



November 4, 2022

NOTICE OF EVENTS OF DEFAULT

ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY

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

<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.

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 Series

\* 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.

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 Borrower applied the proceeds of the sale of the 2020 Bonds to finance a portion of the cost of acquiring, constructing, renovating, improving, equipping and operating a multi-sports park facility in Mesa, Arizona (the “Facilities”), funding required reserves under the Indenture, paying capitalized interest, operating costs and working capital costs and 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 or refinance a portion of the cost of installing synthetic turf, adding to Buildings A and B at the Facilities, expanding on-site roadways and parking, and increasing lighting, funding any required reserve fund, paying capitalized interest, operating costs and providing working capital related to the 2021 Bonds and paying costs of issuance (collectively, the “2021 Project,” and together with the 2020 Project, the “Project”).

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<sup>†</sup>. 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.*

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<sup>†</sup> Payment Date means the monthly date on which the Borrower is scheduled to remit payments to the Trustee.

### **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 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.

### **Directing Holders Group**

The Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding have the right (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.

On November 2, 2022, the Trustee held a call with the Directing Holders Group. During the call, the Directing Holders Group directed the Trustee to commence negotiations for a definitive forbearance and accommodation agreement with the Borrower, the Manager, and such other parties as appropriate or necessary (the "Forbearance Agreement"). The Directing Holders Group also directed the Trustee to continue to take action and exercise remedies as necessary to evidence, protect, and preserve the rights of the Registered Holders until such time as a definitive Forbearance Agreement has been fully executed and given effect.

## Proposed 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 specific period (the “Forbearance Period”), during which, subject to the occurrence of a Termination Event (as defined below), the Trustee will forbear from exercising 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”). The Forbearance Agreement will not limit, restrict or waive the Trustee’s right to (i) send any notices or communications with respect to the Indenture or the Bonds, (ii) enforce the terms of the Forbearance Agreement, (iii) take action or exercise remedies to create or perfect liens and security interests or to evidence, protect and preserve rights under the Issuer Documents or Borrower Documents, and (iv) take any action to preserve the rights of the Trustee and the Registered Holders. The Forbearance Period is expected to extend until January 31, 2023, subject to the occurrence of an earlier Termination Event.
2. The Forbearance Agreement is expected to provide a set of conditions precedent required to induce forbearance by the Trustee, including the submission by the Borrower of a reasonably detailed plan for the remediation of the Specified Events of Default (the “Conditions Precedent”). The Conditions Precedent are expected to include modifications to the Issuer Documents and the Bond Documents relating to, among other matters, enhanced reporting.
3. The Forbearance Agreement is expected to provide a set of events or conditions which will cause the Forbearance Agreement terminate (the “Termination Events”).
4. The Forbearance Agreement is expected to acknowledge and affirm the tolling of any statute of limitations period by the Borrower and the Manager with respect to the Specified Defaults and any remedies available to the Trustee or the Registered Owners.

The Directing Holders Group has not committed to any particular terms to be included in the Forbearance Agreement or to what final 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*