



PHOENIXIDA

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## Item 3



**MEMORANDUM**

**DATE:** March 21, 2024  
**TO:** Members, Board of Directors  
**FROM:** Frank Enriquez, Administrator and Commercial Lender  
**SUBJECT:** Multifamily Housing Revenue Bonds (Memorial Towers Project)

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**BACKGROUND**

As per Resolution 2023-16 adopted by the Authority at its November 21, 2023 meeting (the “Initial Resolution”), The Authority granted preliminary approval (the “Preliminary Approval” of the issuance of multifamily housing revenue bonds, notes or other obligations, in one or more tax-exempt and/or taxable series, from time to time pursuant to a plan of financing in an aggregate principal amount not to exceed \$26,000,000 (the “Originally Approved Bonds”) for the benefit of National Church Residences (“NCR”), an Ohio nonprofit corporation, the sole member of which is Memorial Towers (TC2) Senior Housing Limited Partnership, an Arizona limited partnership (together with its successors, assignees, and designees, the “Borrower”).

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 site.

**THE PROJECT**

The Borrower states that the project consists of a multifamily residential rental housing community comprised of approximately 153 units, all, or a portion of which will be set aside for occupancy by low-to moderate-income senior tenants (age-restricted) and currently referred to as Memorial Towers. The project is located at 1405 South 7<sup>th</sup> Avenue in Phoenix, Arizona, south of the southeast corner of 7<sup>th</sup> Avenue and Buckeye Road, within Phoenix City Council District 8, represented by Councilmember Kesha Hodge Washington

**THE REQUEST**

Given the rise in construction costs currently being experienced in the development market, the Borrower is now seeking the Board’s approval of an amended preliminary resolution reflecting a not to exceed amount of \$34,000,000, up from the original preliminary approval, not to exceed amount of \$26,000,000. The amended resolution will allow the Borrower to apply for the higher amount of tax-exempt bond allocation from the State of Arizona.

It is anticipated that the Borrower will seek Board final approval during the third quarter of 2024. Pending such approval, the Borrower intends to seek City Council approval shortly thereafter and expects the transaction to close in November 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 amended Board preliminary approval resolution, as reviewed by same.

## **RESOLUTION NO. 2024-06**

**A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA APPROVING AN AMENDMENT TO RESOLUTION 2023-16, WHICH GRANTED 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, THE PROCEEDS OF WHICH ARE TO BE USED TO FINANCE AN AFFORDABLE SENIOR HOUSING PROJECT, FOR THE PURPOSE OF INCREASING THE AUTHORIZED NOT-TO-EXCEED AGGREGATE PRINCIPAL AMOUNT TO \$34,000,000**

**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, equipping or operating of a “project” (as defined in the Act) whenever the Board of Directors of the Authority (the “Board of Directors”) finds such loans to further advance the interests of the Authority or the public, and to refund outstanding obligations incurred by an enterprise to finance the cost of a project when the Board of Directors finds that the refinancing is in the public interest; and

**WHEREAS**, 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**, pursuant to Resolution 2023-16 adopted by the Authority at its November 21, 2023 meeting (the “Initial Resolution”), the Authority granted preliminary approval (the “Preliminary Approval”) of the issuance of multifamily housing revenue bonds, notes or other obligations, in one or more tax-exempt and/or taxable series, from time to time pursuant to a plan of financing in an aggregate principal amount not to exceed \$26,000,000 (the “Originally Approved Bonds”) for the benefit of National Church Residences (“NCR”), an Ohio nonprofit corporation and an entity exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), as a nonprofit organization under Section 501(c)(3) of the Code on behalf of the hereinafter defined Borrower, which was referred to in the Initial Resolution as a yet-to-be-formed tax credit limited liability company or partnership of which NCR is expected to be the sole member of a managing member or the general partner, as applicable; and

**WHEREAS**, Memorial Towers (TC2) Senior Housing Limited Partnership, an Arizona limited partnership (together with its successors, assignees, and designees, the “Borrower”) has requested that the Authority amend the Initial Resolution to increase the authorized aggregate principal amount of the Originally Approved Bonds to an aggregate principal amount not-to-

exceed \$34,000,000 (as increased, collectively with the Originally Approved Bonds, the “Bonds”); and

**WHEREAS**, the proceeds of the Bonds are to be used to make one or more loans (together, the “Loan”) to the Borrower to finance and/or refinance, as applicable, all or a portion of the costs of: (a) the acquisition, rehabilitation, construction, development, improvement, equipping and/or operating of a multifamily residential rental housing community known as “Memorial Towers” (including improvements and facilities functionally related and subordinate thereto) expected to be comprised of approximately 153 units (all or a portion of which will be set aside for occupancy by low- to moderate-income senior tenants (age-restricted)) situated on approximately 3.022 acres and generally located at 1405 S. 7<sup>th</sup> Avenue, Phoenix, Arizona 85007 (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 Authority is willing to accommodate the Borrower’s requests as described in these recitals, subject to the limitations set forth herein, and the Board of Directors determines hereby that such amendment will be in furtherance of the purposes of the Act and the Authority and in the public interest.

**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.** All actions which are in conformity with the purposes and intent of the Initial Resolution and this Resolution and in furtherance hereof or thereof, whether heretofore or hereafter taken by or at the direction of the Authority and its officers, directors, staff, employees, agents and Chief Executive Officer of the Authority, including but not limited to the engagement of Kutak Rock LLP, as Authority’s legal advisor (“Legal Advisor”) and bond counsel (“Bond Counsel”), are hereby ratified, confirmed and approved.

**Section 2.** The Board of Directors finds and determines, based on the information provided by the Borrower, (i) that the issuance of the Bonds and the making of the Loan to the Borrower for the purpose of financing and/or refinancing, as applicable, all or a portion of the cost of the Project, and approving the increase of the authorized amount of Bonds to be issued to \$34,000,000 further advance the interest of the Authority under the Act and are in the public interest and (ii) that the Facilities will constitute a “project” within the meaning of the Act.

**Section 3.** The Authority hereby determines (i) that Section 2 of the Initial Resolution is amended such that the authorized aggregate principal amount of the Bonds preliminarily approved to be issued shall be an amount not to exceed \$34,000,000, (ii) that Section 6 of the Initial Resolution is amended such that 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 \$34,000,000, and (iii) that the Initial Resolution is further amended, generally, so that all references to “Bonds” contained therein refer to an aggregate principal amount not-to-exceed \$34,000,000. The Initial Resolution remains in full force and effect except as expressly amended hereby and subject to such conditions as are set forth herein. The Preliminary Approval granted by the Initial

Resolution shall expire on December 31, 2024 unless the Bonds have been issued or an extension of approval is granted by the Authority.

**Section 4.** 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 date any Bonds are issued (each a "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 5.** It is found and determined that all formal actions of the Authority and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

**Section 6.** Nothing contained in this Resolution, or in any other instrument, may be considered as obligating the Authority or the City of Phoenix, Arizona (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 7.** If any section, paragraph, clause, or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

**Section 8.** Any provisions of the Authority's Bylaws, the Authority's Procedural Pamphlet (the "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.** All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, other than the Initial Resolution amended hereby, is, to the extent of such conflict, hereby repealed, and this Resolution shall be in immediate effect from and after its adoption.

**Section 10.** 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 11.** 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.

*[Remainder of page left blank; Signature page follows.]*

Adopted and approved this 21<sup>st</sup> day of March, 2024.

THE INDUSTRIAL DEVELOPMENT  
AUTHORITY OF THE CITY OF PHOENIX,  
ARIZONA

By: \_\_\_\_\_  
Juan Salgado, Chief Executive Officer

*[Resolution Amending Preliminary Approval Granted Pursuant to Resolution 2023-16;  
Memorial Towers]*