXABLE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000 TO FINANCE AN AFFORDABLE HOUSING PROJECT

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

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

WHEREAS, Richman Helen Drake Village, LLC, a Delaware limited liability company (together with its successors, assignees, and designees, the “Borrower”), has requested that the Authority issue its multifamily housing revenue bonds, notes or other obligations from time to time pursuant to a plan of financing, in one or more tax-exempt and/or taxable series, in an aggregate principal amount not to exceed \$20,000,000 (collectively, the “Bonds”), and loan the proceeds thereof to the Borrower to finance and/or refinance, as applicable, all or a portion of the cost of: (a) the acquisition, construction, development, improvement, equipping and/or operating of a multifamily residential rental housing community to be known as “Helen Drake Village” (including improvements and facilities functionally related and subordinate thereto) expected to be comprised of approximately 80 units (all or a portion of which will be set aside for occupancy by low- to moderate-income senior tenants) to be situated on approximately 2 acres and generally located at 7600 North 27th Avenue, Phoenix, Arizona 85051 (collectively, the “Facilities”), (b) funding any required reserve funds, (c) paying capitalized interest on the Bonds, if any, and (d) paying costs and expenses incurred in connection with the issuance of such Bonds (collectively, the “Project”), all in accordance with the Act; and

WHEREAS, the Borrower has advised the Authority that the Project is expected to qualify for 4% low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”), based on the Authority’s issuance of the Bonds; and

WHEREAS, the Borrower has advised the Authority that the Borrower intends to allocate a portion of the proceeds of the Bonds to the reimbursement of any such costs of the Project paid

prior to the issuance of the Bonds in accordance with Section 1.150-2 of the Treasury Regulations; and

WHEREAS, in furtherance of the purposes of the Act, the Authority is preliminarily considering the issuance of the Bonds, the proceeds of which will be used to make a loan to the Borrower to assist the Borrower in financing the Project as described above;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona as follows:

Section 1. The Board of Directors finds and determines that the issuance of the Bonds and the making of a loan to the Borrower for the purpose of financing and/or refinancing all or a portion of the cost of the Project are in furtherance of the purposes of the Authority under the Act, and that the Facilities will constitute a “project” within the meaning of the Act.

Section 2. The Authority hereby grants preliminary approval to the issuance and sale of the Bonds pursuant to the Act from time to time pursuant to a plan of financing in one or more series in an aggregate principal amount not to exceed \$20,000,000. This preliminary approval is subject to the following terms and conditions:

2.1 The Borrower must fully comply with all applicable provisions of the most current version of the Authority’s Procedural Pamphlet (the “Pamphlet”) and the Authority’s financial guidelines relating to the issuance and sale of the Bonds, including the submission of substantially final documents for approval during the Proceedings, as required by Section 5 of the Pamphlet, in form and substance satisfactory to the Authority.

2.2 On or prior to each date any Bonds are issued (each a “Closing Date”), the Borrower shall make arrangements satisfactory to the Authority as to the payment of the Authority’s closing fee and annual administrative fees and expenses.

2.3 On each Closing Date, an opinion of nationally recognized Bond Counsel (as defined below), in a form acceptable to the Authority, that interest on the tax-exempt Bonds to be issued will be exempt from all federal income taxes and Arizona income taxes under existing statutes, regulations and court decisions, must be addressed to and provided to the Authority.

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

2.5 Prior to consideration of final approval by the Authority of the issuance of any Bonds and in the event any such Bonds will be sold pursuant to a public offering, the Borrower and the underwriter of such Bonds to be publicly offered (the “Underwriter”)

must submit a bond purchase agreement for such Bonds in final form, including, without limitation, any exhibits, appendices or attachments, except for information pertaining to the maturities, interest rates, yields and redemption provisions on such Bonds, in form and substance acceptable to Kutak Rock LLP, as the Authority's legal advisor (the "Legal Advisor") and as bond counsel ("Bond Counsel").

2.6 If the Bonds have not received a rating of "BBB-" or better (or an equivalent rating) from a nationally recognized bond rating agency, on the related Closing Date each purchaser of such Bonds shall execute and deliver an investor acknowledgement letter in form and substance satisfactory to the Authority and its Legal Advisor; provided, however, the provisions of this paragraph may be waived by the Authority in its sole discretion prior to the issuance of such Bonds.

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

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

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

2.10 The Borrower must receive final approval by the Council of the City and, if necessary, the Arizona Department of Housing prior to the issuance of the Bonds.

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

Section 3. This Resolution is an affirmative official action and declaration of official intent of the Authority relating to the issuance of the Bonds as contemplated herein including, without limitation, under Treasury Regulations Section 1.150-2. The Authority hereby acknowledges that the Borrower intends to allocate a portion of the proceeds of the Bonds to the reimbursement of any such costs of the Project paid prior to the issuance of the Project in accordance with Section 1.150-2 of the Treasury Regulations.

Section 4. Nothing contained in this Resolution, or in any other instrument, may be considered as obligating the Authority or the City to any pecuniary liability or charge upon the general credit of the Authority or the City. Furthermore, it is understood that no costs are to be borne by the Authority with respect to the Project and the issuance and sale of the Bonds except those to be paid out of the proceeds of the Bonds, and that the Borrower will promptly pay to or reimburse the Authority for any other fees, costs, and expenses reasonably incurred by the Authority, including the fees of Bond Counsel, its Legal Advisor and financial advisor, if any, whether or not any Bonds are issued or sold.

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

Section 6. On the basis of this Resolution, the Borrower may file a request for allocation for private activity bonding authority for the Bonds through the Arizona Finance Authority (whether in the form of a carryforward allocation or otherwise) in an aggregate principal amount which shall not exceed \$20,000,000.

Section 7. All actions of the officers, directors, staff, employees, agents and Chief Executive Officer of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance thereof, whether heretofore or hereafter taken, shall be and are hereby ratified, confirmed and approved. The proper officers, directors, staff, employees, agents and Chief Executive Officer of the Authority are hereby authorized and directed to do all such acts on behalf of the Authority as may be deemed necessary or desirable to carry out the terms and intent of this Resolution. Signature pages for any documents requiring the Authority's signature shall be delivered to the Legal Advisor no fewer than seven (7) days prior to each Closing Date or any other date on which an executed signature page is required, and once executed will be held in escrow by the Legal Advisor and delivered on each Closing Date or on such other date, as applicable, on which an executed signature page is required.

Section 8. Any provisions of the Authority's Bylaws, Pamphlet and/or resolutions inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any Bylaw, Pamphlet or resolution or any part thereof.

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

Section 10. It is found and determined that all formal actions of the Authority and its Board concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

Section 11. Arizona Revised Statutes Section 38-511 requires that every contract to which the State, its political subdivisions or any of the departments or agencies of the State or its

political subdivisions is a party include notice that such contract is subject to cancellation, within three years after its execution, by the State, political subdivision, department or agency which is a party to such contract if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, political subdivision, department or agency is, at any time while the contract is in effect, an employee of any other party to the contract or an agent or consultant of any other party to the contract with respect to the subject matter of the contract.

Section 12. This Resolution is not to be construed as providing advice concerning municipal securities or otherwise. This Resolution represents the Board of Director's preliminary determination that the execution and delivery of documents and delivery of the documents and the offer, sale, issuance and delivery of the Bonds by the Authority as contemplated in this Resolution and the effect thereof will each be in furtherance of the purposes and interests of the Authority under the Act. This Resolution is not intended to provide, and shall not be construed as providing, advice by any member of the Board of Directors to the Authority or to the Borrower with respect to the issuance of the Bonds for purposes of 15 U.S.C. Section 78o-4(e)(4)(A)(i) or otherwise.

Section 13. This Resolution is effective immediately upon its adoption.

[Signature page follows]

Adopted and approved this 18th day of January, 2024.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By: _____
Juan Salgado, Chief Executive Officer