

Minutes
of the
Regular Meeting of Board of Directors of
The Industrial Development Authority of the County of Maricopa
(the "Authority")

Date: July 12, 2016, 9:00 a.m.

Place: Maricopa County Administration Building
Board of Supervisors Conference Room
301 West Jefferson, 10th Floor
Phoenix, Arizona

Presiding: Victor D. Vidales

Present: Victor D. Vidales, Steven Bales, Jr., Charles P. Thompson,
Lisa A. James, Ronald L. Westad, William McAllister and
Maria Spelleri

Absent: Jeremey Stawiecki

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Kathleen Jakubowicz

Business Development
Officer: Gregg J. Ghelfi

Attorney: John J. Fries of Ryley Carlock & Applewhite

Mr. Vidales called the Regular Meeting of the Board of Directors of the Authority to order at 9:03 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON JUNE 14, 2016.

On motion made by Mr. Thompson and seconded by Mr. McAllister, the minutes of the June 14, 2016 Regular Meeting were approved as submitted.

The motion passed unanimously by a vote of (5-0).

2. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$375,000,000 OF THE AUTHORITY'S

REVENUE BONDS FOR THE BENEFIT OF PHOENIX CHILDREN'S HOSPITAL TO FINANCE AND REFINANCE THE ACQUISITION, CONSTRUCTION IMPROVEMENT, AND EQUIPPING OF A NEW HOSPITAL FACILITY TO BE LOCATED IN GILBERT, ARIZONA AND OTHER HEALTH CARE FACILITIES IN AVONDALE AND PHOENIX, ARIZONA.

Ms. Scharbach introduced Chuck James of Squire Patton Boggs, bond counsel, and Jim Champlin, VP of Finance of Phoenix Children's Hospital ("PCH"), both of whom were in attendance in support of the proposed project.

Ms. James joined the meeting at 9:15 a.m.

Mr. James reported the financing documents are in substantially final form; the TEFRA hearing will be held on July 14th, and the matter will be heard by the Board of Supervisors on July 20th. A closing is scheduled for September.

Mr. Champlin explained that a closing was originally scheduled for August; however, there has been a delay in finalizing the necessary partnership agreement(s) on the to-be-built hospital in Gilbert, Arizona.

After further discussion and upon motion made by Mr. Thompson and seconded by Mr. Westad, the following was adopted:

RESOLVED to adopt a resolution in the form presented to the meeting authorizing and approving the issuance of not to exceed \$375,000,000 The Industrial Development Authority of the County of Maricopa Hospital Housing Revenue Bonds (Phoenix Children's Hospital Project), Series 2016.

The motion passed by a vote of (6-0).

3. **DISCUSSION AND ACTION AS DETERMINED REGARDING A \$2,500,000 LOAN REQUEST FROM CHRISTIAN CARE SURPRISE, INC. FOR ITS FELLOWSHIP SQUARE-SURPRISE PROJECT TO BE LOCATED IN SURPRISE, ARIZONA.**

Ms. Spelleri joined the meeting at 9:18 a.m.

Ms. Scharbach explained that Christian Care has requested this matter be continued to the Authority's August meeting.

Mr. Westad asked for more clarity on the sources and uses of funds, cash flow, etc. in order for the Authority to do its due diligence on Christian Care's ability to repay the loan.

Ms. Scharbach reported that Gary Molenda of BDFC Advisor Services, LLC, has been retained to review the financial feasibility of the project/applicant. Christian Care has agreed to pay the fee for Mr. Molenda's services and any Authority's legal fees involved.

4. DISCUSSION AND ACTION AS DETERMINED REGARDING A REQUEST FOR A COLLABORATIVE PARTNERSHIP WITH FUTURES INC. AND PARTNERSHIP FOR ECONOMIC INNOVATION ON THE ARIZONA WORKFORCE ECOSYSTEM PROJECT.

Ms. Scharbach introduced Margery Brown and John Graham, who were in attendance on behalf of Partnership for Economic Innovation ("PEI"). Also, on the phone were Jeff Kramer, CEO of Futures, Inc., and Rolf Kleiner, an expert in workforce development and a Futures, Inc. Board Member.

Ms. Scharbach explained that the Authority has an opportunity to partner on a workforce program project with PEI and Futures, Inc.

Ms. Brown distributed a Powerpoint presentation and reviewed the same with the Board. She explained that the mission of PEI is to bring together all of the resources and activities around innovation, entrepreneurship and workforce, and then leverage those resources in a meaningful way and accelerate the progress already taking place. Initial funding for PEI has been established for the first three years, and PEI is attempting to find opportunities to work with other groups, such as the Authority on workforce development.

Ms. Brown gave some background on Futures, Inc., a company that has partnered with large private companies such as Cisco Systems and Apple, along with the United States Department of Defense, to develop innovative ways to connect job seekers and employers. The US military has touted this program as the most successful program of its kind.

Ms. Brown said PEI would like to bring this same platform to Arizona and leverage the technology and solutions that was used for veterans and bring it to the entire workforce population within Arizona, with the initial focus being in Maricopa County. The program would, however, be licensed for the entire state.

Ms. Brown said they are seeking \$5.8 million of funding from the Authority over a three-year period in order to launch and maintain the program and build up the marketing elements. The program is expected to be self-sustaining within three years.

Ms. Brown explained that with the contribution from the Authority, applications can be submitted for federal grant monies, possibly including the AGILE Institute (through the Department of Defense) and/or the WISDM Institute (through the Department of Commerce).

Mr. Ghelfi said he received very positive comments from all parties with whom he interviewed regarding their experiences in working with Futures, Inc.

There was a discussion on how to measure the success of the program, and Ms. Brown explained that whatever criteria the parties are interested in tracking to measure success can be built into the system.

It was explained that this system is not just to connect employers with potential employees, but would also connect with schools so that the talent pipeline could be trained for specific jobs.

Mr. Westad reminded the Board Members of their agreed-upon goals determined at the Authority's April 28, 2016 Planning Meeting, those goals being (a) link employers (jobs) to the vulnerable population (including disabled, veterans, persons coming out corrections, high school graduates, and 16-24 year olds who are not in school nor employed); (b) link higher paying jobs in high tech or manufacturing to the citizens of Maricopa County; and (c) investments in collaboration with other nonprofits and/or government agencies. Mr. Westad said this proposed project fits all of the Board's criteria.

After further discussion and upon motion made by Mr. Westad and seconded by Mr. Thompson, the following was adopted:

RESOLVED to approve a three year, conditional grant for the Arizona Talent Project ("Project") in an amount not to exceed \$5.8 million, with an initial funding of \$3.1 million for the first year of the Project, payable at such time and in such amounts as may be determined by the Authority's Executive Director, in accordance with the schedule, deliverables and phases set forth in the proposal submitted to the Board, and subject to: 1) the Authority's involvement with the governance of the Project acceptable to the Executive Director; 2) quarterly progress reports to the Board of meeting the goals and deliverables of the Project; and 3) an annual review of the Project by the Board.

The motion passed by a vote of (7-0).

Ms. Scharbach said she will prepare the letters on behalf of the Authority to Arizona State University and EWI acknowledging the Authority's commitment to the Futures, Inc. project which will satisfy the public support requirement for both the WISDM Institute and AGILE Institute grant applications.

5. DISCUSSION AND ACTION AS DETERMINED REGARDING THE 2012 HOME IN FIVE ADVANTAGE MORTGAGE ORIGINATION PROGRAM.

Mark O'Brien and Stacy Houston of Raymond James participated by telephone. Mr. O'Brien reported on the success of the program, and reviewed his Quarterly

Board Summary for the period ended June 30, 2016, a copy of which is attached hereto.

Mr. O'Brien stated the delinquency and foreclosure rate in the program is less than the national average.

It was reported that over \$2 billion of loans have been either closed or are in the process of closing.

Ms. Scharbach said lender compensation has now been adjusted, providing Participating Lenders an additional ½%.

6. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended June 30, 2016 and reviewed the same.

Ms. Scharbach pointed out the payment made to BusinessInsuranceNOW to obtain the errors and omissions insurance policy for the Board Members.

Mr. Westad moved to approve the payment of invoices as submitted for the period ended June 30, 2016. Mr. Bales seconded the motion.

Mmes. James and Spelleri and Messrs. Vidales, Westad, Bales and McAllister voted aye; Mr. Thompson voted nay.

The motion passed by a vote of (6-1).

7. FINANCIAL REPORT.

Ms. Scharbach distributed a copy of the draft unaudited financial statements for the period ended June 30, 2016, and reviewed the same.

8. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi updated the Board on the bond financings done in the fiscal year 2015/2016 totaling approximately \$210 million.

Mr. Ghelfi reminded the Board of Mr. Vidales' and Ms. James' past suggestions of hiring a public relations firm to assist the Authority in receiving additional exposure, and suggested, if the Board was interested in hiring a public relations firm, he would compile a list of potential firms to present to the Board, and the Board could set a marketing budget.

No consensus was made regarding hiring a public relations firm.

9. PRESIDENT'S REPORT.

Mr. Vidales reported the nominating committee met to determine the new officer slate to be recommended at the August Board meeting, and the committee agreed to recommend Mr. Vidales serve a second term as President, Ms. James as First Vice President, Mr. Bales as Second Vice President, and Mr. McAllister as Secretary/Treasurer.

10. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach reported that the Board of Supervisors plans to appoint Ron Castro to the Authority's Board for District 4 on July 20, 2016, to fill the Authority's vacant chair.

11. LEGAL COUNSEL REPORT.

Mr. Fries reported the bond financing for Mariposa Point of Mesa senior living facility will be closing on July 13, 2016.

Mr. Fries said a non-disclosure agreement has been signed with the parties relating to the Plaza de las Culturas project, allowing for due diligence to begin.

12. COMMENTS FROM BOARD MEMBERS.

There were no comments.

13. CALL TO THE PUBLIC.

No members of the public commented.

ADJOURNMENT

With no further business to come before the Authority, upon motion made and duly seconded, the Regular Meeting was adjourned at 11:35 a.m., without objection.

A handwritten signature in blue ink, appearing to read "Luis Balazs", is written over a horizontal line.