

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

Date: February 13, 2018, 9:30 a.m.

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

Presiding: Steven Bales, Jr.

Present: Steven Bales, Jr., Doug Smith, Rebecca Burnham, Ronald L. Westad, Ronald J. Castro, Jr., Lisa A. James and Jeremey Stawiecki

Absent: Maria Spelleri and Jim Rounds

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. Bales called the Regular Meeting of the Board of Directors of the Authority to order at 9:31 a.m., noting the presence of a quorum.

**1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON JANUARY 9, 2018.**

On motion made by Mr. Stawiecki and seconded by Mr. Westad, the minutes of the January 9, 2018 Regular Meeting were approved as submitted.

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

**2. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$12,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF MORRISON EDUCATION GROUP, INC. FOR THE SUN VALLEY CHARTER SCHOOL PROJECT.**

Ms. Burnham recused herself from this request, noting a partner in the law firm where she is employed is involved in this bond financing. Ms. Burnham did not participate in the discussion nor did she vote on this matter.

Mr. Fries explained this request for bond financing is to construct a new charter school campus at West Baseline and South 27<sup>th</sup> Avenue in Phoenix, Arizona, for the benefit of Morrison Education Group, Inc.

Present in support of the proposed project were Dr. James Davis, Director of Operations for Sun Valley Charter School, which is operated by Morrison Education Group, Inc., the Applicant; Terry Warren of Warren Charter Law, Applicant's counsel; and Brigitte Finley Green of Greenberg Traurig, LLP, bond counsel.

*Ms. James arrived at 9:38 a.m.*

Mr. Warren said Sun Valley Charter School was opened in South Phoenix in 2009 with approximately 115 students. The school has grown to over 300 students, with 250 on a wait list; however, the school doesn't have the physical space to accept those students.

The school currently operates from a 22,000 renovated shopping center site on 35<sup>th</sup> Avenue and Southern. The Applicant hopes to purchase a 6-acre site on 27<sup>th</sup> Avenue and Baseline to construct a 40,000 sq. ft. campus that could hold 550-600 students.

There was then a discussion regarding the negotiations the Applicant has been faced with for the buyout of their remaining lease of the shopping center site. Mr. Warren explained negotiations have been ongoing for a number of months with the landlord; however, the landlord has been unwilling to offer a reasonable buyout.

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 issuance of not to exceed \$12,000,000 The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (Sun Valley Charter School Project), Series 2018.

**The motion passed by a vote of (5-1).**

**Mmes. James and Messrs. Bales, Stawiecki, Westad and Smith voted aye. Mr. Castro voted nay. Ms. Burnham had recused herself and did not vote.**

**3. STATUS REPORT FROM REPRESENTATIVES OF TALLWAVE. (NOT AN ACTION ITEM.)**

Ms. Scharbach introduced Jeff Pruitt, David Holthe and Nathan Mortensen, who were present to update the Board on the Tallwave project.

Ms. Scharbach reminded the Board that the Authority committed \$1,000,000 for the Tallwave Venture Capital Fund.

Mr. Pruitt presented a slide show and explained that the Tallwave Venture Capital Fund has been active in Arizona over the past two years, with the majority of the funds being allotted to Arizona companies. Of the Authority's \$1,000,000 commitment, \$631,000 has been called and the Authority has received a \$60,000 return.

Arizona does not have a robust venture capital, which is the investment into companies at the early stages of the startup's life, so Tallwave holds a "meet up" each year to bring investors from other states to meet with some of the more promising companies in Arizona. Each time a meet up is held, more funds have been brought into the state for investments.

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

Courtney LeVinus and Jake Hinman were present at the meeting.

Mr. Hinman reported that of the 11,000 bills have been introduced into this legislative session, there does not seem to be any bills that have a direct impact on the Authority. HB 2065, which amends the State's open meeting law requirements, would, however, have an indirect impact on the Authority. The bill prohibits people from sending electronic communications to a quorum of the public body and prohibits anyone within that quorum from exchanging electronic communications with one another. The penalty for knowingly violating the open meeting law would be raised from \$500 to \$2,500 for any subsequent violation.

Mr. Hinman said they are also watching HB 2568, which creates a state tax credit for any project receiving a low income housing tax credit so the tax credit can be applied against the insurance premium tax.

Ms. LeVinus said the Phoenix IDA is still looking at the provisions in Title 35 that require governing board and Attorney General approvals on tax-exempt bond financings, and they may once again submit legislation next year for the elimination of those approvals.

Supervisor Clint Hickman was present and thanked the Board Members for their contribution of serving on the Authority's Board.

**5. 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 December 31, 2017.

Mr. O'Brien reported on the changes that were made to the program beginning January 2, 2018, including: (a) increase of qualifying income, (b) increase of purchase price of home, and (c) imposing a 2<sup>nd</sup> mortgage on the property for the down payment assistance ("DPA") rather than a "grant."

Mr. O'Brien said the origination of mortgage loans through the program has been slowing down, and some of the potential reasons for the slowdown may include: (a) rising home prices, (b) rising mortgage rates, (c) increasing spread between market rates and Home in Five rates, (d) imposing a 2<sup>nd</sup> mortgage on the property for the DPA, (e) competition with the State IDA on conventional loans, and (f) the season.

**6. PAYMENT OF INVOICES.**

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended January 31, 2018.

Mr. Castro moved to approve the payment of invoices as submitted for the period ended January 31, 2018. Mr. Smith seconded the motion.

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

**7. FINANCIAL REPORT.**

Ms. Scharbach distributed copies of the unaudited financial statements for the period ended January 31, 2018, and reviewed the same. Copies of the unaudited financial statements are attached hereto.

Ms. Scharbach pointed out that the Authority's total operating revenues are down by over \$500,000 because of the slowdown in the Home in Five Program.

**8. BUSINESS DEVELOPMENT OFFICER.**

Mr. Ghelfi reminded Board Members of upcoming events, including:

- CPLC check presentation for Maryvale Workforce Initiative to be held on February 14, 2018 in Glendale;

- ULI Trend's Day on Friday, February 23, 2018; and
- Pipeline AZ soft launch scheduled for March 6, 2018.

There was then a discussion as to whether Board Members would be willing to issue bonds for a financing outside of the State of Arizona.

**9. PRESIDENT'S REPORT.**

Mr. Bales reminded the Board Members of the upcoming Planning Meeting to be held on Tuesday, February 20, 2018.

**10. EXECUTIVE DIRECTOR'S REPORT.**

Ms. Scharbach noted that representatives of Pipeline AZ and Phoenix Chamber of Commerce will be available for presentations at the Authority's February 20<sup>th</sup> Planning Meeting, along with Board Member Jim Rounds, who will be giving an economic forecast update.

Ms. Scharbach reported that Mr. Bales was just honored as "Arizona FFA Agriculturist of the Year."

**11. LEGAL COUNSEL REPORT.**

Mr. Fries reported that Marc Community Resources may be coming back to the Authority in the near future for a refunding of an outstanding bond issue.

**12. COMMENTS FROM BOARD MEMBERS.**

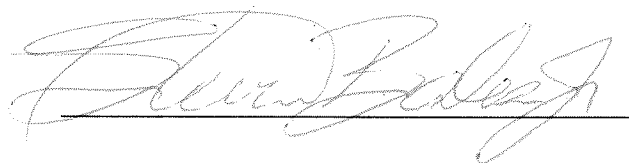
There were no comments from Board Members.

**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 11:25 a.m., without objection.



A handwritten signature in black ink, appearing to read "Steven Bedez", is written over a horizontal line.