

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

Date: October 12, 2021, 9:30 a.m.

Place: GoToMeeting - virtually

Presiding: Rebecca Burnham

Present: Ronald J. Castro, Jr., Rebecca Burnham, Steve Bales, Jeremy Stawiecki and Ronald L. Westad

Absent: Maria Spelleri, Andrew M. Cohn, Lisa A. James and 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

Guests: Rob Howatt, Terry Warren, Julie Arvo MacKenzie, Steve Davis, Amy Schwabenlender, Courtney LeVinus and Jake Hinman

In the absence of Mr. Rounds, Ms. Burnham 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 ANNUAL AND REGULAR MEETING OF THE BOARD HELD ON SEPTEMBER 14, 2021.

On motion made by Mr. Castro and seconded by Mr. Stawiecki, the minutes of the September 14, 2021 Regular Meeting were approved as written.

The motion passed unanimously by a vote of (5-0).

2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$85,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF LEGACY TRADITIONAL SCHOOLS.

The following persons were in attendance, virtually, in support of the proposed financing for the benefit of Legacy Traditional Schools (the "Applicant"): Rob Howatt, CFO of the Applicant, Terry Warren of Warren Charter Law, PLC, Applicant's Legal Counsel, and Julie Arvo MacKenzie of Engelman Berger, PC, Bond Counsel.

Mr. Fries reminded the Board that on August 10, 2021, the Board approved a bond financing for the Applicant in the amount of \$75 million. Since that time, the Applicant has requested an additional \$10 million to assist with the expansion of their Casa Grande Campus. Mr. Fries said, if approved, the Applicant plans to close in December 2021.

Mr. Howatt added the Casa Grande Campus currently has a wait list of 220 students, and there is high demand for quality education in that area.

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 \$85,000,000 The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (Legacy Traditional Schools), Series 2021.

The motion passed unanimously by a vote of (5-0).

3. PRESENTATION BY REPRESENTATIVES OF HUMAN SERVICES CAMPUS REGARDING THE MIKE MCQUAID LEGACY FUND, AND ACTION AS DETERMINED.

The following persons were present in support of the request for funding for the Mike McQuaid Legacy Fund: Steve Davis, Development Director, and Amy Schwabenlender, Executive Director, both of Human Services Campus (the "Campus" or "HSC").

Ms. Schwabenlender reminded the Board that Mike McQuaid, who passed away in July 2020 due to Covid-19, was instrumental in founding the Campus, and dedicated his life to ending homelessness in Maricopa County.

Fundraising for the Legacy Fund will be (a) a way to honor Mr. McQuaid's dedication to the Campus, and (b) help to achieve Mr. McQuaid's long-term vision of ending homelessness in Maricopa County.

Ms. Schwabenlender then reminded the Board of the Authority's past grant investments to help fund various projects within the Campus, including:

2004 - \$2 million – Construction of the Campus

2015 - \$1 million – Rapid Rehousing - Men's Overflow Shelter

2017 - \$ 500,000 – Brian Garcia Welcome Center

Ms. Schwabenlender noted homelessness in Maricopa County has grown by 25% each year over the past five years.

Mr. Davis then explained that Mike McQuaid's vision included: (a) additional shelter beds. HSC has received the zoning permits to increase the allowable shelter beds from 425 to 700, which is still about 100 beds short of their request. (b) Outreach services to the hardest to serve; (c) Regional Strategy – develop coordinated access points around the County so the homeless population does not have to come into the downtown area for services; and (d) Client Services Improvement.

Mr. Davis explained that their hope is that no one will be sleeping on the streets by 2023. Currently, up to 500 people are sleeping on the streets on a daily basis. HSC also plans to address the neighborhood concerns.

Mr. Davis said there are also plans to renovate existing structures on the Campus and repurpose spaces so their 16 partners are able to more efficiently serve more clients.

Ms. Schwabenlender noted 40% of HSC clients self-report mental health issues as a barrier to their housing instability. 30% have chronic health conditions, and 20% to 25% have a documented disability.

Ms. Schwabenlender said the goal for funding the Legacy Fund is \$25 million, and, to date, HSC has received funds/pledges of \$11,475,000. The remaining funds needed for this project is \$13,525,000. The current request of the Authority is to consider funding \$4.5 million for capital expenditures.

Ms. Schwabenlender explained that this fundraising effort is not to cover their annual operating budget.

Ms. Burnham asked if the expansion of the Campus would increase their overall operating budget. Ms. Schwabenlender said she would expect there would be some increases to things such as utilities, security, etc.; however, she did not think the costs would be substantial. In fact, the improvements should cause better outcomes with their clients, and thus may help them to be able to raise additional funds for operating expenses.

In response to a question from Ms. Burnham regarding their confidence in raising enough funds for their projects, Mr. Davis said HSC has a number of organizations that have acknowledged an interest in the project, including the Virginia G. Piper Charitable Trust, which has been a long-time supporter of HSC.

Ms. Schwabenlender, in response to a request from Mr. Westad to discuss their successes, reported HSC currently serves 12,000 individuals in a year. HSC has an approximate 85% success rate with reuniting about 10% of those individuals with family or friends who assist those homeless individuals so they do not end up in another homeless situation.

Another success is the 22 access points HSC has obtained by partnering with the Maricopa County Human Services Department, as it helps to serve the homeless in the area in which they live, rather than requiring them to go to downtown Phoenix. During the last year, approximately 40% of the individuals served never even came to the Campus, but were seen at one of the other access points.

Mr. Westad said because this is such a worthwhile cause and it is in line with the Authority's mission of improving the quality of life in Maricopa County, he thought the Authority may want to consider contributing up to 75% of HSC's remaining project balance.

It was noted 75% of the remaining balance would be approximately an additional \$3 million – for a total of \$7.5 million.

Mr. Stawiecki said he agreed with Mr. Westad, and would be interested in increasing the grant amount as discussed – potentially granting the \$4.5 million for the capital projects and any additional amount could possibly be used as match funding to try to help HSC with other pledges.

Mr. Westad made a motion to grant up to \$7.5 million to the Human Services Campus Mike McQuaid Legacy Fund in a structure to be mutually agreed upon between the Authority's Executive Director and Human Services Campus representatives. The motion was seconded by Mr. Stawiecki.

Mr. Castro then suggested the Board Members only vote on the amount originally requested by HSC in the amount of \$4.5 million because only five members of the Board were in attendance at the meeting. He suggested the matter for any additional funds be brought back to the Board when more Board Members were available to consider any amounts above the original ask.

Mr. Westad then amended his motion, which was seconded by Mr. Stawiecki, to the following:

RESOLVED to approve the grant funding request for the Human Services Campus Mike McQuaid Legacy Fund for \$4,500,000, with an additional \$3 million to be considered at the next Board meeting when more Board Members are available. The structure of the grant to be mutually agreed upon between the Authority's Executive Director and Human Services Campus.

Ms. Burnham and Messrs. Castro, Stawiecki and Westad voted aye. Mr. Bales vote nay. The motion passed by a vote of (4-1).

4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Mr. Hinman reported the State has seen a significant sales tax growth (16%), and is projecting a surplus of approximately one billion dollars. The service-based sectors continue to exceed projected revenues, and are exceeding pre-pandemic tax collection. The State is up about 23% in restaurant and bar tax collections, 34% in the amusement industry, and 29% in the lodging industry. The only sector that is lagging somewhat is construction sales tax.

Mr. Hinman then reviewed issues being faced by the State with respect to budget reconciliation bills.

5. FINANCIAL REPORT.

Ms. Scharbach referred to the unaudited financial statements for the period ended September 30, 2021; a copy of which is attached hereto.

Ms. Scharbach mentioned the recent grant to Pipeline AZ is not yet reflected in the unrestricted funds on the financial statement. Approval of the Funding Agreement for Pipeline AZ will be brought back to the Board in December and the grant funds will be reflected on the statements at that time.

Ms. Scharbach explained that the Authority should be receiving approximately \$80,000 in the very near future as a return on the Authority's investment with Tallwave.

Ms. Scharbach assured the Board that, although the Human Services Campus and Pipeline AZ grants may take away some of the Authority's reserves, the Authority should still remain very healthy from an operating reserve standpoint.

6. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended September 30, 2021.

Mr. Westad moved to approve payment of invoices as submitted for the period ended September 30, 2021. Mr. Stawiecki seconded the motion.

The motion passed unanimously by a vote of (5-0).

7. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reminded the Board Members of the Greater Phoenix Chamber 2022 Economic Outlook breakfast to be held on Thursday, October 14, 2021.

Mr. Ghelfi reported that although the Home in Five income has increased lately, it is mainly due to homebuyers in the program refinancing their homes because market interest rates have declined.

Mr. Ghelfi then gave a brief report on some of the Authority's recent grantees, including: Arouet Financial Opportunity Center, Jewish Family and Child Services, A New Leaf, St. Joseph the Worker, St. Mary's, Local First, Career Connectors, Native American Fatherhood and Families Association, Friendly House, Arizona Friends of Foster Children, Arizona Autism Charter School, and Arizona State University's Healthy Urban Environment Initiative.

8. **PRESIDENT'S REPORT.**

Ms. Burnham had no report.

9. **EXECUTIVE DIRECTOR'S REPORT.**

Ms. Scharbach thanked the Board for their generosity to Human Services Campus, and said she thought the investment will be very impactful.

10. **LEGAL COUNSEL REPORT.**

There was no legal counsel report.

11. **COMMENTS FROM BOARD MEMBERS.**

There were no comments from the Board Members.

12. **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 10:46 a.m., without objection.


