

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

Date: May 9, 2017, 9:15 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, Maria Spelleri, Ronald J. Castro, Jr., Charles P. Thompson, Ronald L. Westad, Steven Bales, Jr., Jeremy Stawiecki and William McAllister

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. Bales called the Regular Meeting of the Board of Directors of the Authority to order at 9:18 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON APRIL 11, 2017.

On motion made by Mr. Thompson and seconded by Mr. Stawiecki, the minutes of the April 11, 2017 Regular Meeting were approved as submitted.

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

6. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Ms. LeVinus reported that the current legislative session should be finalized within the next few days, and said a \$9.82 billion budget passed on May 5, 2017. Ms. LeVinus said 328 bills were passed during this legislative session and 277 have been signed; however, there was nothing that directly impacts the Authority.

Ms. James arrived at the meeting at 9:24 and chaired the remainder of the meeting.

2. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$40,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF GREATHEARTS ARIZONA, AN ARIZONA NONPROFIT CORPORATION.

Mr. Wilder referred to the application for financing from GreatHearts Arizona ("GreatHearts") for the issuance of not to exceed \$40 million of bonds, a portion of which will be used to advance refund bonds that were issued several years ago by another industrial development authority. Mr. Wilder explained that GreatHearts will use bond proceeds to upgrade its Veritas Campus located at 3102 North 56th Street, Phoenix, Arizona, which houses two different charter schools – the Archway Classical Academy Veritas (serving primary grades) and the Veritas Preparatory Academy (which serves the upper grades).

Veritas also owns Maryvale Prep, which is currently in leased space in Maryvale. A portion of bond proceeds will be used to acquire a property located at 4725 West Camelback Road, Phoenix, Arizona to construct a school facility into which Maryvale Prep can expand.

Mr. Wilder said Robert W. Baird will underwrite, purchase and remarket the bonds in a public offering. The bonds will be rated at an investment grade level.

A closing for this issue is expected to take place mid to late June 2017.

Lisa Hansmeier and Erik Twist, both of GreatHearts Arizona, were introduced.

After further discussion and upon motion made by Mr. Thompson 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 \$40,000,000 The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (GreatHearts Arizona Projects), Series 2017.

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

3. INTRODUCTION OF REPRESENTATIVES OF CAMELBACK ACADEMY TO PRELIMINARILY DISCUSS BOND FINANCING PLANS. (NOT AN ACTION ITEM)

Mr. Wilder referred to the application submitted by Camelback Academy and explained the proceeds of the bonds will be used to pay off conventional debt. Compass Bank will purchase the bonds through a private placement transaction.

Mr. Wilder introduced Karen and James Kordon, both of Camelback Academy.

Ms. Kordon gave a brief background on the school, and explained that she began the process of obtaining a charter for a school in 2001, with the school opening in September 2002. Currently there are 540 students with wait lists for all but two of the 8 grades. Ms. Kordon said Camelback Academy is different from other schools throughout Arizona, in that they are a "Project Child School" for their K-5 learners. Project Child is a program wherein the teachers integrate more than one subject (reading/social studies, writing/science and math). Beginning in kindergarten the students rotate daily amongst the three teachers, and will have the same teachers for a three-year period. Because the students love learning in this format, the school has a 93% attendance rate. The school also contains agricultural space with animals and a community garden.

4. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION APPROVING SUPPLEMENTAL INDENTURES AND RELATED DOCUMENTS IN CONNECTION WITH THE AUTHORITY'S \$39,510,000 SENIOR LIVING FACILITIES REVENUE BONDS (CHRISTIAN CARE RETIREMENT APARTMENTS, INC. PROJECT), SERIES 2016 AND THE AUTHORITY'S \$64,250,000 SENIOR LIVING FACILITIES REVENUE BONDS (CHRISTIAN CARE SURPRISE, INC. PROJECT), SERIES 2016 FOR PURPOSES OF FACILITATING THE REIMBURSEMENT OF QUALIFIED PROJECT COSTS.

Mr. Wilder explained that bonds were issued in November 2016 for the Christian Care Surprise project and, at the same time, there were refunding bonds issued for the Christian Care Retirement projects. A portion of the Christian Care Retirement bond proceeds were to be loaned to Christian Care Surprise. Prior to these two bond financings, Christian Care Companies acquired land in Surprise, Arizona – before they received preliminary approval for the financing. Therefore, the funds used to acquire the land cannot be repaid with tax-exempt monies.

A debt service reserve fund was established for the Christian Care Retirement bonds, and was funded with taxable bond proceeds while the tax-exempt bond proceeds went into the project fund for Christian Care Surprise. Christian Care Companies cannot be reimbursed for the land costs out of the tax-exempt proceeds.

Christian Care Companies are requesting approval of the reallocation of funds from one account to the other because it was inadvertently put into the wrong accounts.

Mr. Wilder introduced Bryant Barber, bond counsel of Lewis Roca & Rothgerber, and John Norris of Christian Care Companies.

Mr. Barber said the cost for the acquisition of the Surprise land would have been reimbursable to Christian Care Companies if they had received preliminary approval within 60 days of the purchase of the property. Mr. Barber said he learned at closing that the predevelopment loan to purchase the land had been prepaid.

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

RESOLVED to adopt the Resolution in the form presented to the meeting authorizing and approving modifications and supplements to the documents relating to the Authority's \$39,510,000 Senior Living Facilities Revenue Bonds (Christian Care Retirement Apartments, Inc. Project), Series 2016 and the Authority's \$64,250,000 Senior Living Facilities Revenue Bonds (Christian Care Surprise, Inc. Project), Series 2016.

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

5. REPORT FROM REPRESENTATIVES OF YEAR-UP, INC. REGARDING THE YEAR UP ARIZONA PROJECT.

Available to give a progress report were the following persons from Year Up Arizona: Kim Owens, Founding Executive Director; Lindsey Roberts, External Relations Manager; Patrick Letellier, National Fundraising Committee Member; and Adarius Davis, a computer programming graduate of the program.

Ms. Owens presented a slide show, and explained that their model is a 12-month program focused for the first six months on a learning and development phase where young people are identified for the program and are then matched up with the skills needed by corporate America. In the second six months of the program, students enter into an internship. Year-Up takes the students through their first 30 college credits.

Nationally, Year-Up has doubled its student base in the last five years, with Arizona being the fastest growing site in the last two years - tripling in size. Ms. Owens said they plan to continue expanding their program throughout the Valley.

Mr. Davis gave some background on himself and how he became involved with Year-Up and the positive experience he had going through the program and securing a new job.

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

Ms. Scharbach reported that as of May 1, 2017 over 15,424 loans totaling more than \$2.75 billion have been either closed or are in the process of closing. There are currently 136 lending institutions registered to participate in the program, and the program continues to be very successful.

8. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended April 30, 2017.

Mr. Stawiecki questioned the amount of time Mr. Wilder is spending on obtaining insurance for the Board.

Mr. Wilder said the Board may want to consider finding an insurance consultant to review the needs of the Board and make recommendations.

Mr. Bales moved to approve the payment of invoices as submitted for the period ended April 30, 2017. Mr. Stawiecki seconded the motion.

Mmes. James and Spelleri and Messrs. Westad, Castro, Bales, McAllister and Stawiecki voted aye. Mr. Thompson voted nay.

The motion passed by a vote of (7-1).

10. DISCUSSION AND ACTION AS DETERMINED REGARDING INSURANCE MATTERS.

The discussion on insurance matters continued from agenda item 8, and Mr. Wilder reported he has been working with three different brokers trying to obtain policy quotes.

Mr. Wilder said the Authority's current policy for public officials and officers liability insurance comes up for renewal on June 30th, and it would be in the Authority's best interest to authorize Ms. Scharbach to consult and obtain the Authority's insurance policy.

Ms. Scharbach said an attempt was made to obtain coverage through the Maricopa County Risk Management Pool; however, it was outside their trust agreement.

Mr. Thompson noted he had made some inquiries into insurance through Texas, and said their rates are much higher – in the range of \$200,000 to \$250,000.

Mr. Wilder said he thought the potential risk to the Authority is Board Members using their personal automobiles traveling on Authority business and to and from Board meetings, and recommended the Authority obtain an additional policy which would cover Board Member automobiles.

Ms. James asked Mr. Wilder to turn more of the tasks in obtaining insurance over to Ms. Scharbach.

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

RESOLVED to adopt the Resolution authorizing Ms. Scharbach, with the advice of legal counsel, to procure the necessary insurance policies for the Authority.

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

9. FINANCIAL REPORT.

Ms. Scharbach distributed copies of the unaudited financial statements for the period ended April 30, 2017, and reviewed the same. A copy of the unaudited financial statements is attached hereto.

11. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reviewed a potential timeline for the next Arizona Community Foundation (“ACF”) grant cycle, stating it normally takes approximately three months to go through the entire process. Mr. Ghelfi distributed a list of potential grant recipients with whom he has had preliminary conversations about the upcoming grant cycle.

Ms. Scharbach reminded the Board that the recent restructuring of the grant guidelines was to require grant recipients to be connected to the AZ Pipeline.

A tentative timeline agreed upon by the Board Members was as follows:

- Letter of Intent Due from Potential Grant Recipients – either May 31st or June 3rd.
- Potential Grant Recipients then have until the end of June to submit their proposal.
- CIC Members review proposals – through July
- Final Approval by full Board – September

Mr. Ghelfi said the preliminary landing page for the AZ Pipeline website should be available by May 11, 2017, and work is underway with schools and universities to help develop the very extensive career pathways sections.

12. PRESIDENT'S REPORT.

Ms. James had nothing to report.

13. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach announced the appointment of Jim Rounds to the Board replacing Victor Vidales by the Maricopa County Board of Supervisors on May 10, 2017. Ms. Scharbach also announced that Bill McAllister will be resigning from the Board as of June 30, 2017, and going to Maricopa County's Community Development Advisory Committee. Ms. Scharbach thanked Mr. McAllister for his years of service.

14. LEGAL COUNSEL REPORT.

Mr. Wilder had nothing to report.

15. COMMENTS FROM BOARD MEMBERS.

No comments from the Board.

16. 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 10:57 a.m., without objection.

