

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

Date: June 14, 2016, 9:00 a.m.

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

Presiding: Victor D. Vidales

Present: Victor D. Vidales, Steven Bales, Jr. (telephonically), Charles P. Thompson (telephonically), Lisa A. James, Ronald L. Westad, Jeremy Stawiecki, and William McAllister

Absent: Maria Spelleri

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. Vidales called the Regular Meeting of the Board of Directors of the Authority to order at 9:04 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON APRIL 12, 2016, AND THE SPECIAL MEETING OF THE BOARD HELD ON MAY 19, 2016.

On motion made by Mr. Westad and seconded by Mr. McAllister, the minutes of the April 12, 2016 Regular Meeting and the May 19, 2016 Special Meeting were approved as submitted.

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

4. INTRODUCTION OF REPRESENTATIVES OF PHOENIX CHILDREN'S HOSPITAL AND PRELIMINARY DISCUSSIONS REGARDING PLANS FOR SECURING THE ISSUANCE OF BONDS THROUGH THE AUTHORITY TO FINANCE OR REIMBURSE THE COSTS OF CAPITAL IMPROVEMENTS TO PHOENIX CHILDREN'S HOSPITAL FACILITIES. (NOT AN ACTION ITEM)

The following people were in attendance to report on a potential bond financing for the Phoenix Children's Hospital ("PCH"), including bond counsel and applicant's counsel, Chuck James of Squire Patton Boggs, Craig McKnight, CFO of PCH, and Jim Champlin, VP of Finance of PCH.

Mr. James reported it is anticipated a completed application will be submitted to the Authority within the next week for consideration at the Authority's July 12, 2016 meeting and the Board of Supervisors' July 20, 2016 meeting. A closing is expected for mid-August.

Mr. McKnight said they expect the bond financing amount to be in the \$300 million range with the majority of those funds being used to construct a new children's hospital in Gilbert, Arizona, which will be a full-service children's hospital with operating rooms, emergency department, care units and a level 3 neonatal intensive care unit. If possible, PCH would also like to use a portion of the financing for the trauma center located at the main PCH hospital on Thomas Road.

Ms. James joined the meeting at 9:10 a.m.

2. PRESENTATION BY REPRESENTATIVES OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA ("PIDA") AND THE CITY OF PHOENIX REGARDING THE PROPOSED PURCHASE FROM RAZA COMMUNITY VENTURES, LLC OF APPROXIMATELY 80.12 ACRES OF LAND LOCATED IN THE CITY OF PHOENIX, FOR FUTURE DEVELOPMENT; A REQUEST THAT THE AUTHORITY JOIN WITH PIDA IN THE PURCHASE OF SUCH REAL PROPERTY; AND ACTION AS DETERMINED.

Mr. Vidales stepped down from the Board and did not participate in this agenda item because of a conflict of interest regarding the sale of this property.

Ms. James acted as President for this agenda item.

Ms. Scharbach explained that the Authority has had a request from The Industrial Development Authority of the City of Phoenix, Arizona ("PIDA") to jointly purchase approximately 80 acres of land for future development.

Ms. Scharbach introduced Juan Salgado, Executive Director of PIDA, and representatives of the City of Phoenix - Director of Community and Economic Development Christine Mackay and Assistant City Manager Paul Blue.

Ms. Mackay gave a presentation of the development phases for the proposed project (Plaza de las Culturas) to be built on the subject property south of the Salt River between Central and 7th Avenues in Phoenix, Arizona. The proposed development will include institutional, medical, office, residential, creative office space, and educational uses, among other things.

Mr. Blue added that the Phoenix City Council has authorized the funding for the light rail to be extended into the south Phoenix area, which will also drive development in that area. The City anticipates investing in some degree in the offsite public infrastructure, streets, water, sewer, low voltage utility docks, etc. to help drive development in this 80 acre project.

Mr. Blue said the City's plan is to have public ownership for the shortest period possible, so the purpose of the Maricopa IDA, PIDA, and the City coming together is to provide the time needed to bring the site into production and allow the property owner closer.

Mr. Salgado said in order to make this investment work for PIDA, PIDA will need to find a way to exit the project within a period of seven years.

Tommy Espinoza, President and CEO of Raza Community Ventures, LLC ("Raza"), explained that Raza currently has the property under contract with the seller CEMEX, USA.

Raza has done their environmental and geotechnical studies on the property, and feels very comfortable it is a clean site. Raza has also put two wells on the site to make sure the water is clean. Raza has set aside \$2 million for estimated remediation costs, which it hopes to recoup with the sale of the property to other developers, and added that Raza does not plan to develop the property themselves.

Mr. Espinoza said the IDAs' participation will help Raza hold the property during the remediation phase. Once remediation is done, the City will feel comfortable in going forward with the infrastructure and then developers will step up. A 1,200 student high school has already signed on to move onto the site; Raza plans to move its offices onto the site and a number of health facilities are also looking at the site.

Mr. Salgado explained that they are currently seeking \$50,000 from each IDA as fully-refundable earnest money, and an additional amount of not to exceed \$50,000 from each IDA for due diligence expenses that would not be recouped.

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

RESOLVED to authorize the Executive Director of the Authority to take such steps, incur such costs and enter into such agreements as appears appropriate, on terms acceptable to the Executive Director, with respect to the proposed joint acquisition, together with the Industrial Development Authority of Phoenix ("PIDA"), of approximately 80 acres of land located South of the Salt River between Central and 7th Avenues in Phoenix, Arizona ("Property") for the potential mixed-use development project known as "Plaza de Las Culturas" ("Project"), including:

- a) To enter into a non-disclosure agreement with Raza Community Ventures, LLC ("Raza") to acquire additional information;
- b) To enter into a non-binding letter of interest or letter of intent ("LOI");
- c) To enter into a Purchase and Sale Agreement ("PSA"), provided that the PSA contain: (1) a due diligence period during which the Authority may terminate the PSA for any reason; (2) that the PSA will be fully and automatically terminated within the due diligence period unless the Authority Board grants further approval to proceed with the PSA at a duly called subsequent meeting of the Authority Board; and (3) that any earnest money deposit be fully refundable to the Authority if the PSA is terminated;
- d) To enter into any agreement with PIDA regarding the sharing of the due diligence costs;
- e) To negotiate the potential structure of any joint ownership and control of the Property and its development with PIDA, Raza, the City of Phoenix or others for presentation to, consideration of and approval by the Authority;
- f) To engage counsel to assist in the evaluation of the Property and the Project;
- g) To spend up to \$50,000 in fees and costs, including attorneys' fees, engineering fees, feasibility studies and other due diligence costs in connection with the Property or the Project that the Executive Director deems advisable and appropriate;
- h) To deposit up to \$50,000 as a fully refundable earnest money deposit;
- i) To terminate the LOI or PSA at any time if, in the exercise of the Executive Director's sole discretion, it appears that the acquisition of the Property does not appear to be in the best interests of the Authority; and

- j) To gather additional information on the Property and the Project to provide to the Authority Board, including identifying the potential risks and the potential return of any investment by the Authority and to make such reports and recommendations to the Authority Board regarding the Property or the Project as appear appropriate after developing additional information.

The motion passed by a vote of (4-2). Ms. James and Messrs. Westad, McAllister and Stawiecki voted aye. Messrs. Thompson and Bales voted nay.

Mr. Bales left the meeting at 9:58 a.m.

3. STATUS REPORT AND UPDATE REGARDING AUTHORITY LOAN TO DESERT MISSION RENEWAL, AND ACTION, IF ANY, AS DETERMINED.

Mr. Vidales rejoined the Board.

Ms. Scharbach explained that the \$248,000 loan with Desert Mission Neighborhood Renewal is due and payable on September 30, 2016, and reminded the Board that interest on the loan began at 3% but was later reduced to 1%. Desert Mission has been making their interest payments on the loan.

Ms. Scharbach introduced Sue Sadecki, Executive Director of Desert Mission and Community Services.

Ms. Sadecki explained that they are in the process of hiring a Community and Economic Development Director, who will be focused on the Phoenix-Sunnyslope area, and plans are to move forward with the redevelop of the area.

Ms. Sadecki said Desert Mission does plan to pay off the loan by the maturity date.

Ms. Scharbach asked Ms. Sadecki to come back to the Board to report on the development plans once finalized.

5. CONSIDERATION AND ACTION AS DETERMINED REGARDING ADOPTION OF AN AMENDMENT TO THE RESOLUTION APPROVED ON MARCH 16, 2016, AUTHORIZING THE ISSUANCE AND SALE OF SUBORDINATE SENIOR LIVING FACILITIES REVENUE REFUNDING BONDS (CHRISTIAN CARE RETIREMENT APARTMENTS, INC. PROJECT) TAXABLE SERIES 2016A AND SUBORDINATE SENIOR LIVING FACILITIES REVENUE BONDS (CHRISTIAN CARE RETIREMENT APARTMENTS, INC. PROJECT) TAX EXEMPT SERIES 2016B, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000.

This matter was withdrawn.

6. REPORT REGARDING STATUS OF THE AUTHORITY'S EDUCATION REVENUE BONDS (ARIZONA CHARTER SCHOOLS POOL I), SERIES 2000A, AND DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION AUTHORIZING AND APPROVING A SECOND SUPPLEMENTAL INDENTURE.

Mr. Wilder reminded the Board that the Arizona Charter School Pool financing was undertaken in 2000 with seven schools. Three of those schools (Omega, Westwind Academy and Arizona Montessori Charter School) have defaulted on their loans, surrendered their charters and closed their doors. The remaining four schools have, over time, refinanced their obligations and left the pool, forfeiting their monies in the Credit Reserve Fund and Liquid Reserve Fund.

On June 1, 2016, the last school in the pool was sold, and the final bondholders were paid in full.

The Trustee estimates approximately \$600,000 remains in the two funds, which are to be divided among the schools not in default. The Trustee would like a supplement to the Indenture clearly stating that the three schools that surrendered their charters and no longer exist are not included in the distribution of funds.

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

RESOLVED to adopt the Resolution presented to the meeting authorizing a Second Supplemental Indenture to be dated as of July 1, 2016, relating to the Authority's Education Revenue Bonds (Arizona Charter Schools Project I), Series 2000A and Series 2000B.

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

7. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Ms. LeVinus distributed a copy of the 2016 End of Session Report, and updated the Board on HB2666. She said the biggest changes made to the bill were to keep the current allocations in statute as opposed to the original proposal to remove them from the statutes. The existing allocations were also amended by increasing the Director's Discretionary Fund from 10% to 30%, increasing qualified rental housing from 10% to 15%, and moving the expiration of allocations from June 30th to March 31st.

Ms. LeVinus then gave a brief overview of other matters in the 2016 Legislative Session.

8. DISCUSSION AND ACTION AS DETERMINED REGARDING CONTRACTING WITH JACOBSEN & WACHTERHAUSER TO PROVIDE ACCOUNTING SERVICES.

Ms. Scharbach explained that the Jacobsen & Wachterhauser agreement for accounting services expires at the end of June 2016, and recommended the Board consider renewing the contract for another year.

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

RESOLVED to continue the engagement of the firm of Jacobsen & Wachterhauser PLC to serve as the accountants for the Authority on the terms set forth in the form of engagement letter presented to the Board, which letter an authorized officer of the Authority is authorized to execute.

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

9. DISCUSSION AND ACTION AS DETERMINED REGARDING INSURANCE FOR THE AUTHORITY.

Mr. Wilder referred to the memorandum previously distributed to the Board Members. He explained that he has attempted to find another carrier to provide the Authority with public officials liability insurance; however, has been unable to find another company to consider insuring the Authority. There are currently applications pending with both AIG and Travelers through Insureon.

Mr. Wilder said the Board might want to consider finding an insurance broker to assist in finding another carrier, along with an endorsement for automobile coverage for the Board Members when traveling for Authority business.

Ms. Scharbach said she will work with the County's Risk Management Group and reach out to representatives of the Pima and City of Phoenix industrial development authorities to find out what carriers they use.

10. REPORT FROM THE COMMUNITY INVESTMENT COMMITTEE ("CIC"), AND DISCUSSION AND ACTION AS DETERMINED.

Mr. McAllister explained that the CIC members met on June 7th to discuss the applications received for the second grant cycle through Arizona Community Foundation ("ACF"). There were nine grant requests, and the Committee agreed to refer three of those grant requests on to the full Board for consideration. The three requests being recommended are: (a) First Place Arizona, (b) Local First Arizona Foundation, and (c) Year Up, Inc.

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

RESOLVED to approve grants by the Authority to the entities named and in the amounts set forth below, as recommended to the Board by its Community Investment Committee.

First Place AZ	\$335,000
Local First Arizona Foundation	\$144,000
Year Up Inc.	\$300,000

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

11. DISCUSSION AND ACTION AS DETERMINED AS A FOLLOW-UP TO THE BOARD'S PLANNING SESSION HELD ON APRIL 28, 2016.

Mr. Vidales referred to the one-page plan prepared by Richard Hoag, regarding the Board's strategic planning session discussions, and said he would like to set up a committee in order to move forward with that plan.

Mr. Vidales appointed a committee of himself, Messrs. Thompson and Westad.

12. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi referred to the Authority's revised Fee Schedule in accordance with discussions had at its Planning Session, implementing a 6-month waiver of administrative fees for new money bond issues that are approved by December 31, 2016.

Mr. Ghelfi explained that the annual 2016 Greater Phoenix Chamber of Commerce's Economic Outlook Breakfast, in which the Authority participated in 2015, is being held on October 11, 2016, which is the time and date of the Authority's regular meeting. If the Board is interested in once again participating in the breakfast, there will need to be a change in the Authority's regular meeting.

13. DISCUSSION AND ACTION AS DETERMINED REGARDING APPOINTMENT OF A NOMINATING COMMITTEE TO NOMINATE PERSONS TO BE ELECTED AT THE AUGUST 2016 BOARD MEETING TO SERVE AS OFFICERS OF THE AUTHORITY FOR THE COMING YEAR.

Mr. Vidales appointed a nominating committee consisting of himself, Ms. James and Mr. Bales.

Ms. James left the meeting at 10:37 a.m.

14. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the months ended April 30, 2016 and May 31, 2016, and reviewed the same.

Mr. Vidales moved to approve the payment of invoices as submitted for the periods ended April 30, 2016 and May 31, 2016. Mr. McAllister seconded the motion.

Messrs. Vidales, Westad, Stawiecki, and McAllister voted aye; Mr. Thompson voted nay.

The motion passed by a vote of (4-1).

15. FINANCIAL REPORT.

Ms. Scharbach distributed the unaudited financial statements for the period ended May 31, 2016, and briefly reviewed the same.

16. PRESIDENT'S REPORT.

Mr. Vidales had nothing to report.

17. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach reported on the Home in Five program, and said there are approximately 11,000 loans that have either closed or in the process of closing totaling approximately \$2 billion of mortgage loans. Raymond James has agreed to an adjustment of their fees allowing for an increase of compensation to the Participating Lenders.

18. LEGAL COUNSEL REPORT.

Mr. Wilder reported that the Reid Traditional Schools financing closed at the end of May and Mariposa Point of Mesa is expected to close the middle of July. Mr. Wilder also reminded the Board that the Phoenix Children's Hospital plans to request final approval from the Board in July.

19. COMMENTS FROM BOARD MEMBERS.

There were no comments.

20. 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 10:48 a.m., without objection.

A handwritten signature in dark ink, consisting of a stylized 'K' followed by a horizontal line and a flourish, positioned above a solid horizontal line.