

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

Date: October 10, 2017, 9:30 a.m.

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

Presiding: Steven Bales, Jr.

Present: Steven Bales, Jr., Jim Rounds, Doug Smith, Maria Spelleri,
Charles P. Thompson, Ronald L. Westad and Ronald J. Castro,
Jr.

Absent: Jeremey Stawiecki and Lisa A. James

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. Bales called the Regular Meeting of the Board of Directors of the Authority to order at 9:30 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON SEPTEMBER 12, 2017.

On motion made by Ms. Spelleri and seconded by Mr. Thompson, the minutes of the September 12, 2017 Regular Meeting were approved as submitted.

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 \$34,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF HERITAGE ACADEMY LAVEEN, INC.

Mr. Wilder explained that Heritage Academy is applying for bond financing in an amount not to exceed \$34,000,000 to construct and acquire two school sites – one in Laveen and one in Queen Creek. Mr. Wilder referred to the summary of the project in the Board Member packages and reported that financing documents are in substantially final form.

The following persons were in attendance in support of the proposed financing: Jared Taylor, President and CEO, and Wade Melchin, Assistant Principal at the Mesa Campus, both of Heritage Academy, and Brigitte Finley-Green of Greenberg Traurig, LLP, borrower's counsel.

After further discussion and upon motion made by Mr. Westad and seconded by Mr. Thompson, 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 \$34,000,000 The Industrial Development Authority of the County of Maricopa Charter School Revenue Bonds (Heritage Academy Projects), Series 2017.

The motion passed unanimously 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 \$24,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF GREATHEARTS ARIZONA, AN ARIZONA NONPROFIT CORPORATION.

The following persons were in attendance in support of the proposed financing: Erik Twist, External Affairs for GreatHearts Arizona, and Brigitte Finley-Green of Greenberg Traurig, LLP, bond counsel.

Ms. Finley-Green reported that this proposed project would assist GreatHearts Arizona acquire property adjacent to their preparatory school and house Archway Scottsdale, GreatHearts Arizona's elementary feeder school, and take it from a leased facility into an owned facility with a multipurpose building and athletic fields all into one campus.

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 and approving the issuance of not to exceed \$24,000,000 The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (GreatHearts Arizona Projects), Series 2017C & D.

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

4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Courtney LeVinus reported that there may be an amendment proposed to ARS Section 35-721 to remove the governing body's approval of bond financings for industrial development authorities. No specific language has been proposed to date.

5. DISCUSSION AND ACTION AS DETERMINED REGARDING A GRANT REQUEST FOR THE BENEFIT OF CHICANOS POR LA CAUSA, INC.

Ms. Spelleri noted a conflict of interest in that she is employed by Chicanos Por La Causa, Inc. ("CPLC") and stepped down from the Board and did not participate in this agenda item.

Mr. Bales reminded the Board that this grant request was considered by the Board Members at the September 12, 2017 Board meeting. Mr. Bales said he received additional information regarding the request, including the scope of the project, the direct and indirect costs and additional information on the return on investment (ROI). Mr. Bales said in light of the additional information provided, he requested the matter be revisited by the Authority's Board.

Ms. Scharbach introduced Victor Contreras of CPLC, who was in attendance in support of the grant request.

Ms. Scharbach referred to the Authority's Grant Guidelines which cap indirect costs for grants at 15%.

Mr. Contreras explained that changes to the grant request include a reduction of indirect costs to 13% and an adjustment to the budget. Also, the scope of the project was narrowed down to Maryvale+. The indirect costs do not pay anyone's salary.

Ms. Scharbach pointed out that in comparing other grant requests that were approved by the Authority at the September 12, 2017 Board meeting, the CPLC grant request would be 11% rather than 13%.

Mr. Ghelfi said it was his opinion the Authority should be involved with this project and thought there was a great collaboration with businesses in the Maryvale area, which is an area of need.

After further discussion and upon motion made by Mr. Westad and seconded by Mr. Castro, the Board agreed to approve a grant in the amount of \$827,631 to Chicanos Por La Causa, Inc. for the Maryvale Workforce Initiative.

Ms. Spelleri and Messrs. Bales, Rounds, Smith, Westad and Castro voted aye. Mr. Thompson voted nay.

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

Ms. Spelleri returned to the Board and participated in the remaining agenda items.

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

Mark O'Brien of Raymond James was in attendance and reviewed the program summary for the period ended September 30, 2017. Mr. O'Brien reported the program now has more than 16,900 mortgage loan reservations totaling over \$3 billion.

Mr. O'Brien said there are currently discussions regarding recording a second lien on each property to cover the down payment assistance amount in an attempt to slow down the prepayment speed of these loans.

Mr. O'Brien said the Home in Five program is the largest program through a local housing finance agency in the country.

There was then a discussion regarding the possibility of raising the income levels and home purchase price in the program.

Ms. Scharbach explained that Kutak Rock has been working on infringement issues for the Home in Five program and will be coming out with specific information that will be sent out to all lenders regarding what they are/are not allowed to use on their marketing materials and websites regarding the Home in Five program.

7. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended September 30, 2017.

Ms. Spelleri moved to approve the payment of invoices as submitted for the period ended September 30, 2017. Mr. Westad seconded the motion.

Ms. Spelleri and Messrs. Bales, Rounds, Smith, Westad and Castro 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 period ended September 30, 2017, and reviewed the same. Copies of the unaudited financial statements are attached hereto.

Mr. Westad requested the financials show more transparency with respect to the Authority's investment portfolio. Ms. Scharbach said this was something she has been working on and suggested the Authority's Community Investment Committee review the matter.

In response to a question from Mr. Thompson, Ms. Scharbach explained that she/staff is working on a grant inventory report that will identify what reports have been received from each grantee and which grantees have made presentations to the Board.

9. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reported bond financings in the market are somewhat quiet with very little activity in affordable housing projects; however, one or two affordable housing projects may be coming to the Authority in the near future.

Mr. Ghelfi said the Arizona Pipeline is currently running at least 6 months behind its original timeline and is now in the user testing phase. The website is expected to be up and running by the end of the year, and will primarily focus on the top 100 careers in the County within 10 difference industries. The difference between this website and other similar websites is this website will show users what education/training they would need for a particular career if they don't currently possess those skills.

10. PRESIDENT'S REPORT.

Mr. Bales reported that he and other Board Members recently attended the Greater Phoenix Chamber of Commerce Economic Outlook breakfast and the Arizona Institute for Digital Progress presentation regarding smart cities, sand boxes, and smart regions.

Mr. Bales suggested the Board hold a planning session in the early part of 2018 to discuss grant funding for larger projects rather than all the small grants the Authority has been funding.

Mr. Bales again requested Board Members invite their respective Supervisor to a Board meeting to give them time to speak to the Authority's Board.

Mr. Bales requested the Authority's CIC members come up with a policy/guidelines for sponsorships.

11. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach had no report.

12. LEGAL COUNSEL REPORT.

Mr. Wilder reported the Banner Health bond financing is scheduled to close on October 18, 2017.

Mr. Wilder then gave some background information on the formation of industrial development authorities in Arizona through the Industrial Development Financing Act, and explained that the approval of the Authority's bond financings are one of the few responsibilities given to the Maricopa County Board of Supervisors with respect to the Authority.

Ms. Scharbach said the Supervisors like to see what projects are being financed through the Authority and which projects are being financed within their districts.

13. COMMENTS FROM BOARD MEMBERS.

There were no comments from Board Members.

14. 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 10:51 a.m., without objection.

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