

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

Date: September 11, 2018, 9:30 a.m.

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

Presiding: Jeremey Stawiecki

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

Absent: Maria Spelleri and Doug Smith

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 AUGUST 14, 2018.

On motion made by Mr. Castro and seconded by Ms. Burnham, the minutes of the August 14, 2018 Regular Meeting were approved as submitted.

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

3. PRESENTATION BY REPRESENTATIVES OF ARIZONA FRIENDS OF FOSTER CHILDREN.

Agenda item 3 was taken out of order.

Ms. Scharbach reminded the Board that the Authority awarded a \$100,000 grant to Arizona Friends of Foster Children Foundation for their Keys to Success Program.

Ms. Scharbach introduced Diane Daily of Arizona Friends of Foster Children Foundation and Supervisor Bill Gates.

Ms. Daily thanked the Board for the grant and explained that the Executive Council Charities also matched 50% of the Authority's grant, for a total of \$150,000. Ms. Daily gave a slideshow presentation highlighting numerous individuals who benefited from the Authority's grant.

Jesus Ledezma, one of the grant recipients through the Keys to Success Program, was present and explained how the Keys to Success Program changed his life.

Mr. Westad joined the meeting by telephone at 9:40 a.m.

Edson Salas, Co-Chairman of the Board of Arizona Friends of Foster Children Foundation and Board Member of Executive Council Charities was present. Mr. Salas explained that Executive Council Charities is a group of young local professionals whose mission is to raise monies through events and donate the proceeds to children's charities in the Phoenix area.

Mr. Salas noted Arizona Friends of Foster Children Foundation has been in the Valley for over 35 years, with a mission of enriching the lives of children in foster care.

2. INTRODUCTION OF REPRESENTATIVES OF THE BENJAMIN FRANKLIN CHARTER SCHOOL FOR A MEET AND GREET OPPORTUNITY AND TO PRELIMINARILY DISCUSS BOND FINANCING PLANS. (NOT AN ACTION ITEM.)

Mr. Wilder introduced Jim Blandford of Robert W. Baird & Co., Underwriter; Brigitte Finley-Green of Engelman Berger, Bond Counsel; and Eddie Farnsworth, a representative of Benjamin Franklin Charter School – Queen Creek (the "Applicant").

Mr. Wilder said this will be an informal discussion and an opportunity to learn about the potential bond financing. Representatives are expected to come back to the Authority at the October 9, 2018 meeting to request formal approval.

Mr. Blandford introduced Jennifer Cospers and Tim Pickrell of Squire Patton Boggs who will be serving as Underwriter's Counsel and added Ballard Spahr will be serving as the Applicant's Counsel.

Mr. Blandford said Robert W. Baird & Co. has underwritten over \$3.8 billion in bond financings for charter schools across the country and is the number one underwriter for charter schools.

Mr. Blandford explained that the bond proceeds of approximately \$70 to \$75 million will be used to acquire the assets of a for-profit entity and transfer those assets to Benjamin Franklin Charter Schools – Queen Creek, a nonprofit entity. Mr. Blandford said they expect to receive at least an investment grade rating from Moody's.

Mr. Farnsworth said he is the Executive Director and President of Benjamin Franklin Charter Schools, which he started in 1995 after the charter school law was passed in 1994. The school originally focused on K – 8 until 2013, when a high school was added. Benjamin Franklin Charter Schools now has approximately 1,100 students in grades 7 through 12. Programming at the schools are at least one-year advanced from other public state run schools, with the high school being a college prep program. Historically, the schools have scored in the top 10% to 15% of academic achievement standards for the last 23 years. Even the lowest performing campus is in the top 20% of schools. The high school is in the top 6% with a graduation rate of 96%. Sports, arts, music, dance, and theater are also part of the schools' curriculum.

In the current environment, Mr. Farnsworth said he thought it would benefit the schools to transfer to a nonprofit entity. The nonprofit will purchase all of the school's assets (facilities, desks, chairs, buses, etc.); however, not the company itself.

Currently, Benjamin Franklin Charter Schools consist of four schools – three elementary schools - 1 in Gilbert, 2 in Queen Creek and a high school in Queen Creek.

Mr. Farnsworth noted the State Board for Charter Schools unanimously approved the transfer of the Benjamin Franklin Charter Schools on September 10, 2018.

Mr. Farnsworth explained that, initially, many of the charter schools were set up as for-profit entities; however, during the Obama administration, the US Department of Education said for-profits could no longer receive federal monies. When that happened, many of the for-profit schools transferred to nonprofits. Mr. Farnsworth said he has not taken any federal funds, so that change did not affect him. His decision to transfer to a nonprofit had more to do with finding the best way to exit from the business, and give the schools long term stability of ownership. He said he is transferring the charter into a nonprofit and asking for no consideration for that transfer. He is giving away his business and selling just the assets.

Charters schools are about parents having choices for their children's education, and there currently are over 180,000 children in charter schools in Arizona. Charter schools are private companies contracting with the State, and are competing directly with the State-run education system.

4. DISCUSSION AND ACTION AS DETERMINED REGARDING AMENDMENT OF GRANT REQUIREMENTS FOR GRAND CANYON UNIVERSITY.

Mr. Fries reminded the Board that the Authority granted \$205,000 to Grand Canyon University, which was, at the time, a for-profit entity. The approval was subject to the grant going through Grand Canyon University's nonprofit Foundation. Since that time, Grand Canyon University has converted to a nonprofit school, and would like the Authority to remove the condition the grant go through its Foundation.

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

RESOLVED to amend the previous resolution dated September 12, 2017 approving a \$205,000 grant for the Grand Canyon University Career Development Project to remove the condition that the grant must be through the Grand Canyon University Foundation with disclosure of the foundation's assets.

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

6. PAYMENT OF INVOICES.

Agenda item number 6 was taken out of order.

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

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

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

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

7. FINANCIAL REPORT.

Agenda items 5 and 7 were discussed together.

Ms. Scharbach referred to the draft unaudited financial statements for the period ended August 31, 2018, and reviewed the same. Copies of the unaudited financial statements are attached hereto.

Ms. Scharbach said the Home in Five revenue has significantly decreased over the past year, which has been recognized by all of the stakeholders and partners. Plans

are underway to find new solutions and changes to the program that will help the program be more attractive to lenders and homebuyers. Ms. Scharbach reminded the Board that the Home in Five program has been extremely successful, and the program revenues since 2012 have paid for the \$20 million of grants given out to the community. If the Authority was not receiving revenue from the Home in Five program, the Authority would still have enough user assessments to meet its operating expenses.

8. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reported the Banner Health bond financing has been temporarily put on hold.

Mr. Ghelfi reminded the Board of upcoming events: (a) Greater Phoenix Chamber Economic Outlook breakfast to be held on September 25, 2018; (b) First Place housewarming event to be held on September 21, 2018; (c) St. Joseph the Worker's "Celebration of the Worker" on September 28, 2018; and (d) Greater Phoenix Economic Council annual event to be held in October, 2018.

Mr. Ghelfi said representatives of Pipeline AZ will be present at the October 9, 2018 Board meeting for an update.

9. PRESIDENT'S REPORT.

Mr. Stawiecki reiterated there will be efforts made to try to revitalize the Home in Five program.

10. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach said there will be a legislative report at the October Board meeting. Ms. Scharbach encouraged Board Members to attend the events reported on by Mr. Ghelfi.

11. LEGAL COUNSEL REPORT.

Mr. Wilder asked for the Board's approval to continue with "meet and greets," such as the one with the Benjamin Franklin Charter School, followed by final approval at another meeting, rather than meetings where the applicant's must receive both a preliminary approval and final approval.

Ms. Scharbach said it was her desire to look at each request on a case-by-case basis in order to try to stay competitive with other industrial development authorities.

Mr. Wilder reported there will be some legislation coming up in the near future, that is being brought forth by another industrial development authority, that could affect the Authority.

Mr. Wilder complimented the Board Members for their cordial interaction with each other.

12. COMMENTS FROM BOARD MEMBERS.

There were no comments from Board Members.

13. 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 10:50 a.m., without objection.


