



PHOENIXIDA

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## Item 2



PHOENIX IDA

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## MEMORANDUM

**DATE:** August 15, 2024  
**TO:** Members, Board of Directors  
**FROM:** Juan Salgado, Chief Executive Officer  
**SUBJECT:** Lease Revenue Bonds (Mayo/Brooks Rehabilitation Facility Project), Series 2024

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### BORROWER

On July 18, 2024, PAFAF I Phoenix LLC, a Delaware limited liability company (the “Borrower”) whose sole member is Pan-American Financial Assistance Foundation, Inc., a Delaware nonprofit corporation (“PAFAF”), an organization described in Section 501(c) of the United States Internal Revenue Code of 1986, obtained preliminary approval by the Board for issuance of its Lease Revenue Bonds (the “Bonds”), for a new inpatient rehabilitation facility.

### PROJECT

The Borrower and its affiliates are developing a new 60-bed inpatient rehabilitation facility, consisting of 88,000 square feet, situated on 8.06 acres of land, to be located on the Discovery Oasis Campus on the west side of 64<sup>th</sup> Street, approximately one quarter mile south of the Mayo Boulevard and 64<sup>th</sup> Street intersection in Phoenix, Arizona (the “Facility”). The initial phase of the Facility will include 60 beds, with infrastructure in place to seamlessly expand at some later date to 120 beds, ensuring it can accommodate future patient needs. The Borrower has represented that the Facility will be a significant investment in healthcare, combining cutting-edge medical technology with thoughtfully designed spaces to promote healing and well-being.

Proceeds of the Bonds will be loaned to Borrower and used to finance, refinance and/or reimburse a portion of the cost of the development, acquisition, construction and equipping of the Facility, funding reserves for capitalized interest, working capital and debt service, as required, and paying costs of issuance and other related transaction costs in connection with the issuance of the Bonds (collectively, the “Project”).

The Mayo/Brooks Rehabilitation Facility is located within Phoenix City Council District 2, represented by Councilmember Jim Waring.

### PLAN OF FINANCING

The Borrower is requesting that the Authority grant final approval to the issuance of its Lease Revenue Bonds in an aggregate principal amount not-to-exceed \$125,000,000 for the purposes formerly stated and preliminarily approved by the Board.

The Bonds are expected to be given an investment grade rating by one or more national rating agencies and sold through a public offering conducted by Morgan Stanley. The terms, maturities, provisions for redemption, security, and sources of payment for the Bonds are currently being negotiated. Subject to the

Board's final approval, followed by Phoenix City Council approval on September 4, 2024, the Borrower expects the sale of the Bonds to be completed later this calendar year.

**RECOMMENDATION**

It is recommended that approval of the issuance and sale of the Bonds be granted subject to the terms and conditions contained in the Board final approval resolution, as reviewed by Phoenix IDA staff and Lewis Roca Rothgerber Christie LLP, Legal Counsel to the Phoenix IDA for this transaction.

**RESOLUTION NO. 2024-12**

**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 (MAYO/BROOKS REHABILITATION FACILITY PROJECT), SERIES 2024, TO BE ISSUED IN ONE OR MORE SERIES, ON A TAXABLE OR TAX-EXEMPT BASIS, IN AN AGGREGATE ORIGINAL PRINCIPAL AMOUNT OF NOT TO EXCEED \$125,000,000 (THE “BONDS”); AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A FINANCING AGREEMENT, A PURCHASE CONTRACT AND RELATED 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 “Issuer”), 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 Issuer (the “Board of Directors”) finds such loans to further advance the interests of the Issuer 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

whenever the Board of Directors of the Authority 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 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**, PAFAF I Phoenix LLC, a Delaware limited liability company (the “Borrower”), whose sole member is Pan-American Financial Assistance Foundation, Inc., a Delaware nonprofit corporation (the “Member”), and a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has requested that the Issuer issue and sell in one or more series, on a taxable or tax exempt basis, its Lease Revenue Bonds (Mayo/Brooks Rehabilitation Facility Project) Series 2024, in the aggregate original principal amount not to exceed \$125,000,000 (collectively, the “Bonds”), for purposes of (a) financing, refinancing and/or reimbursing the cost of the development, acquisition, construction and equipping of a 60-bed healthcare facility to be located on the Discovery Oasis Campus on the west side of 64<sup>th</sup> Street, approximately one quarter mile south of the Mayo Boulevard and 64<sup>th</sup> Street intersection in Phoenix, Arizona (the “Facility”); (b) funding reserves for capitalized interest, working capital and debt service, as required; and (c) paying costs of issuance and other related transaction costs in connection with the issuance of the Bonds (collectively, the “Project”); and

**WHEREAS**, pursuant to an Indenture of Trust, among the Borrower, UMB Bank, N.A., as trustee (the “Trustee”), and the Issuer (the “Indenture”), the Issuer will issue its Bonds; and

**WHEREAS**, the Bonds will be offered for sale through an official statement or other offering document acceptable to the Issuer; and

**WHEREAS**, pursuant to a Purchase Contract (the “Purchase Contract”), among Morgan Stanley & Co. LLC (the “Underwriter”), the Issuer and the Borrower, the Bonds will be sold to the Underwriter, and the proceeds of such sale will be applied as set forth in the Indenture; and

**WHEREAS**, pursuant to a Financing Agreement (the “Financing Agreement”), between the Issuer and the Borrower, the Issuer will loan the proceeds of the Bonds to the Borrower to finance the Facility and other aspects of the Project; and

**WHEREAS**, the Facility will be leased by the Borrower to Brooks West Rehab Services, Inc., a Delaware nonprofit corporation or one or more of its affiliates (collectively, the “Subtenant”), pursuant to the terms of a Residual Ownership Sublease<sup>SM</sup> Agreement (the “Facility Lease”); and

**WHEREAS**, the revenues, income, receipts and money received by the Issuer or the Borrower from the Subtenant pursuant to the Facility Lease will be used to pay the principal of, premium, if any, and interest on the Bonds; and

**WHEREAS**, there have been placed on file with the Issuer prior to this meeting the following documents and agreements (the “Documents”):

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Financing Agreement;
- (3) A proposed form of the Purchase Contract; and
- (4) A proposed form of the official statement (the “Official Statement”) in preliminary form to be used by the Underwriter in connection with the offering and sale of the Bonds;

**WHEREAS**, the Borrower is organized exclusively to further the stated charitable purposes of the Member, which 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

**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 Issuer 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 Indenture, 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 \$125,000,000, 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 final Indenture pursuant to which the Bonds are issued. The Bonds, when executed as provided in Section 5, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Issuer which any Authorized Officer, acting alone, is authorized and directed, for and on behalf of the Issuer, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

**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 Issuer pursuant to the Indenture. 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 Issuer (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 Issuer, 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 Issuer, the City or the State. The Issuer has no taxing power.

**Section 4. Other Bonds.** Prior to the issuance of the Bonds, the Issuer has or will have issued, and subsequent to the issuance of the Bonds, the Issuer 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. Issuer Documents; Issuer'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 11 hereof, the Issuer'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 Issuer, 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 Issuer 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).

**Section 6. Indenture.** The Indenture, in substantially the form placed on file with the Issuer, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as such Authorized Officer, with the advice of counsel to the Issuer, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Trustee, the dated

date, maturity date or dates, interest rate or rates, method of determining interest rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

**Section 7. Financing Agreement.** The Financing Agreement, in substantially the form placed on file with the Issuer, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Financing Agreement in substantially said form, with such changes and insertions therein as such Authorized Officer, with the advice of counsel to the Issuer, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 8. Purchase Contract.** The Purchase Contract, in substantially the form placed on file with the Issuer, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Purchase Contract, in substantially said form, with such changes and insertions therein and as such Authorized Officer, with the advice of counsel to the Issuer, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 9. Preliminary Official Statement.** The proposed preliminary form of Official Statement as presented at this meeting in preliminary form, is hereby approved. The Underwriter are hereby authorized to distribute the Official Statement in preliminary form to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form to the purchasers of the Bonds, in each case with such changes as any Authorized Officer, with advice of counsel to Issuer, deems desirable, necessary or appropriate.

**Section 10. Further Actions.**

(a) Any Authorized Officer and other appropriate officers and agents of the Issuer are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Issuer, to execute and deliver any and all documents, including, without limitation, any tax agreement and/or tax certificate, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Issuer has approved in this Resolution; provided that no such documents or certificates shall create any obligation or liability of the Issuer other than with respect to the revenues and assets derived from the proceeds of the Bonds or otherwise securing the Bonds under the financing documents described and authorized herein.

(b) Any Authorized Officer, acting alone, is hereby authorized to execute and deliver future amendments to the documents authorized to be executed and delivered pursuant to this Resolution (“Authorized Documents”), without further action of the Issuer, for the purpose of (i) adding to the covenants and agreements of Borrower or of the provider of any credit enhancement or liquidity facility; (ii) assigning or pledging additional security for any of the Bonds which security shall be provided by the Borrower; (iii) curing any ambiguity, inconsistency or omission or supplementing any defective provisions of the Authorized Documents; (iv) permitting the qualification of the Indenture or any supplemental indenture under the Trust Indenture Act of 1939 or any similar federal statutes hereafter in effect; (v) providing for any additional procedures, covenants or agreements necessary to convert the Bonds to tax-exempt obligations and to then maintain the tax-exempt status of interest on the Bonds; (vi) modifying or eliminating the book-entry registration system for the Bonds, if any; or (vii) providing for the appointment of a co-trustee/bondowner representative or the succession of a new trustee/bondowner representative

authorized pursuant to the terms of the Indenture; provided such amendments are (1) made pursuant to a written request of the Borrower, (2) made pursuant to the terms of such documents, (3) are consistent with such documents, (4) do not require the consent of the holders of the Bonds and (5) do not provide for any additional duties or costs with respect to the Issuer for which the Borrower has not agreed in advance to reimburse or indemnify the Issuer therefor.

**Section 11. 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 Issuer and its counsel; provided, however, the provisions of this paragraph may be waived by the Issuer 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 Issuer are in a form and substance acceptable to the Issuer’s Counsel;

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

(e) the Borrower agrees to make arrangements mutually satisfactory to the Issuer as to the payment of the Issuer’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 Issuer, 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 Issuer’s Counsel; and

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

**Section 12. Ratification of Actions.** All actions, not inconsistent with the provisions of this Resolution heretofore taken by or at the direction of the Issuer and its directors, officers, counsel, advisors, agents or its Chief Executive Officer, including, but not limited to, the engagement of Lewis Roca Rothgerber Christie LLP, as Issuer’s Counsel, directed toward the issuance and sale of the Bonds, are hereby approved and ratified.

**Section 13. Open Meeting Laws.** It is found and determined that all formal actions of the Issuer 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 Issuer.

**Section 14. Public Hearing.** The Issuer 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 15. Irrepealability.** After the Bonds are delivered by the Issuer 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 16. No Personal Liability.** The Chief Executive Officer of the Issuer, the members of the Board of Directors and any director, officer, official, employee or agent of the Issuer shall not be subject to any personal liability or accountability by reason of the issuance of the Bonds. The liability of the Issuer 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 17. 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 18. Waiver.** Any provisions of the Issuer'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 19. 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 20. 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 Issuer to perform any duty assigned to such person by the terms of this Resolution, any member of the Board of Directors of the Issuer is each hereby authorized to act for such person.

**Section 21. 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 22. 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 Issuer, any member of the Board of Directors, the Chief Executive Officer or the Issuer'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 Issuer is a conduit Issuer and none of the Issuer, the Board of Directors, the Chief Executive Officer or the Issuer'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 23. Effectiveness.** This Resolution shall be effective immediately.

Adopted and approved this 15th day of August, 2024.

THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA

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