

January 27, 2022

The Industrial Development Authority of the City of Chandler, Arizona  
c/o City of Chandler, Arizona Management Services Department  
Attention: Dawn Lang, Deputy City Manager and CFO  
175 S. Arizona Avenue, 3<sup>rd</sup> Floor  
Chandler, Arizona 85225

Re: Request for Approval of the Issuance of up to \$600,000,000 Industrial Development  
Revenue Bonds, Series 2022 (Intel Corporation Project)

Ladies and Gentlemen:

Background

At its February 11, 2020 meeting, in response to an application received from Intel Corporation (the “Company” or “Intel”), the Board (the “Board”) of The Industrial Development Authority of the City of Chandler, Arizona (the “Authority”) granted final approval for the issuance of not exceeding \$600,000,000 principal amount of tax-exempt revenue bonds (the “Bonds”) to fund a loan to the Company to finance sewage and solid waste disposal facilities at its microprocessor manufacturing plants in Chandler, Arizona (the “City”). A copy of the Board’s Resolution No. 2020-01 is attached. At the same meeting the Authority conducted a “TEFRA hearing” on the Bonds as required by federal tax-exempt bond rules. At its February 24, 2020 meeting the City Council of the City (the “City Council”) adopted Resolution No. 5348, granting final approval for the issuance of the Bonds as required by the Authority’s statute and federal tax-exempt bond rules. The issuance of the Bonds received an allocation of \$600,000,000, Arizona’s 2019 private activity bond volume cap, which can be carried forward into 2020 and later years.

The marketing and delivery of the Bonds was postponed in March 2020, contemporaneous with the unfolding COVID-19 pandemic.

Present Request

As Intel’s bond counsel on the proposed financing, the Company has requested that we advise the Authority that the Company would now like to proceed with the issuance of the up to \$600,000,000 aggregate principal amount of the previously authorized Bonds. The Authority’s Resolution No. 2020-01 remains in effect and the private activity volume cap remains available to the Company. However, in the intervening two years (i) Wells Fargo Bank, National Association, which had been designated in the prior resolution as the Indenture Trustee for the Bonds, sold its corporate trust business to another federally chartered fiduciary, Computershare Trust Company, N.A., and (ii) the Internal Revenue Service clarified certain positions making it economically advantageous for users to issue bonds as “draw-down” loans, which allows the issuance of multiple tranches of bonds (up to the authorized principal amount) under the

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same indenture as funds are needed, but all of which are deemed, for certain federal tax purposes, as being issued when an amount at least equal to 5% of the bonds has been drawn. Likewise, City Council Resolution No. 5348 granting State law approval and federal tax rules remains in effect. However, since no Bonds were issued within one year following such approval, federal tax-exempt bond rules require that a new TEFRA approval be held and that the new TEFRA approval be obtained from the “applicable elected official” which, for the City can be either the Mayor or the City Council. No additional State law approvals are currently required from the City.

Accordingly, the Company requests that the Board conduct a new TEFRA hearing on the issuance of the Bonds at its February 8, 2022 regular meeting and consider adoption of Resolution No. 2022-01, which accompanies this letter, making the two amendments to Resolution No. 2020-01 described above. Public notice of the hearing will be posted on the City’s website as required by federal tax-exempt bond rules prior to the hearing.

If issued, the Bonds would be issued pursuant to a Trust Indenture between the Authority and Computershare Trust Company, N.A., as trustee, and the Bond proceeds loaned to Intel pursuant to a Loan Agreement between the Authority and the Company. The Bonds will be sold to BofA Securities, Inc., the Bond underwriter, pursuant to an Underwriting Agreement among the Company, the Authority and the Underwriter. The Indenture permits the Bonds to bear interest over time in different “interest rate modes” selected by the Company (subject to the parameters set forth in the Authority’s resolution) as being most advantageous in light of then-prevailing market conditions. The Company currently expects that the initial interest rate on the Bonds will be fixed for a period of years (e.g., 3 or 5 years). With only exceptions to reflect the draw-down loan structure, the Bond documents will largely track those used for the Authority’s 2019 bond financing for Intel. A representative from Intel and I plan to be available at the Authority’s meeting to make a presentation and/or to answer any questions.

We thank the Authority for its consideration of this matter and its past and present willingness to assist Intel in keeping its Chandler facilities as competitive as possible through attractive borrowing costs.

Very truly yours,



Timothy E. Pickrell, Senior Partner

TEP:ld  
Enclosures  
cc: James T. Giel, Esq.