
**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA
PROCEDURAL PAMPHLET
As Amended through July 2, 2009**

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APPENDIX

APPENDIX A

FORM OF APPLICATION FOR AUTHORITY FINANCING

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

PROCEDURAL PAMPHLET

SECTION 1

INTRODUCTION

The Industrial Development Authority of the City of Phoenix, Arizona (the “Authority”) was established in 1981 to promote industry and develop trade in the City of Phoenix (the “City”); to stimulate and encourage the production, development and use of agricultural products and natural resources; to assist, financially and otherwise, in the rehabilitation, expansion and development of all kinds of businesses and industries which will promote and assure job opportunities; to promote the construction, improvement and equipping of residential real property for dwelling units; to provide affordable housing to all members of the community and to promote and assure an improved standard of living and an increase in prosperity and health in the City.

The function of the Authority is to issue its Bonds, the proceeds of which are usually loaned to a qualified business (the “Applicant”) to finance a project designed to stimulate industrial, commercial or housing development (the “Project”), when the Authority is convinced that such a Project will lead to expanded job opportunities, income and tax base growth (when appropriate) or new housing for residents of the City. The Authority does not provide its own money to Applicants. The Authority instead provides a formal mechanism through which an Applicant can seek financing from private sources through either a private or public offering of the Authority’s Bonds. This Procedural Pamphlet establishes the guidelines which are to be followed in applying to the Authority for the issuance of its Bonds.

Potential applicants should note that principal and interest on any Bonds issued by the Authority will be paid entirely by revenues generated by the Project. Bonds issued by the Authority will not be a general obligation or liability of either the Authority or the City and will not result in a charge against the general credit or taxing power of either entity.

Generally, interest on Bonds issued by the Authority will qualify as tax-exempt for purposes of Federal and Arizona state income taxation depending on the purpose of the project, the nature of the Applicant, the structure of the financing and other important factors. The Code and the Act (as such terms are defined at Paragraphs 2.2 and 2.12) specify detailed criteria for making this determination including, without limitation, the requirement that none of the proceeds of the Bonds be used for working capital needs of the Applicant or the Project.

SECTION 2

DEFINITIONS

As used in this Procedural Pamphlet, the following terms have the indicated meanings:

2.1 “Accountant” means an independent certified public accountant as the term is defined in the Securities Act of 1933, as amended.

2.2 “Act” means the Industrial Development Plans for Municipalities and Counties Act, Arizona Revised Statutes, §§35-701 through 35-761 inclusive, as amended.

2.3 “Applicant” means the Person or Persons seeking to have bonds issued on its behalf to purchase, construct or acquire one or more Projects.

2.4 “Arizona Blue Sky Law” means Arizona Revised Statutes, §§44-1801 through 44-2066 inclusive, as amended.

2.5 “Authority” means The Industrial Development Authority of the City of Phoenix, Arizona.

2.6 “Blighted Area” has the meaning set forth in Arizona Revised Statutes, §36-1471(2), as from time-to-time amended.

2.7 “Board” means the Board of Directors of the Authority.

2.8 “Bond Counsel” means a law firm listed among the “Municipal Bond Attorneys of the United States” in the current edition of The Bond Buyer’s Directory of Municipal Bond Dealers of the United States and acceptable to the Authority. Applicant’s counsel may not serve as Bond Counsel except in the case of a private placement and then only with the express approval of the Authority. In the event Bond Counsel is not designated by the Applicant, the Authority has an Approved Bond Counsel list from which Applicant shall select Bond Counsel.

2.9 “Bond 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.

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

2.11 “City” means the City of Phoenix, Arizona.

2.12 “Code” means the Internal Revenue Code of 1986, as amended.

2.13 “Escrow Structure” means a financing structure in which Bond proceeds are invested in high-yielding securities for a period during which the Applicant attempts to obtain a credit enhancement sufficient to preserve the Authority’s required “AA” rating on the Bonds and during which time the interest on the high-yielding securities pays the interest and principal due on the Bonds.

2.14 “Financial Consultant” means a Person employed to advise an Applicant with respect to a financing and may mean a Person employed to assist in the sale of Bonds by competitive bid.

2.15 “Guaranty” means either a guaranty of payment or a guaranty of collection.

2.16 “Health Care Institution” has the meaning set forth in Arizona Revised Statutes, §36-401, as from time-to-time amended.

2.17 “Health Care Institution Preference Area” means any area within the City designated as a Blighted Area, a Health Manpower Shortage Area, a Medically Underserved Area or a Slum Area.

2.18 “Health Manpower Shortage Area” has the meaning set forth in 42 United States Code, Section 254e(a)(1), as from time to time amended.

2.19 “Legal 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.

2.20 “Legal Proceedings” includes, in part:

- (a) Any lease, loan agreement, purchase contract or note and any mortgage, deed of trust or other security instrument which is to be executed by the Applicant;
- (b) The resolution of the Authority authorizing the issuance of the Bonds;
- (c) Any trust indenture or similar trust instrument;
- (d) All proposed Preliminary Official Statements and drafts of final Official Statements;
- (e) A notice of sale if the Bonds are to be sold through competitive public bidding;
- (f) The bond purchase agreement, together with any related letters required by the Underwriter, Bond Counsel or the Bond Purchaser;
- (g) Any Guaranty documents;
- (h) The form of Bond Counsel’s opinion;
- (i) The form of the Accountant’s comfort letter(s);
- (j) Nonlitigation Certificate;
- (k) Arbitrage Certificate;
- (l) Treasurer’s or Trustee’s Receipt;
- (m) Proposed language for insertion in the minutes of all meetings of the Authority where official action was to be taken in connection with the Project;
- (n) Such other proceedings as are required by the Underwriter, Bond Counsel, the Bond Purchaser or the Authority;

(o) Drafts of any instruments which the Authority must adopt or approve, or any member of the Authority must sign or any questionnaire which must be completed relative to contemplated submissions to any federal or state regulatory body or to any rating agency;

(p) A copy of the indemnity agreement or agreements;

(q) Resolutions and certificates of the Applicant deemed necessary by Bond Counsel to complete the financing; and

(r) Affidavits of Publication of Notices of Public Hearings.

2.21 “Low and Moderate Income” means the income level for purposes of Section 142(d) of the Code as adjusted for family size.

2.22 “Medically Underserved Area” has the meaning set forth in 42 United States Code, Sections 254e(b)(3), 300e-1(7) and 300s-3(14), and in Arizona Revised Statutes, §36-2352, as from time-to-time amended.

2.23 “Net Proceeds” means the amount of bond proceeds (including premium, if any) which are intended to be used in the purchase, construction of or acquisition of a Project but does not include bond discounts, accrued interest, costs or expenses of issuance, capitalized interest, reserve funds, or amounts used to pay a Trustee’s or a Paying Agent’s fees.

2.24 “1933 Act” means the Securities Act of 1933, as amended.

2.25 “1934 Act” means the Securities Exchange Act of 1934, as amended.

2.26 “1939 Act” means the Trust Indenture Act of 1939, as amended.

2.27 “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.

2.28 “Paying Agent” means a third party Trustee or Trustee agent making principal and interest payments directly to bond holders.

2.29 “Person” means any person or any group of persons or any limited partnership, partnership, association, corporation, syndicate, joint venture, joint stock company or similar form of legal entity.

2.30 “Project” means any land, any building or other improvement, and all real and personal properties, including but not limited to machinery and equipment, whether in existence or under construction, whether located within or without the City, which is authorized by the Act and the Code. Each phase of a multiphase Application or Project shall be considered to be a separate Project for all purposes.

2.31 “Project Costs” are costs to be incurred in the acquisition, construction, reconstruction, or improvement of property including land, building, equipment, architectural and engineering services, construction permits, and fees related to construction such as sewer hook-up and street improvement assessments.

In addition, other costs and expenditures associated with the Bonds such as financing fees, costs of issuance, bond reserves, capitalized interest, underwriter fees and any other costs associated with obtaining the Bonds will be considered to be Project Costs.

2.32 “Slum Area” has the meaning set forth in Arizona Revised Statutes, §36-1471(18), as from time-to-time amended.

2.33 “Third Party Guarantor” means any Person other than the Applicant (including, without limitation, a parent, affiliate or subsidiary of the Applicant) who guarantees either the bonds or the underlying security for the bonds.

2.34 “Trustee” means a financial institution, trust company or other Person appointed by the Applicant and acceptable to the Authority to oversee the proper use of bond proceeds.

2.35 “Underwriter” means any Person who has, directly or indirectly, purchased or plans to purchase the Authority’s Bonds with a view to the public distribution of any of such Bonds.

2.36 “Underwriter’s Counsel” means the counsel for the Underwriters, if any. Underwriter’s Counsel will be required in any public offering. Underwriter’s Counsel should be a firm of national reputation in municipal bond law or securities law.

SECTION 3

ELIGIBLE PROJECTS

The Authority may issue its Bonds only to finance a Project which is specifically authorized by the Act. In addition, the requirements of Sections 141 through 150 of the Code and the Treasury Regulations promulgated thereunder must be met in order for the interest on the Authority’s Bonds to be exempt from federal income tax. There are additional policy requirements and guidelines established by the Authority and the City Council that must also be met. Applicants with technical legal questions should contact Bond Counsel or Legal Counsel.

This Pamphlet sets forth minimum requirements. 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 rights, among others, to:

- (a) Reject the Application or Project in whole or in part;
- (b) Reject the Application as being incomplete;
- (c) Reject the Applicant’s choice of Legal Counsel, Accountant, Underwriter, Bond Purchaser, Financial Consultant, Bond Counsel, or appraiser;
- (d) Require corrections, deletions, changes, additions or amendments to any Legal Proceedings or Official Statement;

- (e) Impose any other reasonable requirements as conditions precedent to the issuance of its Bonds; and
- (f) Postpone from time to time consideration of the Application.

It is the Authority's policy that all Bonds which are to be publicly placed must achieve a rating of "A" or higher from Moody's Investor's Service, Inc. or a comparable rating organization, or be secured by an irrevocable letter of credit issued or confirmed by a bank rated "A" or higher. This requirement is subject to modification at the Authority's direction, but in no event shall Bonds be approved for public offering with less than a rating of "BBB" or higher.

It is the Authority's policy to deny preliminary or final approval to Applications which contemplate the use of Escrow Structure Financing to finance a Project.

Section 146 of the Code imposes limits on the annual aggregate amount of private activity bonds which may be issued within each state. Applicants should confer with Bond Counsel regarding the applicability of such limits, the availability of allocations and the procedures by which an allocation shall be obtained.

The Authority reserves the right to deny preliminary and/or final approval to any Project based on projected shortages of, or prior reservations of allocations under, the state ceiling. The Authority shall have no duty or obligation to obtain any allocation or to make any carry-forward election of private activity bond limit as contemplated by the Code or any other federal legislation, any Executive Order of the Governor of the State of Arizona or Act of the Legislature of the State of Arizona for, with respect to, or affecting either a Project or the Bonds.

SECTION 4

GUIDELINES ESTABLISHED BY THE AUTHORITY FOR ALL PROJECTS

As a matter of policy the Authority will analyze proposed financing for any Project with respect to the matters set forth below (in addition to any applicable matters set forth in subsequent sections of this Procedural Pamphlet) before deciding whether to grant preliminary approval.

4.1 Affirmative Action Notice. As required by the City of Phoenix, an Affirmative Action Notice shall be obtained from the City and shall be posted at all times during the pendency of the bond issue in the local personnel or administrative office of the Project.

4.2 Tax Base Increase. The Project should contribute to the City's tax base and represent an appropriate use of the Project site. If the Project is the type of property that is exempt from property taxation under the provisions of Arizona Revised Statutes §42-271, the tax base increase requirement would not be applicable.

4.3 Consistency with City's Development and Redevelopment Plans. The Project must be consistent with the long-term development and redevelopment plans of the City.

4.4 Applicant's Ability to Pay Debt Service. There must be sufficient reason to believe that the Applicant has the financial ability to repay the principal and interest on the Bonds.

4.5 Equity Contribution. Each Applicant shall be required to make an equity contribution in form and amount acceptable to the Authority unless such requirement is waived by the Authority. The equity contribution ordinarily shall be 10% of the Project Costs.

4.6 Public Purpose. The Applicant must satisfactorily demonstrate to the Authority the public purpose and benefit of the Project.

4.7 Project Viability. The Applicant must satisfactorily demonstrate to the Authority the financial ability of the Project to operate as a going concern.

4.8 Registration of Property. The Applicant must register its properties with the Maricopa County Assessor's Office as required by Arizona Revised Statutes §§33-1901 and 33-1902, if applicable.

4.9 Equal Opportunity Employer. The Applicant must maintain certification as an Equal Opportunity Employer through the City of Phoenix Equal Opportunity department for the term of the Bonds.

4.10 Marketing Opportunities. The Applicant agrees to facilitate coordination of marketing opportunities with the Authority following the issuance of the Bonds for the Project.

4.11 Neighborhood Preservation Ordinance. The Applicant must agree to maintain the project in conformance with the Neighborhood Preservation Ordinance of the City of Phoenix. (See Chapter 39 of the Neighborhood Preservation Ordinance, Ordinance No. G-3859, at www.phoenix.gov at the City Code link.)

SECTION 5

GUIDELINES ESTABLISHED BY THE AUTHORITY FOR INDUSTRIAL AND COMMERCIAL PROJECTS

As a matter of policy the Authority will analyze each proposed financing for industrial and commercial projects with respect to the matters set forth below before deciding whether to grant preliminary approval.

5.1 Target Area. The Authority's policy is to issue its Bonds to encourage the location of Projects principally in those areas designated by the City in order to assist the City in its goals of encouraging job growth, increasing income, expanding the tax base and encouraging the development of urban villages. Projects located outside the target areas may, under unusual circumstances, be considered by the Authority. Target area information regarding specific Project sites may be obtained by contacting the Authority.

5.2 Employment Plan. Applicants must agree, in their Application, to provide the Authority with an Employment Plan. The purpose of an Employment Plan is to assure that the proceeds of the Bonds are directed to those Applicants who are willing to employ unemployed workers in some of the new permanent jobs which will be created at their facilities. The aim of an Employment Plan is to encourage Applicants to employ long-term unemployed persons in 15 to 20% of the new jobs created at the Project. Applicants will have three years to meet the goals of the Employment Plan. Applicants who

are significantly behind the projected employment goals at the end of two years following issuance of the Bonds shall be requested to report to the City's Community and Economic Development Department.

The Employment Plan must be prepared by the Applicant and must be reviewed and approved by the City's Community and Economic Development Department, and must provide that the Applicant will make certain commitments in recruiting, placement and training of long-term unemployed persons. The Plan must include a description of the following:

- (a) Number, classification, and estimated salary range of jobs to be created;
- (b) Procedures to be followed for recruiting, training and placing long-term unemployed persons;
- (c) Job skill requirements of new employees;
- (d) Appropriate local training and placement programs; and
- (e) Timetables for job availability, training and placement.

The Plan must also include provisions for the administration and monitoring of the Plan and must include the following covenants:

- (a) The Applicant will create the minimum number of jobs required by the Authority within the three-year period following completion of the Project;
- (b) To the extent legally permissible, the Applicant will submit, during each of the three years following completion of the Project, a semiannual report to the City's Community and Economic Development Department which includes the name of newly hired employees, date of hire, family size, salary range, employee's address, job title, ethnic background and race; and
- (c) The Applicant will agree to meet with the City's Community and Economic Development Department on a semiannual basis to discuss the progress of the business concern as it relates to the implementation schedule contained in the Employment Plan.

Special Employment Plan requirements may be imposed to satisfy certain government programs.

The Employment Plan must be submitted to the City's Community and Economic Development Department for review and approval no more than 30 calendar days after preliminary approval of the Application. A copy of the approved Employment Plan must be submitted to the Authority no fewer than 15 business days prior to the date scheduled for final approval.

Further information concerning the establishment of an Employment Plan may be obtained from the City's Community and Economic Development Department.

SECTION 6

GUIDELINES ESTABLISHED BY THE AUTHORITY FOR HEALTH CARE INSTITUTION PROJECTS

As a matter of policy the Authority will analyze each proposed financing for a Health Care Institution Project with respect to the matters set forth below before deciding whether to grant preliminary approval. Generally, for interest on bonds to be tax-exempt pursuant to Section 145 of the Code, health care facilities must be owned by either a 501(c)(3) organization or a governmental unit.

6.1 Health Care Institution Preference Areas. The Authority's policy is to issue its Bonds to encourage the location of Projects principally in Health Care Institution Preference Areas in order to assist the City in its goals of furthering the general health, safety and welfare of its citizens, encouraging job growth, increasing income, expanding the tax base and encouraging the development of urban villages. Projects located outside a Health Care Institution Preference Area may, under unusual circumstances, be considered by the Authority. Further Health Care Institution Preference Area information may be obtained by contacting the City.

6.2 Employment Plan. Applicants for Health Care Institution financing must agree, in their Application, to provide the Authority with an Employment Plan. The requirements for the Employment Plan and the Authority's policies with respect thereto are the same as those described at Paragraph 5.2 for industrial and commercial projects.

6.3 Demand Study. Unless waived by the Authority in instances such as private placements or in a refinancing in which a financial feasibility study is not required by the rating agencies, whenever a Health Care Institution is to be financed and the Bonds are to be secured by the revenues and assets of the Health Care Institution, prior to the earlier of the publication of a Preliminary Official Statement or the adoption of the Official Statement, the Applicant must procure and deliver to the Authority a demand study (if new construction is contemplated) and a financial feasibility study (where either new construction or the refinancing of existing permanent financing is contemplated) prepared by a nationally recognized firm of hospital consultants, engineers, architects or accountants having a proven reputation in the field of health care finance.

SECTION 7

GUIDELINES ESTABLISHED BY THE AUTHORITY FOR MULTIFAMILY RESIDENTIAL RENTAL PROJECTS

The Authority's policy is to issue its Bonds to encourage the construction of multifamily residential rental projects which will actively provide attractive, low cost housing to low and moderate income families in accordance with Section 142(d)(1) of the Code. Applicants should contact the City's Neighborhood Services and Housing Departments for further information regarding specific Project sites. The Applicant should be prepared to demonstrate its intentions and plans to make such housing available to low and moderate income families, including a proposal for advertising the availability of the set-aside units to the public.

7.1 Affirmative Action Marketing Program. The Applicant must agree to an affirmative action marketing program acceptable to the City.

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7.2 Restrictions on Transfer of Ownership. Voluntary transfer of ownership of a Project after final approval and prior to three years from the date of the issuance of the Bonds shall be prohibited. Voluntary transfers of ownership after such three year period and prior to redemption of the Bonds shall be subject to discretionary approval of the Authority, which approval shall not unreasonably be withheld.

7.3 Feasibility Study. Each Application for multifamily residential rental project financing shall include three copies of a market feasibility study prepared by a qualified outside consultant.

7.4 Department of Commerce Approval. Section 35-726(F) of the Act requires that before Bonds may be issued for the purpose of financing a multifamily residential rental project, the Department of Commerce must approve the project. Among other things, the Department of Commerce will require copies of the Legal Proceedings and appropriate indemnification by the Applicant.

SECTION 8

APPLICATION PROCEDURE

8.1 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 form of Application is attached as Appendix E. The purpose of the Application is to provide the Authority sufficient data to act on the Applicant's request for preliminary approval. The Authority will have each Application reviewed by its Executive Director, Legal Counsel and by any other persons it deems necessary prior to the meeting. Executive Director shall prepare a report with comments from Legal Counsel and the City's representatives to the Authority on the results of their reviews at the same meeting at which the Authority hears the Applicant's oral presentation.

One (1) signed original, six (6) hard copies and one (1) electronic version (pdf format is preferred) of the completed Application shall be provided to the Authority's Executive Director.

The Authority must receive all application materials no fewer than 15 business days prior to the meeting at which preliminary approval is requested. Applicants seeking to submit an Application subsequent to the 15-business-day deadline must contact the Executive Director of the Authority, setting forth the reasons for the late filing and demonstrating that a delay would impose undue hardship on the Applicant. Acceptance of a late filing is at the discretion of the Executive Director of the Authority.

8.2 Oral Presentation - Attendance of Applicant at Meetings. The Authority requires 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. If a representative is not present, the Authority will not consider the requested action at that time and will defer action to a subsequent meeting. The representative must be prepared to answer any questions raised by the Authority, its Executive Director or Legal Counsel relating to the Project, the issuance of the Bonds, the information contained in financial statements, or any other related documents. If the answers appear inadequate, the Authority may postpone action on the resolution granting preliminary approval or authorizing the issuance of the Bonds until it is satisfied with the answers despite the fact that any agreements or approvals or understandings may have indicated to the Applicant that the approval or resolution would be adopted on a particular date.

8.3 Fees of the Authority. A Fee Schedule is available upon request to all prospective Applicants.

SECTION 9

APPROVAL AND ADOPTION OF LEGAL PROCEEDINGS

9.1 Preliminary Approval by the Authority. The Authority shall adopt a resolution either conditionally granting or denying preliminary approval with respect to each Application. If the Authority gives preliminary approval for the financing of the Project, the Applicant will be so notified in writing. 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 9.2) has been obtained.

9.2 Extension of Preliminary Approval. Except with respect to a Carryforward Project, the Applicant may request an extension of preliminary approval by submitting to the Authority no fewer than 10 calendar days prior to the meeting at which the extension is requested the filing fee set forth in the Authority's Fee Schedule, and one (1) original, six (6) hard copies and one (1) electronic copy (pdf format is preferred) of a notarized Affidavit requesting an extension and setting forth: (a) the date preliminary approval was granted; (b) the extension period requested; (c) the number of extensions previously granted; and (d) the reasons for the delay in the Project. Current compliance with all applicable provisions of this Procedural Pamphlet, including Section 8.3 "Fees of the Authority," is required for consideration by the Authority of a request for extension. Extensions of time in which to seek final approval ordinarily shall be granted for a period of 180 days after the expiration date of the original preliminary approval. The Authority reserves the right to deny requests for extension as well as the right to grant longer extensions on an individual Project basis.

9.3 Amendments to and Transfers of Preliminary Approval. The Applicant may request an amendment to preliminary approval by submitting an original, 6 hard copies and 1 electronic copy (pdf format is preferred) of the requested amendment to the Authority no fewer than 15 business days prior to the meeting at which consideration of the amendment is requested. Any request for amendment of the principal amount of Bonds to be issued, the Applicant's equity contribution or any information contained in Section 4 of the Application must include a "variance analysis" which sets forth the information originally submitted in Section 4, the proposed challenges, and a line item justification of each such change. 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 by submitting one (1) original, six (6) hard copies and one (1) electronic copy (pdf format is preferred) of each of the following items to the Authority no fewer than 15 business days prior to the meeting at which consideration of the transfer is requested:

- 1) Letter from the Applicant requesting the transfer of the preliminary approval;
- 2) Request for transfer by the proposed transferee;

- 3) A revised Section 2 of the Application, setting forth all information regarding the proposed transferee which is required of an original Applicant; and
- 4) The Form of Affidavit set forth in Section 8 of the Application, signed by the proposed transferee.

The Authority generally does not require any additional filing fees in connection with a request for amendment or transfer. However, 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 requires 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. See Section 8.2 for a statement of the Authority's full policy in this regard.

9.4 Submission of Legal Proceedings. The Applicant should coordinate with Bond Counsel to request a date before expiration of the Authority's preliminary approval for the approval and adoption of the Legal Proceedings. Two complete copies of the Legal Proceedings must be submitted to the Authority at least 15 business days prior to the date set for final approval in care of Legal Counsel (contact the Authority for name and address).

Any applicable Employment Plan must be approved by the City's Community and Economic Development Department at least 15 business days prior to the date set for final approval. (See Section 5.2.)

The Legal Proceedings will be referred to Executive Director and Legal Counsel for review. A copy of written standards used by Legal Counsel in reviewing the Legal Proceedings submitted for approval by the Authority is available and will be distributed to Bond Counsel on request. Executive Director and Legal Counsel will work with Bond Counsel, the Applicant, Applicant's Counsel, the Underwriter or Bond Purchaser, Underwriter's or Bond Purchaser's Counsel (if any) and the Applicant's Accountant and shall report to the Authority any changes deemed appropriate prior to the date set for adoption of the proceedings.

9.5 Public Hearing. Section 147(f) of the Code requires that before final approval of industrial revenue bonds can be granted, a public hearing must be held granting all interested parties an opportunity to express opposing views. Public hearings are conducted by Executive Director and Legal Counsel. Bond Counsel and Applicants should contact Executive Director to schedule a public hearing.

9.6 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, including Section 8.3, "Fees of the Authority," 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 9.8) has been approved by the Authority on or before that date.

9.7 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.

9.8 Extension of Final Approval. Except with respect to a Carryforward Project, the Applicant may request an extension of final approval by submitting to the Authority no fewer than 10 calendar days prior to the meeting at which the extension is requested the filing fee set forth in Section 8.3 and the original, 6 hard copies and 1 electronic copy (pdf format is preferred) of a notarized Affidavit requesting the extension and setting forth: (a) the dates preliminary and final approval were granted; (b) the extension period requested; (c) the number of extensions of final approval previously granted; and (d) the reasons for the delay in the Project. Current compliance with all applicable provisions of this Procedural Pamphlet, including Section 8.3, "Fees of the Authority," is required for consideration by the Authority of a request for extension of final approval.

Extensions of time in which to issue the Bonds ordinarily shall be granted for a period of 90 days after the scheduled expiration date of the final approval. The Authority reserves the right to deny requests for extension as well as the right to grant longer extensions on an individual Project basis.

9.9 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.

SECTION 10

PROVISIONS RELATING TO CONSTRUCTION OF PROJECTS

10.1 Construction Escrow. In all Projects where construction is contemplated or in progress when the Bonds are issued, provisions acceptable to the Authority in the Legal Proceedings must provide for the retention of construction monies by a Trustee. The Trustee must be qualified to do business in the State of Arizona or consent to service of process of the Arizona courts.

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

SECTION 11

PRIVATE PLACEMENTS

In the event of a private placement, the Bonds must be purchased by a financial institution acceptable to the Authority. The Applicant must provide the Authority with an investor letter acceptable to the Authority.

The Applicant must appoint a Trustee acceptable to the Authority (which may be the Bond Purchaser, if qualified) to fulfill certain duties as set forth in the Legal Proceedings. The Authority may waive the requirement under extraordinary circumstances. The Trustee must be qualified to do business in the State of Arizona or consent to service of process of the Arizona courts. A list of the Authority's approved Trustees is available upon request.

SECTION 12

ACCURACY OF DATA - RESPONSIBILITIES OF PARTIES

12.1 Underwriter's or Bond Purchaser's Responsibility-Correctness of Statements. Accuracy of the Official Statement will be the joint responsibility of the Applicant and any Underwriter. The Applicant and either the Underwriter or, in the case of private placement, the Bond Purchaser shall have the responsibility of assuring themselves that the statements attributed to the Applicant in any Official Statement or sale agreement are substantially true and correct and that they do not contain any material misrepresentations of fact or omit any material information. By agreeing to act as Underwriter or Bond Purchaser, the Underwriter or Bond Purchaser shall be deemed to have read this Pamphlet and agreed to its terms.

12.2 Accountant's Consent. If the Official Statement contains financial statements of the Applicant or Guarantor, the Applicant or Guarantor must obtain a manually executed statement from each Accountant or Accountants who certified such financial statements, representing that the Authority may rely on such statements and may incorporate the statement in the Official Statement.

12.3 Arizona Corporation Commission Filing Requirement. A "notice of proposed offering" is required to be filed with the Arizona Corporation Commission, Securities Division, in connection with issues of the Authority offered for public sale by means of an Official Statement and not specifically exempt pursuant to §44-1843.01 of the Arizona Revised Statutes. The filing of the "notice of proposed offering" shall be the joint responsibility of the Applicant and any Underwriter.

SECTION 13

CLOSING REQUIREMENTS AND CONDITIONS

13.1 The Closing. Bond Counsel shall be responsible for recordings or filings to be made with any County Recorder, the Arizona Department of Commerce or the Secretary of State. When liens on or revenues from operations of real property secure the Bonds, closings will be conditioned upon proof of issuance of a title insurance policy or a commitment to issue a title insurance policy insuring ownership of the Project in the Person who is required to hold legal title to the Project throughout the term of the Bonds. Title insurance policies shall be ALTA policies and must be issued by title insurance companies

doing business in Arizona which are acceptable to the Authority. It will be the responsibility of the Applicant to acquire and pay for such policies.

13.2 Opinions of Counsel. All legal opinions shall be in a form and substance acceptable to Legal Counsel.

13.3 Indemnity Agreement. As a further 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 14

MISCELLANEOUS

14.1 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.

14.2 Schedule of Meetings. Regular meetings of the Authority are scheduled for the third Tuesday of every month at 3:30 p.m., Mountain Standard Time (Arizona is exempt from Daylight Saving Time). Meetings are generally held in the Calvin C. Goode Building, 9th Floor, Conference Room 910, 251 West Washington Street, Phoenix, Arizona. This schedule is subject to change, however, and Applicant and Bond Counsel are responsible for ascertaining the current schedule with Executive Director.

Special meetings can be held where circumstances require. Generally, at least seven days' notice must be given to the Authority so that the Board members can be polled to determine if a quorum can be obtained.

14.3 Executive Director and Legal Counsel. The identities of the current Executive Director and/or Legal Counsel are available upon request.

14.4 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.

14.5 Filing with the Attorney General. Legal Counsel shall deliver the description of each Project proposed to be financed by the Authority's Bonds to the Arizona Attorney General as required by A.R.S. §35-721(F).

14.6 City Council Approval. Approval of any Application or adoption of any or all proceedings by the Authority shall not be deemed a "recommendation" that the Council approve the proceedings. Bond Counsel or the Applicant should consult with Authority staff regarding presentation of the Application to the Council.

14.7 Allocation of Private Activity Bond Limit or Other Applicable Allocations. Bond Counsel shall be responsible for preparing and filing with the Arizona Department of Commerce all applicable Requests for Allocations, Requests for Extensions, Notices of Intent, and Certificates of Closing required by any Federal, state or city legislation or Executive Order of the Governor of Arizona or other City approval.

14.8 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 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.

14.9 A.R.S. §38-511. As required by the provisions of A.R.S. §38-511, as amended, notice is hereby given 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.

The cancellation by the State or its political subdivisions shall be effective when written notice from the governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The cancellation by any department or agency of the State or its political subdivisions shall be effective when written notice from such party is received by all other parties to the contract unless the notice specifies a later time.

In addition to the right to cancel a contract, the State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract.

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

APPENDIX A

Form of Application for Authority Financing

[To be supplied by Authority staff]