

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

Date: August 16, 2016, 9:00 a.m.

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

Presiding: Lisa A. James

Present: Lisa A. James, Steven Bales, Jr., William McAllister, Maria Spelleri, Ronald J. Castro, Jr. and Jeremey Stawiecki (by telephone)

Absent: Charles P. Thompson and Ronald L. Westad

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

Ms. James called the Annual and Regular Meeting of the Board of Directors of the Authority to order at 9:13 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON JULY 12, 2016.

On motion made by Mr. Bales and seconded by Mr. McAllister, the minutes of the July 12, 2016 Regular Meeting were approved as submitted.

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

2. INTRODUCTION OF REPRESENTATIVES OF PARAGON MANAGEMENT, INC., WHICH OWNS AND OPERATES THREE (3) CHARTER SCHOOLS IN OR ABOUT SURPRISE, ARIZONA UNDER THE NAME "PARADISE SCHOOLS," AND TO PRELIMINARILY DISCUSS BOND FINANCING PLANS. (NOT AN ACTION ITEM)

Mr. Wilder explained that this agenda item is an informal introduction of representatives of Paragon Management, Inc., an Arizona nonprofit corporation, which does business as Paradise Schools ("Paragon"). Paragon is the owner and operator of three charter schools in Surprise, Arizona, including an elementary school, middle school, and an honors high school. Paragon will be submitting an application for approximately \$55 million of bonds to (a) refinance bonds previously issued by The Industrial Development Authority of the County of Pima and (b) finance the construction of a new middle school on their Surprise site. Paragon would like to request final approval from the Board at the September 13, 2016 Board meeting and then go to the Board of Supervisors for approval on September 21, 2016.

Mr. Wilder introduced Terry Warren, legal counsel for Paragon; John Snider, underwriter of RBC Capital Markets; Brigitte Finley Green, Bond Counsel of Greenberg Traurig, LLP; and Tim Gonzales, Executive Director of Paragon.

Mr. Gonzales said their plans are to build a separate middle school for the students in grades 6 through 8. The new school will be adjacent to the current high school, and located at 175th Avenue and Waddell in Surprise. Construction is expected to begin in October 2016 and they plan to be open for the 2017 school year.

3. REPORTS BY MULTIFAMILY HOUSING COMPLIANCE REVIEW ADVISORS, AND DISCUSSION AND ACTION AS DETERMINED REGARDING COMPLIANCE WITH LAND USE RESTRICTION AGREEMENTS OR REGULATORY AGREEMENTS ENCUMBERING OUTSTANDING MULTIFAMILY HOUSING PROJECTS FINANCED BY THE AUTHORITY.

Julie Guffey of JAG Compliance and Consulting appeared before the Board and reported with respect to the annual compliance reviews on the Authority's bond financed multifamily housing projects. It was reported that all projects reviewed are performing in accordance with their respective regulatory agreement.

4. DISCUSSION AND ACTION AS DETERMINED REGARDING THE 2012 HOME IN FIVE ADVANTAGE MORTGAGE ORIGINATION PROGRAM.

Ms. Scharbach reported over \$2.1 billion of loans have been either closed or are in the process of closing, with 120 lenders participating in the program. The program continues to be very successful, and currently is a main revenue source for the Authority.

Ms. Scharbach added that Grand Canyon University (“GCU”) recently held an all-hands meeting for its 3,500 employees at which GCU allowed the Authority to present the Home in Five program to their employees. Academy Mortgage, being the top lender in the Home in Five program, was given the opportunity to present the program to GCU’s employees.

Ms. Scharbach reported the Nova investigation being done by HUD’s Office of Inspector General is still ongoing and in a holding pattern.

Ms. Scharbach said an economic impact study is being completed shortly and will be provided to the Board.

5. DISCUSSION AND ACTION AS DETERMINED REGARDING CONTRACTING WITH CAPITOL CONSULTING, LLC TO PROVIDE LEGISLATIVE SERVICES.

Ms. Scharbach explained that the Authority’s legislative services contract with Capitol Consulting, LLC will expire on October 31, 2016, and suggested the Authority extend the agreement with Capitol Consulting, LLC for a period of two years at the same rate of \$2,500 per month.

Ms. Scharbach said Ms. LeVinus has been very vital to the Authority and has served the Authority well since 2011.

MOTION by Mr. McAllister and seconded by Mr. Bales to approve the Amendment to Agreement for Consulting Services for legislative services with Capitol Consulting, LLC for a period of two years, ending on October 31, 2018, at the compensation rate set forth in the original contract for services.

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

6. DISCUSSION AND ACTION AS DETERMINED REGARDING CONTRACTING WITH GHELFI CONSULTING, LLC TO PROVIDE BUSINESS DEVELOPMENT SERVICES.

Ms. Scharbach reminded the Board that Mr. Ghelfi has been very busy developing a business development plan for the Authority, working on relationships and reporting to the Board. Ms. Scharbach suggested the Authority extend the agreement with Ghelfi Consulting, LLC for a period of one year through August 23, 2017, with no changes in compensation.

MOTION by Ms. Spelleri and seconded by Mr. McAllister to approve the Amendment to Agreement for Consulting Services for business development services with Ghelfi Consulting, LLC for a period of one year, ending on

August 23, 2017, at the compensation rate set forth in the original contract for services.

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

7. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended July 31, 2016 and reviewed the same. Ms. Scharbach pointed out the expenses associated with the due diligence on the Plaza de las Culturas project, and reminded the Board that the Board approved a maximum budget of \$50,000 for due diligence.

Ms. Spelleri moved to approve the payment of invoices as submitted for the period ended July 31, 2016. Mr. McAllister seconded the motion.

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

8. FINANCIAL REPORT.

Ms. Scharbach distributed a copy of the draft unaudited financial statements for the period ended July 31, 2016, and reviewed the same.

Ms. Scharbach pointed out the outstanding loan with Desert Mission has been paid in full, and the \$5.8 million investment the Authority approved for the Futures workforce development project. Ms. Scharbach noted corrections that will need to be made on page 8 for the Community Center for Elderly and Disabled and the Velocity/EWI grants.

Ms. Scharbach said the Authority has approved \$11.9 million of grants in the past three years, of which approximately \$5 million has been expended. The Authority's net position is holding steady.

9. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION DESIGNATING PERSONS TO BE AUTHORIZED SIGNERS OF AUTHORITY DOCUMENTS, AUTHORIZED SIGNERS ON AUTHORITY BANK AND INVESTMENT ACCOUNTS, DESIGNATING AUTHORIZED AUTHORITY REPRESENTATIVES TO CONDUCT PUBLIC HEARINGS AND RELATED MATTERS.

Mr. Wilder explained that with new Board Members recently added to the Authority's Board, he felt it would be appropriate to bring this resolution forward in order to authorize each Board Member to be a signer on documents, to be a signer on bank accounts and to be entitled to conduct public hearings, if need be.

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

RESOLVED to adopt a resolution in the form presented to the meeting designating persons to be authorized signers of documents, authorized signers of bank and financial accounts and designating persons authorized to conduct public hearings on behalf of the Authority.

10. REPORT BY THE AUTHORITY'S PRESIDENT ON THE AUTHORITY'S CONDITION AS REQUIRED BY ARTICLE III, SECTION 1 OF THE AUTHORITY'S BY-LAWS.

Ms. Scharbach referred to the President's report distributed in the Board packages and reviewed the report.

11. REPORT BY NOMINATING COMMITTEE AND ELECTION OF OFFICERS.

Ms. Scharbach reported that a Nominating Committee was appointed to determine a new suggested slate of officers. The Nominating Committee was composed of Ms. James and Messrs. Vidales and Bales. After Mr. Vidales resigned from the Board, the following slate of officers was suggested by the Committee for the 2016/2017 year:

President	Lisa A. James
First Vice President	Steven Bales, Jr.
Second Vice President	Jeremey Stawiecki
Secretary/Treasurer	Ronald L. Westad

After further discussion and upon motion made by Ms. Spelleri and seconded by Mr. McAllister, the proposed slate of officers as suggested by the nominating committee was approved.

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

Ms. James left the meeting at 10:00 a.m., and Mr. Bales chaired the remainder of the meeting.

12. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reviewed his business development report, a copy of which had previously been distributed to the Board, and reported on the first meeting of the newly-formed Arizona State Industrial Development Authority.

A discussion was had regarding the possibility of hiring a public relations firm to assist the Authority in receiving additional exposure

13. PRESIDENT'S REPORT.

There was no President report.

14. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach welcomed Mr. Castro who was recently appointed to the Authority's Board for District 4.

Ms. Scharbach also discussed with the Board a proposed trip that she and Mr. Ghelfi would like to attend to visit EWI's headquarters in Columbus, Ohio, and possibly Buffalo, NY, which is being organized by the Greater Phoenix Economic Council. The trip is scheduled for September 27th and 28th and is open to Board Members.

15. LEGAL COUNSEL REPORT.

Mr. Wilder said the Phoenix Children's Hospital transaction should be back on track within the next couple of weeks, and the Paradise Schools' transaction should be on the agenda for September.

16. COMMENTS FROM BOARD MEMBERS.

Mr. Bales discussed the unfortunate resignation of Mr. Vidales and noted the wonderful job he did as a Board Member.

17. 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 Annual and Regular Meeting was adjourned at 10:18 a.m., without objection.


