

Industrial Development Authority Regular Meeting

February 8, 2022 | 7:30 a.m.

Chandler City Council Chambers
88 E. Chicago St., Chandler, AZ
or [Webex](#) 1-415-655-0001
Access code 2598 026 2731



Board Members

President Lee Kroll
Vice President Shannon Wilson
Secretary Kurt Johansen
Treasurer Ed Salanga
Director Victor Napolitano
Director Bill Nolde
Director Charles Ertl

Pursuant to Resolution No. 4464 of the City of Chandler and to A.R.S. § 38-431.02, notice is hereby given to the members of the Industrial Development Authority and to the general public that the Industrial Development Authority will hold a REGULAR MEETING open to the public on Tuesday, February 8, 2022, at 7:30 a.m., at City Council Chambers, 88 E. Chicago Street, Chandler, AZ or via Webex 1-415-655-0001, Access Code 2598 026 2731. One or more Board Members may be attending by telephone.

Persons with disabilities may request a reasonable modification or communication aids and services by contacting the City Clerk's office at (480) 782-2181 (711 via AZRS). Please make requests in advance as it affords the City time to accommodate the request.

Agendas are available in the Office of the City Clerk, 175 S. Arizona Avenue.

Industrial Development Authority

Regular Meeting Agenda - February 8, 2022

Call to Order/Roll Call

Scheduled/Unscheduled Public Appearances

Members of the audience may address any item not on the agenda. State Statute prohibits the Board or Commission from discussing an item that is not on the agenda, but the Board or Commission does listen to your concerns and has staff follow up on any questions you raise.

Consent Agenda

1. **Minutes of December 14, 2021, Regular Meeting**

Briefing

2. **Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing: Public hearing regarding a plan of finance for the Authority to issue not to exceed \$600,000,000 aggregate principal amount in bonds in one or more series, with the proceeds loaned to and used by Intel Corporation for certain capital expenditures for sewage and solid waste disposal facilities at its manufacturing plants located in Chandler, Arizona.**
3. **November and December 2021 Financials - Kristi Smith**

Action Agenda

4. **Discuss and possible adoption of Resolution 2022-01 amending and ratifying adoption of Resolution No. 2020-01, granting final approval of the issuance and sale of not exceeding \$600,000,000 aggregate principal amount of Industrial Development Revenue Bonds (Intel Corporation Project) pursuant to a plan of finance, with the proceeds loaned to Intel Corporation for certain capital expenditures for sewage and solid waste disposal facilities at its manufacturing plants located in Chandler, Arizona.**

Information Items

5. **BofA MSRB G17 Letter - Intel / Chandler IDA Series 2022 Bonds – Dawn Lang**

Calendar

6. Next meeting will be March 8, 2022

Adjourn



Industrial Development Authority Management Services

Date: 02/08/2022
To: Industrial Development Authority
Thru: Dawn Lang, Deputy City Manager | CFO
From: Kristi Smith, Accounting Manager
Subject: Minutes of December 14, 2021, Regular Meeting

Attachments

12-14-21.Regular.meeting.minutes

Meeting Minutes

Industrial Development Authority

Regular Meeting

December 14, 2021 | 7:30 a.m.
Chandler City Council Chambers
Webex Meeting +1-415-655-0001
Access Code: 2593 998 4031



Call to Order

The meeting was called to order by Vice President Shannon Wilson at 7:30 a.m.

Roll Call

Commission Attendance

President Lee Kroll
Vice President Shannon T. Wilson
Secretary Kurt Johansen
Treasurer Edward A. Salanga
Director Victor Napolitano
Director William (Bill) Nolde
Director Charles Ertl

Staff Attendance

Dawn Lang, Deputy City Manager | CFO
Kelly Schwab, City Attorney
Kristi Smith, Accounting Manager
Lucy Vazquez, Management Assistant

Scheduled and Unscheduled Public Appearances

None.

Approval of Minutes

1. Director Napolitano moved to approve the September 14, 2021, Regular Meeting Minutes. Treasurer Salanga seconded the motion. Motion approved.

Briefing Items and Discussion

2. August, September, and October 2021 Financials: Ms. Smith presented the August Statement of Net Position that explained a Total Current Assets of \$206,580 with Cash in Bank of \$132,428 and Cash in Bank for PPE Grant purposes of \$74,153. Investments of \$691,300, providing a Total Assets of \$897,881. The Beginning Net Position is \$899,244

and a Year-to-Date Change in Net Position of negative \$1,363 Providing an Ending Net Position of \$897,881. The Statement of Revenues, Expenditures, and Changes in Net Position for August 31, 2021, includes no Operating Revenues, Operating Expenses totaling out to \$19.73 comprised of miscellaneous bank charges, and Operating Income Loss of negative \$19.73. Non-Operating Revenues of \$186.47, providing a Net Change in Net Position of \$167. For the second-Month Ended, there were Operating Expenses of \$1,606 and Miscellaneous Expenses of \$39.67, providing Total Operating Expense of \$1,645. Non-Operating Revenue for the three-Month Ended had Income Loss of \$283 providing a Net Change in Net Position of negative \$1,363

September Statement of Net Position that explained Total Current Assets of \$4,509, Total Investments of \$893,398 providing Total Assets of \$897,906 and Ending Net Position of the same amount. The Statement of Revenues, Expenditures, and Changes in Net Position for September 30, 2021, includes no Operating Revenues, Operating Expenses totaling \$72 comprised of miscellaneous bank charges, and Operating Income Loss of negative \$72. Non-Operating Revenues of \$97, providing a Net Change in Net Position of \$25. For the three-Month Ended, there were Operating Expenses of \$1,606 and Miscellaneous Expenses of \$112, providing Total Operating Expense of \$1,717. Non-Operating Revenue for the three-Month Ended had Income Loss of \$380 providing a Net Change in Net Position of negative \$1,337

October Statement of Net Position September Statement of Net Position that explained Total Current Assets of \$4,362, Total Investments of \$893,570 providing Total Assets of \$897,932 and Ending Net Position of the same amount. The Statement of Revenues, Expenditures, and Changes in Net Position for October 31, 2021, includes no Operating Revenues, Operating Expenses totaling \$147 comprised of miscellaneous bank charges, and Operating Income Loss of negative \$173. Non-Operating Revenues of \$173, providing a Net Change in Net Position of \$26. For the four-Month Ended, there were Operating Expenses of \$1,606 and Miscellaneous Expenses of \$259, providing Total Operating Expense of \$1,864. Non-Operating Revenue for the four-Month Ended had Investment Income Loss of \$552 providing a Net Change in Net Position of negative \$1,312.

Member Comments/Announcements

Treasurer Salanga encouraged the board to read an Arizona Central article that was published regarding the Arizona Industrial Development Authority in trouble for risky bonds investments.

Deputy City Manager, Lang mentioned that Chandler IDA has strict policies but encouraged the board to read the article.

Calendar

3. The next regular meeting will be held on Tuesday, January 11, 2022, at 7:30 a.m.

Adjourn

The meeting was adjourned at 7:40 a.m.

Lee Kroll, President



Industrial Development Authority Management Services

Date: 02/08/2022
To: Industrial Development Authority
Thru: Dawn Lang, Deputy City Manager | CFO
From: Kristi Smith, Accounting Manager
Subject: Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing: Public hearing regarding a plan of finance for the Authority to issue not to exceed \$600,000,000 aggregate principal amount in bonds in one or more series, with the proceeds loaned to and used by Intel Corporation for certain capital expenditures for sewage and solid waste disposal facilities at its manufacturing plants located in Chandler, Arizona.

Attachments

TEFRA Notice of Public Hearing
2022 Letter to IDA regarding Final Approval
Res 2022-01_Amending Res 2020-01 Granting Board Final Approval \$600M
Resolution No. 2020-01 dated 2_11_20

NOTICE OF PUBLIC HEARING

Public Notice is hereby given that a public hearing will be held on February 8, 2022, at 7:30 a.m. M.S.T., at the City of Chandler Council Chambers, City Council Conference Room, 88 East Chicago Street, Chandler, Arizona 85225, regarding a plan for The Industrial Development Authority of the City of Chandler, Arizona (the “Authority”) to issue not to exceed \$600,000,000 aggregate principal amount in bonds in one or more series pursuant to a plan of financing, with the proceeds loaned to and used by Intel Corporation (the “Company”) for certain capital expenditures for sewage and solid waste disposal facilities at manufacturing plants owned (or to be owned upon the completion of construction) by the Company (the “Project”). The Project is part of the Company’s integrated industrial operations in the State of Arizona. The Project will be located at 4500 South Dobson Road, Chandler, Arizona 85248 and 5000 West Chandler Boulevard, Chandler Arizona 85226. The repayment of principal of, premium, if any, and interest on the bonds will be the obligation of the Company.

The principal of, premium, if any, and interest on 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 Chandler, the State of Arizona or any political subdivision of the State of Arizona. The bonds will not constitute a charge against the general credit or any taxing powers of the City of Chandler, the State of Arizona or any political subdivision of the State of Arizona, but shall be payable solely from the sources provided for in the proceedings pursuant to which the bonds are issued.

The public hearing is required by Section 147 of the Internal Revenue Code of 1986, as amended. At the time and place set for the public hearing, interested persons will be given the opportunity to express their views, both orally and in writing, on the proposed bonds and the plan of financing and the location and nature of the Project. Any person may appear at the hearing in-person or may submit his or her views in writing. Any written submission should be sent to the Authority c/o Mr. James T. Giel, Gust Rosenfeld P.L.C., 1 East Washington Street, 16th Floor, Phoenix, Arizona 85004, Fax: (602) 340-1538; and clearly marked: Intel Corporation Project. Written submissions should be mailed in sufficient time to be received before the hearing.

DATED this 27 day of January, 2022.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF CHANDLER, ARIZONA

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, 3rd 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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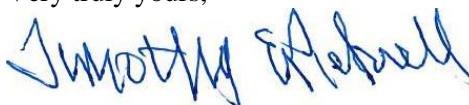
same indenture as funds are needed, but all of which are deemed, for certain federal tax purposes, as being issued when an amount at least equal to 5% of the bonds has been drawn. Likewise, City Council Resolution No. 5348 granting State law approval and federal tax rules remains in effect. However, 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.

RESOLUTION NO. 2022-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF CHANDLER, ARIZONA AMENDING AND RATIFYING ADOPTION OF RESOLUTION NO. 2020-01 GRANTING FINAL APPROVAL OF ITS INDUSTRIAL DEVELOPMENT REVENUE BONDS (INTEL CORPORATION PROJECT) IN MULTIPLE SERIES PURSUANT TO A PLAN OF FINANCE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$600,000,000

WHEREAS, The Industrial Development Authority of the City of Chandler, Arizona (the "Authority") is an Arizona nonprofit corporation designated as a political subdivision of the State of Arizona (the "State") empowered under the Industrial Development Financing Act, A.R.S. Section 35-701 through 761, inclusive (the "Act"), to issue revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans for the purpose of financing the acquisition, construction, improvement or equipping of a "project" (as defined in the Act) whenever the Board of Directors of the Authority finds such loans to be in the public interest; and

WHEREAS, pursuant to an application from Intel Corporation (the "Borrower"), a Delaware corporation, this Board of Directors adopted Resolution No. 2020-01 on February 11, 2020 (the "Original Authorizing Resolution") authorizing the issuance and sale by the Authority of its Industrial Development Revenue Bonds (Intel Corporation Project), in one or multiple series pursuant to a plan of finance in an aggregate principal amount not to exceed \$600,000,000 (the "Bonds") and loan the proceeds thereof to the Borrower for financing or reimbursing capital expenditures for certain environmental facilities (the "Project") which will be used in connection with portions of semiconductor manufacturing plants of the Company located in the City of Chandler, Arizona (the "City"), and to pay certain costs incurred in connection with the issuance of the Bonds, all as permitted under the Act; and

WHEREAS, it is desirable to make certain amendments to the Original Authorizing Resolution in order to reflect changes in circumstance since the adoption of such resolution:

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Industrial Development Authority of the City of Chandler, Arizona, that:

Section 1. Amendments to the Original Authorizing Resolution.

(a) Computershare Trust Company, N.A. or its affiliate or successor is hereby designated, approved and confirmed as Trustee, Paying Agent or Bond Registrar for the Bonds, in accordance with the Indenture (as defined in the Original Authorizing Resolution) in substitution for Wells Fargo Bank, National Association, which has discontinued offering such services.

(b) The Indenture, the Bonds and the other Authority Documents (as defined in the Original Authorizing Resolution) are authorized to provide for the draw-down delivery of Bonds in which multiple tranches of Bonds may be delivered pursuant to a single Indenture, but in an aggregate outstanding principal amount not to exceed \$600,000,000.

Section 2. Ratifying Adoption of Original Authorizing Resolution, as Amended herein; Issuance of Bonds.

The adoption of the Original Authorizing Resolution, as amended herein (together, the "Authorizing Resolution"), is hereby in all respects ratified and confirmed and the Bonds may be issued and sold as provided therein and herein.

Section 3. Effective Date.

This Resolution is effective immediately. Prior to the issuance of any Bonds authorized by the Authorizing Resolution, unless repealed by the Authority, the Authorizing Resolution shall remain in effect until the first to occur of (a) January 1, 2023 or (b) the Authority has been notified in writing by the Borrower that it no longer intends to issue any Bonds authorized by this Authorizing Resolution. Upon the issuance of any Bonds authorized by this Authorizing Resolution, the Authorizing Resolution shall constitute a contract with the holders of Bonds and shall be irrevocable.

Passed and adopted this 8th day of February, 2022.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF CHANDLER, ARIZONA

By: _____
Its President

RESOLUTION NO. 2020-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF CHANDLER, ARIZONA GRANTING FINAL APPROVAL OF ITS INDUSTRIAL DEVELOPMENT REVENUE BONDS (INTEL CORPORATION PROJECT) IN MULTIPLE SERIES PURSUANT TO A PLAN OF FINANCE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$600,000,000

WHEREAS, The Industrial Development Authority of the City of Chandler, Arizona (the "Authority") is an Arizona nonprofit corporation designated as a political subdivision of the State of Arizona (the "State") empowered under the Industrial Development Financing Act, A.R.S. Section 35-701 through 761, inclusive (the "Act"), to issue revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans for the purpose of financing the acquisition, construction, improvement or equipping of a "project" (as defined in the Act) whenever the Board of Directors of the Authority finds such loans to be in the public interest; and

WHEREAS, the term "project" includes within its meaning (i) any enterprise for the manufacturing, processing or assembling of any agricultural or manufactured products, (ii) any commercial enterprise for the storing, warehousing, distributing or selling of products of agriculture, mining or industry, or of processes related thereto, including research and development, (iii) sewage or solid waste disposal facilities or facilities for the furnishing of electric energy, gas or water, and (iv) air or water pollution control facilities; and

WHEREAS, Intel Corporation (the "Borrower"), a Delaware corporation, now desires the Authority to issue and sell its Industrial Development Revenue Bonds (Intel Corporation Project), in one or multiple series pursuant to a plan of finance in an aggregate principal amount not to exceed \$600,000,000 (the "Bonds") and loan the proceeds thereof to the Borrower for financing or reimbursing capital expenditures for certain environmental facilities (the "Project") which will be used in connection with portions of semiconductor manufacturing plants of the Company located in the City of Chandler, Arizona (the "City"), and to pay certain costs incurred in connection with the issuance of the Bonds, all as permitted under the Act; and

WHEREAS, the Bonds will be issued pursuant to and secured by one or more Trust Indentures, (each an "Indenture" and, collectively, the "Indentures"), between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"); and

WHEREAS, in furtherance of the issuance of the Bonds, the Authority will enter into one or more Loan Agreements (each a "Loan Agreement" and, collectively, the "Loan Agreements"), between the Authority and the Borrower, pursuant to which the Authority will loan the proceeds of the Bonds to the Borrower; and

WHEREAS, the Bonds will be issued and secured under the provisions of each Indenture pursuant to which the Authority will assign to the Trustee, for the benefit of the owners of the Bonds and to secure payment on the Bonds, the revenues and receipts to be derived from the corresponding Loan Agreement; and

WHEREAS, in order for the interest on the Bonds to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code") and the income tax regulations (the "Regulations") and rulings with respect to the Code, the Authority and the Borrower will enter into one or more Tax Certificate and Agreements (each a "Tax Certificate" and, collectively, the "Tax Certificates") and the Borrower has arranged for the Authority to receive an allocation of the State's private activity bond limit for the Bonds as required by the Code; and

WHEREAS, the Bonds of each series will be initially purchased by BofA Securities, Inc. (the "Underwriter") pursuant to one or more Underwriting Agreements (each a "Bond Purchase Agreement" and, collectively, the "Bond Purchase Agreements"), among the Authority, the Borrower and the Underwriter; and

WHEREAS, a Preliminary Official Statement is expected to be circulated in connection with the offer and sale of the each series of Bonds (each such document for an offering of one or more series of Bonds, a "Preliminary Official Statement" and, collectively, the "Preliminary Official Statements"), and which, upon incorporation of the final terms of the related series of Bonds, will constitute the final Official Statement to be used in connection with the sale of the related series of Bonds (each such document for an offering of one or more series of Bonds, an "Official Statement" and, collectively, the "Official Statements"); and

WHEREAS, in accordance with the provisions of each Indenture, the interest rate borne by each series of the Bonds will be determined from time to time in accordance with the terms of one or more Remarketing Agreements, between the Borrower and a Remarketing Agent to be named by the Authority at the direction of the Borrower as provided in the Indentures; and

WHEREAS, it is intended that the Indenture, the Loan Agreement, the Tax Certificate and the Bond Purchase Agreement for each series of Bonds (collectively, the "Authority Documents") will each be in substantially the form of such document as that executed and delivered in connection with the issuance and sale of the Authority's \$437,885,000 aggregate principal amount Industrial Development Revenue Bonds, Series 2019 (Intel Corporation Project) (the "2019 Bonds"), with such updates, insertions, deletions and changes as are not inconsistent with this Resolution and as are permitted or required by the Act and the Code, as shall be approved by those officers executing or approving and delivering the same on behalf of the Authority; and

WHEREAS, the issuance and sale of the Bonds appears to be in the furtherance of the purposes of the Act and in the public interest of the City of Chandler, Arizona; and

WHEREAS, it appears that each of the instruments above referred to as now before this meeting is in appropriate form to be executed for the purposes intended or approved; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Industrial Development Authority of the City of Chandler, Arizona, that:

Section 1. Authorization of the Bonds.

(a) The Board of Directors of the Authority hereby finds that the issuance of the Bonds in one or more series and making one or more loans to the Borrower for the Project are in furtherance of the Act and in the public interest.

(b) Subject to the conditions set forth herein, the Bonds are hereby authorized in one or multiple series pursuant to a plan of finance in an aggregate principal amount not to exceed \$600,000,000, the Bonds of each series to be dated, to mature, to bear interest to be subject to redemption, to be payable as to principal and interest, and with such other terms, all as provided in the Indenture pursuant to which the related series of Bonds are issued. Each series of Bonds shall be designated "The Industrial Development Authority of the City of Chandler, Arizona Industrial Development Revenue Bonds (Intel Corporation Project)," with additional series or sub-series designations as provided in the related Indenture. The proceeds of each series of the Bonds will be loaned to the Borrower as provided in the related Loan Agreement.

Section 2. Terms of the Bonds.

The Bonds of each series shall be issued in the form and denominations, and shall be numbered, dated and payable as provided in the related Indenture. The Bonds of each series shall mature not later than 40 years from the date of such series.

Section 3. Execution of the Bonds.

The form of the Bonds for each series shall be substantially in the form which appears in the related Indenture, subject to appropriate insertion and revision in order to comply with the provisions of such Indenture, are approved when the same is executed on behalf of the Authority in the manner contemplated by the related Indenture and this Resolution in an aggregate principal amount of not to exceed \$600,000,000, which amount is hereby authorized, approved and confirmed, shall represent the approved forms of the Bonds of the Authority.

The Bonds of each series shall be executed on behalf of the Authority by the manual or facsimile signature of any of the President, the Vice President, the Secretary, the Treasurer, an Assistant Secretary or an Assistant Treasurer of the Authority. In case any officer whose signature or a facsimile thereof appears on the Bonds ceases to be such officer before the issuance or delivery of the Bonds, such signature or facsimile thereof is nevertheless valid and sufficient for all purposes, the same as if the officer had remained in office until after that time.

Section 4. Approval and Execution of Documents.

The form, terms and provisions of each of the Authority Documents in substantially the form of such documents (including Exhibits thereto) as that executed and delivered in connection with the issuance and sale of the 2019 Bonds, are hereby approved and any of the President, the Vice President, the Secretary, the Treasurer or an Assistant Secretary or an Assistant Treasurer of the Authority is hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Authority Documents in the name and on behalf of the Authority or, with respect to any Authority Documents not calling for execution by the Authority, to approve and deliver such documents, in either case with such updates, insertions, deletions and changes as are not inconsistent herewith and as are permitted or required by the Act and the Code, as shall be approved by those officers executing or approving and delivering the same on behalf of the Authority, and such execution, approval and delivery shall constitute conclusive evidence of their approval and of this Board's approval of any such changes.

In the event of the absence, unavailability or inability to act of any of the President, the Vice President, the Secretary or the Treasurer of the Authority, any Assistant Secretary or Assistant Treasurer, or any other member of this Board, are each authorized and empowered to take all actions, and to execute all documents and instruments and to deliver the same, as are herein authorized to be taken or executed and delivered by the President, the Vice President, the Secretary or the Treasurer, as the case may be.

From and after the execution and delivery of the Authority Documents, the officers, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Authority Documents, as executed or approved and delivered.

Section 5. Request for Authentication.

The President, the Vice President, the Secretary or the Treasurer of the Authority or any Assistant Secretary or any Assistant Treasurer or any other member of this Board is hereby authorized to execute and deliver to the Trustee any written order of the Authority for the authentication and delivery of the Bonds of any series from the Trustee to the Underwriter (or the nominees thereof) therein named.

Section 6. Sale of Bonds.

The Bonds of each series will be sold to the Underwriter pursuant to a Bond Purchase Agreement related to such series, and are hereby awarded at the purchase price set forth in such Bond Purchase Agreement, but not less than 98% of the principal amount thereof (net of original issue discount), and on the terms and conditions described in, such Bond Purchase Agreement. Any of the President, the Vice President, the Secretary, the Treasurer, or an Assistant Secretary or an Assistant Treasurer of the Authority are authorized and directed to make on behalf of the Authority the necessary arrangements to establish the date, location, procedure and conditions for the delivery of each series of the Bonds to the Underwriter, and to take all steps necessary to effect due execution and delivery to the Underwriter of each series of the Bonds (or temporary bonds delivered in lieu of definitive Bonds until their preparation and delivery can be effectuated) under the terms of this Resolution and the related Bond Purchase Agreement, Loan Agreement and Indenture.

Section 7. Distribution of Official Statement.

The distribution to prospective purchasers of each series of the Bonds of the Preliminary Official Statement related to such series of the Bonds is authorized and approved, substantially in the form as that used in connection with the issuance and sale of the 2019 Bonds, with updates, changes, modifications, deletions and appropriate variations, if any, therein to reflect the description and terms of the Bonds of each such series and all other relevant matters as of the date of such Preliminary Official Statement and not inconsistent with this Resolution and the related Indenture. Any officer of the Authority is authorized to execute and deliver an instrument to the effect that the portions of the Preliminary Official Statement relating to the Authority is "deemed final" by the Authority as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1). The lawful use and distribution of a final Official Statement relating to the original issuance of each series of the Bonds, substantially in the form of the related Preliminary Official Statement is authorized and approved, with changes, modifications, deletions and appropriate variations to reflect the description and terms of each such series

of the Bonds and other relevant matters as of the date of such related Official Statement and not inconsistent with this Resolution and the related Indenture. Except for information contained under the caption "THE ISSUER" in the Official Statement, the Authority has not confirmed, and assumes no responsibility for, the accuracy, sufficiency or fairness of any statements in the Official Statement or any amendments thereof or supplements thereto, or in any reports, financial information, offering or disclosure documents or other information relating to the Underwriter, the Project, or the Borrower, or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrower or contained otherwise in the Preliminary Official Statement or the Official Statement.

Section 8. Appointment of Bond Trustee.

Wells Fargo Bank, National Association is hereby designated, approved and confirmed to act as initial Bond Trustee, Paying Agent and Bond Registrar for the Bonds, in accordance with the terms of the Indenture.

Section 9. Other Actions.

To the extent permitted by law, the officers and agents of the Authority are hereby authorized and directed to take all action necessary on its part or reasonably required by the parties to the Authority Documents to carry out, give effect to and consummate the transactions contemplated thereby, including without limitation, the authorization of payment of each series of the Bonds as provided in the related Indenture, the execution and delivery of the closing documents, and the execution and delivery of all other documents, necessary or appropriate to be delivered in connection with the sale and delivery of each series of the Bonds and future compliance with the applicable provisions of the Code.

Section 10. Limited Obligations.

The liability of the Authority with respect to the Authority Documents or any other document executed in connection with the transactions contemplated hereby is limited as provided in the Act and such documents. Nothing contained in this Resolution or in the Authority Documents or any other instrument, shall be construed as obligating the Authority, except to the extent provided in such Authority Documents or instruments, or as incurring a charge upon the general credit or taxing power of the Authority, the City or the State or any other political subdivision thereof, nor shall the breach of an agreement contained in this Resolution, the Authority Documents or other instrument or document executed in connection therewith impose any charge upon the general credit or taxing power of the Authority, the City or

the State or any other political subdivision thereof. The Authority has no taxing power.

Neither the members of the governing body of the Authority nor any director, officer, official employee or agent of the Authority is subject to any personal liability or accountability by reason of the issuance thereof.

Section 11. Actions of Officers, Staff, Directors and Agents.

All actions of the officers, staff, directors and agents of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds as contemplated by this Resolution and the documents referred to herein, whether heretofore or hereafter taken, shall be and are hereby ratified, confirmed and approved. The proper officers, staff, directors and agents of the Authority are hereby authorized and directed to do all such acts and to execute, acknowledge and deliver all such documents on behalf of the Authority as may be deemed necessary or desirable to carry out the terms and intent of this Resolution and of any of the documents referred to herein.

Section 12. Conditions.

The approvals and authorizations granted in this Resolution are subject to the following conditions for each series of the Bonds:

- (a) The loan documentation shall include indemnification for the Authority and the City by the Company.
- (b) The Bonds being ratable investment grade or better at the time of issuance or the Bonds being sold through an appropriate private placement not involving a public offering.
- (c) The Authority and the Company will enter into one or more agreements the terms of which will provide that the Company will be obligated to make or to guarantee payments sufficient to pay the principal of and interest and any other amounts on the Bonds as and when the same become due.
- (d) Nothing contained in this Resolution nor in any other instrument may be considered as obligating the Authority or the City to any pecuniary liability or charge upon the general credit of the Authority or the City.
- (e) The Mayor and City Council of the City must approve the issuance of the Bonds as a condition precedent to the Bonds being issued.

(f) The Borrower must receive an allocation of the private activity bond limit for such series as contemplated by the Code and the Arizona Revised Statutes prior to closing.

(g) On or prior to closing, the Authority must receive an opinion of Squire Patton Boggs (US) LLP, as bond counsel, addressed to, and in a form acceptable to, the Authority, that interest on the Bonds of each series will be exempt from all federal income taxes and Arizona income taxes under existing statutes, regulations and court decisions.

(h) The Borrower delivers certificates or opinions, addressed and in form acceptable to the Authority, prior to closing, to the effect that all the statements and information about the Borrower or provided by the Borrower in the offering materials distributed in connection with the offer and sale of the Bonds is correct and complete in all material respects, and does not contain any untrue statements of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) Counsel to the Authority must receive such documents, legal opinions, certificates and other proceedings as are necessary and advisable to evidence compliance by the Borrower, the Underwriter, and other financing participants with applicable federal and State laws.

Section 13. Severability.

The provisions of this Resolution are hereby declared to be separable, and if any action, phrase or provision is for any reason declared to be invalid, such declaration does not affect the validity of the remainder of the sections, phrases and provisions.

Section 14. Effective Date.

This Resolution is effective immediately. Prior to the issuance of any Bonds authorized by this Resolution, unless repealed by the Authority the Resolution shall remain in effect until the first to occur of (a) January 1, 2023 or (b) the Authority has been notified in writing by the Company that it no longer intends to issue any Bonds authorized by this Resolution. Upon the issuance of any Bonds authorized by this Resolution, the Resolution shall constitute a contract with the holders of such Bonds and shall be irrevocable.

Passed and adopted this 11th day of February, 2020.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF CHANDLER, ARIZONA

By: Victor J. Napolitano
Its President



Industrial Development Authority Management Services

Date: 02/08/2022
To: Industrial Development Authority
Thru: Dawn Lang, Deputy City Manager | CFO
From: Kristi Smith, Accounting Manager
Subject: November and December 2021 Financials - Kristi Smith

Attachments

Nov & Dec Financials

CHANDLER INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
November 30, 2021

CURRENT ASSETS:

Cash in Bank	<u>\$ 4,334.69</u>	
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TOTAL CURRENT ASSETS		<u>\$ 4,334.69</u>
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OTHER ASSETS:

Investments	<u>893,745.90</u>	
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TOTAL OTHER ASSETS		<u>893,745.90</u>
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TOTAL ASSETS		<u><u>\$ 898,080.59</u></u>
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CAPITAL:

BEGINNING NET POSITION	\$ 899,244.27	
------------------------	---------------	--

Year-to-Date Change in Net Position	<u>(1,163.68)</u>	
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ENDING NET POSITION		<u><u>\$ 898,080.59</u></u>
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CHANDLER INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
November 30, 2021

	November 30, 2021	5 Month Ended November 30, 2021
OPERATING REVENUES:		
Annual Admin Fees (Intel)	-	-
Annual Admin Fees (Tri-City Babbist Church)	-	-
Application Fees	-	-
Closing Fees	-	-
Other Revenue	-	-
	<hr/>	<hr/>
TOTAL Income	-	-
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	-	-
	<hr/>	<hr/>
OPERATING EXPENSES:		
Annual Corporation Report	-	-
Grants		
PPE*	-	1,605.58
Miscellaneous (Account Analysis Settlement Bank Charge)	27.27	285.91
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	27.27	1,891.49
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(27.27)	(1,891.49)
	<hr/>	<hr/>
NONOPERATING REVENUE:		
Investment Income (LOSS)-Note 1	175.55	727.81
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUE	175.55	727.81
	<hr/>	<hr/>
NET CHANGE IN NET POSITION	<u>\$ 148.28</u>	<u>(1,163.68)</u>

Note 1 - Interest Income (Loss) is as follows:

Realized interest to date	\$ 175.55	727.81
Effect of recording investments at amortized cost	-	

* Personal Protective Equipment (PPE) grants to be awarded not to exceed \$200,000

CHANDLER INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
December 31, 2021

CURRENT ASSETS:

Cash in Bank	<u>\$ 4,307.20</u>	
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TOTAL CURRENT ASSETS		<u>\$ 4,307.20</u>
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OTHER ASSETS:

Investments	<u>893,803.24</u>	
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TOTAL OTHER ASSETS		<u>893,803.24</u>
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TOTAL ASSETS		<u><u>\$ 898,110.44</u></u>
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CAPITAL:

BEGINNING NET POSITION	\$ 899,244.27	
------------------------	---------------	--

Year-to-Date Change in Net Position	<u>(1,133.83)</u>	
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ENDING NET POSITION		<u><u>\$ 898,110.44</u></u>
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CHANDLER INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
December 31, 2021

	December 31, 2021	6 Month Ended December 31, 2021
OPERATING REVENUES:		
Annual Admin Fees (Intel)	-	-
Annual Admin Fees (Tri-City Babbist Church)	-	-
Application Fees	-	-
Closing Fees	-	-
Other Revenue	-	-
	<hr/>	<hr/>
TOTAL Income	-	-
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	-	-
	<hr/>	<hr/>
OPERATING EXPENSES:		
Annual Corporation Report	-	-
Grants		
PPE*	-	1,605.58
Miscellaneous (Account Analysis Settlement Bank Charge)	27.49	313.40
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	27.49	1,918.98
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(27.49)	(1,918.98)
	<hr/>	<hr/>
NONOPERATING REVENUE:		
Investment Income (LOSS)-Note 1	57.34	785.15
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUE	57.34	785.15
	<hr/>	<hr/>
NET CHANGE IN NET POSITION	<u>\$ 29.85</u>	<u>(1,133.83)</u>

Note 1 - Interest Income (Loss) is as follows:

Realized interest to date	\$ 57.34	785.15
Effect of recording investments at amortized cost	-	

* Personal Protective Equipment (PPE) grants to be awarded not to exceed \$200,000



Industrial Development Authority Management Services

Date: 02/08/2022

To: Industrial Development Authority

Thru: Dawn Lang, Deputy City Manager | CFO

From: Kristi Smith, Accounting Manager

Subject: Discuss and possible adoption of Resolution 2022-01 amending and ratifying adoption of Resolution No. 2020-01, granting final approval of the issuance and sale of not exceeding \$600,000,000 aggregate principal amount of Industrial Development Revenue Bonds (Intel Corporation Project) pursuant to a plan of finance, with the proceeds loaned to Intel Corporation for certain capital expenditures for sewage and solid waste disposal facilities at its manufacturing plants located in Chandler, Arizona.



Industrial Development Authority Management Services

Date: 02/08/2022
To: Industrial Development Authority
Thru: Dawn Lang, Deputy City Manager | CFO
From: Kristi Smith, Accounting Manager
Subject: BofA MSRB G17 Letter - Intel / Chandler IDA Series 2022 Bonds – Dawn Lang

Attachments

Intel - City of Chandler AZ Series 2022 BofA G-17 Letter 01.18.2022



January 18, 2022

The Industrial Development Authority of the City of Chandler, Arizona
City of Chandler
P.O. Box 4008
Chandler, AZ 85244

Intel Corporation
2200 Mission College Boulevard
Santa Clara, CA 95054

Attn: Ms. Dawn Lang and Ms. Julia Lebedeva:

Re: Disclosures by Sole Bookrunning Managing Underwriter Pursuant to MSRB Rule G-17
Up to \$600,000,000 The Industrial Development Authority of the City of Chandler, Arizona
Industrial Development Revenue Bonds, Series 2022 (Intel Corporation Project)

Dear Ms. Lang and Ms. Lebedeva:

We are writing to provide you, as Deputy City Manager – Chief Financial Officer for the City of Chandler and Management Services Director of The Industrial Development Authority of the City of Chandler, Arizona (the “Issuer”) and Assistant Treasurer of Intel Corporation (the “Obligor”), with certain disclosures relating to the above-captioned bond issue (the “Bonds”), as required by Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (November 8, 2019).¹

The Obligor has engaged BofA Securities, Inc. (“BofA Securities”) to serve as its underwriter and not as a financial advisor or municipal advisor to the Issuer in connection with the issuance of the Bonds.

As the issuer of the Bonds, the Issuer will be a party to the bond purchase agreement and certain other legal documents to be entered into in connection with the issuance of the Bonds, but the material financial risks of the Bonds will be borne by the Obligor, as set forth in those legal documents.

As part of our underwriting services, we may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

The following Rule G-17 conflict of interest disclosures are now broken down into three types, including: 1) dealer-specific conflicts of interest disclosures (if applicable); 2) transaction-specific disclosures (if applicable); and 3) standard disclosures. You may receive additional separate disclosure letters pursuant to Rule G-17 from the co-managing underwriters or other syndicate members for the Bonds if they have their own dealer-specific or transaction-specific disclosures.

I. BofA Securities Conflicts Disclosures

BofA Securities has identified the following actual or potential² material conflicts of interest:

Bank of America Corporation (the “Corporation”) together with its affiliates (collectively, the “BAC Group”) comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign

¹ Revised Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective March 31, 2021).

² When we refer to potential material conflicts throughout this letter, we refer to ones that are reasonably likely to mature into actual material conflicts during the course of the transaction, which is the standard required by MSRB Rule G-17.



exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and strategic advisory services and other commercial services and products to a wide range of corporations, governments and individuals, domestically and offshore, from which conflicting interests or duties, or a perception thereof, may arise. In the ordinary course of these activities, parts of the BofA Group at any time may invest on a principal basis or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions, for their own accounts or the accounts of customers, in securities or financial instruments (including derivatives, bank loans or other obligations) of the Issuer, the Obligor or any other party that may be involved in the transaction. Parts of the BofA Group may also communicate independent investment recommendations, and market advice, or trading ideas and/or publish or express independent research views with respect to such securities or other financial instrument.

As of May 13, 2019, BofA Securities entered into a separate agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”) that enables Merrill to distribute certain new issue municipal securities underwritten by or allocated to BofA Securities, which could include the Bonds. Under that agreement, BofA Securities will share with Merrill a portion of the fee or commission paid to BofA Securities.

II. Transaction-Specific Disclosures

- Disclosures Concerning Complex Municipal Securities Financing:
 - Since BofA Securities has recommended to the Issuer or Obligor a financing structure that may be a “complex municipal securities financing” for purposes of MSRB Rule G-17, attached is a description of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at this time.

III. Standard Disclosures

- Disclosures Concerning the Underwriter’s Role:
 - MSRB Rule G-17 requires an underwriter to deal fairly at all times with both issuers and investors.
 - An underwriter’s primary role is to purchase the Bonds with a view to distribution in an arm’s-length commercial transaction with the Issuer. An underwriter has financial and other interests that differ from those of the Issuer.
 - Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer’s interest in this transaction.
 - An underwriter has a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable.
 - The underwriter(s) will review the official statement for the Bonds in accordance with, and a part of, its respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.³

³ Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriter’s obligations



- Disclosures Concerning the Underwriter's Compensation:

- The underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with your own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

Please note that nothing in this letter should be viewed as a commitment by the underwriter to purchase or sell any the Bonds and any such commitment will only exist upon the execution of any bond purchase agreement or similar agreement and then only in accordance with the terms and conditions thereof.

You have been identified as a primary contact for the receipt of these disclosures, and that you are not a party to any disclosed conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement that you have received this letter. **Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me.** Otherwise, an email read receipt from you or automatic response confirming that our email was opened by you will serve as an acknowledgment that you received these disclosures.

Depending on the structure of the transaction that the Obligor decides to pursue, or if additional actual or potential material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and the Issuer and the Obligor in connection with the issuance of the Bonds. Thank you.

under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.



Sincerely,

BofA Securities, Inc.

A handwritten signature in blue ink, appearing to read "Lawrence N. Tonomura".

Lawrence N. Tonomura
Managing Director
555 California Street, Suite 1160
Mail Code: CA5-705-11-00
San Francisco, CA 94104
lawrence.n.tonomura@bofa.com

Acknowledgement:

Ms. Dawn Lang
Deputy City Manager – Chief Financial Officer
City of Chandler

Date: _____

CC: Tiffany Doon Silva, Intel Corporation
Randall Towers, Ballard Spahr LLP
Timothy Pickrell, Squire Patton Boggs LLP
James Marlin, Norton Rose Fulbright LLP
James T. Giel, Gust Rosenfeld P.L.C.

BofA Disclosures Pursuant to MSRB Rule G-17

Variable Rate Demand Obligations

The following is a general description of the financial characteristics of Variable Rate Demand Obligations (VRDOs), as well as a general description of certain financial risks that are known to us and reasonably foreseeable at this time and that you should consider before deciding whether to issue VRDOs. If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to us. In addition, you should consult with your financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent you deem appropriate.

Financial Characteristics

Maturity and Interest. VRDOs are debt securities with nominal long-term maturities (often 20 to 30 years) in which the interest rate is reset by a remarketing agent on a periodic basis (e.g., daily, weekly, monthly, annually, or commercial paper (CP) periods up to 270 days). For each interest reset, subject to any maximum interest rate stated in the VRDOs, the remarketing agent is required to set the interest rate at the rate necessary, in its judgment, as the lowest rate that permits the sale of the VRDOs at 100% of their principal amount (par) on the interest reset date. The maximum interest rate for the VRDOs generally will range between 9% per annum and 15% per annum, depending on, among other factors, the structure of the VRDOs, the terms of any credit or liquidity support and whether interest is intended to be taxable or tax-exempt. Interest on the VRDOs is paid at the applicable variable rate monthly (for daily, weekly or monthly modes), semiannually (for the annual mode) or at the end of each CP period (for the CP or CP mode). VRDOs typically are offered to investors in minimum authorized denominations of not less than \$100,000.

Redemption. Optional redemption of VRDOs generally is more flexible than with fixed rate bonds and is usually at a redemption price of par, without redemption premium. Short-term VRDO modes (daily or weekly) may be subject to optional redemption on any business day or, in some cases, on any interest payment date. Longer term VRDO modes (monthly, annual or CP) typically will be subject to optional redemption on any interest payment date. A notice of optional redemption will be required to be sent out to the holders of the bonds, usually not less than 15 to 30 days prior to the redemption date.

Optional and Mandatory Tender. For VRDOs in a daily, weekly, monthly, or annual mode, the owner of the VRDOs generally will have the option to tender (or “put”) its VRDOs for purchase at par at a specified time (typically any business day for daily and weekly modes and on the interest reset date for longer modes) with a specified amount of advance notice (e.g., same day’s notice for VRDOs in the daily mode, 7 days’ notice for VRDOs in the weekly mode and 15 to 30 days’ notice for longer modes). At the end of each CP period for a VRDO in the CP mode, the VRDO will be subject to mandatory tender for purchase at par. VRDOs also may be subject to mandatory tender for purchase upon the occurrence of certain events, including certain conversions from one interest rate mode to another or upon replacement or expiration of a credit or liquidity facility. As described below, the remarketing agent is obligated to use its best efforts to remarket VRDOs subject to optional or mandatory tender.

Liquidity Support. In the ordinary course, the source of funds to pay owners of tendered VRDOs

will be the proceeds of the remarketing of the VRDOs by the remarketing agent to new investors. You will be required to ensure a source of funds to pay the purchase price due to the tendering owners in the event that the remarketing agent is unable to successfully remarket the VRDOs. While some issuers may provide liquidity support from their own funds (self-liquidity), in most cases liquidity support will be provided from a financial institution. The liquidity support may take the form of an irrevocable letter of credit issued by a bank (the letter of credit also will provide credit support for the payment of principal of and interest on the VRDOs) or it may be in the form of a standby bond purchase agreement (SBPA). Unlike a letter of credit, the SBPA typically will set forth certain events that will permit the provider of the SBPA to terminate the SBPA upon notice or, in some circumstances, will cause the SBPA to terminate automatically. The authorizing documents for the VRDOs may provide that, if the liquidity facility has been terminated, the VRDOs will be required to be purchased from their owners and/or pay a higher interest rate on the VRDOs, in some cases as high as the maximum permitted rate on the VRDOs.

Role of Remarketing Agent. The remarketing agent is a broker-dealer or municipal securities dealer appointed and paid by you to set the periodic interest rate on the VRDOs in accordance with the terms of the authorizing documents and to use its best efforts to sell VRDOs that have been tendered (optionally or mandatorily) for purchase. Often, the underwriter or senior managing underwriter of the VRDOs is the remarketing agent. The remarketing agent's annual fee is based on the outstanding principal amount of the VRDO issue and the interest mode then in effect.

In some cases, the remarketing agent, in its sole discretion, may acquire tendered VRDOs for its own inventory to achieve a successful remarketing (i.e., because there otherwise are not enough buyers to purchase the VRDOs or for other reasons), thereby avoiding the need to draw on any liquidity facility to pay the tendering bond owners. The remarketing agent, however, is not obligated to purchase VRDOs and may cease doing so at any time without notice. Although not required to do so, the remarketing agent also may make a market in the VRDOs by purchasing and selling VRDOs outside of the formal tender process. Any such purchases and sales may be at prices other than par. The remarketing agent also may sell VRDOs that it owns to one or more affiliated investment vehicles or enter into derivative arrangements with affiliates or others to reduce its exposure to the VRDOs. The purchase of VRDOs by the remarketing agent may create the appearance that there is greater demand for the VRDOs in the market than is the case.

Under certain circumstances, you may remove the remarketing agent or the remarketing agent may resign or cease its remarketing efforts. The authorizing documents for the VRDOs will set forth any required notice and will require appointment of a successor remarketing agent.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of VRDOs, including some or all the following (generally, the obligor, rather than the issuer, will bear these risks for conduit revenue bonds):

Interest Rate Risk. Interest rate risk is the possibility that the interest rate that you pay on the VRDOs may increase, which can be triggered by various factors, such as a general increase in short-term interest rates, a decrease in marginal income tax rates, credit concerns relating to you or your market sector or industry or a reduction in the credit quality or ratings of the entity providing liquidity and/or credit support for the VRDOs. If any of these events occur, the debt service costs associated with the VRDOs will increase, which may negatively affect your coverage ratios and reduce the amount of your

available cash. The interest rate on the VRDOs may be capped at a maximum interest rate, which generally will range between 9% per annum and 15% per annum. See “Financial Characteristics – Maturity and Interest” above.

Liquidity Risk. You may face liquidity risk since VRDOs may be subject to optional and mandatory tender for purchase by their owners. If the remarketing agent is unable to successfully remarket the tendered VRDOs, in order to pay the tendering owners, the tender agent or trustee will demand funds from you, if you are providing self-liquidity, or it will draw funds under any applicable liquidity facility. Thereafter, unless and until the VRDOs are successfully remarketed, you will pay interest to the liquidity provider at an agreed-upon rate on the amount drawn, which is typically higher than the rate otherwise borne by the VRDOs. In addition, you may be required to pay the principal of the unremarketed VRDOs by the date set forth in the letter of credit or SBPA, which date is likely to be earlier than the stated maturity date of the VRDOs. The period of time by which you must pay the principal amount and interest on the VRDOs to the liquidity provider is known as a “term out.” If there is no term out, you will be required to immediately repay the full amount of any draws to the liquidity provider. Depending on the amount of the VRDOs that are not remarketed, you might be obligated to repay the entire principal amount of the VRDOs.

Remarketing Agent Risk. In the event that the remarketing agent does not perform its duties in a satisfactory manner or resigns or ceases its remarketing efforts, you may be required to appoint a successor remarketing agent or may experience higher interest rates resulting in an increase in debt service costs. In the event the remarketing agent resigns or ceases its remarketing efforts, you may experience difficulty in engaging a new remarketing agent and in remarketing or refinancing the VRDOs.

Refinancing Risk. If you intend to remarket or refinance the VRDOs (whether to another mode, fixed rate bonds, bank loans or other obligations), as a result of changes in market conditions, changes in law, changes in your credit ratings or your financial condition, you may be unable to remarket or refinance the VRDOs or may pay a higher rate.

Credit or Liquidity Facility Renewal Risk. Liquidity facilities, such as a letter of credit or SBPA, typically are issued for a term shorter than the stated maturity of the VRDOs, generally from one to five years. Upon expiration of the term, the liquidity facility must be renewed or replaced. You may be unable to replace the expiring liquidity facility or you may have difficulty obtaining a replacement liquidity facility at a reasonable cost. There are a limited number of financial institutions that are acceptable to the market and who are willing to provide liquidity facilities for tax-exempt VRDOs. In addition, as a result of market conditions and prospective changes in regulatory requirements, the cost of obtaining a liquidity facility may vary from currently prevailing market rates. If a liquidity provider is unwilling to extend the expiring liquidity facility and you are unable to find a suitable replacement, the VRDOs will be subject to mandatory tender for purchase and you will be required to pay the purchase price (par plus accrued interest) of the VRDOs, either by remarketing the VRDOs in a different mode that does not require liquidity (such as converting the VRDOs to fixed rate bonds), issuing refunding bonds, securing a bank loan, finding some other source of repayment or drawing on the liquidity facility. Your ability to convert the VRDOs to a different mode, to issue refunding bonds or to secure a bank loan will depend on a number of factors, including general market conditions and your creditworthiness. In the event of a draw on the liquidity facility, you will have to repay the liquidity provider as described above under “Liquidity Risk.”

Liquidity Provider Default Risk. In the event that a liquidity provider is not able to perform under its liquidity facility, a default or a mandatory tender of the VRDOs may result, depending on the terms of the authorizing documents. You may be required to pay a higher rate of interest or, if a mandatory tender is triggered, you may be required to pay the purchase price (par plus accrued interest) of the VRDOs, either by remarketing the VRDOs in a different mode that does not require liquidity (such as converting the VRDOs to fixed rate bonds), issuing refunding bonds, securing a bank loan or finding some other source of repayment. Your ability to convert the VRDOs to a different mode, to issue refunding bonds or to secure a bank loan will depend on a number of factors, including general market conditions and your creditworthiness. If the credit ratings of the liquidity provider are reduced, the remarketing agent may have difficulty remarketing the VRDOs and the VRDOs will likely bear a higher interest rate.

Issuer Default Risk. You may be in default if the funds pledged to secure your VRDOs are not enough to pay debt service on the VRDOs when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the VRDOs, the trustee and any credit and/or liquidity support provider may be able to exercise a range of available remedies against you. For example, if the VRDOs are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the VRDOs. If the VRDOs are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the VRDOs. A default may negatively impact your credit ratings, including ratings on the VRDOs. If the ratings on the VRDOs are decreased, holders of VRDOs that are subject to optional tender may elect to put their VRDOs, the remarketing agent may have difficulty remarketing the VRDOs and the VRDOs likely will bear a higher interest rate after any applicable interest reset. Further, a default may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. If you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, it may be necessary for you to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the VRDOs. This description is only a summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Reinvestment Risk. You may have proceeds of the VRDOs to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the VRDOs, which is referred to as “negative arbitrage”.

Tax Compliance Risk. The issuance of tax-exempt bonds is subject to several requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on tax-exempt VRDOs to become taxable retroactively to the date of issuance of the VRDOs, which may result in an increase in the interest rate that you pay on the VRDOs or the mandatory redemption of the VRDOs. The IRS also may audit you or your VRDOs or other bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If tax-exempt VRDOs are declared taxable, or if you are subject to audit, holders of VRDOs that are subject to optional tender may

elect to put their VRDOs, the remarketing agent may have difficulty remarketing the VRDOs and the VRDOs likely will bear a higher interest rate after any applicable interest reset. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the VRDOs.

Money Market Reforms; Potential Risks from Changes to the Investor Base for VRDOs. Since 2010, the U.S. Securities and Exchange Commission has been adopting reforms designed to reduce investor runs on money market funds in times of financial crisis. Reforms adopted in July, 2014¹ are effective and money market fund managers have made significant changes to their fund structures and families related to the money market reforms. The reforms have had a significant impact on all money market funds, but particularly institutional prime money market funds, including the portion thereof that invest in municipal securities, such as VRDOs. Changes for such funds included the implementation of a floating net asset value, the implementation of liquidity fees and redemption gates, changes in the use of amortized cost accounting and increased disclosure requirements. Certain money market fund rule changes do not apply or are optional for retail and government money market funds. Though most money market fund families have generally made their changes in connection with incorporating the money market reforms (including some managers moving certain investors into funds not subject to such reforms), changes related to money market funds that invest in VRDOs are still possible. Any further money market reform related changes which reduce the amount of money market fund assets available to purchase VRDOs could result in (i) reduced market demand for VRDOs, (ii) increased rates for VRDOs as investors value the structure relative to other product alternatives or in connection with remarketing tendered VRDOs in order to try to access different investors, (iii) increased optional tenders of VRDOs due to investor changes, and/or (iv) liquidity draws in connection with increased tenders of VRDOs. Additionally, to the extent that further changes occur by the money market fund managers which reduce money market fund assets available to purchase VRDOs, remarketing agents of VRDOs could have a more difficult time remarketing and/or rolling such securities if the universe of potential investors is materially reduced or changed. You should discuss these changes and potential changes and effects with your advisors as you consider whether to issue VRDOs.

¹ Money Market Fund Reform; Amendments to Form PF, see <http://www.sec.gov/rules/final/2014/33-9616.pdf>

BofA Disclosures Pursuant to MSRB Rule G-17

Fixed Rate Bonds

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds ("Fixed Rate Bonds"), as well as a general description of certain financial risks that are known to us and reasonably foreseeable at this time and that you should consider before deciding whether to issue Fixed Rate Bonds. If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to us. In addition, you should consult with your financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent you deem appropriate.

Financial Characteristics

Maturity and Interest. Fixed Rate Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies and authorities, whether for their benefit or as a conduit issuer for a nongovernmental entity. Maturity dates for Fixed Rate Bonds are fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. The final maturity date typically will range between 10 and 30 years from the date of issuance. Interest on the Fixed Rate Bonds typically is paid semiannually at a stated fixed rate or rates for each maturity date.

Redemption. Fixed Rate Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates.

Fixed Rate Bonds will be subject to optional redemption only after the passage of a specified period, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. A notice of optional redemption will be required to be sent out to the holders of the bonds, usually not less than 30 days prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires a specified principal amount of the bonds to be redeemed annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

Security

Payment of principal of and interest on a municipal security, including Fixed Rate Bonds, may be backed by various types of pledges and forms of security, some of which are described below.

General Obligation Bonds. "General obligation (GO) bonds" are debt securities to which your full faith and credit is pledged to pay principal and interest. If you have taxing power, generally you will pledge to use your ad valorem (property) taxing power to pay principal and interest. The debt service on unlimited tax" GO bonds are paid from ad valorem taxes which are not subject to state constitutional property tax millage limits, whereas "limited tax" GO Bonds are subject to such limits.

General obligation bonds constitute a debt and, depending on applicable state law, may require that you obtain approval by voters prior to issuance. In the event of default in required payments of interest

or principal, the holders of general obligation bonds generally will have certain rights under state law to compel you to impose a tax levy.

Revenue Bonds. “Revenue bonds” are debt securities that are payable only from a specific source or sources of revenues. Revenue bonds are not a pledge of your full faith and credit, and you (or, if you are a conduit issuer, the obligor, as described in the following paragraph) are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a tax levy for payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors.

Some revenue bonds (conduit revenue bonds) may be issued by a governmental issuer acting as a conduit for the benefit of a private sector entity or a 501(c) (3) organization (the obligor). Conduit revenue bonds commonly are issued for not-for-profit hospitals, educational institutions, single and multi-family housing, airports, industrial or economic development projects, and student loan programs, among other obligors. Principal and interest on conduit revenue bonds normally are paid exclusively from revenues pledged by the obligor. Unless otherwise specified under the terms of the bonds, you are not required to make payments of principal or interest if the obligor defaults.

The description above regarding “Security” is only a summary of certain possible security provisions for the bonds and is not intended as legal advice. You should consult with your bond counsel for further information regarding the security for the bonds.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all the following (generally, the obligor, rather than the issuer, will bear these risks for conduit revenue bonds):

Issuer Default Risk. You may be in default if the funds pledged to secure your bonds are not enough to pay debt service on the bonds when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the bonds are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Redemption Risk. Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. If interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk. If your financing plan contemplates refinancing some or all the bonds at maturity (for example, if you have term maturities or if you choose a shorter final maturity than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you from refinancing those bonds when required.

Reinvestment Risk. You may have proceeds from the issuance of the bonds available to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as “negative arbitrage”.

Tax Compliance Risk. The issuance of tax-exempt bonds is subject to several requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If tax-exempt bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the bonds.



Industrial Development Authority Management Services

Date: 02/08/2022
To: Industrial Development Authority
Thru: Dawn Lang, Deputy City Manager | CFO
From: Kristi Smith, Accounting Manager
Subject: Next meeting will be March 8, 2022
