

**Council Memorandum Management Services Department - Memo No. 20-038**

Date: February 27, 2020

To: Mayor and Council

Thru: Marsha Reed, City Manager *MR*

From: Dawn Lang, Management Services Director *DL*

Subject: Resolution No. 5348, approving the issuance of Industrial Development Revenue Bonds (Intel Corporation Project) of the Industrial Development of the City of Chandler, Arizona, in an aggregate principle amount not to exceed \$600,000,000

Recommendation: Staff recommends City Council approve Resolution No. 5348, approving the issuance of Industrial Development Revenue Bonds (Intel Corporation Project) of the Industrial Development Authority of the City of Chandler, Arizona, in an aggregate principal amount not to exceed \$600,000,000.

Background: The Chandler Industrial Development Authority (the "CIDA") received an application from Intel Corporation, a Delaware corporation, in 2018, requesting CIDA issue tax-exempt bonds in an amount not exceeding \$500,000,000. This request was approved by CIDA and then went to Council on February 14, 2019, for approval. Those bonds were issued by Intel Corporation in 2019 for acquisition, construction, and equipping of industrial sewage and wastewater treatment facilities and solid waste disposal or recycling facilities as part of Intel Corporation's semiconductor manufacturing plant.

CIDA has again received a request from Intel Corporation to issue additional tax-exempt Industrial Development Revenue Bonds. On February 11, 2020, the CIDA board held a public hearing and adopted CIDA Resolution No. 2020-01, approving Intel Corporation, to issue tax-exempt Industrial Development Revenue Bonds in one or more series, in an aggregate principal amount not to exceed \$600,000,000. The CIDA's actions are conditioned upon the granting of approval to the issuance of the Bonds by City Council pursuant to Section 35-721.B of the Industrial Development Financing Act.

Intel Corporation will use the proceeds towards capital expenditures for certain environmental facilities which will be used in connection with portions of semiconductor manufacturing plants. This project supports Intel's \$7 billion manufacturing expansion for

its Chandler facilities which is expected to create 3,000 new Intel jobs and more than 10,000 total long-term jobs in Arizona.

Financial Implications

The CIDA's main goal is to promote Economic Development in the City of Chandler, allowing eligible companies to receive tax-exempt financing through the issuance of industrial revenue bonds. The City and the CIDA are a conduit for the issuance of the bonds and have no responsibility or liability with regards to the repayment. The transaction and agreement are between Intel and the bond trustee, and will not constitute a debt or pledge of the faith and credit of the CIDA, the City of Chandler, or State of Arizona.

Proposed Motion: Move to approve Resolution No. 5348, approving the issuance of Industrial Development Revenue Bonds (Intel Corporation Project) of the Industrial Development Authority of the City of Chandler, Arizona, in an aggregate principal amount not to exceed \$600,000,000.

Attachments: Resolution No. 5348
CIDA Resolution No. 2020-01

c: Debra Stapleton, Assistant City Manager
Joshua H. Wright, Assistant City Manager
CIDA Board of Directors

RESOLUTION NO. 5348

A RESOLUTION OF THE CITY COUNCIL APPROVING THE ISSUANCE OF INDUSTRIAL DEVELOPMENT REVENUE BONDS (INTEL CORPORATION PROJECT) OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF CHANDLER, ARIZONA, 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 empowered under the Industrial Development Financing Act, A.R.S. §§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 "Corporation"), a Delaware corporation, has requested the Authority to issue its Industrial Development Revenue Bonds (Intel Corporation Project) in one or more series, in an aggregate principal amount not to exceed \$600,000,000 (the "Bonds") and to loan the proceeds thereof to the Corporation for financing or reimbursing capital expenditures for certain environmental facilities 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 Authority held a public hearing on February 11, 2020 on the issuance of the Bonds, after reasonable public notice, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and no comments were received in connection therewith; and

WHEREAS, on February 11, 2020 the Authority adopted a resolution (the "Authority's Resolution") authorizing the issuance of the Bonds, which resolution and the related proceedings of the Authority are conditioned upon the granting of approval to the issuance of the Bonds by this City Council pursuant to Section 35-721.B of the Act; and

WHEREAS, the Authority's Resolution has been made available to the City Council; and

WHEREAS, the Bonds will be special limited obligations of the Authority and will not constitute an obligation or debt of the City or a charge against the general credit or any taxing powers of the City, the State of Arizona or any political subdivision thereof; and

WHEREAS, it is intended that this Resolution shall constitute approval of this City Council with respect to the issuance of the Bonds pursuant to (i) Section 35-721.B of the Act and (ii) Section 147(f) of the Code.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chandler as follows:

Section 1. The issuance and sale by the Authority of the Bonds in aggregate principal amount not to exceed \$600,000,000 is hereby approved for all purposes of the Act and the Code.

Section 2. The appropriate officers of the City are hereby authorized and directed to do all such things and to execute and deliver all such documents on behalf of the City as may be necessary or desirable to effectuate the intent of this Resolution and the Authority's Resolution in connection with the issuance of the Bonds.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ____ day of February, 2020.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 5348 was duly passed and adopted by City Council of the City of Chandler, Arizona, at a regular meeting held on the ___ day of February, 2020, and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

 _____
CITY ATTORNEY

CHANDLER INDUSTRIAL DEVELOPMENT AUTHORITY 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.

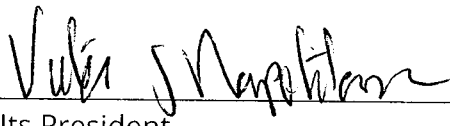
The provisions of this Resolution are hereby declared to be separable, and if any action, phrase or provision is for any reason declared to be invalid, such declaration does not affect the validity of the remainder of the sections, phrases and provisions.

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: 
Its President