
**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA**

INSTRUCTIONS FOR PREPARATION OF APPLICATION
FOR BOND FINANCING

and

FORM OF APPLICATION

Dated as of July 2, 2009

INSTRUCTIONS FOR PREPARATION OF APPLICATION FOR BOND FINANCING

PRE-APPLICATION MEETING

Refer to the Procedural Pamphlet for detailed Bond Program information and definitions.

Prior to completing an application, the Authority highly recommends that potential applicants contact the Executive Director for a pre-application meeting.

SUBMISSION INSTRUCTIONS

Please submit one (1) signed and dated original, six (6) hard copies and one (1) electronic copy (pdf format preferred) of the completed Application, including attachments, to **the** Authority at the following address:

The Industrial Development Authority of the City of Phoenix, Arizona
c/o Juan Salgado, Executive Director
9th Floor
251 W. Washington Street
Phoenix, Arizona 85003
juan.salgado@phoenix.gov
Business: (602) 262-7304
Fax: (602) 495-5605

Applications must be received at least **15 days** prior to the meeting at which consideration is requested. Applications must be complete, including the \$3,000 application fee.

AUTHORITY MEETINGS

Regular meetings of the Authority are held on the second Tuesday of every month, commencing at 3:30 p.m. Unless otherwise stated in the published agenda, meetings are generally held in the Calvin C. Goode Building, 251 West Washington Street, Conference Room 910, Phoenix, Arizona. The Authority's regular meeting schedule is subject to change, however, and the Applicant is responsible for checking the current schedule with the Executive Director. In appropriate circumstances, upon request, the Authority may hold a special meeting to consider an application.

A representative of the Applicant must attend, in person or by telephone, all meetings at which the Application is to be considered in order to provide a brief oral presentation of the proposed Project and its financing and to be available to answer questions. The Authority reserves the right to defer consideration of the requested action if an Applicant representative is not present.

APPROVALS

Application requests for bond financings are required to be brought before the Authority for both preliminary and final approval. Exceptions may be allowed by the Authority in its sole discretion. Both preliminary and final approvals are subject to such conditions as the Authority, in its discretion, may require.

Section 147(f) of the Internal Revenue Code of 1986 requires that a public hearing be held, after sufficient notice, giving all interested parties an opportunity to express opposing views. A form of a notice is included within these Application instructions. The Applicant should have Bond Counsel contact the Executive Director as soon as possible regarding the coordination of the public hearing. A representative of the Authority will conduct the hearing, but it need not coincide with the Authority meeting. The hearing must be held prior to the Phoenix City Council approval of the issuance of the Bonds.

After final approval has been granted by the Authority, the proposed Bond issuance is referred to the Phoenix City Council for its final approval at the next available regularly scheduled formal meeting of the City Council. Phoenix City Council has regularly scheduled formal meetings at 3:00 p.m. on Wednesday of each week, subject to cancellation or change in time. The Applicant must receive final approval of the Bonds from Phoenix City Council prior to closing.

The meeting and the approval dates usually occur in the following order:

1. Preliminary Approval by the Authority
2. Public Hearing (Code §147(f)) by Authority Representative
3. Final Approval by the Authority
4. Final Approval by the Phoenix City Council

AUTHORITY'S FEES

A Fee Schedule is available upon request.

AUTHORITY GUIDELINES FOR APPROVAL

As a matter of policy, the Authority will analyze proposed financing for any Project with respect to the matters set forth in the Procedural Pamphlet.

RIGHTS OF AUTHORITY

Until the financing documents are executed and delivered by the Authority for the benefit of an Applicant, the Authority reserves the right to request additional information, reject the Application for any reason, reject the choice of counsel or agents to be involved in the financing, postpone consideration of the Application, require changes in the legal proceedings or disclosure documentation relating to the proposed financing, waive conditions or requirements set forth in these Instructions, and impose any other reasonable requirements with respect to the proposed financing.

PUBLIC NATURE OF APPLICATION PROCESS

The Application and other materials submitted to the Authority will be available for inspection by the public. By filing the Application, the Applicant agrees that any information submitted to the Authority on its behalf is not privileged or confidential and may be disclosed to the public.

SUBMISSION OF ALL RELEVANT DOCUMENTS AND INFORMATION

By filing the Application, the Applicant agrees to disclose any and all matters that could in any way be material to the proposed financing to the Authority and to all potential purchasers. In particular, and without limiting the generality of the foregoing, the Applicant agrees to provide to the Authority, at

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least **14 days in advance of final approval, substantially final forms** of any loan agreement, purchase contract, note, mortgage, deed of trust, security instrument, trust indenture, offering document, guaranty, letter of credit and any other agreement applicable to the transaction.

The Executive Director and Legal Counsel will review the proceedings, as appropriate, and will work with the Applicant, Bond Counsel and the financing team professionals regarding required changes to the documents and legal proceedings.

All legal opinions must be in a form and substance acceptable to the Authority.

PURCHASE AND SALE DOCUMENTATION

The Applicant and the 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 Authority shall have no responsibility for the accuracy or content of the disclosure document, except for the sections directly pertaining to the Authority. By filing an Application or by agreeing to act as purchaser or underwriter, the Applicant and the purchaser or underwriter agree to these terms.

The Authority requires that the Applicant covenant to assume the ongoing disclosure obligations required by SEC Rule 15c2-12 is in a form and substance satisfactory to the Authority.

If the financing is to be offered publicly, an investment grade rating of at least "A" from a nationally recognized rating agency must be obtained. If such a rating is not obtained, (a) the offer and sale must be limited to "accredited investors" within the meaning of Rule 501 of Regulation D, but excluding natural persons, or "qualified institutional buyers" within the meaning of Rule 144A, promulgated under the Securities Act of 1933, (b) the Authority must receive investment letters from such purchasers in form and substance satisfactory to the Authority, and (c) any subsequent transfers and resales of the Bonds must be similarly restricted to accredited investors or qualified institutional buyers.

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

QUESTIONS CONCERNING PROCESS AND APPLICATION

It is the Authority's policy that Applicants not initiate contact with individual members of the Authority for the purpose of soliciting support for or discussing their Applications without first contacting the Executive Director to determine the current policy of the Board on such contacts. Applicants may discuss Applications with the Executive Director to the Authority and its Legal Counsel, and with individual Authority members who request information, which information will be reported to the full Authority at the time the Application is considered.

Any questions concerning this Application or the process of obtaining financing from the Authority should be directed to the Authority's Executive Director:

The Industrial Development Authority of the City of Phoenix, Arizona
c/o Juan Salgado, Executive Director
251 West Washington Street, 9th Floor
Phoenix, Arizona 85003
Telephone: (602) 262-7304

Facsimile: (602) 495-5605
E-mail: Juan.Salgado@phoenix.gov

OTHER INFORMATION

Applicants are encouraged to include any additional information relating to the Project or proposed financing that the Applicants deem beneficial or informative. To provide full and complete responses to the questions in the Application, Applicants may include such information in the form of attachments or exhibits to the Application, as long as the Applicants clearly reference such attachments or exhibits with the appropriate sections and question numbers.

In connection with the review of this Application, the Applicant agrees to provide additional information to the Authority and/or their representative(s) upon reasonable request.

**FORM OF
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that on _____, 20__, a public hearing will be held in the offices of Lewis and Roca LLP, 40 North Central Avenue, Suite 1900, Phoenix, Arizona, commencing at __:___.m., regarding the proposed issuance by The Industrial Development Authority of the City of Phoenix, Arizona (the "Authority") of its _____ Revenue Bonds (_____), Series 20__ (the "Bonds") in an aggregate principal amount not to exceed \$_____.

_____, a _____(the "Borrower"), proposes to use the proceeds of the Bonds to finance _____ located at _____ in Phoenix, Arizona (the "Project"). The Project will be owned and operated by _____.

The Bonds will be special limited obligations of the Authority and will not constitute a debt or pledge of the faith and credit of the Authority, the City of Phoenix, the State of Arizona, or any political subdivision of the State of Arizona. Any person may appear at the hearing and express his or her views, or may submit his or her views in writing, regarding the proposed issue of Bonds. Any written submission should be sent to the Issuer c/o Maria Spelleri, Esq., Lewis and Roca LLP, 40 North Central Avenue, Suite 1900, Phoenix, Arizona 85004, and clearly marked: _____ Revenue Bonds (_____), Series 20__. Written submissions should be mailed in sufficient time to be received before _____, 20__.

DATED this ___ day of _____, 20__.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

**APPLICATION FOR BOND FINANCING
TO
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA**

Name of Applicant Institution

Contact Person for Financing

Title

Address 1

Address 2

Telephone Number

Facsimile Number

E-mail Address

Maximum Amount of Requested Financing (not to exceed): \$_____

Name of Proposed Bonds: _____

Date of Application: _____, 20____.

SECTION 1
FINANCING TEAM

Applicant	
[Company Name] [Address]	Contact Person: Telephone: Facsimile: E-mail:
Applicant's Counsel	
[Company Name] [Address]	Contact Person: Telephone: Facsimile: E-mail:
Applicant's Financial Advisor	
[Company Name] [Address]	Contact Person: Telephone: Facsimile: E-mail:
Bond Purchaser or Underwriter	
[Company Name] [Address]	Contact Person: Telephone: Facsimile: E-mail:
Bond Purchaser or Underwriter's Counsel	
[Company Name] [Address]	Contact Person: Telephone: Facsimile: E-mail:
Trustee	
[Company Name] [Address]	Contact Person: Telephone: Facsimile: E-mail:
Trustee's Counsel	
[Company Name] [Address]	Contact Person: Telephone: Facsimile: E-mail:
Bond Counsel	
[Company Name] [Address]	Contact Person: Telephone: Facsimile: E-mail:
Financial Advisor or Feasibility Consultant	
[Company Name] [Address]	Contact Person: Telephone: Facsimile: E-mail:

SECTION 2

INFORMATION REGARDING THE APPLICANT

[The information required by this Section shall also be provided by any Guarantor.]

1. Business Organization

- a) Provide a brief description of Applicant's business.
- b) List all persons and entities having an ownership interest in the Applicant.
- c) **Attach** a copy of the Applicant's articles of incorporation and bylaws.
- d) **Attach** a list of the officers and directors or the partners of the Applicant, including titles, occupations, addresses and years on the board.
- e) **Attach** a list of management personnel, including job titles, education and years employed.
- f) If the Applicant is a Section 501(c)(3) organization, **attach** a copy of IRS Tax Exemption Determination Letter.

2. Litigation

- a) Describe any material litigation involving the Applicant or, if the Applicant is a partnership, its general partners.
- b) Is there any threatened or pending litigation in which the Applicant is or may be a defendant and the Applicant's potential liability, either individually or collectively, could exceed the Applicant's insurance coverage with respect to such liabilities? Yes _____ No _____ If Yes, please **attach** a brief explanation.
- c) Are there any conflicts of interest among the Applicant, its officers, management or directors, and the other parties to the proposed financing, including but not limited to the Authority and its directors and agents? Yes _____ No _____ If Yes, please give particulars.
- d) State whether the Applicant or any of the Applicant's officers, directors, general partners or managers have been charged or convicted of a felony or a misdemeanor involving moral turpitude, or is now or has ever been charged with or convicted of any civil or criminal offense relating to the conduct of the business of the Applicant (or any similar business) or from the issuance, sale or solicitation for sale of any type of security.

3. Financial Information

a) **Submit copies** of audited financial statements prepared in accordance with generally accepted accounting principles by a certified public accountant for the Applicant's three most recently completed fiscal years. If the Applicant has been in business less than three years, submit financial statements for such shorter period. (Personal financial statements may be presented in nonstandard format and may utilize historical costs with market values allowed as supplemental information (provided information as to how the market values were determined is included). The personal statements must be prepared by a C.P.A. or signed by the Applicant or the Applicant's agent.)

b) If the financial statements were prepared more than six months prior to the date of the Application, then the Applicant must also **submit copies** of the Applicant's most recent interim financial statements containing at least balance sheets and income statements with comparative numbers for the same period in the preceding fiscal year.

c) **Submit** the Applicant's most recent annual report.

d) **Attach** the most current rating sheet(s), if any debt securities of the Applicant are rated, and any changes in rating within the past two years.

e) **Attach** any prospectus, private placement memorandum, offering statement or offering circular prepared within the last three years pertaining to the Applicant or any related person.

f) Are any of the Applicant's securities publicly traded? Yes ___ No ___ If Yes, list the current market price and the previous year's high and low market prices with respect to each such security.

g) Is the Applicant engaged in any business activities, directly or indirectly, that are not reflected or disclosed in the financial statements provided with the Application and that have a material impact on the Applicant's financial position or operations? Yes _____ No _____ If Yes, please explain.

SECTION 3
PROPOSED PROJECT

1. General Information

- a) Describe the Project, including its purpose and the facilities to be financed.
- b) Identify the components of the Project that consist of acquisition, construction, renovations or purchase of facilities and equipment.
- c) Indicate the approximate dates for the various components of the Project.
- d) Explain the public purpose to be served by the Project and the basis for qualification under Section 141(e) of the Internal Revenue Code of 1986, as amended.
- e) Identify all the locations of the Project, including street addresses, if available, and the respective city, town or county.

2. Project Site

- a) **Attach** a legible sketch or site plan of the Project site, indicating major north-south and east-west arterials, dimensions of the site and the orientation on the site of the proposed structures.
- b) Describe any known zoning status matters regarding the proposed site (examples: restrictions, zoning changes or use permits required).
- c) Is any part of the Project to be leased to or from another party? Yes ___ No ___ If Yes, please **attach** a brief explanation to this Application, including the name of the owner or tenant and the terms of the lease, and a copy of any lease agreement.
- d) Indicate present use and present owner of Project site, including the Applicant's relationship to the owner.
- e) If the Applicant now owns the Project site, indicate the date of purchase, purchase price, balance of any existing mortgage and holder of mortgage(s).
- f) If the Applicant currently does not own the Project site, does the Applicant have an option or contract to purchase the site? Yes ___ No ___ If Yes, indicate date of option agreement or contract, purchase price, the expiration date of the option, and/or the closing date.
- g) Is the Project site subject to any federal, state or local environmental laws or regulations, or will the Project have any material adverse impact on environmental or archeological resources? Yes ___ No ___ If Yes, please describe such laws, regulations or impact.
- h) **Attach**, if applicable, an appraisal made by a Member of the Appraisal Institute (MAI) setting forth the value of the Project site and the value of the Project after any contemplated construction is completed. (It is expected that many questions may arise with respect to required appraisals. Applicants are encouraged to consult with the Authority prior to ordering an appraisal.)

3. Financing Structure

- a) Describe the financing structure, including a description of any credit enhancement.
- b) Is the proposed financing being publicly sold or privately placed? Yes ____ No ____ If Yes, please explain. Note: The Authority requires an investor acknowledgement letter from an “accredited investor” or “qualified institutional buyer” on all financings except those that have obtained an investment grade rating of at least “A” from a national rating agency.
- c) Maturity (years): _____
- d) Rating Expected: _____
- e) Fixed or Variable _____
- f) Anticipated Interest Rate: _____
- g) Is the Project to be financed through the issuance of the Authority’s Bonds part of a larger project contemplated by the Applicant? Yes ____ No ____ If Yes, describe the overall Project, indicating which part is to be financed with the Authority’s Bonds and which part will not be so financed.
- h) **Attach** a schedule of proposed and existing indebtedness and debt service coverage.
- i) **Attach** Project-related financial projections for three years, including underlying assumptions and other supporting data and financial information to analyze the financial feasibility of the Project.

SECTION 4
ESTIMATED SOURCES AND USES OF FUNDS

Sources

Bond Proceeds	\$ _____
Equity Contribution	\$ _____
_____	\$ _____
_____	\$ _____
Other (please explain)	\$ _____
Total Sources	\$ _____

Uses

Land	\$ _____
Construction	\$ _____
Equipment	\$ _____
Capitalized Interest	\$ _____
Accrued Interest	\$ _____
_____	\$ _____
_____	\$ _____
Other (please explain):	\$ _____
Total Uses	\$ _____

SECTION 5
ADDITIONAL INFORMATION

a) List the face amount of all bond financings previously arranged by or for the benefit of the Applicant for projects located within the City of Phoenix.

<u>Issuer</u>	<u>Date of Issue</u>	<u>Original Face Amount</u>	<u>Current Amount Outstanding</u>	<u>Status of Project</u>
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b) Has the Applicant previously been denied financing, whether conventional, tax exempt or otherwise, for the proposed or a similar Project? Yes ___ No ___ If Yes, indicate particulars.

c) Has the Applicant ever defaulted on any debt obligation including, without limitation, any public or private bond, mortgage, note or debenture? Yes ___ No ___ If Yes, indicate particulars.

d) Please briefly describe any major capital acquisition or expansion plans to be undertaken by the Applicant within the next five years (other than the Project described above) which have been approved or are under consideration by the Applicant.

e) Regarding insurance coverage carried, does the Applicant have insurance coverage for the following items: fire and hazard insurance; general liability; worker's compensation; business interruption; special disaster insurance; and officer and director? Yes ___ No ___
If No, please indicate below reason(s) for no coverage:

f) Will the Applicant conduct an "unrelated trade or business" at the Project, as that term is described in Section 513 of the Code? Yes ___ No ___ If Yes, indicate particulars.

SECTION 6
EMPLOYMENT PLAN

Estimate the number of new jobs to be created by the Project for each employment category identified below. New jobs are those jobs which will be created as a result of the Project as distinguished from jobs relocated from a different site.

Construction (temporary): _____

Long Term:

- a. White Collar:
 - Professional _____
 - Managers _____
 - Sales/Clerical _____
 - Total _____

- b. Blue Collar:
 - Craftsmen _____
 - Operatives _____
 - Laborers _____
 - Service _____
 - Total _____

Before the Authority will grant final approval to the Project, the Applicant will be required to prepare and submit an Employment Plan. (See Form of IDA Employment Plan Guide.)

If the Applicant's Employment Plan is available, it should be attached as an exhibit to the Application.

If the Employment Plan has not been prepared, the Applicant must submit an Employment Plan to the City's Community and Economic Development Department for review and approval no later than 30 days following preliminary approval of the Application. A copy of the approved Employment Plan must then be submitted to the Authority no fewer than 15 business days prior to the date scheduled for final approval.

SECTION 7
ESTIMATED TIME TABLE

Please indicate the approximate dates of the following activities:

Preliminary approval by the Authority _____

Public hearing conducted by Authority Representative _____

Final approval by the Authority _____

Final approval by the Phoenix City Council _____

Closing _____

SECTION 8
AFFIDAVIT

All facts and statements contained in this Application, including all exhibits and attachments hereto, are true and correct to the best of the Applicant's knowledge and belief. The Applicant has provided, and will provide as it becomes available to the Applicant, all material information that could impact the decision of the Authority to approve the Project. The Applicant has not withheld any material information that could impact the Project. The Applicant knows of no material adverse fact relating to the Applicant or to the proposed financing that is not described in the Application. The Applicant hereby consents to all investigations deemed reasonably necessary by the Authority. The Applicant hereby expressly confirms and agrees to all agreements and consents that are deemed to be made in connection with this Application, including the payment of all fees, as described in the Authority's Instructions for the Preparation of Application for Bond Financing, dated _____, 20____.

Dated: _____, 20____

By: _____
Name: _____
Its: _____

DOCUMENTS AND OTHER INFORMATION TO BE SUPPLIED WITH THE APPLICATION

The following documents and information are to be submitted with one (1) original, six (6) hard copies and one (1) electronic copy (pdf format preferred) of this Application. An Application cannot be approved unless all documents and information are submitted with the Application.

- Check for \$3,000 application fee made out to The Industrial Development Authority of the City of Phoenix, Arizona.
- Articles of Incorporation and Bylaws (Tab ____).
- List of Officers and Directors of Applicant (Tab ____).
- List of Management Personnel (Tab ____).
- For 501(c)(3) organizations: Copy of IRS Tax Exemption Letter (Tab ____).
- Audited financial statements for the past three years (Tab ____).
- Most recent interim un-audited financial statements (Tab ____).
- Most recent annual report (Tab ____).
- Current rating sheets, if any (Tab ____).
- Prior offering statement, if any (Tab ____).
- Project sketch or site plan (Tab ____).
- Debt service schedule (Tab ____).
- Three years of financial projections (Tab ____).

APPLICANT TO PROVIDE FURTHER INFORMATION UPON REQUEST

In connection with the review of this Application, the Applicant agrees to provide additional information to the Authority and/or its representative(s) upon reasonable request.