

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

Date: December 10, 2019, 9:30 a.m.

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

Presiding: Ronald L. Westad

Present: Ronald L. Westad, Rebecca Burnham (telephonically), Maria Spelleri, Andrew M. Cohn (telephonically), Jeremy Stawiecki, Steve Bales, Lisa A. James and Ronald J. Castro, Jr.

Absent: Jim Rounds

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. Westad 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 NOVEMBER 12, 2019.

On motion made by Mr. Castro and seconded by Mr. Stawiecki, the minutes of the November 12, 2019 Regular Meeting were approved as submitted.

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

2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE OF NOT TO EXCEED \$12,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF GATEWAY ACADEMY, INC. FOR ITS GATEWAY ACADEMY PROJECT.

Present, in support of the proposed project, were the following persons: Dr. Thomas Bloom, Chief Operating Officer, and O. Robin Sweet, Chief Executive Officer, both of Gateway Academy, Inc.; Brigitte Finley Green, bond counsel of Engelman Berger, PC; and Sam Coppersmith, Gateway Academy, Inc.'s legal counsel of Coppersmith Brockelman PLC.

Dr. Bloom explained that the proposed project is to purchase the property currently being leased by Gateway Academy since 2015, consisting of approximately 8.5 acres, an adaptive playground with equipment, furniture/fixtures and equipment, a two-story classroom building and a building serving as the gymnasium.

Dr. Bloom reported the first school that he and Ms. Sweet opened was approximately 20 years ago in California out of the need to fill proper educational and intellectual needs for their autistic son.

(Ms. Spelleri joined the meeting at 9:38.)

Ms. Sweet said that after they moved to Arizona, Gateway Academy was opened in 2005 with 38 students, and is now serving 110 students. The private day school consists of grades 3 through 12, and is the only day school in the State of Arizona specializing in twice exceptional students, which are students diagnosed with Asperger's syndrome and are academically very bright.

Dr. Bloom explained that while the school can hold 455 students, Gateway Academy will max out at approximately 144 students, with over 90% of those students receiving empowerment scholarship awards.

After further discussion and upon motion made by Mr. Castro and seconded by Mr. Stawiecki, 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 (Gateway Academy Projects), Series 2019.

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

3. DISCUSSION AND ACTION AS DETERMINED CONSENTING TO THE TRANSFER OF OWNERSHIP AND AMENDMENT OF THE REGULATORY

AGREEMENT RELATING TO THE AUTHORITY'S MULTIFAMILY HOUSING REVENUE BONDS (DESERT EAGLE ESTATES PROJECT), SERIES 2003.

(Mr. Bales joined the meeting at 9:47.)

Mr. Wilder explained that the Regulatory Agreement encumbering the Desert Eagle Estates project requires the project owners, among other things, to seek the approval of the Authority in order to sell the property.

Mr. Wilder explained that the original owner of the property was Desert Eagle Estates, L.P.; however, in 2017, the project was sold to ReNUE Desert Eagle, LLC. The bonds were paid in full at the time of the sale in 2017. The Regulatory Agreement remains in place until the end of the Qualified Project Period, which is December 7, 2021. The proposed purchaser, Desert Eagle Phoenix LLC, would assume the obligations set forth in the Regulatory Agreement for its remaining term.

Mr. Wilder said he has been provided with and has approved a form of the assumption agreement and an opinion of bond counsel, opining the transaction will not impair the tax-exempt status of the bonds.

Mr. Wilder said he would recommend the adoption of the resolution presented, approving the sale of the property to Desert Eagle Phoenix LLC and the assumption of the existing Regulatory Agreement.

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

RESOLVED to adopt a resolution in the form presented to the meeting consenting to the transfer of the Desert Eagle Estates project to Desert Eagle Phoenix LLC, a Delaware limited liability company, and authorizing and approving the form of an Assignment and Assumption Agreement in form and substance acceptable to legal counsel to the Authority.

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

4. REPORT FROM CLIFTONLARSONALLEN OF THE AUTHORITY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019.

Jean Dietrich of CliftonLarsonAllen was in attendance to present the Authority's June 30, 2019 audited Financial Statements.

Ms. Dietrich reported that CliftonLarsonAllen is issuing a clean, unmodified opinion on the Authority's financial statements. Also, they are issuing a report on the internal control over financial reporting, and did not identify any irregular or fraudulent

transactions or any deficiencies in the internal control or material weaknesses that could have a misrepresentation on the financial statements.

Ms. Dietrich said the Authority has a very healthy net position, even after a decrease in the Home in Five revenue and grant investments throughout the year.

There were no changes to the Authority's accounting policies during the year.

Ms. Dietrich said they did not identify any issues, deficiencies or fraudulent transactions during the audit.

5. LEGISLATION REPORT, DISCUSSION AND ACTION AS DETERMINED.

Jake Hinman reported the new Legislative session will begin the second Monday in January, or January 13, 2020.

As of December 9th, there have been 75 bills posted; however, nothing that would significantly affect the Authority.

Because of the 2020 elections, Legislators are focused on the budget at the beginning of the session, rather than the end of session. It is estimated there should be a surplus in the budget of anywhere from \$700,000 to \$1,000,000,000, and it is anticipated a great deal of the surplus may go to education. Affordable housing may also be a priority.

6. PRESENTATION AND UPDATE FROM REPRESENTATIVES OF YEAR UP, INC. REGARDING THE YEAR UP ARIZONA STRATEGIC GROWTH PROGRAM.

Kim Owens, Executive Director of YearUp Arizona, thanked the Board for their contribution to a successful program.

Ms. Owens presented a slide show, and explained that in 2015, they launched this program with 35 students. With the assistance of the Authority in 2016 and 2017, the program has grown to 904 students served. Ms. Owens said there are many jobs available; however, not enough skilled young adults to fill those jobs. The YearUp program equips the young people with the relevant skills needed to get those jobs.

The program consists of a 12-month model with three phases: Phase One (6 months) - Learning and Development; Phase Two (6 months) - Corporate Internship; and Phase Three – Career & Higher Education (Ongoing).

The Learning & Development curriculum focuses on Information Technology, Financial Operations, Sales & Customer Support, Business Operations and Software Development.

Ms. Owens reported that the average wage for graduates of the program is approximately \$36,000 per year.

Ms. Owens' complete slide show presentation is attached hereto.

Pedro Huerta, an alumnus of the program, was in attendance and gave his background and success story from his participation in the program.

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

Ms. Scharbach referred to the items distributed in the Board Member packages, and pointed out that there were 198 loans closed in November 2019. Ms. Scharbach reported the fee income on the program continues to rise, and partners in the program continue to research ways in which to be more successful and competitive.

8. FINANCIAL REPORT.

Ms. Scharbach referred to the unaudited financial statements for the period ended November 30, 2019. Copies of those statements are attached hereto.

Ms. Scharbach reviewed the November 30, 2019 unaudited financial statements, and pointed out that fee income has improved since 2018, with the increased income from the Home in Five Program.

9. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended November 30, 2019.

Mr. Stawiecki moved to approve the payment of invoices as submitted for the period ended November 30, 2019. Mr. Castro seconded the motion.

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

10. DISCUSSION AND ACTION AS DETERMINED REGARDING APPROVING THE AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT WITH MARICOPA COUNTY REGARDING ENGAGEMENT OF EXECUTIVE DIRECTOR.

Ms. Scharbach reported that she will be retiring as the Chief Financial Officer of Maricopa County on January 10, 2020; however, would like to continue serving as the Authority's Executive Director. In order to do so, it will be necessary to revise the Intergovernmental Agreement ("IGA") currently in place between Maricopa County and the Authority noting she will continue on as a contract employee of the

County. The Maricopa County Board of Supervisors is expected to approve the proposed IGA at their formal meeting on Wednesday, December 11, 2019.

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

RESOLVED to authorize and approve The Third Amended and Restated Intergovernmental Agreement between Maricopa County and the Authority, in substantially the form presented to the Authority Directors, relating to Shelby Scharbach continuing to serve as the Executive Director of the Authority as a contract employee of the County.

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

11. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reported that FNMA and FreddieMac will be lowering the area gross medium income, which will affect the number of persons being able to qualify for a conventional loan in the Home in Five Program. Although the number of persons who qualify for conventional loans may go down because of this change, hopefully, they will still be able to qualify for an FHA loan.

Mr. Ghelfi also reported that the Pipeline AZ project is still moving forward, and representatives of Pipeline AZ will be available to update the Board at the January or February Board meeting.

12. PRESIDENT'S REPORT.

Mr. Westad said Pipeline AZ is making a concerted effort to connect with perspective employers to help them realize Pipeline AZ can be a relevant resource to identify and locate talent. They also continue to connect with local colleges in an effort to include those individuals seeking work into the Pipeline AZ system.

Mr. Westad said one of the most significant objections raised by potential employers is that most employers are not looking for unemployed people as much as they would like the talented employed persons. So the issue might be how to get those persons not looking for work to see Pipeline AZ as a relevant resource.

Mr. Westad also reminded the Board Members of the upcoming I Am Home Breakfast sponsored by the Human Services Campus scheduled for Friday, December 13, 2019.

Mr. Westad said, as reported by Mr. Rounds at a previous Board meeting, there may be some opportunities to work with GPEC on projects not yet identified.

13. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach thanked the Board for their support with the change in her employment status as Maricopa County's CFO to working only as the Executive Director of the Authority.

14. LEGAL COUNSEL REPORT.

Mr. Fries reported on the recent Legacy Traditional Schools bond closing. He also said Gateway Academy is expected to close on December 23, 2019. Creighton University and Arizona Autism Charter School both are scheduled to close in January 2020.

Mr. Wilder reported that Marc Community Resources, Inc. should be submitting a letter application for a new financing in the very near future.

15. COMMENTS FROM BOARD MEMBERS.

There were no comments from 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 10:51 a.m., without objection.

A handwritten signature in black ink, appearing to be "James Hest", is written over a horizontal line.