THE INDUSTRIAL DEVELOPMENT AUTHORITY

OF THE CITY OF PHOENIX, ARIZONA

PROCEDURAL PAMPHLET

As Amended through April 13, 2010

SECTION 1

DEFINITIONS

As used in this Procedural Pamphlet and the Application for Bond Financing, the following terms have the indicated meanings:

a) "Act" means Arizona Revised Statutes, §§35-701 through 35-761 inclusive, as amended.

b) "Applicant" means the Person or Persons seeking to have bonds issued on its behalf to purchase, construct or acquire one or more Projects.

c) "Authority" means The Industrial Development Authority of the City of Phoenix, Arizona.

d) "Board" means the Board of Directors of the Authority.

e) "Bond Counsel" means a law firm selected by the Applicant from the Approved Bond Counsel list published on the Authority's web site or such other law firm approved by the Authority in writing. Applicant's counsel may not serve as Bond Counsel except with the express written approval of the Authority. In the event Bond Counsel is not designated by the Applicant, the Authority shall select Bond Counsel from the Approved Bond Counsel list published on the Authority's web site.

f) "Purchaser" means the Person or Persons who have agreed to purchase some or all of an issue of the Authority's Bonds for investment and not with a view to public distribution.

g) "Carryforward Project" has the meaning set forth in Section 146(f) of the Code, as may hereafter be amended.

h) "City" means the City of Phoenix, Arizona.

i) "Code" means the Internal Revenue Code of 1986, as amended.

j) "Day" means a calendar day.

k) "Extension Fee" means the Extension Fee described in the Authority's Fee Schedule.

l) "Fee Schedule" means the Authority's schedule of fees, as amended from time to time.

m) "Guaranty" means either a guaranty of payment or a guaranty of collection.

n) "Issuer's Counsel" means the law firm retained by the Authority to review all applications to determine a Project's legal eligibility for Bond financing and review, for the Authority, all documents to be used in the Bond financing.

o) "Legal Proceedings" means such proceedings as are required by the Underwriter, Bond Counsel, Issuer's Counsel, the Bond Purchaser or the Authority.

p) "Official Statement" means a prospectus or offering statement concerning Bonds of the Authority or, where a sale by competitive public bidding is concerned, a notice of the sale of the Bonds.

q) "Project" means any project authorized by the Act. Each phase of a multiphase Application or Project may be considered to be a separate Project for all purposes.

r) "Special Meeting Fee" means the special meeting fee described in the Authority's Fee Schedule.

s) "Trustee" means a financial institution, trust company or other entity selected by the Applicant from the Approved Trustee list published on the Authority's web site or such other entity approved by the Authority in writing.

t) "Underwriter" means any entity which has, directly or indirectly, purchased or plans to purchase the Authority's Bonds with a view to public distribution.

SECTION 2

INTRODUCTION

2.1 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.

At the written request of an Applicant, and at the sole discretion of the Authority after receipt of a Special Meeting Fee as described in the Authority's Fee Schedule, the Authority may hold a special meeting to consider an application.

A representative of the Applicant should attend, in person or by telephone, all meetings at which the Application is to be considered in order to provide a brief 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.

2.2 **Approvals.** Application requests for bond financings are required to be brought before the Authority for both preliminary and, if required, 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.

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.

2.3 **Form of Authority's Fees**. The Authority's Fee Schedule is attached as Appendix "B".

2.4 **Public Nature of Application Process**. 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.

2.5 **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, if any, required by SEC Rule 15c2-12 is in a form and substance satisfactory to the Authority.

With respect to any bonds issued by the Authority, the Applicant must obtain either (a) an investment grade rating from a nationally recognized rating agency or (b) investment letters from the Purchasers in form and substance satisfactory to the Authority.

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.

2.6 **Questions Concerning Process and Application; Solicitation of Support**. 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 Issuer's 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
Mobile: (602) 628-1147
E-mail: juan.salgado@phoenix.gov

SECTION 3

ELIGIBLE PROJECTS

The Authority may issue its Bonds only to finance a Project, which is specifically authorized by the Act. The Authority reserves the right to add additional requirements on a case-by-case basis. Likewise, the requirements stated herein may be waived by the Authority in appropriate circumstances. City Council may impose additional requirements.

Until the Bonds are issued, the Authority reserves the right, among other things:

(a) to reject the Application or Project in whole or in part for any reason;

(b) to reject the Applicant's choice of Bond Counsel, Underwriter or Trustee for any reason;

(c) to require corrections, deletions, changes, additions or amendments to any Legal Proceedings;

(d) to impose any other reasonable requirements as conditions precedent to the issuance of its Bonds; and

(e) to postpone from time to time consideration of the Application.

SECTION 4

APPLICATION PROCEDURE

4.1 **Form of Application and Filing Procedure**. The Authority requires all prospective Applicants to submit a complete application before the Authority will consider preliminary approval of an Application. The Authority will have each Application reviewed by its Executive Director, Issuer's Counsel and by any other persons it deems necessary prior to the meeting. Executive Director shall prepare a report with comments from Issuer's Counsel to the Authority on the results of their reviews at the same meeting at which the Authority hears the Applicant's oral presentation.

4.2 **Oral Presentation - Attendance of Applicant at Meetings.** The Authority suggests that a representative of the Applicant be present to provide an oral presentation concerning the proposed Project and its financing at each Authority meeting at which preliminary approval, final approval or a request for extension of either preliminary or final approval will be considered. The Authority may postpone action on the resolution granting preliminary or final approval of the issuance of the Bonds for any reason.

4.3 **Fees of the Authority.** A Fee Schedule is attached as Appendix B. Such Fee Schedule includes the Application Fee, Special Meeting Fee, and Approval Extension Fee.

SECTION 5

APPROVAL AND ADOPTION OF LEGAL PROCEEDINGS

5.1 **Preliminary Approval by the Authority**. The Authority may require consideration of a resolution either conditionally granting or denying preliminary approval with respect to an Application. The preliminary approval may be subject to such conditions as the Authority, in its discretion, may require. Except with respect to a Carryforward Project, the Authority's preliminary approval will expire in 180 days or such other time period as the Authority may direct in its proceedings unless within that time final approval has been granted by the Authority or an extension of preliminary approval (see Section 5.4) has been obtained.

5.2 **Amendments to and Transfers of Preliminary Approval**. The Applicant may request an amendment to preliminary approval by submitting a written request of the amendment to the Authority no fewer than 15 days prior to the meeting at which consideration of the amendment is requested. Amendments to preliminary approval may be requested in conjunction with a request for final approval provided, however, that all information in support of the amendments is submitted to the Authority as set forth herein.

The Applicant may request a transfer of preliminary approval to another party by submitting a written request to the Authority no fewer than 15 days prior to the meeting at which consideration of the transfer is requested, accompanied by:

a) written request for transfer by the proposed transferee;

b) a revised Section 2 of the Application, setting forth all information regarding the proposed transferee which is required of an original Applicant; and

c) the Form of Affidavit set forth in Section 7 of the Application, signed by the proposed transferee.

The Authority reserves the right to designate as a new Application any transfer of preliminary approval which incorporates substantive changes from the size, nature, design, use and/or intent of the Project as originally approved, subject to all fees, policies and requirements applicable to new Applications.

The Authority suggests that a representative of the Applicant and the proposed transferee, where applicable, be present to provide an oral presentation concerning the proposed amendment or transfer at the meeting at which the Authority will consider such action.

5.3 **Final Approval by the Authority.** The Authority shall adopt a resolution either granting or denying final approval of each Application. Current compliance with all applicable provisions of this Procedural Pamphlet is required for hearing by the Authority of a request for final approval and adoption of the Legal Proceedings. Except with respect to a Carryforward Project, the Authority's final approval will expire on the 90th day following final approval unless the Bonds have been issued or an extension of final approval (see Section 5.4) has been obtained.

5.4 **Extensions of Approval.** Except with respect to a Carryforward Project, the Applicant may request an extension of approval by submitting to the Authority no fewer than 10 days prior to the meeting at which the extension is requested the Extension Fee set forth in the Authority's Fee Schedule, and a written request for such extension setting forth: (a) the date preliminary and/or final approval was granted; (b) the extension period requested; (c) the number of extensions previously granted; and (d) the reasons for the requested extension. The Authority reserves the right to deny requests for extension for any reason.

5.5 **Final Approval by City Council.** After final approval has been granted by the Authority, the Application will be referred to the City Council for its final approval at the next available regularly scheduled formal meeting of the City Council or on such other date as may be requested by the Applicant. All documents related to the Bonds, in substantially final form, should be submitted to the Authority for delivery to the City Council no fewer than 28 days prior to the meeting at which final approval by City Council is requested.

5.6 **Carryforward Projects.** The Authority will permit an applicant to submit a request for approval of a Project contingent upon obtaining a carryforward allocation in accordance with applicable state and federal law. If the Authority grants preliminary approval for the financing of a Carryforward Project, the Applicant shall have until the end of the third calendar year (or such shorter or longer period as may then be provided under federal and state law applicable to Carryforward Projects) following the calendar year in which the carryforward arose to issue the Bonds (the "Carryforward Deadline"). The expiration dates with respect to preliminary approval and final approval and the extension provisions with respect to preliminary approval and final approval shall not apply to Carryforward Projects. However, Applicants shall be required to submit a status report on the Project to the Authority, together with a $500 filing fee, at the end of each 180-day period following preliminary approval until final approval is

granted. All other provisions of this Procedural Pamphlet that would otherwise apply to a given Project shall apply to a Carryforward Project of the same nature. The Authority's preliminary approval with respect to a Carryforward Project shall expire upon the earlier of the Carryforward Deadline or the granting of final approval by the Authority. The Authority's final approval with respect to a Carryforward Project shall expire upon the earlier of the Carryforward Deadline or the issuance of the Bonds.

5.7 **Site Sign During Construction and Upon Completion.** For all Projects where construction is contemplated or in progress when Bonds are issued, a sign (the design for which must be obtained from Authority staff) must be posted at the Project site, clearly visible from the roadway, indicating that the Project has been authorized through The Industrial Development Authority of the City of Phoenix, Arizona. For all completed Projects, a sign (the design for which must be obtained from Authority staff) must be posted at the Project indicating that the Project has been financed through Bonds issued by The Industrial Development Authority of the City of Phoenix, Arizona.

SECTION 6

CLOSING REQUIREMENTS AND CONDITIONS

6.1 **The Closing**. Bond Counsel shall be responsible for coordinating the bond closing.

6.2 **Opinions of Counsel.** All legal opinions shall be in a form and substance acceptable to Issuer's Counsel.

6.3 **Indemnity Agreement.** As a condition to closing, the Applicant and any third-party Guarantor must execute and deliver to the Authority an indemnity agreement acceptable to the Authority.

SECTION 7

MISCELLANEOUS

7.1 **Hiring the Trustee or Paying Agent**. Applicant will be responsible for hiring and paying the charges of any Trustee or Paying Agent; however, the Trustee or Paying Agent may agree to be paid from Bond proceeds or revenues payable to the Authority by the Applicant.

7.2 **Conflict of Interest.** The Authority and its members are deemed to be subject to Arizona's Conflict of Interest Law (Arizona Revised Statutes, §38-501 et seq.). The Applicant should take every precaution available to learn of any possible conflict between itself and directors, officers or employees of the Authority or any "relative" (as defined in the Conflict of Interest Law) of any of the foregoing which might prohibit the Authority from completing the financing, especially where construction or other contracts may be signed before the Bonds are authorized or issued.

7.3 **A.R.S. §38-511.** A.R.S. §38-511 provides that the State of Arizona (the "State"), its political subdivisions (including the Authority) or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract.

Notice of A.R.S. §38-511 shall be included in every contract to which the Authority is a party.