



PHOENIXIDA

Item 3



PHOENIXIDA

MEMORANDUM

DATE: April 18, 2024

TO: Members, Board of Directors

FROM: Juan Salgado, Chief Executive Officer

SUBJECT: Lease Revenue Bonds (GW-SLB II, LLC Project), Series 2024 – Retail Store

BACKGROUND

Goodwill of Central and Northern Arizona, an Arizona nonprofit corporation (“Goodwill”) and an exempt organization described under the Code, operates retail sites for collecting community donations, processing donated goods, and generating revenues through the sale of donated goods for purposes of supporting the job training and career placement missions of the organization (each, a “Goodwill Mission Center”).

Today, to support Goodwill and a Goodwill Mission Center, GW-SLB II, LLC, an Arizona limited liability company (the “Borrower”), whose sole member is Community Enhancement Corporation, an Arizona nonprofit corporation and an exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, is seeking the Board’s final approval for the issuance of Phoenix IDA’s subject Lease Revenue Bonds (the “Bonds”), in one or more series issued on a tax-exempt or taxable basis, in an aggregate principal amount not to exceed \$10,000,000. Proceeds of the Bonds will be loaned to the Borrower and used to finance or refinance, as applicable, the acquisition, construction, improvement, equipping, and/or operation of land and building (the “Goodwill Facility”). The Goodwill Facility will be leased to and operated by Goodwill as a Goodwill Mission Center. The Goodwill Facility will be owned by the Borrower, and operated by Goodwill, its affiliates, successors and assigns, pursuant to a lease agreement between the Borrower and Goodwill.

Goodwill and the Borrower will seek Phoenix City Council approval on May 1, 2024, pending Phoenix IDA Board approval.

THE PROJECT

The Goodwill Facility is located at or near 8517 W. Grand Avenue in Peoria, Maricopa County, Arizona. The Goodwill Facility is not located within the Phoenix City Council Districts, however the corporate headquarters for Goodwill is located in the city at 2626 W. Beryl Avenue.

PLAN OF FINANCING

The Bonds will be sold through a direct placement to Arizona Bank & Trust, a division of HTLF Bank. Goodwill and the Borrower expect the sale of the Bonds to be completed by May 15, 2024.

RECOMMENDATION

It is recommended that approval be granted subject to the terms and conditions contained in the Board final approval resolution, as reviewed by Phoenix IDA staff and Squire Patton Boggs (US) LLP, legal advisor to the Phoenix IDA for this transaction.

RESOLUTION NO. 2024-09

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA GRANTING APPROVAL OF THE ISSUANCE OF ONE OR MORE SERIES OF ITS LEASE REVENUE BONDS (GW-SLB II, LLC PROJECT), SERIES 2024, TO BE ISSUED ON A TAXABLE OR TAX-EXEMPT BASIS, IN AN AGGREGATE ORIGINAL PRINCIPAL AMOUNT OF NOT TO EXCEED \$10,000,000 (THE “BONDS”); AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT AND RELATED SECURITY DOCUMENTS; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH SUCH BONDS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS

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, Title 35, Chapter 5 of the Arizona Revised Statutes, Section 35-701 et seq., as amended (the “Act”), to issue revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans to finance or refinance the acquisition, construction, improvement, 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 any land, any building, or other improvement, and all real and personal property which are suitable for facilities owned or operated by a nonprofit organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, GW-SLB II, LLC, an Arizona limited liability company (the “Borrower”), whose sole member is Community Enhancement Corporation, an Arizona nonprofit corporation and an exempt organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has requested that the Authority issue its Lease Revenue Bonds (GW-SLB II, LLC Project), Series 2024 (the “Bonds”), pursuant to a Financing Agreement (the “Financing Agreement”), among the Authority, the Borrower, and Arizona Bank & Trust, a division of HTLF Bank (the “Purchaser”), pursuant to which the Authority will loan the proceeds of the Bonds to the Borrower (the “Loan”) to, together with other available moneys: (a) finance or refinance the cost of acquiring, constructing, improving, equipping or operating, as applicable, land and a building located at 8517 W. Grand Ave, Peoria, Arizona (the “Facility”), to be operated by Goodwill of Central and Northern Arizona, an Arizona nonprofit corporation and an organization described under Section 501(c)(3) of the Code (“Goodwill”), as a site for collecting community donations, processing donated goods, and generating revenues through the sale of donated goods for purposes of supporting the job training and career placement missions of Goodwill (collectively, “Community Donation Retail Operations”); (b) fund any required reserves; (c) fund any required capitalized interest on the Bonds; and (d) pay costs and expenses incurred in connection therewith (collectively, the “Project”), all in accordance with the Act; and

WHEREAS, the Facility will be leased to and operated by Goodwill, pursuant to a Lease to be entered into between the Borrower and Goodwill (the “Lease”); and

WHEREAS, the Loan will be secured by, among other things: (a) a Deed of Trust and Assignment of Rents with Security Agreement (Financing Statement-Fixture Filing), executed by the Borrower in favor of the Authority, granting a lien on and security interest in the Facility (the “Deed of Trust”); (b) all right, title and interest of the Authority in and to any moneys held under the Financing Agreement; (c) all right, title and interest of the Authority in the Financing Agreement (excluding certain enumerated rights); and (d) a Guaranty, executed by Goodwill in favor of the Purchaser and the Authority; and

WHEREAS, the terms, maturities, provisions for redemption, security, and sources of payment for the Bonds are set forth in the Financing Agreement and in the forms of the Bonds attached thereto; and

WHEREAS, the Bonds will be sold through a direct placement to the Purchaser pursuant to the Financing Agreement; and

WHEREAS, there have been prepared and presented to the Chief Executive Officer of the Authority the proposed substantially final forms of the following documents (collectively, the “Documents”):

- (a) the Financing Agreement, including the initial form of the Bonds;
- (b) the Lease;
- (c) the Deed of Trust; and
- (d) the Guaranty; and

WHEREAS, the Borrower is organized exclusively to further the stated charitable purposes of the Member, which specifically includes, among other purposes, the acquisition, development, management and operation of buildings and other facilities to further the charitable purposes of organizations recognized as exempt under Section 501(c)(3) of the Code; and

WHEREAS, Goodwill is an organization recognized as exempt under Section 501(c)(3) of the Code, and its stated charitable purposes include, among other purposes, skills training, job preparation and career readiness services, and referral connections to hiring companies (collectively, the “Goodwill Mission”); and

WHEREAS, the Goodwill Mission is accomplished, in part, by funding provided from Community Donation Retail Operations; and

WHEREAS, the acquisition of the Facility by the Borrower and lease-back of the Facility to Goodwill will lessen the burdens of Goodwill related to its the Community Donation Retail Operations by facilitating favorable financing under the terms of the Financing Agreement; and

WHEREAS, insofar as the operation of the Facility by Goodwill to provide its Community Donation Retail Operations is part of the charitable purposes of Goodwill, the acquisition and lease-back of the Facility by the Borrower furthers the charitable purposes of the Member; and

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. Findings. 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 and the costs and expenses incidental thereto, are in furtherance of the purposes and interests of the Authority under the Act and in the public interest and that the Facility will constitute a “project” within the meaning of the Act.

Section 2. Authorization and Terms of Bonds. The Bonds, which shall be named as set forth herein or as otherwise set forth in the Financing Agreement, are hereby approved and authorized to be issued, in one or more taxable or tax-exempt series, in an aggregate principal amount of not to exceed \$10,000,000, to be dated, to mature (no later than 40 years after their date of issuance), to bear interest (not in any event to exceed 9% per year), to be subject to redemption, to be payable as to principal and interest, and with such other terms, all as provided in the Financing Agreement pursuant to which the Bonds are issued.

Section 3. Special Limited Obligations. The Bonds shall be payable solely from the property held and receipts and revenues received by or on behalf of the Authority pursuant to the Financing Agreement. Nothing contained in (a) this Resolution, (b) the Documents, or (c) any other agreement, certificate, document, or instrument executed in connection with the issuance of any of the Bonds shall be construed as obligating the Authority (except as a special limited obligation to the extent provided in such documents or instruments) or obligating the City of Phoenix, Arizona (the “City”), or the State to pay the principal of or premium, if any, or interest on the Bonds, or as incurring a charge upon the general credit of the Authority, the City or the State, nor shall the breach of any agreement contemplated by this Resolution, the Documents, or any other instrument or documents executed in connection herewith or therewith impose any charge upon the general credit of the Authority, the City or the State. The Authority has no taxing power.

Section 4. Other Bonds. Prior to the issuance of the Bonds, the Authority has or will have issued, and subsequent to the issuance of the Bonds, the Authority may issue, bonds in connection with the financing of other projects (said bonds are referred to herein as the “Other Bonds”). Any pledge, mortgage, or assignment made in connection with the Other Bonds shall be protected, and any funds pledged or assigned for payment of principal of or premium, if any, or interest on the Other Bonds shall not be used for the payment of principal of or premium, if any, or interest on the Bonds. Any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and no funds pledged or assigned for the payment of the Bonds shall be used for the payment of principal of or premium, if any, or interest on the Other Bonds.

Section 5. Authority Documents; Authority’s Signatures. The forms, terms, and provisions of each of the Documents, in the forms of such Documents (including the exhibits thereto) presented to this meeting, are hereby approved, with such insertions, deletions, and changes as are approved by the officers authorized to execute the Documents (which approval will be conclusively established by their execution and/or delivery thereof). Upon satisfaction of the conditions set forth in Section 6 hereof, the Authority’s President, Vice President, Secretary, Treasurer or Chief Executive Officer (each an “Authorized Officer”) are each hereby authorized to execute and deliver each of the Documents or, with respect to any of the Documents not calling for execution by the Authority, to approve and deliver such Documents, with respect to any one or more series of the Bonds. From and after the execution and delivery of each of the Documents, the officers, agents, employees and Chief Executive Officer of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents, certificates and assignments as may be necessary to carry out and comply with the provisions of each of the Documents (as executed and delivered).

Signature pages for any Documents requiring the Authority’s signature shall be delivered to Authority’s Counsel no fewer than seven days prior to Bond closing or any other date on which an executed

signature page is required, and once executed will be held in escrow by the Authority's Counsel and delivered on the closing date or on such other date on which an executed signature page is required.

Section 6. Conditions. The Bonds shall not be issued unless and until:

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

(b) notice regarding the issuance of the Bonds is given to the Arizona Attorney General in the manner contemplated by Section 35-721(F) of the Act and, within 10 days of such notice, the Arizona Attorney General does not issue a negative opinion regarding the issuance of the Bonds;

(c) all agreements, certificates, documents, or instruments requiring the execution or consent of the Authority are in a form and substance acceptable to the Authority's Counsel;

(d) the Authority receives such opinions, certificates, comfort letters and consent letters in connection with the Bonds as the Authority's Counsel may deem necessary or appropriate, in form and substance satisfactory to the Authority's Counsel and advisors;

(e) the Borrower agrees to make arrangements mutually satisfactory to the Authority as to the payment of the Authority's closing fees, if any, annual administrative fees, and expenses, the terms and conditions of which will be incorporated into the Financing Agreement;

(f) the Authority, its officers, directors, employees, agents and its Chief Executive Officer and the City have been provided with full indemnification in connection with the issuance and sale of the Bonds, in form and substance satisfactory to the Authority's Counsel; and

(g) the Council of the City has approved the proceedings under which the Bonds are to be issued.

Section 7. Ratification of Actions. All actions, not inconsistent with the provisions of this Resolution heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, agents or its Chief Executive Officer, including, but not limited to, the engagement of Squire Patton Boggs (US) LLP, as Authority's Counsel, directed toward the issuance and sale of the Bonds, are hereby approved and ratified.

Section 8. Sale of Bonds; Authentication. The sale of the Bonds to the Purchaser in accordance with the terms of the Financing Agreement is hereby authorized and approved. Any Authorized Officer is hereby authorized to execute and deliver the Bonds to the Purchaser.

Section 9. Further Actions. The officers, the agents, the employees and the Chief Executive Officer of the Authority, upon satisfaction of the conditions set forth in Section 6 hereof, shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the issuance, sale and delivery of the Bonds.

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

Section 11. Public Hearing. 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 or post a public notice of such hearing in such form as approved by the Borrower and Bond Counsel.

Section 12. Irrepealability. After the Bonds are delivered by the Authority to the Purchaser upon receipt of payment therefor, this Resolution shall be and shall remain irrepealable until the Bonds and interest thereon shall have been fully paid, canceled, and discharged.

Section 13. No Personal Liability. The Chief Executive Officer of the Authority, the members of the Board of Directors and any director, officer, official, employee or agent of the Authority shall not be subject to any personal liability or accountability by reason of the issuance of the Bonds. The liability of the Authority with respect to the Documents, or any other document executed in connection with the transactions contemplated hereby, shall be limited as provided in the Act and such Documents.

Section 14. Severability. If any section, paragraph, clause, or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 15. Waiver. Any provisions of the Authority's Bylaws, Procedural Pamphlet, as amended through January 25, 2023 (the "Pamphlet"), or prior resolutions inconsistent herewith are waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any such Bylaws, Pamphlet, or resolution or any part thereof.

Section 16. Headings. Subject headings included in this Resolution are included for purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

Section 17. Inability or Unavailability of Authorized Officer or Executive Director. In the event of the absence, inability to act or unavailability of any Authorized Officer or the Chief Executive Officer of the Authority to perform any duty assigned to such person by the terms of this Resolution, any member of the Board of Directors of the Authority is each hereby authorized to act for such person.

Section 18. Notice. Notice of Arizona Revised Statutes Section 38-511 is hereby given. The provisions of that statute by this reference are incorporated herein to the extent of applicability to matters contained herein under the laws of the State.

Section 19. Resolution Not to be Construed as Providing Advice Concerning Municipal Securities. None of this Resolution, any of the Documents or any action taken by the Authority, any member of the Board of Directors, the Chief Executive Officer or the Authority's Counsel in connection with the issuance of the Bonds is intended to provide, and shall not be construed as providing, advice of any kind to the Borrower with respect to the issuance of the Bonds for purposes of 15 U.S.C. Section 780-4(e)(4)(A)(i). The Authority is a conduit Authority and none of the Authority, the Board of Directors, the Chief Executive Officer or the Authority's Counsel is acting or will act as a municipal advisor, financial advisor or fiduciary to any party involved in the issuance of the Bonds.

Section 20. Effectiveness. This Resolution shall be effective immediately.

[Signature page follows.]

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

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By: _____
Juan Salgado, Chief Executive Officer