

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 13, 2019, 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: Jeremey Stawiecki

Present: Jeremey Stawiecki, Ronald J. Castro, Jr., Rebecca Burnham  
(telephonically), Steven Bales, Jr., Lisa A. James, Maria  
Spelleri, Ron Westad, Jim Rounds (telephonically), and  
Andrew M. Cohn

Absent: None

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Kathleen Jakubowicz

Business Development  
Officer: Gregg Ghelfi

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

Mr. Stawiecki called the Annual and 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 JULY 16, 2019.**

On motion made by Mr. Westad and seconded by Mr. Bales, the minutes of the July 16, 2019 Regular Meeting were approved with a correction as to the time Ms. Spelleri left the meeting.

**The motion passed unanimously by a vote of (8-0).**

2. **DISCUSSION AND ACTION AS DETERMINED REGARDING (A) THE ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$28,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF MORRISON EDUCATION GROUP, INC., AND (B) ADOPTION OF A RESOLUTION APPROVING THE FIRST SUPPLEMENTAL INDENTURE OF TRUST RELATING TO THE AUTHORITY'S EDUCATION REVENUE BONDS (SUN VALLEY CHARTER SCHOOL PROJECT), SERIES 2018.**

Mr. Fries explained that the Board had approved a 2018 bond financing for the benefit of the Morrison Education Group (the "Applicant") for their Phoenix school. The Applicant is now seeking to expand into Avondale and is seeking \$28,000,000 of bond funds, which will include a refunding of the 2018 Phoenix school bond issue.

Mr. Fries said the Board is also being asked to amend the 2018 indenture to allow for an optional redemption, with the consent of the bondholder representative.

Mr. Fries introduced Terry Warren of Warren Charter Law, PLC, and Brigitte Finley Green and Julie Arvo MacKenzie, Bond Counsel of Engelman Berger, PC.

***Mr. Castro joined the meeting at 9:37.***

Mr. Warren explained that the Applicant currently operates one campus on 27<sup>th</sup> Avenue and Baseline in Phoenix, Arizona, and have been serving students in Arizona for about 10 years. Projections for the school were 550 students, but the campus is now up to 639 students, with a wait list. Because of the demand, the Applicant has now decided to look at a second campus. The new 58,000 square foot building will be located west on the southwest corner of Avondale and McDowell Road, and will serve approximately 900 students. Plans are to start with 500 students and grow to capacity over the next three years.

After further discussion and upon motion made by Mr. Westad and seconded by Ms. Spelleri, 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 \$28,000,000 The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (Sun Valley Academy Projects), Series 2019.

**The motion passed unanimously by a vote of (9-0).**

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 execution and delivery of a First Supplemental Indenture of Trust related to The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (Sun Valley Charter School Project), Series 2018.

**3. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$15,500,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF PARAGON MANAGEMENT, INC.**

Mr. Fries explained the Authority financed bonds for the benefit of Paragon Management, Inc. (the "Applicant") for their original financing in 2016 in the amount of \$45,530,000. The Applicant is now seeking an additional \$15,500,000 for expansion of the 2016 project. Currently, there is an elementary, middle and high school in Surprise, Arizona. With the additional funds, the Applicant plans to acquire 9.5 acres to build a 14,000 square foot auditorium mixed use building to share with the high school and middle school, along with building 12 new classrooms for the high school.

The project will receive the backing of the Arizona Public school credit enhancement, which should also help them to attain a AA- rating from Standard & Poor's.

Mr. Fries introduced Terry Warren of Warren Charter Law, PLC, Dan Bigler, Finance Director of the Applicant, and Brigitte Finley Green and Julie Arvo MacKenzie, Bond Counsel of Engelman Berger, PC.

Mr. Bigler explained that the charter school began in 1997 as a K-8 charter school and has grown tremendously in the Surprise area. The high school was added in 2011, along with a middle school and additional high school campus in 2016-2017. Those expansions allowed the Applicant to add approximately 650-700 students. All three schools are located in Surprise – the elementary campus is south of Bell Road on Reems, and the middle school and high school are on 175<sup>th</sup> Avenue and Sweetwater.

Mr. Bigler said there is normally at least 500 students on their wait list after the start of each school year. The schools have all been rated A by the State in the past several years, and they are in good standing with the Arizona State Board for Charter Schools and the Arizona Department of Education.

Mr. Bigler added they have established a strong athletic and sports program, but would like to add theater and music options and expand career technical education programs. Mr. Bigler said the current student population is at 2,700 students, and this expansion will allow the campus to have access to an additional side road to help ease the traffic in that area.

After further discussion and upon motion made by Mr. Bales and seconded by Ms. Spelleri, 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 \$15,500,000 The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (Paradise Schools Projects), Series 2019.

**The motion passed unanimously by a vote of (9-0).**

**4. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF HIGHLAND PREP.**

Mr. Fries said Highland Prep (the "Applicant") currently operates grades 9-10, and they are looking to add an additional grade each year. The bond proceeds will be used to purchase the Applicant's existing leased location at 15600 West Hearn Road in Surprise, Arizona. The Applicant will also seek support from the Arizona Public School Enhancement Board. The bonds will be offered publicly, with an anticipated rating of AA- from Standard & Poors.

Mr. Fries introduced Terry Warren of Warren Charter Law, PLC, Dr. Kerry Clark, Executive Director of the Applicant, along with Brigitte Finley Green and Julie Arvo MacKenzie, Bond Counsel of Engelman Berger, PC.

Dr. Clark said he has been an educator since 1996, and started his career educating alternative students that were not successful in other environments. Through the love of educating these students, it led him to create two STEM college prep schools that are high minority and high poverty. Last year at Madison Highland Prep (which is the first school that started in 2014) the Applicant had their third graduating class. All of their seniors graduated and were accepted into a four year college or university. Highland Prep in Surprise is on that same trajectory, and will have their first senior class next year. Highland Prep in Surprise is currently paying for a lease, and they expect purchasing the campus will be more economical in the long term. Square footage of the existing building is approximately 36,000 square feet and is located on 9 acres.

After further discussion and upon motion made by Ms. Spelleri 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 \$13,000,000 The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (Highland Prep Project), Series 2019.

**The motion passed unanimously by a vote of (8-0).**

**Mr. Cohn abstained from voting due to the perception of a potential conflict relating to the developer on the project.**

**5. STATUS REPORT AND PRESENTATION BY DENISE RESNIK OF FIRST PLACE AZ.**

Denise Resnik of First Place AZ was in attendance to present to the Board an update on the First Place AZ project. A copy of Ms. Reznik's PowerPoint presentation is attached to these minutes.

Ms. Reznik explained that this project came about because of her son's autistic diagnosis, and explained that there are 50,000 – 60,000 children each year transitioning into adulthood across the country with disabilities.

First Place AZ has a mix of uses – Transition Academy, Supportive Housing, and Global Leader Institute.

Ms. Reznik explained that First Place AZ offers a two-year transition academy where the students learn how to live independently by living independently with a lot of support from their partners at SAARC. All of the students have either an internship or a volunteer job, and 94% of the students upon graduation have full or part-time employment.

**6. REPORTS BY MULTIFAMILY HOUSING COMPLIANCE REVIEW ADVISORS, AND DISCUSSION AND ACTION AS DETERMINED REGARDING COMPLIANCE WITH LAND USE RESTRICTION AGREEMENTS OR REGULATORY AGREEMENTS ENCUMBERING OUTSTANDING MULTIFAMILY HOUSING PROJECTS FINANCED BY THE AUTHORITY.**

Mr. Wilder reminded the Board that project users for multifamily housing projects are required to engage a third party to perform an annual review of their multifamily projects, at the expense of the project owner, and to report to the full Board each August.

Julie Guffey of JAG Compliance and Consulting was available to report on the Authority's multifamily housing projects, and explained that each property is in compliance with the requirements of their regulatory agreements.

Ms. Guffey reported that many of the properties have a one to three year waiting list.

**7. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ESTABLISHMENT OF A PREDEVELOPMENT LOAN PROGRAM.**

Mr. Fries discussed the highlights of the proposed predevelopment loan program, including:

- a. Loans would only be made to those who submit an application for bond financing.
- b. Maximum loan amount for each financing would be \$250,000.
- c. Maximum amount of funds set aside for the program would be \$1,000,000 – if loan was repaid, those fund would be added back into the program funds.
- d. Loans would be an average of 90 to 120 days, depending upon the length of the bond process.
- e. The only expenses that would qualify for a loan would be costs that could be financed through the issuance of bonds.
- f. If the bond financing closes, the loan would be repaid upon closing.
- g. If the bond financing does not close within a reasonable amount of time, the loan would convert to a 3-year term loan, with equal monthly payments.
- h. Suggested interest rate would be tied to the expected bond interest rate. If the loan converted to a 3-year term loan, the interest rate would increase an additional 3%.
- i. There would be some type of collateral for the loan, which might include a State intercept letter, a guaranty or support from a related entity, or possibly have an unsecured loan for that period, only becoming secured if it converted to a three-year term.
- j. A highly-confident letter would be required from the banker or underwriter to give the Authority some assurance that the bond issue is likely to close.

Mr. Fries then reviewed a memo he had prepared regarding comments and questions received from Board Members regarding the structure of the predevelopment loan program.

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

RESOLVED to create a predevelopment loan program with the following terms:

- a. Maximum aggregate program amount: \$1.5 million
- b. Cap on each individual loan: \$250,000
- c. Interest rate: Bridge loan rate would be the anticipated rate on the bond financing. If loan is not paid at bond closing, the loan would change to a 3-yr fixed loan bearing interest at Wall Street Journal Prime Rate plus 3%,

with the ability to periodically readjust the rate upward if the Wall Street Journal Prime Rate rises.

- d. The Authority's Executive Director would be authorized to approve a predevelopment loan, without further Board approval.

**The motion passed unanimously by a vote of (9-0).**

**8. 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 reminded the Board that this resolution would authorize each Board Member and the Executive Director to be an authorized signor for Authority documents, such as bond closing documents, and the Authority's bank and financial accounts, along with authorizing legal counsel to conduct public hearings.

After further discussion and upon motion made by Ms. Spelleri and seconded by Mr. Westad, 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.

**The motion passed unanimously by a vote of (9-0).**

**9. DISCUSSION AND ACTION AS DETERMINED REGARDING THE 2019 HOME IN FIVE ADVANTAGE MORTGAGE ORIGINATION PROGRAM.**

Ms. Scharbach referred to the documents included in the Board packages, and pointed out that the Authority's income from the program since the transition to Lakeview are still rather low, but loan numbers having been steadily rising.

**10. FINANCIAL REPORT.**

Ms. Scharbach referred to the unaudited financial statements for the period ended July 31, 2019, a copy of which is attached hereto. Ms. Scharbach reviewed the financial statements and responded to questions.

*Mr. Cohn left the meeting at 11:07 a.m.*

**11. PAYMENT OF INVOICES.**

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended July 31, 2019, and said there were no invoices out of the ordinary.

Mr. Castro moved to approve the payment of invoices as submitted for the period ended July 31, 2019. Mr. Bales seconded the motion.

**The motion passed unanimously by a vote of (8-0).**

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

Mr. Stawiecki referred to the President's Annual Report and reported the Authority is in great shape financially.

**13. REPORT BY BECKY BURNHAM REGARDING NOMINATION OF OFFICERS AND ELECTION OF OFFICERS.**

Ms. Burnham reported she spoke to each Board Member who would be in rotation to move up into a new officer position, and each of the Board Members agreed to the move, if elected.

Ms. Burnham moved, and Ms. James seconded, to elect the following slate of officers to serve from the conclusion of the present meeting until their successors are elected:

President	Ronald L. Westad
First Vice President	Maria Spelleri
Second Vice President	Ronald J. Castro, Jr.
Secretary/Treasurer	Jim Rounds

**The motion passed unanimously by a vote of (8-0).**

**14. BUSINESS DEVELOPMENT OFFICER.**

Mr. Ghelfi reported that Stifel, Nicolaus & Company has purchased a portion of George K Baum, and everyone currently working for George K. Baum on the Home in Five program will be transitioned over to Stifel.

**15. PRESIDENT'S REPORT.**

Mr. Stawiecki thanked the Board for their support over the past year.

**16. EXECUTIVE DIRECTOR'S REPORT.**



Ms. Scharbach announced plans are underway for the Authority's annual strategic planning session for the first half of October 2019.

**17. LEGAL COUNSEL REPORT.**

Mr. Wilder had no report.

**18. COMMENTS FROM BOARD MEMBERS.**

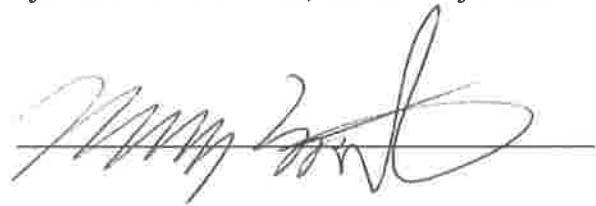
Mr. Bales thanked Mr. Stawiecki for his term as President.

**19. 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 11:14 a.m., without objection.

A handwritten signature in black ink, appearing to be "M. Bales", written over a horizontal line.