

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

Date: September 13, 2016, 9:00 a.m.

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

Presiding: Lisa A. James

Present: Lisa A. James, William McAllister, Maria Spelleri, Ronald J. Castro, Jr., Jeremy Stawiecki, Charles P. Thompson and Ronald L. Westad

Absent: Steven Bales, Jr.

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Kathleen Jakubowicz

Business Development Officer: Gregg J. Ghelfi

Attorney: William F. Wilder and John J. Fries of Ryley Carlock & Applewhite

Mr. Stawiecki called the Regular Meeting of the Board of Directors of the Authority to order at 9:12 a.m., noting the presence of a quorum.

**1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON AUGUST 16, 2016.**

On motion made by Ms. Spelleri and seconded by Mr. McAllister, the minutes of the August 16, 2016 Annual and Regular Meeting were approved as submitted.

*(Ms. James arrived at 9:13 just prior to the vote.)*

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

2. **DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$950,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF BANNER HEALTH TO ADVANCE REFUND ALL OR A PORTION OF THE OUTSTANDING ARIZONA HEALTH FACILITIES AUTHORITY REVENUE BONDS (BANNER HEALTH), SERIES 2008A AND SERIES 2008D, THE PROCEEDS OF WHICH WERE USED TO FINANCE THE ACQUISITION, CONSTRUCTION, RENOVATIONS, FURNISHING AND EQUIPPING OF HOSPITAL AND OTHER HEALTHCARE FACILITIES OWNED BY BANNER HEALTH AND LOCATED IN MARICOPA COUNTY, ARIZONA; PINAL COUNTY, ARIZONA; SUSANVILLE, CALIFORNIA AND LOVELAND, COLORADO.**

*Ms. James presided over the remainder of the meeting.*

Present at the meeting in support of the proposed project from Banner Health were David Bixby, General Counsel and Senior Vice President; Brenda Schaefer, VP/Treasurer; Dennis Dahlen, CFO; and James Staudohar, Treasury Program Director; along with Steven Donovan, Bond Counsel of Hawkins, Delafield & Wood. Messrs. Staudohar and Donovan were present by telephone.

Mr. Bixby explained that the application request is for a refunding of prior bond issued by the Arizona Health Facilities in order to take advantage of the current low interest market rates. The refunding will cover a number of Banner Health's facilities within California, Colorado, and Arizona. Mr. Bixby said Banner Health has 15 hospitals within Arizona and employs 41,250 persons in the state.

Ms. Schafer added the interest savings with the new financing will be approximately \$11 million per year for a total savings of \$243 million over a period of 22 years.

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

RESOLVED to adopt a resolution in the form presented to the meeting authorizing the issuance and sale of the Authority's Revenue Bonds (Banner Health), Series 2016A in an aggregate principal amount not to exceed \$950,000,000.

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

3. **DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$55,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF PARAGON MANAGEMENT, INC. TO FINANCE OR REFINANCE THREE (3) PARADISE SCHOOLS**

**CONSISTING OF AN ELEMENTARY SCHOOL, A MIDDLE SCHOOL AND AN HONORS HIGH SCHOOL AND OWNED BY PARAGON MANAGEMENT, INC. AND LOCATED IN SURPRISE, ARIZONA.**

Present at the meeting in support of the proposed financing were Terry Warren, the Applicant's legal counsel of Warren Charter Law, and Brigitte Finley-Green, Bond Counsel of Greenburg Traurig, LLP.

Mr. Warren explained that this bond financing request on behalf of Paragon Management, Inc. will be to refund bonds used to finance its three schools in Surprise, Arizona, two of which are on the same campus. The schools are currently serving 2,000 students and have a wait list of over 600 students. This financing will also pay off a commercial loan.

Plans are to construct a new 6,000 to 7,000 square foot middle school, along with ball fields, tennis courts, and various amenities. The middle school will be adjacent to the high school, so the amenities can be shared by the two schools. The new school will be opening in August 2017.

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

RESOLVED to adopt a resolution in the form presented to the meeting authorizing the issuance and sale of the Authority's Education Revenue Bonds (Paradise Schools Project), Series 2016 in an aggregate principal amount not to exceed \$55,000,000.

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

- 4. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION SUPERSEDING THE RESOLUTION ADOPTED ON SEPTEMBER 15, 2015, AS AMENDED BY A RESOLUTION ADOPTED ON JANUARY 12, 2016 AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$70,000,000 OF BONDS FOR THE CHRISTIAN CARE SURPRISE SENIOR LIVING FACILITY AND DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$60,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF CHRISTIAN CARE RETIREMENT APARTMENTS, INC., CHRISTIAN CARE MESA, INC. AND CHRISTIAN CARE PHOENIX, INC. TO REFUND THE AUTHORITY'S SERIES 2005A AND SERIES 2014 BONDS ISSUED FOR THE BENEFIT OF SUCH ENTITIES.**

Present in support of both of the Christian Care financings were John Norris, CEO of Christian Care, and Bryant Barber, Bond Counsel of Lewis Roca Rothgerber & Christie LLP.

**Christian Care Surprise:**

Mr. Wilder explained that in September 2015, this Board granted approval for the Christian Care Surprise project, and it was understood at that time that an additional loan would need to be made by Christian Care affiliates to assist in making the loan. The resolution adopted at that time has language that is now inconsistent with the current financing plans, and will no longer include subordinate bonds. The resolution presented today with respect to the Christian Care Surprise project is to modify the resolution previously-adopted by the Board.

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

RESOLVED to adopt a resolution in the form presented to the meeting authorizing the issuance and sale of the Authority's Senior Living Facility Revenue Bonds (Christian Care Surprise, Inc. Project), Series 2016 in an aggregate principal amount not to exceed \$70,000,000.

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

**Christian Care Retirement:**

Mr. Wilder explained that the Christian Care Retirement financing will be a refunding of the Authority's Series 2005 and 2014 bonds. The financing will consist of three projects owned by Christian Care Retirement Apartments, Inc., Christian Care Mesa, Inc. and Christian Care Assisted Living Phoenix, Inc., which are well-established facilities that produce excess cash flow. It has been proposed that the excess cash be loaned to Christian Care Surprise to assist with that bond financing.

Mr. Wilder went on to explain that the Series 2005 bonds are guaranteed by Fannie Mae, and Fannie Mae, after a 10-month negotiation period, has declined to permit the use of the excess cash on the properties to be used to assist with the financing of the Surprise project. For that reason, Christian Care would like to refund the 2005 and 2014 bonds.

Mr. Barber added that the three projects plan to loan \$12 million to the Surprise project.

After further discussion and upon motion made by Ms. Spelleri and seconded by Mr. Stawiecki, the following was adopted:

RESOLVED to adopt a resolution in the form presented to the meeting authorizing the issuance and sale of the Authority's Senior Living Facilities Revenue Refunding Bonds (Christian Care Retirement Apartments, Inc. Project), Series 2016 in an aggregate principal amount not to exceed \$60,000,000.

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

**5. STATUS REPORT BY SHELBY SCHARBACH REGARDING THE PLAZA DE LAS CULTURAS PROJECT.**

Ms. Scharbach reminded the Board of the request from Raza Development to potentially purchase of a piece of property for future development, along with the Authority and The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA").

The Authority's Board agreed to spend a maximum of \$50,000 for the due diligence process to determine whether or not the Authority would enter into a letter of intent with the parties.

That letter of intent has never been finalized because Raza Development has been unable to meet the Authority's conditions.

Additional discussions have taken place between the parties; however, no agreements have been reached. Ms. Scharbach said it was her belief that Raza Development is still actively working to develop a plan with both industrial development authorities, although there currently are no new formal requests from Raza Development.

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

Ms. Scharbach reported over 12,461 loans totaling \$2.182 billion have been either closed or are in the process of closing. The program continues to be very successful, and continues to thrive.

Ms. Scharbach reported on the HUD Office of Inspector General investigation of Nova Home Loans and said representatives of NALHFA have asked local industrial development authorities to speak with their state congressional representatives to notify them of this matter.

Ms. Scharbach said there have been conversations with Ms. LeVinus and Maricopa County's federal lobbyist, Christopher Cushing, about talking to Arizona Congressional Representatives Sinema, Schweikert and Gosar.

Ms. LeVinus said HUD's OIG has reached out to both the Housing Financial Services Committee and the House Oversight Government Reform Committee to start an investigation of what the OIG perceives as damage to the borrowers.

Preliminary information is being put together to present to the Congressional Representatives regarding the program in general, and the OIG's inaccurate conclusion of the program.

An informal conversation was had with Sinema, and she supports the program. Meetings will also be scheduled with Schweikert and Gosar.

**7. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.**

Ms. LeVinus updated the Board on the Arizona Congressional District Number 5 issues for the November 8<sup>th</sup> ballot because of the 16 vote difference between Andy Biggs and Christine Jones. Lawsuits have been filed on the issue, and the recount begins September 13<sup>th</sup>.

Ms. LeVinus said there were four incumbent legislators that lost their primary races. The one that may impact the Authority the most is Kate Brophy-McGee, who has been a very strong supporter of industrial development authorities.

Ms. LeVinus also reported on the Arizona Industrial Development Authority, and said they have appointed Board Members and have issued bonds for a multifamily housing project.

**8. REPORT BY MR. WILDER REGARDING THE AUTHORITY'S PREVIOUSLY-ESTABLISHED RECORDS RETENTION AND DESTRUCTION POLICY, AND ACTION AS DETERMINED TO CONTINUE FOLLOWING SUCH POLICY.**

Mr. Wilder explained that the Authority's Board adopted a policy for the retention of its records in 1997; however, he thought it was appropriate to review any changes in state legislation with regard to record retention.

Mr. Wilder said the Authority's current policy allows for the destruction of all documentation for a bond issue that has been paid off and has been inactive for a period of at least four years, except for the bond transcript.

There was a discussion on the possibility of electronically saving the Authority's records and the appropriate length of time to save documents in case of an IRS audit, which Mr. Wilder explained was generally four years.

Mr. Wilder said he will come back to the Board with his recommendations.

**9. PAYMENT OF INVOICES.**

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended August 31, 2016 and reviewed the same.

Mr. Westad moved to approve the payment of invoices as submitted for the period ended August 31, 2016. Ms. Spelleri seconded the motion.

Mmes. Spelleri and James and Messrs. Westad, Castro, Stawiecki and McAllister voted aye. Mr. Thompson voted nay.

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

**10. FINANCIAL REPORT.**

Ms. Scharbach distributed a copy of the draft unaudited financial statements for the period ended August 31, 2016, and reviewed the same.

Ms. Scharbach pointed out the grant to Arizona Women's Education & Employment ("AWEE") and explained that their entire grant amount of \$700,000 has now been paid to AWEE.

**11. BUSINESS DEVELOPMENT OFFICER.**

Mr. Ghelfi reported that the process in getting contracts completed with Futures, Inc. is ongoing, and Futures, Inc. representatives have begun meetings with numerous community colleges, students and businesses to try to structure the new program to fit within the needs of those persons most likely to use the program.

There was a discussion regarding the Arizona State Industrial Development Authority and its effects on other IDAs statewide.

**12. PRESIDENT'S REPORT.**

Ms. James asked whether the Authority Board would be interested in supporting an anti-marijuana stance with respect to the legislation that will be on the ballot in November.

A number of Board Members said they did not think it was relevant to the Authority's mission as this was more of a political issue.

**13. EXECUTIVE DIRECTOR'S REPORT.**

Ms. Scharbach had no report.

**14. LEGAL COUNSEL REPORT.**

Mr. Wilder reported that with respect to the 2000 Charter School Pool bond financing, all excess monies have now been returned to the remaining charter schools within the pool and all Bondholders and contractors have been paid. Mr. Wilder said The Bank of New York did an excellent job closing out the bond issue.

**15. COMMENTS FROM BOARD MEMBERS.**

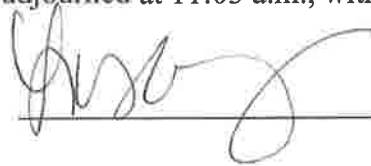
There were no comments from the Board Members.

**16. 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 11:03 a.m., without objection.



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