



October 31, 2022

NOTICE OF EVENTS OF DEFAULT

ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY

\$212,960,000	\$6,810,000	\$31,000,000	\$32,425,000	\$575,000
ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY Economic Development Revenue Bonds, Tax-Exempt Series 2020A (Legacy Cares, Inc. Project)	ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY Economic Development Revenue Bonds, Taxable Series 2020B (Legacy Cares, Inc. Project)	ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY Economic Development Revenue Bonds, Tax-Exempt Turbo Redemption Series 2020C (Legacy Cares, Inc. Project)	ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY Economic Development Revenue Bonds, Tax-Exempt Series 2021A (Legacy Cares, Inc. Project)	ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY Economic Development Revenue Bonds, Taxable Series 2021B (Legacy Cares, Inc. Project)

<u>Series</u>	<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP*</u>
Series 2020A	2024	\$ 8,450,000	6.250%	040523 AA0
Series 2020A	2025	8,980,000	6.375%	040523 AB8
Series 2020A	2026	9,550,000	6.500%	040523 AC6
Series 2020A	2027	10,175,000	6.625%	040523 AD4
Series 2020A	2028	10,845,000	6.750%	040523 AE2
Series 2020A	2050	164,960,000	7.750%	040523 AF9
Series 2020B	2030	6,810,000	9.000%	040523 AG7
Series 2020C	2030	31,000,000	6.750%	040523 AH5
Series 2021A	2031	2,760,000	5.500%	040523 AK8
Series 2021A	2051	29,665,000	6.000%	040523 AL6
Series 2021B	2030	575,000	8.000%	040523 AM4

THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE ABOVE REFERENCED BONDS. IF YOU RECEIVE THIS NOTICE AND ARE ACTING FOR A BENEFICIAL OWNER OF THE BONDS, PLEASE SEND THIS NOTICE TO THE BENEFICIAL OWNER(S) IMMEDIATELY.

Factual Background

The Bonds. The Arizona Industrial Development Authority (the “Issuer”) previously issued the (i) Economic Development Revenue Bonds, Tax-Exempt Series 2020A (Legacy Cares, Inc. Project) (the “Series 2020A Bonds”), (ii) Economic Development Revenue Bonds, Taxable Series 2020B (Legacy Cares, Inc. Project) (the “Series 2020B Bonds,”) and (iii) Economic Development Revenue Bonds, Tax-Exempt Turbo Redemption Series 2020C (Legacy Cares, Inc. Project) (the “Series 2020C Bonds” together with the

* The CUSIP numbers are inserted for the convenience of the Holders only. No representation is made as to the correctness or accuracy of the foregoing CUSIP numbers or the CUSIP numbers printed on the Bonds.

Series 2020A Bonds and the Series 2020B Bonds, the “2020 Bonds”) pursuant to a Trust Indenture dated as of August 1, 2020 (the “2020 Indenture”).

The Bonds are special limited obligations of the Issuer, payable solely from and secured by a pledge of loan repayments under notes issued pursuant to the terms of a Loan Agreement, dated as of August 1, 2020 (the “2020 Loan Agreement”), by and between the Issuer and Legacy Cares, Inc. (the “Borrower”), and from other amounts derived from the Trust Estate, as defined herein.

The Issuer also issued the (i) Economic Development Revenue Bonds, Tax-Exempt Series 2021A (Legacy Cares, Inc. Project) (the “Series 2021A Bonds”), and (ii) Economic Development Revenue Bonds, Taxable Series 2021B (Legacy Cares, Inc. Project) (the “Series 2021B Bonds,” and together with the Tax-Exempt Series 2021A Bonds, the “2021 Bonds”) pursuant to and secured by the First Supplemental Indenture of Trust, dated as of June 1, 2021 (the “First Supplemental Indenture,” and together with the Original Indenture, the “Indenture”).

The 2021 Bonds are special limited obligations of the Issuer, payable solely from and secured by a pledge of loan repayments under notes issued under the terms of the First Amended Loan Agreement, dated as of June 1, 2021 (the “First Amendment to Loan Agreement,” and together with the Original Loan Agreement, the “Loan Agreement”), by and between the Issuer and the Borrower, and from other amounts derived from the Trust Estate.

The Project. The Borrower applied the proceeds of the sale of the 2020 Bonds to finance a portion of the cost of (i) acquiring, constructing, renovating, improving, equipping and operating a multi-sports park facility and family entertainment complex located at the intersection of State Route 24 and Ellsworth Road, in Mesa, Arizona (the “Facilities”), (ii) funding certain required reserve funds under the Indenture, (iii) paying capitalized interest, operating costs and working capital costs on the Series 2020 Bonds and (iv) paying costs of issuance of the 2020 Bonds (the “2020 Project”).

The Borrower applied the proceeds of the sale of the 2021 Bonds in order to finance and/or refinance, as applicable, a portion of the cost of (i) installing over 2.1 million square feet of synthetic turf, adding over 34,000 square feet to Buildings A and B at the location of the Legacy Sports Park, expanding on-site roadways and parking, and increasing lighting, (ii) funding any required reserve fund under the First Supplemental Indenture, (iii) paying capitalized interest, operating costs and providing working capital related to the 2021 Bonds and (iv) paying costs of issuance of the 2021 Bonds (collectively, the “2021 Project,” and together with the 2020 Project, the “Project”).

Security for the Bonds. The Bonds are payable solely from the Trust Estate, which consists of: (i) the rights, title and interests of the Issuer under the Loan Agreement, except the Issuer's Unassigned Rights; (ii) the rights, title and interests of the Issuer in the Facilities, subject to Permitted Encumbrances, except the Issuer's Unassigned Rights; (iii) the Revenues and all rights, title and interests of the Issuer in the Pledged Revenues, subject to Permitted Encumbrances, except the Issuer's Unassigned Rights; (iv) the rights, title and interests of the Issuer and the Borrower under the Leasehold Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing (Series 2020) dated as of August 1, 2020 (the “Original Leasehold Deed of Trust”), between the Borrower, as trustor, and the Trustee, as beneficiary, subject to Permitted Encumbrances, and the Promissory Bonds, as amended and restated by the First Amended Leasehold Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing dated as of June 1, 2021 (the “Amended Deed of Trust,” and together with the Original Leasehold Deed of Trust, the “Deed of Trust”), from the Borrower in favor of the Trustee by adding as obligations secured by the Amended Deed of Trust, the 2021 Bonds, and correcting the legal description, including carving out certain property from the legal description for nonqualified uses under the Internal Revenue

Code of 1986, as amended, (the “Code”); (v) all Funds created in the Indenture (other than the Cost of Issuance Fund, the Tax and Insurance Escrow Fund and the Rebate Fund); (vi) the Collateral Assignment of Contracts, Permits, Licenses and Plans, dated as of August 1, 2020 (the “Original Project Document Collateral Assignment”), between the Borrower and the Trustee, as amended by the First Amendment to Collateral Assignment of Contracts, Permits, Licenses and Plans, dated as of June 1, 2021 (the “Amended Document Collateral Assignment,” and together with the Original Project Document Collateral Assignment, the “Project Document Collateral Assignment”) (vii) the Deposit Account Control Agreement, dated April 14, 2021 (the “Replacement Deposit Account Control Agreement”), among UMB, Bank, N.A., as depository bank, Legacy Sports USA, LLC (the “Manager”), an Arizona limited liability company (as the depository bank customer), and the Trustee, and (viii) any and all other interests in real or personal property of every name and nature from time to time specifically mortgaged or pledged, as and for additional security by the Issuer under the Indenture.

Definitions

All capitalized terms used but not otherwise defined herein, shall have the same meanings as assigned to them in the Indenture.

Events of Default

Section 5.01(a) of the Loan Agreement, requires, in pertinent part, that during the term of the Loan Agreement, the Borrower shall pay, as repayment of the Loan, into the Revenue Fund on each Payment Date[†]. The Borrower failed to make all or some portion of the Loan Payments on August 1, 2022, September 1, 2022, and October 3, 2022. The Trustee, in a Notice of Defaults dated October 4, 2022, provided formal notice to the Borrower and the Issuer that the Borrower had failed to pay these Loan Payments. The Borrower subsequently failed to cure these payment defaults within the applicable cure period of three Business Days following written notice by the Trustee. As a direct consequence, Events of Default under the Loan Agreement, the Indenture and the Leasehold Deed of Trust have occurred and continue to exist. *See Section 10.01(a) of the Loan Agreement; See Section 8.01(d) of the Indenture; See Section 5.01(a) of the Leasehold Deed of Trust.*

Remedies for Events of Default

Upon the occurrence of an Event of Default, the Trustee has, among other rights at law or in equity, the following rights and remedies:

Acceleration. The Trustee (i) may by notice in writing given to the Issuer and the Borrower or (ii) shall, upon the written request of the Beneficial Owners of not less than a majority of the Bonds then Outstanding, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable.

Receivership. The Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers, with respect to the Borrower, of the rents, revenues, income, products and profits related to the Borrower and the Facilities.

Foreclosure. The Trustee shall have the right of foreclosure on all or any portion of any Facilities or any interest of the Issuer or Borrower therein with the power of sale under the Leasehold Deed of Trust and may realize upon the security interest in the Pledged Revenues and

[†] Payment Date means the monthly date on which the Borrower is scheduled to remit payments to the Trustee.

exercise all of the rights and remedies of a secured party under the Uniform Commercial Code of the State with respect thereto. Notwithstanding the foregoing, the Trustee's powers as set forth with respect to foreclosure may be impacted in the event of an exercise of the first right of purchase set forth in the Ground Lease between Pacific Proving, LLC and Borrower, dated May 20, 2020, as amended by that certain Amendment No. 1 to Ground Lease, dated July 27, 2020, and a successful purchase of all of the Bonds then Outstanding by the landlord under such ground lease.

Suit for Judgment on the Bonds. The Trustee shall be entitled to sue for and recover judgment for the enforcement of any of its rights, or the rights of the Registered Owners, but any such judgment against the Issuer shall be enforceable only against the Trust Estate.

The foregoing rights and remedies are cumulative and in addition to any other right or remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

Request for Holder Direction

The Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee (the "Directing Holders Group"), to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture. The Trustee shall not be required to act on any direction given to it by the Directing Holders Group unless it has received indemnity satisfactory to it as provided in the Indenture.

The Trustee is in the process of obtaining formal direction from the Directing Holders Group with respect to the remediation of the Events of Default of the Borrower under the Loan Agreement and the other Borrower Documents. On Wednesday, November 2, 2022, the Trustee intends to convene a telephonic meeting of a group of Registered Owners for purpose of requesting (1) the Registered Owners formally establish a Directing Holders Group, and (2) that the Trustee be provided with a written direction and indemnity instructing the Trustee to, among other things, follow the strategic direction of the Directing Holders Group, as communicated in writing from time to time.

Proposed Forbearance Agreement

During the telephonic meeting of the Directing Holders Group to be held on Wednesday, November 2, 2022, the Directing Holders Group will be requested by the Trustee to provide its consent to the negotiation and preparation of a Forbearance and Accommodation Agreement to be entered into among the Trustee, the Borrower, the Manager, and such other parties as shall be deemed appropriate or necessary by Legal Counsel to the Trustee (the "Forbearance Agreement"). The Forbearance Agreement, if consummated by the parties, is reasonably expected to contain, among other provisions, terms and conditions to the following effect:

1. a date-specific period (the "Forbearance Period"), during which, subject to the occurrence of a Termination Event (as defined below), the Trustee (as directed by the Directing Holders Group) will agree that it will not exercise certain rights or remedies available to the Trustee upon the Events of Default specified in the Forbearance Agreement as of the date of the Forbearance Agreement (the "Specified Defaults"), provided that nothing in the Forbearance Agreement shall limit, restrict or waive the Trustee's right to (i) send any notices or communications with respect to the Indenture or the Borrower Documents and/or the Bonds (including, without limitation, notices and communications with respect to (x) any default or Event of Default (including the Specified Defaults) or any other breach of any Issuer Document or Borrower Document, (y) any reservation of rights, and (z) any terms or provisions of any Issuer Document or Borrower Document, (ii) enforce the terms of the Forbearance

Agreement, including exercising any rights and remedies for specific performance or equitable relief to compel either of the Borrower or the Manager to comply with any obligations under the Forbearance Agreement (including any action to enjoin or otherwise restrain any sale or other disposition of any asset not permitted under the Forbearance Agreement or under any Issuer Document or Borrower Document), (iii) take any action or exercise any of its remedies to create or perfect the Trustee's liens and security interests or to evidence, protect and preserve its rights under the Issuer Documents or Borrower Documents, (iv) take any action, to the extent necessary, to preserve rights that may otherwise be forfeited if such action were not taken, prevent the running of any applicable statute of limitation or similar restriction on claims, or to assert a compulsory cross-claim or counterclaim against the Borrower, and/or the Manager;

2. a set of conditions precedent required to induce forbearance by the Trustee, including, without limitation, the submission by the Borrower of a reasonably detailed plan for the remediation of the Specified Events of Default;

3. a set of events or conditions under which the Forbearance Agreement shall automatically terminate (the "Termination Events"); and

4. an acknowledgement and affirmation of the tolling of any statute of limitations period with respect to the Specified Defaults or any remedies available to the Trustee or the Registered Owners.

No assurance can be given whether or not the Directing Holders Group will agree to a Forbearance Agreement or as to what terms and conditions will be acceptable to the Directing Holders Group, the Trustee or any other party necessary to execute and consummate a Forbearance Agreement.

Holders should not rely solely on the Trustee as their sole source of information. The Trustee makes no recommendations and gives no investment, tax, or legal advice herein or as to the Bonds generally. The Trustee may conclude that a specific response to particular inquiries from individual Holders is not consistent with equal and full dissemination of significant information to all Holders.

This Notice does not constitute a waiver of any rights or remedies of the Trustee or the Holders of the Bonds with respect to any terms or provisions of the Indenture or the other Transaction Documents. The Trustee expressly reserves any and all rights and remedies which it or the Holders of the Bonds may now or hereafter be entitled to exercise in connection with the Bonds or the Transaction Documents.

UMB BANK, N.A.,
as Trustee