

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

Date: July 17, 2018, 9:30 a.m.

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

Presiding: Steven Bales, Jr.

Present: Steven Bales, Jr., Doug Smith, Rebecca Burnham
(telephonically), Lisa A. James, Ron Westad and Ronald J.
Castro, Jr.

Absent: Maria Spelleri, Jim Rounds and Jeremey Stawiecki

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Kathleen Jakubowicz

Business Development
Officer: Gregg J. Ghelfi

Attorney: John J. Fries of Ryley Carlock & Applewhite

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

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON JUNE 12, 2018.

On motion made by Mr. Westad and seconded by Mr. Smith, the minutes of the June 12, 2018 Regular Meeting were approved as submitted.

The motion passed unanimously by a vote of (5-0).

2. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE

AND SALE OF NOT TO EXCEED \$4,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF GREATHEARTS ARIZONA.

The following persons were in attendance in support of the proposed financing: Ron Zoromski, Chief Financial Officer, and Erik Twist, External Affairs, both of GreatHearts Arizona, along with their legal counsel, Terry Warren of Warren Charter Law PLC.

Mr. Fries explained that the Applicant is requesting the issuance of bonds in the amount of not to exceed \$4,000,000 to finance the cost of upgrading energy and water conservation measures for their various schools throughout the greater Phoenix area.

Erik Twist presented an overview of the project explaining that they are attempting to update and upgrade the technology for 14 of their schools to maximize the costs involved for lighting, water, data management and air conditioning. Midstate Energy will be installing the new systems, and upgrades are expected to be completed by June of 2019.

Mr. Castro joined the meeting at 9:37 a.m.

Mr. Zoromski explained that over 11 years, the cost of the bonds will match the energy savings. Everything after the 11th year would be 100% profit to GreatHearts. The 20 year life of the upgrades should be a gross savings of approximately \$1.1 million.

After further discussion and upon motion made by Mr. Westad and seconded by Ms. James, 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 \$4,000,000 The Industrial Development Authority of the County of Maricopa Education Facility Revenue Bonds (GreatHearts Arizona Energy Project), Series 2018.

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

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

Mark O'Brien of Raymond James was in attendance to update the Board on the progress of the Home in Five program through the end of June 30, 2018.

Mr. O'Brien reviewed his previously-distributed Quarterly Bond Summary and explained that mortgage originations in the Home in Five program are down. Contributing factors to the slowdown may include: rising mortgage rates, increasing spreads between market rate and the program rate, rising home prices, the change of

having the down payment assistance changing from a grant to a silent second mortgage, and competition from the Arizona State IDA.

Mr. O'Brien, responding to a question regarding default rate, explained that the default rate on the Home in Five program is very low and is about half of what the default rate is in the general market.

4. DISCUSSION AND ACTION AS DETERMINED TO APPROVE THE AUTHORITY'S REVISED PROCEDURAL POLICIES AND FINANCING APPLICATION GUIDELINES, ALONG WITH THE BOND FINANCING APPLICATION.

Mr. Fries explained that the Authority's current policies are at least 20 years old, so the policies and application have been updated to make them less burdensome and more user friendly.

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

RESOLVED to approve the proposed changes to the Authority's Procedural Policies Application and Bond Financing Application in the form presented, with such additional conforming changes as may be approved by counsel and the Executive Director.

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

5. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended June 30, 2018.

Mr. Castro moved to approve the payment of invoices as submitted for the period ended June 30, 2018. Mr. Smith seconded the motion.

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

6. FINANCIAL REPORT.

Ms. Scharbach referred to the draft unaudited financial statements for the period ended June 30, 2018, and reviewed the same. Copies of the unaudited financial statements are attached hereto.

7. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reminded the Board of the upcoming GPEC annual event and the Greater Phoenix Chamber Economic Outlook breakfast. Mr. Ghelfi said he will have a more formal report on Pipeline AZ in August.

8. PRESIDENT'S REPORT.

Mr. Bales invited the Board Members to lunch after the August 14, 2018 Board meeting.

9. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach reported she would not be in attendance at the August 14, 2018 meeting, and thanked Mr. Bales for his past year of service.

10. LEGAL COUNSEL REPORT.

Mr. Fries reported that the Donor Network financing closed at the end of June, and both Ottawa University and Banner Health may be requesting approval for bond issuances at the August Board meeting. The Authority received an IRS examination request for the Catholic Healthcare West, Series 2011. That request has been forwarded on to Catholic Healthcare West's bond counsel.

Ms. Scharbach reported that Heritage at Surprise will now be going through Arizona Community Foundation for their \$2 million loan request for gap funding, and the Authority can participate in the loan if they so desire.

11. COMMENTS FROM BOARD MEMBERS.

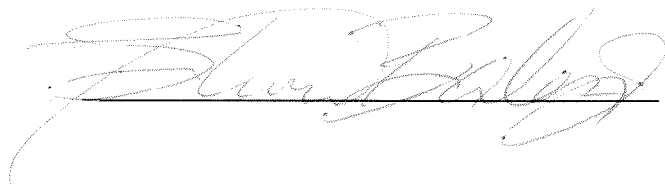
There were no comments from Board Members.

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 10:34 a.m., without objection.



A handwritten signature in cursive script, appearing to read "Steve Bales", is written over a horizontal line.