

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

Date: November 13, 2018, 9:30 a.m.

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

Presiding: Jeremy Stawiecki

Present: Jeremy Stawiecki, Steven Bales, Jr., Rebecca Burnham, Ron Westad, Ronald J. Castro, Jr., Jim Rounds (telephonically), Lisa A. James, Maria Spelleri and Doug Smith (telephonically)

Absent: None

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. Stawiecki called the Regular Meeting of the Board of Directors of the Authority to order at 9:30 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON OCTOBER 8, 2018, AND THE SPECIAL MEETING HELD ON OCTOBER 23, 2018.

On motion made by Mr. Westad and seconded by Ms. Burnham, the minutes of the October 9, 2018 Regular Meeting and the October 23, 2018 Special Meeting were approved as submitted.

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

2. **DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$335,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF HONORHEALTH.**

Ms. James joined the meeting at 9:32 a.m.

Mr. Wilder introduced Alice Pope, Sr. Vice President and CFO of HonorHealth, and Michelle Bax, bond counsel, of Ballard Spahr.

Mr. Wilder explained the financing will be for an amount not to exceed \$335,000,000, the majority of which will be used to construct a new acute care hospital in north Phoenix to be called Sonoran Hospital, along with funds being used throughout the Valley at various hospitals.

Mr. Wilder said the bond documents are in substantially final form and recommended approval of the resolution provided.

After further discussion and upon motion made by Ms. Burnham 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 \$335,000,000 The Industrial Development Authority of the County of Maricopa Hospital Revenue Bonds (HonorHealth), Series 2018.

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

3. **DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING PRELIMINARY APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$8,500,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF FRANMAR AFFORDABLE HOUSING, LP.**

Mr. Wilder introduced Cory Bannister, representative of Franmar Affordable Housing, LP (the "Applicant") and Charles W. Lotzar of Lotzar Law Firm PC, Applicant's counsel.

Mr. Wilder explained that the request before the Board is for preliminary approval of the Franmar Manor Apartments, a 78-unit affordable housing project located at 3825 West McDowell Road, Phoenix, Arizona. Preliminary approval is necessary for the Applicant to be allowed to recapture, with bond proceeds, costs incurred within 60 days prior to preliminary approval.

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, granting preliminary approval to Franmar Affordable Housing LP, or its affiliate, for the issuance of not to exceed \$8,500,000 of the Authority's revenue bonds to assist in financing the acquisition, construction, improvement and equipping of the Franmar Manor Apartments Project located at 3825 West McDowell Road, Phoenix, Arizona.

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

4. DISCUSSION AND ACTION AS DETERMINED REGARDING A FUNDING REQUEST FROM ARIZONA STATE UNIVERSITY FOR THE HEALTHY URBAN ENVIRONMENTS PROJECT.

Ms. Scharbach introduced Maricopa County Supervisor Chairman Steve Chucri, along with Matthew Fraiser and Charles Redman of Arizona State University ("ASU").

Mr. Smith joined the meeting at 9:40 a.m.

Chairman Chucri explained that Maricopa County is the fastest growing county in America, and soon to be the third largest county in America. With the heat index going up each year, it is important to find solutions to the heat before Maricopa County loses opportunities to continue to grow.

Mr. Redman, Founding Director of the School of Sustainability at ASU, said ASU has proven itself as a growing innovative entrepreneurial place, and is committed to Maricopa County and focusing on this initiative in order to improve the heat and air in the County, which are essential for the County's residents' health. It is also important to be able to continue to attract businesses into the area well into the future and make sure the County economically thrives.

Mr. Fraiser, Professor in the Engineering School at ASU, stressed that the priority will be on economic impact and ultimately making Maricopa County continue to be a desirable place to move. ASU has begun to collaborate with private industry to find solutions.

There was a great deal of discussion regarding the request, with the main concerns being whether or not the request should have gone through the Authority's Community Investment Committee, the amount of the request, and the sustainability of the project. Board Members also questioned why the Authority was the only organization contributing to the project.

Supervisor Chucri guaranteed there will be other partners brought into the project at some point.

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

RESOLVED to approve the grant request from Arizona State University for the Healthy Urban Environments Initiative not to exceed \$3,000,000.

Mmes. Burnham, James and Spelleri and Messrs. Westad, Smith and Stawiecki voted aye. Messrs. Castro, Rounds and Bales voted nay.

The motion passed by a vote of (6-3).

Mr. Castro suggested that, in fairness to other organizations requesting grant funds, they should be given the same opportunity as ASU and be considered outside of the grant cycle.

Mr. Smith left the meeting at 9:52 a.m.

Ms. Burnham requested a follow-up report from ASU within about six months with a view to identify the partnerships and potential economic initiatives associates with this effort.

5. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Courtney LeVinus reported on the recent elections and the offices that are still too close to call.

Jake Hinman discussed the new makeup of the House and Senate, and reported there are 18 new freshmen in the House.

Ms. LeVinus reported that The Industrial Development Authority of the City of Phoenix, Arizona has decided not to move forward with the changes they previously proposed to ARS Section 35-701 and 35-721; however, Kutak Rock is still interested in revising the bond statutes in order to make them more understandable. Proposed changes are unclear at this time.

Ms. LeVinus explained there is a proposed bill regarding affordable housing which would create a “state” tax credit program similar to the “federal” low income housing tax credit program. The state program would provide matching funds with the federal program.

6. **CONSIDERATION AND ACTION AS DETERMINED REGARDING THE REQUEST OF RYLEY CARLOCK & APPLEWHITE FOR AN ADJUSTMENT IN ITS HOURLY FEE STRUCTURE.**

Ms. Scharbach explained that the fee agreement with Ryley Carlock & Applewhite (“RCA”) allows for a fee adjustment on an annual basis; however, since 2002, RCA’s fees have been adjusted in 2005, 2009 and 2013. RCA is asking the Board to consider an adjustment from \$360/hour to \$390/hour, effective January 1, 2019.

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

RESOLVED to grant approval to the rate adjustment requested by Ryley Carlock & Applewhite increasing their fee to \$390.00 per hour.

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

7. **DISCUSSION AND ACTION AS DETERMINED REGARDING THE 2012 HOME IN FIVE ADVANTAGE MORTGAGE ORIGINATION PROGRAM AND PROPOSED MODIFICATION OF THE PROGRAM.**

Ms. Scharbach noted that the decrease of revenue has been a concern for all parties involved in the Home in Five (“HIF”) program. The Authority and the Phoenix IDA have come up with a potential solution that would help offer homebuyers a more competitive interest rate(s) by changing some of the HIF current partners.

Mr. Ghelfi explained that after much research with the Phoenix IDA, it looks as though the best way to be more competitive with the Arizona State IDA, will be to change the investment bankers and servicer partners. Discussions are underway with other organizations who can serve the roles of investment bankers and servicer for the HIF program. By partnering with these new organizations, the program will also be able to offer a variety of payment options to the borrower, which will also help with being competitive.

Ms. Scharbach added that some of the larger lenders will also have the opportunity to service their own loans through this new partnership.

Mr. Fries explained that the proposed resolution will give Ms. Scharbach more leverage to negotiate with various organizations now and into the future if more changes need to be made to the program, pointing out that the original resolution approving the HIF program was specific to using Raymond James as the investment banker.

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, authorizing and approving amendments to the Authority's mortgage origination program, to be reviewed annually.

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

8. FINANCIAL REPORT.

Ms. Scharbach referred to the unaudited financial statements for the period ended October 31, 2018. A copy of the unaudited financial statement is attached hereto.

Ms. Scharbach noted that expenses on the Home in Five matter relating to the changes discussed earlier would be split equally with the Phoenix IDA.

Ms. Scharbach also reported the Authority's 2018 audit should be published within the next month, and a representative of CliftonLarsenAllen will be invited to report on the audit at the Authority's next Board meeting.

9. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended October 31, 2018.

There was a discussion regarding passing legal fees onto the borrower(s) when relating to a "loan" with the Authority.

Mr. Bales moved to approve the payment of invoices as submitted for the period ended October 31, 2018. Ms. Spelleri seconded the motion.

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

10. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reported that most the Authority's 11 grant recipients have now been onboarded into Pipeline AZ, and have been assigned to case managers.

A hiring event is planned, in conjunction with ASU, for November 16, 2018, with community colleges, which will assist veterans, and the launch of Pipeline AZ has been moved to January 2019.

11. PRESIDENT'S REPORT.

Mr. Stawiecki reported that Tallwave's annual partners meeting was recently held, and there are a couple of investments that are starting to show profit, so the Authority may be receiving monies back from that fund.

Mr. Stawiecki requested Mr. Wilder to provide a report to the Board Members on the use of executive sessions.

12. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach reminded the Board of Human Services Campus "I Am Home" breakfast to be held on December 11, 2018, and added it is still unclear whether the Authority's Board meeting will also be held on December 11, 2018.

Ms. Scharbach reported on a potential upcoming application from Heritage Academy.

13. LEGAL COUNSEL REPORT.

Mr. Wilder reported the HonorHealth and Benjamin Franklin Charter School bond issues are both scheduled to close in December, and Heritage at Surprise is expected to close in November.

14. COMMENTS FROM BOARD MEMBERS.

There was then a discussion regarding whether or not the Authority would be considering a grant cycle. No decision was made.

Ms. Spelleri informed the Board of a funding source available through new legislation regarding opportunity funds that the Authority might want to consider sponsoring in order to leverage its own funds.

15. 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 11:00 a.m., without objection.

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