



January 19, 2023

**NOTICE OF MATERIAL EVENTS AND 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>		<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 its Economic Development Revenue Bonds, Tax-Exempt Series 2020A (Legacy Cares, Inc. Project) (the “2020A Bonds”); Economic Development Revenue Bonds, Taxable Series 2020B (Legacy Cares, Inc. Project) (the “2020B Bonds”); and Economic Development Revenue Bonds, Tax-Exempt Turbo Redemption 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.

2020C (Legacy Cares, Inc. Project) (the “2020C Bonds” and together with the 2020A Bonds and the 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 below.

The Issuer also issued its Economic Development Revenue Bonds, Tax-Exempt Series 2021A (Legacy Cares, Inc. Project) (the “2021A Bonds”); and Economic Development Revenue Bonds, Taxable Series 2021B (Legacy Cares, Inc. Project) (the “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 “Facility”), 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 Facility, 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 (the “2021 Project” and, together with the 2020 Project, the “Project”).

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 Facility, 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 Leasehold Deed of Trust” and, together with the Original Leasehold Deed of Trust, the “Leasehold Deed of Trust”), from the Borrower in favor of the Trustee by adding as obligations secured by the Amended Leasehold 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.

The Borrower and the Manager entered into a Qualified Management Agreement, dated as of August 1, 2020, as amended by the First Amendment to Qualified Management Agreement, dated as of April 14, 2021, and the Second Amendment to Qualified Management Agreement, dated November 19, 2021 (the “Management Agreement”), regarding the appointment and engagement of the Manager by the Borrower as the exclusive manager of the Facility. The Manager, in turn, engaged Legacy Sports USA, LLC, to operate certain aspects of the Facility on behalf of the Manager in accordance with that certain Operating Agreement, dated as of January 2, 2022 (the “Operating Agreement”). Copies of the Management Agreement and the Operating Agreement are attached to this Notice.

The Indenture, the Loan Agreement, the Leasehold Deed of Trust, the Project Document Collateral Assignment, the Replacement Deposit Account Control Agreement, the Management Agreement and the Operating Agreement are sometimes referred to in this Notice as the “Bond Documents.” All capitalized terms used but not otherwise defined herein, shall have the same meanings as assigned to them in the Indenture.

### **Events of Default<sup>†</sup>**

The Trustee is concerned that the Borrower may have taken or omitted taking actions that, with the giving of notice and the expiration of applicable grace periods (if any), may constitute material breaches, defaults or conditions constituting Events of Default under the Indenture and the other Bond Documents. The Trustee previously provided information concerning the existence of Events of Default under the Indenture and other Bond Documents for which the Trustee has actual notice in its Notices dated October 27, 2022 and October 31, 2022. The following information is supplemental to the disclosures in the prior Notices.

*The Borrower Failed to Deposit Sufficient Pledged Revenues to Pay Debt Service Scheduled for January 1, 2023.* The Borrower is required under Section 5.01(a) of the Loan Agreement to pay sufficient Pledged Revenues into the Revenue Fund on each Payment Date<sup>‡</sup> such that the Trustee can transfer to the Bond Fund: (i) an amount equal to a fraction of the interest due on the Bonds on the next Interest Payment Date where the numerator is the amount of interest due on the Bonds on the next Interest Payment Date and

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<sup>†</sup> The Defaults identified herein are not intended to constitute, nor shall it constitute, a conclusive, exhaustive or comprehensive list of all Defaults which have occurred or may be continuing under the Borrower Documents.

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

the denominator is the number of Payment Dates that will occur during the period beginning on the last Interest Payment Date and ending on the day preceding the next Interest Payment Date, and (ii) an amount equal to a fraction of the principal due on the Bonds on the next Principal Payment Date where the numerator is the amount of principal due on the Bonds on the next Principal Payment Date and the denominator is the number of Payment Dates that will occur during the period beginning on the last Principal Payment Date and the day preceding the next Principal Payment Date; provided, however, the Borrower is entitled to a credit against such amounts owed equal to the amounts then on deposit in the Bond Fund and available for payment of such principal and interest (as adjusted for amounts then on deposit in the Bond Fund, the "Loan Payments"). The Loan Payments are structured such that, if the Pledged Revenues are sufficient, the amounts accumulating in the Bond Fund will equal the amount of interest due on the Bonds on the next Interest Payment Date plus an amount of moneys equal to principal due on the Bonds on the next Principal Payment Date.

Section 5.01(a) of the Loan Agreement, requires, in pertinent part, that during the term of the Loan Agreement, the Borrower shall pay Loan Payments into the Revenue Fund on each Payment Date. The Borrower failed to make any of the Loan Payments due under the Loan Agreement during calendar year 2022. The Borrower failed to cure these payment defaults within the applicable cure period. 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.*

On January 1, 2023, the total amount of debt service that came due on the Bonds was \$10,297,490.62, representing interest in the amount of \$10,297,490.62 and principal in the amount of \$0.00. The amount of moneys available in the Bond Fund to pay the debt service on the Bonds as of January 3, 2023 (the first Business Day following January 1, 2023) was \$2,676,474.39, and was comprised wholly of proceeds of the Bonds previously held in the Capitalized Interest Fund. The failure of the Borrower to make payments of principal of and interest on the Bonds when the same has become due are Events of Default under the Indenture. See Sections 8.01(a) and (b) of the Indenture. The Trustee is not in a position to give any assurances as to whether or not the Borrower will generate sufficient available Pledged Revenues to make debt service due on the Bonds in the future.

*Debt Service Reserve Fund.* As of the date of this Notice, the Debt Service Reserve Fund holds funds in the amount of \$22,963,590.00. The Trustee, acting on the advice of its Legal Counsel, has determined that it is in the best interest of the Registered Owners of the Bonds to forbear from disbursing funds from the Debt Service Reserve Fund to pay debt service on the Bonds in anticipation of the need to make advances from such funds to protect, preserve and realize upon the Trustee's security interest in the Trust Estate on behalf of the Registered Owners. *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 right to pursue remedies under the Indenture and the other Bond Documents, including, without limitation, acceleration, receivership, foreclosure, and suit for judgment on the Bonds. These 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**

Holders of a Majority of the aggregate principal amount of the Bonds the Outstanding (“Majority Holders”) have the right 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. A group of Registered Owners holding in excess of a majority in aggregate principal amount of the Outstanding Bonds (the “Directing Holders Group”) are providing the Trustee strategic direction in connection with the proceedings to be taken in pursuing rights and remedies under the Indenture in response to the Events of Default and certain anticipated defaults.

## **Second Supplemental Indenture**

The Original Indenture, as amended by the First Supplemental Indenture, effectively prohibited the use of proceeds of the Bonds on deposit in the Debt Service Reserve Fund and operating revenues on deposit in the Operating Reserve Fund by the Trustee (acting on behalf of the Registered Owners) to pursue remedies under the Bond Documents and otherwise protect the Trust Estate. The Issuer and the Trustee, with the written consent and direction of the Directing Holders Group, have entered into a Second Supplemental Indenture (the “Second Supplemental Indenture”) which provides, in pertinent part, that if an Event of Default shall have occurred and be continuing, so long as the Trustee has not received contrary written directions from Majority Holders, the Trustee may make advances from (i) first, the Operating Reserve Fund, until exhausted, (ii) second, the Debt Service Reserve Fund, and (iii) thereafter, any other fund other than the Rebate Fund, as the Trustee deems reasonably necessary (i) to protect, preserve or realize upon the Trust Estate, or (ii) to protect, preserve and realize upon the Trustee’s security interest in the Trust Estate, or (iii) re-commence or sustain operations at the Facility (collectively, “Default Expenditures”). *See Second Supplemental Indenture, Section 7 (Amending Section 8.02)*. The Second Supplemental Indenture also authorizes the Trustee to enter into one or more agreements with third parties, including, without limitation, Registered Owners of the Bonds or their affiliates, to finance Default Expenditures (“Default Administration Financing”), which financing shall be payable from and secured by moneys on deposit in the Debt Service Reserve Fund. The Trustee may make advances or undertake Default Administration Financing without written authorization of the Issuer or the Borrower from moneys held under the Indenture or from money recovered under the Borrower Documents, to the extent available. *See Second Supplemental Indenture, Section 7 (Amending Section 8.02)*.

The Second Supplemental Indenture also allows the Trustee to: (a) disburse moneys on deposit in the Revenue Fund in an order of priority as directed by Majority Holders as necessary and appropriate to protect the interest of the Beneficial Owners; and (b) establish such funds and accounts within funds as are required under the Indenture or as it deems necessary or appropriate to perform its obligations under the Indenture. *See Second Supplemental Indenture, Sections 5 and 8*. A copy of the Second Supplemental Indenture is attached to this Notice.

## **General Inquiries**

Any Beneficial Owner or Participant acting on behalf of a Beneficial Owner in receipt of this Notice may direct questions by telephone to the Trustee at (612) 337-7004 or by mail or email addressed to:

UMB Bank, N.A.  
Michael Slade  
120 Sixth Street South, Suite 1400  
Minneapolis, Minnesota 55402  
Email: [Michael.Slade@umb.com](mailto:Michael.Slade@umb.com)

The Trustee may conclude that a specific response to particular inquiries from individual Beneficial Owners is not consistent with equal and full dissemination of significant information to all Beneficial Owners.

**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*

ATTACHMENT

**MANAGEMENT AGREEMENT**

ATTACHMENT

**OPERATING AGREEMENT**



ATTACHMENT

**SECOND SUPPLEMENTAL INDENTURE**