

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

Date: April 13, 2021, 9:30 a.m.

Place: GoToMeeting - virtually

Presiding: Ronald J. Castro, Jr.

Present: Ronald L. Westad, Andrew M. Cohn, Lisa A. James, Ronald J. Castro, Jr., Steve Bales, Rebecca Burnham, Jim Rounds and Jeremey Stawiecki

Absent: Maria Spelleri

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: Courtney LeVinus, Terry Warren, Scott Kies, Scott Rolfs, Brigitte Finley Green, Julie Arvo MacKenzie, Larry McCormley and Terry McNellis

In the absence of the Authority’s president, Ms. Spelleri, Mr. Castro chaired the meeting. Mr. Castro called the Regular Meeting of the Board of Directors of the Authority to order at 9:32 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON MARCH 9, 2021.

On motion made by Ms. Burnham and seconded by Mr. Bales, the minutes of the March 9, 2021 Regular Meeting were approved as written.

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

2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$19,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF HIGHLAND PREP.

Ms. James joined the meeting at 9:33 a.m.

The following persons were in attendance, virtually, in support of the proposed bond issuance for the benefit of Highland Prep (the "Applicant"): Scott Kies, Treasurer of Highland Prep; Scott Rolfs of Ziegler; Terry Warren of Warren Charter Law and Brigitte Finley Green and Julie Arvo MacKenzie of Engelman & Berger.

Mr. Fries reminded the Board that the Authority approved a bond issue for Highland Prep in 2019 for approximately \$10 million to finance a campus in Surprise, Arizona. The Applicant's current request of \$19 million is to finance an expansion of their school on a 10-acre parcel in Avondale, Arizona, which expects to handle up to 500 students once fully completed. The new campus will be located at the southeast corner of West Van Buren Street and North Fairway Drive in Avondale, Arizona. The bond issue will also be used to add 15,000 square feet to the Applicant's existing charter school located at 15600 West Hearn Road, Surprise, Arizona.

Mr. Fries explained if this request is approved by the Authority's Board, the bond financing is expected to close in June 2021, with the school opening slated for August 2022.

Scott Kies added that the addition to the Surprise campus will allow the Applicant to serve an additional 100 students.

After further discussion and upon motion made by Ms. Burnham 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 \$19,000,000 The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (Highland Prep Projects), Series 2021.

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

3. DISCUSSION AND ACTION AS DETERMINED REGARDING A REQUEST TO APPROVE THE FIRST AMENDMENT TO THE AMENDED AND RESTATED TAX REGULATORY AGREEMENT FOR THE BENEFIT OF IMMANUEL CAMPUS OF CARE.

The following persons were in attendance, virtually, in support of the Immanuel Campus of Care project: Larry McCormley and Terry McNellis.

Mr. Wilder explained that in the late 1990s, the Authority issued bonds for a senior living facility in Sun City for the benefit of Immanuel Campus of Care. That project was encumbered by a Tax Regulatory Agreement to comply with the restrictions of the Internal Revenue Code. Those bonds were since refunded in 2006.

Immanuel is now planning to obtain an FHA-insured mortgage loan, which will be insured by HUD. HUD will record a Tax Regulatory Agreement against the property, and is requesting the Authority subordinate its Tax Regulatory Agreement to HUD's agreement.

Mr. Wilder said he reviewed the proposed First Amendment to the Amended and Restated Tax Regulatory Agreement, and has found the document to be satisfactory. Mr. Wilder recommended the Board consider the adoption of the proposed resolution.

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

RESOLVED to authorize and approve the execution of a First Amendment to Amended and Restated Tax Regulatory Agreement (the "HUD Regulatory Agreement") in the form presented to the Board, with only such changes as approved by the representative of the Authority Board executing such, acting with the advice of Authority legal counsel and to authorize the delivery of the executed HUD Regulatory Agreement at such time as the FHA mortgage loan to Immanuel 1, LLC ("Immanuel") is funded, the Authority is in receipt of an approving Bond Counsel opinion and Immanuel has paid in full all Authority Administrative Fees, as agreed upon.

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

Mr. Westad left the meeting at 9:47 a.m.

4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Ms. LeVinus was in attendance to report on the current legislative session.

Ms. LeVinus reported that Arizona has approximately a billion dollars in the rainy day fund, but also has a billion dollars in revenue surplus. So even during COVID, Arizona's revenues have come in very strong. Because of the abundance of monies, there are more disagreements as to where those monies should be spent – education, tax cuts, etc. Proposals have been submitted to reduce all tax brackets over the next three years, along with reducing commercial tax assessments from 18% to 17% over the next two years.

Ms. LeVinus also reported the COVID liability bill passed, which will become effective 90 days after the Legislature adjourns.

The legalization of sports betting bill also passed, which is expected to bring an estimated \$100 million into the State's general fund each year.

5. FINANCIAL REPORT.

Ms. Scharbach referred to the unaudited financial statements for the period ended March 31, 2021; a copy of which is attached hereto. Ms. Scharbach reviewed the financial statements, and reminded the Board of the Authority's investments being held by Arizona Community Foundation ("ACF"). Ms. Scharbach explained that the Authority's funds at ACF have been doing well as the market increases, because of their investment in small cap and mid cap stocks.

Ms. Scharbach thanked Ms. Jakubowicz for her diligence in collecting the Authority's accounts receivables, which reflects in the \$0 balance for the month.

Ms. Scharbach then explained that she is in the process of moving funds out of the Authority's CDAR accounts with Pacific Premiere and Alliance Bank and transferring those funds into Bank of America. She noted the CDAR accounts are burdensome, not invested in local banks and interest rates on those accounts are extremely low.

Ms. Scharbach noted that from June 2013 to the present, the Authority has awarded approximately \$34 million of grant funds to area nonprofits.

6. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended March 31, 2021.

Ms. Burnham moved to approve the payment of invoices as submitted for the period ended March 31, 2021. Mr. Bales seconded the motion.

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

7. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reported on the Home in Five program, and explained interest rates have been stabilizing and inventory of homes throughout the County are very low.

Mr. Ghelfi reminded the Board Members of the upcoming 2021 Arizona Trends Day virtual event being sponsored, in part, by the Authority from April 20 to 22nd.

Mr. Ghelfi reported on a tour he recently took at the Arizona Autism Charter School, which received both a grant and bond financing through the Authority. He said he was very impressed with the school and the work they are doing with children with autism. He also explained that the school works with ASU and Creighton University

to gain more awareness of the behaviors of autistic students. Mr. Ghelfi said a tour can be arranged for any Board Member interested in touring the facilities.

8. PRESIDENT'S REPORT.

Mr. Castro questioned when the Board might start meeting in person again. Ms. Scharbach explained that she would hope to give Board Members the choice of meeting in person and/or virtually, hopefully, by the end of summer or once COVID concerns have subsided.

9. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach invited the Board Members to participate in a virtual event being held by the Center for the Future of Arizona, a recent recipient of a grant from the Authority.

Ms. Scharbach also notified the Board Members of an opportunity to tour the new Creighton University in the near future.

10. LEGAL COUNSEL REPORT.

Legal Counsel had no 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 10:18 a.m., without objection.


