

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

Date: August 22, 2017, 9:15 a.m.

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

Presiding: Lisa A. James

Present: Lisa A. James, Charles P. Thompson (telephonically), Ronald L. Westad, Steven Bales, Jr., Jeremy Stawiecki, Jim Rounds and Doug Smith

Absent: Maria Spelleri and Ronald J. Castro, 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

Ms. James called the Regular Meeting of the Board of Directors of the Authority to order at 9:20 a.m., noting the presence of a quorum.

Ms. James introduced Doug Smith, the Authority's newest Board Member.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON JUNE 13, 2017.

On motion made by Mr. Stawiecki and seconded by Mr. Bales, the minutes of the June 13, 2017 Regular Meeting were approved with a correction to the vote on agenda item five, in that all Board Members present voted aye.

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

Mr. Thompson joined the meeting by telephone following the vote.

2. **DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING APPROVAL FOR A FINANCING IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$95,000,000 RELATING TO A MASTER LEASE AND SUBLEASE AGREEMENT WITH EQUIPMENT SCHEDULES AND RELATED DOCUMENTS, WHEREIN BANC OF AMERICA PUBLIC CAPITAL CORP IS THE LESSOR, THE AUTHORITY IS THE LESSEE AND SCOTTSDALE HEALTHCARE HOSPITALS AND SCOTTSDALE HEALTHCARE CORP. (EACH D/B/A HONORHEALTH) ARE THE SUB-LESSEES.**

Mr. Wilder explained that under the Arizona Industrial Development Financing Act, the Authority is authorized to enter into a Lease Agreement type of financing. Scottsdale Healthcare Hospitals and Scottsdale Healthcare Corp., each d/b/a HonorHealth, will be the Sub-Lessee of an equipment financing through Banc of America Public Capital Corp, the Lessor and the financing party. The Authority will be the Lessee in this transaction. All of the lease obligations are formed by Scottsdale Healthcare, who will own the equipment at the end of the lease. The interest component of that lease will be treated as a tax-exempt financing. A portion of each lease payment will be considered an interest payment.

Present in support of the proposed lease equipment financing were Alice Pope, CFO, and Lisa Repogle, Associate VP and Controller, both of Scottsdale Healthcare Hospitals; along with tax counsel Michelle Bax and Tyler Cobb, of Ballard Spahr LLP. Dan Lemon of Banc of America Public Capital Corp also attended by telephone.

After further discussion and upon motion made by Mr. Stawiecki 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 Master Lease and Sublease Agreement and Equipment Schedules No. 1 and No. 2, for the benefit of Scottsdale Healthcare Hospitals and Scottsdale Healthcare Corp.

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

3. **DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$550,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF BANNER HEALTH TO FINANCE A SERIES OF PROJECTS.**

Mr. Wilder explained that Banner Health is requesting the issuance of bonds in the amount of \$550,000,000, approximately \$325,000,000 of which will be used in

Maricopa County to finance and refinance the patient client and care tower at the Banner University Medical Center on East McDowell Road. The balance of the proceeds – approximately \$225,000,000 - will be used at the Banner University Medical Center in Tucson to build a patient tower.

Present in support of the proposed bond financing were Brenda Schaefer, VP and Treasurer, and David Bixby, General Counsel, both of Banner Health.

After further discussion and upon motion made by Mr. Westad and seconded by Mr. Bales, 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 \$550,000,000 The Industrial Development Authority of the County of Maricopa Revenue Bonds (Banner Health), Series 2017.

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

4. INTRODUCTION OF REPRESENTATIVES OF HERITAGE ACADEMY TO PRELIMINARILY DISCUSS BOND FINANCING PLANS. (NOT AN ACTION ITEM)

Mr. Wilder explained that Heritage Academy is a long-standing school in the city of Mesa, and now operates schools in the cities of Queen Creek and Laveen. Heritage Academy plans to submit an application and come back to the Authority on September 12th to request bond financing to purchase the buildings which currently occupy their Queen Creek and Laveen schools.

In attendance in support of the proposed financing were: Jared Taylor, Chairman and CEO of Heritage Academy; Wade Melchin, Assistance Principal on the Mesa Campus; Sharon Overall, Human Resources of Heritage Academy; and Brigitte Finley-Green of Greenberg Traurig, as Borrower's Counsel.

Jared Taylor said the Queen Creek and Laveen campuses have been in operation for approximately 3 years, and their enrollments continue to grow. This transaction would allow the school to purchase the leased buildings they are currently using, along with financing an additional building to be used for performing arts and a gymnasium.

Mr. Taylor reported the current enrollment in the schools, consisting of 7th through 12th grades, is as follows: Mesa – 702 students; Laveen – 480; and Queen Creek – 520.

Ms. Finley-Green added the Mesa school began in 1995, and was the 4th charter awarded in the state.

5. INTRODUCTION OF REPRESENTATIVES OF WESTMINSTER VILLAGE, INC. TO PRELIMINARILY DISCUSS BOND FINANCING PLANS. (NOT AN ACTION ITEM)

Mr. Wilder explained that Westminster Village is a senior living facility located in Scottsdale, Arizona, which opened in the late 1980s. Westminster Village is a licensed lifecare facility, in that it is regulated by the Arizona Department of Insurance, and owns a permit to sell and enter into lifecare contracts.

In attendance in support of the proposed financing were: Bud Hart, CEO, and Tom Winkelman, COO and CFO, both of Westminster Village, Inc.; Jim Rester of HJ Sims; and Jennifer Cosper of Squire Patton Boggs.

Mr. Wilder explained that an application has not yet been submitted to the Authority, as they are still trying to determine whether the prepayment penalty they would incur can be absorbed with the interest rate cost savings of a bond financing.

Mr. Hart provided some history on Westminster Village, and explained they are hoping to refinance approximately \$20 million of debt on the property. Mr. Hart said if they determine they will move forward with the bond financing, it will most likely take place in October/November of 2017.

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

Mark O'Brien of Raymond James was present to give a quarterly update on the status of the Home in Five Program. Mr. O'Brien reviewed the memorandum previously distributed and answered questions from Board Members. Mr. O'Brien reported that over \$2.9 billion of mortgage loans have been provided to date to over 16,000 homebuyers.

Mr. O'Brien presented to the Authority a framed copy of the 2016 Annual Report of Raymond James wherein the Home in Five Program was featured.

In response to a question from Ms. James, Ms. Scharbach explained that with a number of homebuyers within Maricopa County refinancing their homes too quickly, there have been conversations with US Bank and the other financing partners regarding implementing a forgivable second lien to preclude homebuyers from refinancing for a term of three years.

Mr. O'Brien explained that when prepayments get too high, it hurts the servicer and the investors since the servicer expects to service the loan for at least 10 years and the investors pay a premium for this type of investment. Implementation of the second lien is expected to begin on or about October 1, 2017.

7. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the months ended June 30, 2017 and July 31, 2017.

Mr. Westad moved to approve the payment of invoices as submitted for the periods ended June 30, 2017 and July 31, 2017. Mr. Bales seconded the motion.

Ms. James and Messrs. Westad, Bales, Rounds, Stawiecki and Smith voted aye. Mr. Thompson voted nay.

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

8. FINANCIAL REPORT.

Ms. Scharbach distributed copies of the unaudited financial statements for the periods ended June 30, 2017 and July 31, 2017, and reviewed the same. Copies of the unaudited financial statements are attached hereto.

9. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION DESIGNATING PERSONS TO BE AUTHORIZED SIGNERS OF AUTHORITY DOCUMENTS, AUTHORIZED SIGNERS ON AUTHORITY BANK AND INVESTMENT ACCOUNTS, DESIGNATING AUTHORIZED AUTHORITY REPRESENTATIVES TO CONDUCT PUBLIC HEARINGS AND RELATED MATTERS.

Mr. Wilder explained that the Board has periodically taken action to approve a resolution authorizing each Board Member to be a signer on documents, to be a signer on bank accounts and to be entitled to conduct public hearings, if need be. Mr. Wilder said it would, once again, be appropriate to take such action with the addition of new Board Members.

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

RESOLVED to adopt a resolution in the form presented to the meeting designating persons to be authorized signers of documents, authorized signers of bank and financial accounts and designating persons authorized to conduct public hearings on behalf of the Authority.

10. REPORT BY THE AUTHORITY'S PRESIDENT ON THE AUTHORITY'S CONDITION AS REQUIRED BY ARTICLE III, SECTION 1 OF THE AUTHORITY'S BY-LAWS.

Ms. James referred to the President's report distributed in the Board packages and reviewed the same. Ms. James summed up the report stating the Authority's

operating revenues are up; the operating expenses are down; and the net assets are in a favorable position.

11. REPORT BY NOMINATING COMMITTEE AND ELECTION OF OFFICERS.

Mr. Wilder reported that neither Ms. Spelleri nor Mr. Castro, which composed the Nominating Committee, were available to attend this meeting. They did, however, speak with each director who would potentially move up in rotation to become an officer of the Authority. Ms. Spelleri and Mr. Castro have proposed the following slate:

President	Steven Bales, Jr.
First Vice President	Jeremey Stawiecki
Second Vice President	Ronald L. Westad
Secretary/Treasurer	Maria Spelleri

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

RESOLVED to elect the proposed slate of officers to serve from the conclusion of the present meeting until their successors are elected.

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

12. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi distributed a handout listing the 2017 business transactions of the Authority, the Phoenix IDA and the State IDA, and reviewed the same.

Mr. Ghelfi reminded the Board Members that approximately 15 months ago the Authority determined their focus for distributing grants would be on workforce development. The Authority invested in the Arizona Talent Project, a software platform currently being developed, which helps job seekers find avenues for jobs and education opportunities.

Mr. Ghelfi said the Community Investment Committee (“CIC”) will be reviewing 19 grant requests which are in the current grant cycle with Arizona Community Foundation (“ACF”) on September 5th with the full Board considering the CIC’s recommendations on September 12th.

There was then a discussion on potentially charging an administrative fee to grant recipients in order to more effectively monitor the projects receiving grant funds.

13. PRESIDENT'S REPORT.

Ms. James had nothing further to report. Mr. Bales thanked Ms. James for her service during the past year.

14. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach presented Ms. James with an award for her service as president.

Ms. Scharbach congratulated Mr. Wilder for being named "Lawyer of the Year" in the 2018 edition of Best Lawyers.

15. LEGAL COUNSEL REPORT.

Mr. Wilder explained that the report for multifamily housing that is required at the Authority's annual meeting will be given at the Authority's September 12th Board meeting.

16. COMMENTS FROM BOARD MEMBERS.

There was a discussion about meeting times for future Board meetings, and a new time was set for 9:30 a.m.

17. 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 Annual and Regular Meeting was adjourned at 11:08 a.m., without objection.

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