

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PIMA
PROCEDURAL PAMPHLET II

TABLE OF CONTENTS

1. INTRODUCTION.....	1
2. POLICY STATEMENT.....	2
3. DEFINITIONS.....	3
4. APPLICATION PROCEDURES.....	5
5. RESERVATION OF RIGH.....	6
6. PRELIMINARY APPROVAL, NOTICE TO PROCEED, PROCEEDINGS, AND FINAL APPROVAL.....	7
7. PRIVATE PLACEMENTS.....	10
8. ACCURACY OF DATA.....	11
9. CLOSING.....	12
10. MISCELLANEOUS.....	14

Exhibit A – Application
Exhibit B – Incumbency List

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PIMA

Procedural Pamphlet dated March 21, 2003

(This edition supersedes all prior versions or drafts and is referred to as Procedural Pamphlet No. II)

1. INTRODUCTION

The Industrial Development Authority of the County of Pima is organized under Title 35, Chapter 5 of the Arizona Revised Statutes, as amended (the “**Act**”), and, in accordance with the terms thereof, is a nonprofit corporation designated a political subdivision of the State of Arizona. The Authority has no taxing power and does not have the power to pledge the general credit or taxing powers of Pima County, the State of Arizona or any political subdivision thereof. The Authority does not pledge its general credit for the issuance of bonds.

The business and affairs of the Authority are managed by a Board of Directors appointed by the Board of Supervisors of Pima County. The five members of its Board of Directors serve staggered terms of six years each.

The Authority is empowered to issue bonds to provide funds for the financing or refinancing of the costs of the acquisition, construction, improvement, rehabilitation or equipping of a “project,” as defined in the Act. A complete list of qualified projects in which the Authority may participate may be found in the Act.

Any bonds issued are special limited obligations of the Authority. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any bonds or for any claim based thereon or upon any obligation, covenant or agreement against any past, present, or future officer, director, counsel, financial advisor, or agent of the Authority, or of any successor to the Authority, under any rule of law or equity, statute, or constitution or by the enforcement of any assessment or penalty or otherwise. No revenues to pay any Bonds will come from the Authority and therefore the Authority’s financial information and status is not relevant to any investment decision with respect to any Bonds. As a result, no information regarding the Authority will be provided in regard to any continuing disclosure requirement relating to any Bonds.

2. POLICY STATEMENT

Board Members of the Authority have agreed to serve because it is their belief that their service can aid the general welfare and economic growth of Pima County. Through the Board's efforts, it is hoped that qualifying concerns may locate or improve industrial projects in Pima County or that projects will improve the standard of living of people in Pima County and the State of Arizona. The Board believes that, through the vehicle of industrial development revenue bonds, projects can be financed for Applicants at the lowest possible borrowing costs.

The members of the Board are mindful, however, that civil and criminal liabilities may accrue to them if fraudulent statements or material omissions are contained in any official statement or proceeding relative to the issuance and distribution of the Authority's bonds. The members of the Board, therefore, must take every possible precaution to protect themselves against such liability. Therefore, the Applicant, its legal counsel, underwriters and their legal counsel, accountants and bond counsel to the Authority are advised of the following general rule:

The Authority and its Board Members will neither take risks, adopt proceedings nor approve official statements unless experts, who are in position to determine the true facts, will certify as to the correctness of the data therein contained or the Applicant procures insurance to protect the Authority and its Board Members. Experts in this instance means: 1) accountants, 2) bond counsel and counsel for the Applicant; 3) underwriters and their counsel, and 4) municipal securities dealers.

The Authority will expect that any municipal securities broker, municipal securities dealer, clearing agency or transfer agent engaged by the Applicant, or Authority, or otherwise participating in the issuance and distribution of securities involved in a project will have complied with all applicable state and federal securities laws¹, and may require such parties to establish and certify to their compliance with such laws.

¹

E.g., if applicable, registration under Section 15(b) of the Securities Exchange Act of 1934, as amended, and with the Arizona Corporation Commission under Title 44, Chapter 12, Arizona Revised Statutes and Arizona Corporation Commission Rule 14-4-104 and similar laws of any other state.

3. DEFINITIONS

As used herein:

“*Act*” means the Industrial Development Financing Act, Arizona Revised Statutes, Section 35-701 through 35-761 inclusive, as amended.

“*Accountant*” means an independent certified public accountant as the term is defined in the 1933 Act.

“*Applicant*” means the entity or concern which seeks to have bonds issued on its behalf to purchase, construct or acquire one or more Projects.

“*Arizona Blue Sky Law*” means Arizona Revised Statutes Section 44-1871, et seq.

“*Authority*” means The Industrial Development Authority of the County of Pima.

“*Board*” means the Board of Directors of the Authority

“*Bond Counsel*” means an acceptable firm of attorneys with a proven reputation in the field of municipal finance specializing in municipal bonds which is either employed by: the Authority, the Applicant or Underwriter to render an unqualified opinion on the legality of the bonds and such other matters as are herein set forth and also to draft or be responsible for the drafting of the legal proceedings leading to the issuance of the bonds.

“*Bond Purchaser*” means the person or persons who have agreed to purchase some or all of the Authority’s bonds for investment and not with a view to public distribution.

“*Code*” means the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

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

“*Designated Area*” means any area of the State of Arizona which is either designated pursuant to Section 36-1479, Arizona Revised statutes, as a slum or blighted area, as defined in Section 36-1471, or designated by regulation as a pocket of poverty or a neighborhood strategy area by the United States Department of Housing and Urban Development pursuant to Title I of the Housing and Community Development Act of 1977 (42 U.S. C. 5301-5320, as amended) and the Department of Housing and Urban Development Act (42 U.S. C. 3535(d)).

“Financial Consultant” means a concern employed to draft and circulate a Notice of Public Sale and an Official Statement in order to generate interest in specific issues of the Authority’s bonds which are to be sold by competitive bidding as opposed to private negotiation.

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

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

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

“1933 Act” means the Securities Act of 1933, as

“1934 Act” means the Securities Exchange Act of 1934, as amended, and regulations of the SEC pertaining to the marketing, or transfer of municipal securities and the rules of the Municipal Securities Rulemaking Board.

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

“Official Statement” means a prospectus or offering statement concerning bonds of the Authority, and where a sale by competitive public bidding is concerned, it also includes a notice of the sale of the bonds.

“Project” means any land, any building or other improvement, and all real and personal properties, including machinery and equipment whether or not now in existence or under construction, whether located within or without the county approving the formation of the corporation 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.

“Property” means any land, improvements thereon, buildings and any improvements thereto, machinery and equipment of any and all kinds necessary to a project and any other personal properties deemed necessary in connection with a project.

“SEC” means the Securities and Exchange Commission.

“Section 103” means Section 103 of the Internal Revenue Code of 1954, as amended.

“*Third Party Guarantor*” or “*Guarantor*” means any Concerns other than the Applicant (including a parent, affiliate or subsidiary of the Applicant) who provides a guaranty that either guarantees the bonds or serves as the underlying security for the bonds.

“*Trustee*” means a financial institution, trust company or other person appointed by the Applicant and acceptable to the Authority to act in a trust capacity pursuant to a trust indenture or agreement, which document oversees the use of the bond proceeds.

“*Underwriter*” means any person who has purchased from an issuer with a view to, or sells for the Authority in connection with, the distribution of the Authority’s bonds, or participates or has a participation in the direct or indirect underwriting of such a distribution.

4. APPLICATION PROCEDURES

Section 4.01. Application Form and Filing Procedure. The Authority requires all prospective Applicants to make a full and complete application in accordance with the requirements of this pamphlet prior to a decision by the Board whether to give preliminary approval to go forward with the financing arrangements for a Project. The form of the Application is attached hereto as Exhibit A (and online at www.pimaida.com). Seven (7) copies of the application must be filed with the Authority’s counsel at least fifteen (15) business days prior to the date of the Board’s meeting at which time the application will be considered for preliminary approval.

Section 4.02. Fees.

(a) Filing Fees. The total nonrefundable fee for filing an application with the Authority is Three Thousand Dollars (\$3000.00). One Thousand Dollars (\$1000) is due within ten (10) days of preliminary approval by the Authority. The remaining Two Thousand Dollars (90) days after the Applicant receives preliminary approval of the Project. (\$2000) is due on the earlier of the closing date of the bonds or ninety
The Authority may, at any time, alter or waive the application fee upon the request of the Applicant.

(b) Issuance Fees. In the Application, the Applicant must agree to pay all costs and expenses incurred by the Authority, its Board, counsel or any advisors related to the issuance of the bonds. As a condition to the issuance of the bonds, the Applicant must agree to pay a proportionate part of the administrative expenses of the Authority during the period the bonds are outstanding.

(c) Administrative Fees. Each Applicant who submits an application to the Authority pursuant to this Procedural Pamphlet for the issuance of the Authority's Bonds, and who succeeds in having the Authority issue such Bonds, may be assessed annually, on or about July 1, an amount up to one-tenth (0.1) of one percent (1%) of the original amount of the Bond issue as such Applicant's assessment for the administrative expenses of the Authority. The amount of each such annual assessment, up to the limit specified, shall be established at the Authority's sole and absolute discretion, and may vary from year to year. The amount of each annual assessment may be billed quarterly, semiannually, or annually, as the Authority, in its sole and absolute discretion, may determine. Such annual assessments may continue against each such Applicant during the period any of such Applicant's Bonds are outstanding. The Applicant acknowledges and agrees that pursuant to this Section it may be assessed more or less than a proportionate share of the administrative expenses of the Authority. It shall be the responsibility of each such Applicant to notify the Authority in the event any such assessment would violate any applicable law, including, without limitation, any applicable law relative to arbitrage. The officers of the Authority may take any actions necessary to implement this Section. This Section shall establish and govern the Authority's right to assess Applicants for the administrative expenses of the Authority, notwithstanding any other provision in this Procedural Pamphlet, the Application or in any other present or future agreement by and between the Authority and an Applicant, except an agreement made with the specific and express intention to amend this Section of the Procedural Pamphlet.

4.03. Oral Presentation by the Applicant. The Applicant must be able to be present and prepared to make an oral presentation to the Board at any meeting at which its application, an amendment to its application, a request for the extension of preliminary approval previously given to its application, or any other matter involving its application is to be considered. The oral presentation may cover any aspects of the Project or its financing, but an oral presentation may not be made in lieu of the written application herein required. No action will be taken by the Board on any application until fifteen (15) business days after the application has been filed. The Applicant must have representatives able to respond to questions concerning the Project and its financing present at the meeting at which the application is considered by the Board. If a representative is not present, the Board reserves the right to not consider the requested action at that time and will defer action to a subsequent meeting.

5. RESERVATION OF RIGHTS

Until bonds are issued, the Board reserves the right to:

- A. Reject the application in whole;
- B. Reject the application as being incomplete;

C. Reject the Applicant's choice of Accountant, Underwriter or Financial Consultant, Bond Counsel or Appraiser;

D. Reject the Project in whole or in part;

E. Require "no action" letters from the SEC or state securities regulatory bodies or Internal Revenue Service rulings before closing. If such letters or rulings are required, the Applicant shall be responsible to submit the needed requests. Specific powers of attorney for such purposes shall be available from the Board;

F. Require corrections, deletions, changes, additions or amendments to any legal proceedings or Official Statement;

G. Determine that the proposed issue is one which is speculative in nature and require that appropriate language to this effect be inserted in the Official Statement;

H. Impose any other reasonable requirements as conditions precedent to the issuance of its bonds.

6. PRELIMINARY APPROVAL, NOTICE TO PROCEED, PROCEEDINGS, AND FINAL APPROVAL

Section 6.01. Preliminary Approval. The Board can consider and adopt a resolution granting preliminary approval for the financing of the Project. The Applicant will be so notified in writing. The Board's preliminary approval will expire as set forth therein or five years after the date of the approval of such resolution by the Authority, unless within that time the Applicant has obtained final approval from the Board or has obtained an extension of time from the Board.

Section 6.02. Extension of Preliminary Approval. An extension of time may be obtained by submitting an affidavit to the Board in a form acceptable to the Board, requesting an extension of time and demonstrating good cause why such an extension should be granted.

Section 6.03. Legal Proceedings. A complete set of the legal proceedings must be submitted to the Board prior to the date set for final approval. The term "legal proceedings" includes, inter alia:

- A. The Resolution of the Board authorizing the issuance of the Bonds;
- B. Any trust indenture or similar trust instrument;
- C. Any loan agreement;

- D. Any lease, purchase contract, note, mortgage, deed of trust or other security which is to be executed by the Applicant;
- E. Any proposed Preliminary Official Statement and drafts of final Official Statements;
- F. The bond purchase agreement, together with such letters as the Underwriter, Bond Counsel or Bond Purchasers may require;
- G. Any Guaranty;
- H. The form of Bond Counsel's opinion;
- I. The form of the Accountant's comfort letter;
- J. Non-litigation Certificate;
- K. Arbitrage Certificate;
- L. Treasurer's or Trustee's Receipt;
- M. Proceedings for the Board of Supervisors and a communication from the Board to the Board of Supervisors requesting adoption;
- N. Such other proceedings as the Underwriter, Bond Counsel, or the Board shall require;
- O. Drafts of any instruments which the Board must adopt or approve, or any member 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 [see Section 9.03]; and
- Q. Resolutions and certificates of the Applicant deemed necessary by Bond Counsel to complete the financing.

If the bonds are to be privately placed, the amount of bonds, the purchase price and interest rates to be borne on the bonds, as well as Underwriter's discount, must be determined on or before the date set for the Board to adopt the resolution authorizing the bonds. If there is to be a public offering (i.e., by Official Statement), the Authority prefers to have all aspects of the financing determined at the time of sale; however, the Authority will entertain the giving of final approval and adoption of all legal proceedings containing "not to exceed" limits on the following items: interest rate, amount of issue, discount, and maximum life of the bonds.

Section 6.04. Public Hearing. Section 147 of the Code requires that before final approval of most types of revenue bonds can be granted, a public hearing must be held granting all interested parties an opportunity to express opposing views. Bond Counsel will prepare and coordinate the publication of a public notice with the Authority's counsel. Public hearings are conducted by the Authority at an open meeting.

Section 6.05. Final Approval by the Authority. The Authority, after review of the legal proceedings, will consider, and if deemed appropriate by the Board, pass an Authorizing Resolution.

Section 6.06. Private Activity Bond Cap/Allocation. 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.

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 or state legislation or Executive Order of the Governor of Arizona.

The Board 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 Board 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 any Bonds.

Section 6.07. Department of Housing Approval. Section 35-726(F) of the Act requires that before certain types of bonds may be issued, the Arizona Department of Housing must approve the Project. Bond Counsel or Applicant's counsel must determine the applicability of, and need for, Department of Housing approval. An application must be prepared pursuant to the Department of Housing guidelines.

Section 6.08. Carry Forward 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, upon request Applicants shall be required to submit a status report on the Project to the Authority, together with any fee, 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 official 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.

7. PRIVATE PLACEMENTS

If a private placement is desired, the Applicant must comply with all applicable SEC Rules and securities laws. The following will apply and will be provided for in the legal proceedings:

A. No Official Statement or any form of general solicitation or advertising will be authorized or executed by the Board or its members.

B. The sale of the Bonds, in most instances, are restricted to accredited investors, and Applicant must exercise reasonable care to ensure that the purchasers are not underwriters within the meaning of the 1933 Securities Act. Accredited investors in private placement issues are to sign an Investor Letter, available from the Authority's counsel.

C. The Applicant must hold the Board Members, the Authority, its staff, the members of the Board of Supervisors and Pima County harmless for any fraud or misrepresentations or omissions contained in the proceeding or pertaining to the financial condition of the Applicant which, if known to the bond purchaser, might be considered a material factor in its decision whether or not to buy the bonds. In this connection, Applicant must execute and deliver to Authority an indemnity and hold harmless agreement in a form acceptable to the Authority.

D. The Bond Purchaser must waive due diligence on the part of the Authority and its Board and must rely solely on statements and representations of the Applicant and such Bond Purchaser's own investigation of the facts and circumstances relating to the purchase of the Authority's bonds and must waive any claims the Bond Purchaser may have against the Authority, its Board Members, Pima County and its Board of Supervisors growing out of any action the Board of Directors or the Board of Supervisors took or could have taken in connection with the authorization, issuance or sale of the bonds or in any statement or representation which induced the Bond Purchaser to purchase the bonds.

E. The purchasers of a private placement issue who wish to resell their bonds may avail themselves of safe harbors such as those provided under SEC Rule 144 and SEC Rule 144A.

F. The bonds must be in fully registrable form with a conversion privilege permitting conversion to coupon form at the request of the holder and at holder's expense and only upon the approval of the Board.

8. ACCURACY OF DATA

Section 8.01. Underwriters Responsibility. The Underwriter or the primary purchaser of the bonds shall have the responsibility of assuring itself that the statements attributed to the Applicant in any Official Statement or private placement sale agreement are substantially true and correct and that there are no material misrepresentations of facts contained in, or omission of material facts from, the Official Statement. By agreeing to act as Underwriter, the Underwriter shall be deemed to know of, and have read, this pamphlet and have agreed to its terms.

Section 8.02. Accountant's Consent. If the Official Statement includes a balance sheet or annual financial statement of the Applicant or Guarantor the Applicant or Guarantor must acquire a manually executed statement from the Accountant or Accountants who certified the financial statements allowing the Authority to rely on such statements and to incorporate the statements in the Official Statement. Receipt by the Authority of the consent will be a condition precedent to closing. The consent must allow the Authority to rely on the information as of the date of the Official Statement not as of the date of such statement or balance sheet.

Section 8.03. Comfort Letters. If requested by the Authority, the Accountant must sign a letter addressed to the Authority relative to inquiries made by such Accountant or named personnel of the Applicant prior to the closing which shall set forth in reasonable detail the extent of survey and also stating that the Accountant has read the Official Statement and that nothing came to the attention of such Accountant which discloses that any unaudited financial statements included in the Official Statement or in any private placement agreement are not fairly presented in conformance with generally accepted accounting principles applied on a basis substantially consistent with the most recent audited financial statements.

If the Accountant is to render a similar comfort letter to the Underwriter or purchaser of the bonds, a separate comfort letter need not be addressed to the Authority if

(i) the Authority evidences its acceptance of the scope of the survey made by the Accountant, and (ii) the Accountant executes and delivers a "side letter" to the Authority allowing the Authority to rely upon the comfort letter addressed to the Underwriter or purchaser of the bonds.

If the Accountant employed to issue the comfort letter is not the Accountant responsible for the preparation of the Applicant's latest annual statement, the application will be deemed to be a waiver by the Applicant of any confidence or privilege existing between the Applicant and either its former or present Accountant and the Authority will be deemed entitled to make any inquiries of either Accountant and to receive any answers to such inquiries as to the financial condition of the Applicant from either of such Accountants.

Section 8.04. Applicant Availability. The Applicant must see to it that one of its officers is available and able to appear at the Board meeting scheduled for granting preliminary approval, at any public hearing and also at the meeting scheduled for final approval and action authorizing the issuance of the bonds. Such officer must be prepared to answer any and all questions propounded by the members of the Board or its advisors concerning matters relating to the Project, to the issuance of the bonds, the information contained in the financial statement, or any other documents deemed pertinent. If the answers appear inadequate, the Board may table the resolution authorizing the issuance of the bonds until it is satisfied with the answers notwithstanding that any agreements or approvals or understandings may have indicated to the Applicant or the Underwriter that the resolution would be adopted on any certain date. If there is a Third Party Guarantor, such Guarantor must likewise make themselves available for similar questions at the same meetings. The Board at its discretion may record questions propounded and the answers thereto.

Section 8.05. Official Statements. Accuracy of the Official Statement will be the joint responsibility of the Applicant and the Underwriter. Responsibility for the drafting of any parts of the Official Statement will be determined by the Underwriter and when determined, the Authority's designated Bond Counsel will notify each person or entity responsible for the respective part.

Section 8.06. Arizona Corporation Commission Filing Requirement. A "notice of proposed offering" may be 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 §441843.01. If needed, the filing of the "notice of proposed offering" shall be the joint responsibility of the Applicant and the Underwriter.

9. CLOSING

Section 9.01. Closing. Bond Counsel must submit a closing memo at least one week prior to closing. The closing memo must be circulated by Bond Counsel to all persons who have assumed responsibility for any information in the Official Statement or whose presence will be required at the closing or preclosing. If any person so assuming such responsibility or any other person has knowledge of any material misrepresentation or omission in the Official Statement or any other document, such person is expected to so notify the Authority or its designated Bond Counsel prior to closing. Out of town closings which require the presence of Board Members must be requested prior to the last official act of the Board. All costs of closing (including travel and hotel for out of town closings) will be borne by the Applicant or paid from bond proceeds. Out of town closings may be made only with Board approval. Documents executed by Board Members or the Authority's officers will not be escrowed with parties other than representatives of the Authority prior to closing without Board approval.

Bond Counsel shall be responsible for recordings to be made with the County Recorder or the Secretary of State, and for the preparation and filing of any forms or returns required by the Internal Revenue Code or the State of Arizona.

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 insuring ownership of the Project in the entity who is required to hold legal title to the Project throughout the term of the issue of the bonds. Title insurance policies 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. It is advisable to order a preliminary title report as soon as possible after preliminary approval.

Section 9.02. Bond Opinions. In addition to the usual contents, the final opinion of Bond Counsel shall state that no filing or registration of the bonds, the underlying security (including any Guaranty) or the trust indenture is required by the 1933 Act, the 1934 Act or the 1939 Act or the Arizona Blue Sky Law (or if such filing or registration is required, it has been done in full accordance with the referenced act or acts). The final opinion of Bond Counsel (the bond opinion) and any supplemental opinion of Bond Counsel must be addressed to the Authority.

If a guaranty agreement is an integral part of the bond security, the Guarantor's counsel must render an opinion stating that the Guaranty is in all respects binding upon the Guarantor (including that good and sufficient consideration exists for the guaranty) and that no SEC or "Blue Sky" registration of the Guaranty is required.

Section 9.03. Indemnity Agreement. As a further condition to closing, the Authority requires that the Applicant and any Third Party Guarantor of the Applicant execute and deliver to the Authority an indemnity, whether contained in a loan or financing agreement or other document acceptable to the Authority under which the Authority, its Board Members and staff, and Pima County, its Board of Supervisors and its staff, are indemnified and held harmless from all errors or omissions of every nature whatsoever contained in any legal proceedings or any Official Statement or other official representation or inducement made by the Authority or the Board of Supervisors pertaining to the issue of bonds to be sold, together with an opinion of the Applicant's counsel in form and substance acceptable to the Authority stating that the Applicant has adopted all necessary proceedings and has taken all necessary steps to make the indemnity agreement legally binding in all respects upon the Applicant. Additionally, Applicants may be required to provide security for their indemnification obligation to the Authority in the form of a pledge or trust agreement encumbering liquid assets or by the posting of a letter of credit inuring to the Authority's benefit in an amount to be determined by the Authority. The indemnity agreement and form of security therefor must be submitted to and approved by the Board prior to closing.

10. MISCELLANEOUS

Section 10.01. Additional Requirements. This pamphlet will be considered to set forth minimum requirements and the Authority reserves the right to add additional requirements on a case-by-case basis. Likewise, the requirements herein stated pertain only to the Authority and are not exclusive. Bond Counsel, Accountants or the Underwriter and its counsel may make additional requirements as they see fit.

Section 10.02. Waiving of Requirements. The Authority, may at its sole discretion, waive any and all requirements set forth herein.

Section 10.03. Retention and Payment of Trustee and Paying Agent. The Applicant will be responsible for the retention and charges of any trustee or paying agent; however, the trustee or paying agents may agree to be paid from bond proceeds or revenues payable to the Authority by the Applicant.

Section 10.04. Authority Address. All correspondence and applications should be delivered to the Authority's general counsel: Mr. Steven Russo, RUSSO, RUSSO & SLANIA, P.C., 6700 N. Oracle Road, Suite 100, Tucson, Arizona 85704.

Section 10.05. Meetings. At present, all meetings of the Board are held in the Pima County Board of Supervisors Conference Room, 130 West Congress, 10th Floor, Tucson, Arizona. Regular meetings are currently scheduled for the third Friday of each month at 12:00 p.m., Mountain Standard Time (Arizona is exempt from Daylight Savings Time). Special meetings can be held where circumstances require, but it is advisable to give at least two weeks' notice to the Authority so that the members can be polled to ensure a quorum.

Section 10.06. Board Members. The list of the present members of the Board is attached to this pamphlet as Exhibit B.

Section 10.07. Conflict of Interest. The Authority and its Board Members are covered by Arizona's Conflict of Interest Law (Section 38-501, et seq., Arizona Revised Statutes). The applicant should take every precaution available to it to learn of any possible conflict between itself and Board Members or 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.

Section 10.08. Filing with Attorney General. The Authority is required to deliver a description of each Project to be financed by bonds to the State's Attorney General, who is given 10 days to determine whether it comes within the purview of the

Authority's enabling legislation. If 10 days pass without objection by the Attorney General, the bonds may be issued. The Attorney General's policy is to make no comment (except to acknowledge receipt of the transmittal) unless he or she objects.

Section 10.09. Board of Supervisors Approval. The Authority is required by law to submit its proceedings to the Board of Supervisors of Pima County for approval before the bonds may be issued. Approval of any application or addition of any or all proceedings by the Authority shall not be deemed a "recommendation" that the Board of Supervisors approve the proceedings.

Section 10.10. A.R.S. Section 38-511. As required by the provisions of A.R.S. §38-511, as amended, notice is required to be inserted into the Authority's agreements, and is further 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.

In addition to the right to cancel a contract, the State, its political subdivisions or any department or agent 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.

Legal Adviser to the Authority:

Steven Russo, Esq.
RUSSO, RUSSO & SLANIA, P.C.
6700 N. Oracle Rd., Suite 100
Tucson, Arizona 85704
(520) 529-1515
(520) 529-9040 FAX