

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

Date: January 14, 2020, 9:30 a.m.

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

Presiding: Ronald L. Westad

Present: Ronald L. Westad, Rebecca Burnham, Maria Spelleri
(telephonically), Andrew M. Cohn, Steve Bales
(telephonically), Lisa A. James, Ronald J. Castro, Jr.
(telephonically) and Jim Rounds

Absent: Jeremey Stawiecki

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Kathleen Jakubowicz

Business Development
Officer: Gregg Ghelfi

Attorney: William F. Wilder and John J. Fries of Ryley Carlock &
Applewhite

Mr. Westad called the Regular Meeting of the Board of Directors of the Authority to order at 9:32 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON DECEMBER 10, 2019.

On motion made by Mr. Cohn and seconded by Mr. Rounds, the minutes of the December 10, 2019 Regular Meeting were approved as submitted.

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

3. LEGISLATION REPORT, DISCUSSION AND ACTION AS DETERMINED.

This agenda item was taken out of order.

Courtney LeVinus and Jake Hinman were in attendance to report on legislative matters.

Ms. LeVinus said it is expected to be a record breaking year for the number of bills to be introduced. At this point, there are no bills that have been introduced directly affecting the Authority.

Mr. Hinman gave highlights on the Governor's State of the State address, adding that the Governor pledged no new taxes. Invest in Ed has; however, filed their plan to increase income tax by 3.5% for persons filing individually and earning over \$250,000 or \$500,000 for those persons who are married filing jointly. The Governor's plan includes the elimination of income tax for veterans, along with eliminating taxes on their pensions, along with more funds going to education, tourism, jobs in rural communities and widening of Interstate 10, among other things.

The Governor announced the closure of the Florence State Prison (with an expected savings of over \$270 million within a three year period) along with more investments in state prisons.

Ms. Burnham joined the meeting at 9:39 a.m.

There was then a discussion regarding the State's surplus of over \$700 million and ways the State may want to spend the surplus.

2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION APPROVING THE FIRST SUPPLEMENTAL BOND INDENTURE IN CONNECTION WITH THE AUTHORITY'S CHARTER SCHOOL REVENUE BONDS (HERITAGE ACADEMY PROJECTS), SERIES 2017A.

The following persons were in attendance in support of the proposed financing: Jared Taylor, President and CEO of Heritage Academy (by telephone), and Brigitte Finley Green of Engelman Berger, Borrower's Counsel.

Mr. Fries explained that the Authority approved draw down bonds in 2017 for the benefit of Heritage Academy, with each series of bonds designed to construct a portion of Heritage's campuses. Series 2017A-3 bonds were used to build a gym and one classroom. One of the conditions of the drawn down bonds was Heritage needed to reach an enrollment of 600 students; however, they were short 36 students. The shortage made them out of compliance to draw down the bonds.

Heritage Academy has been in discussions with Hamlin Capital Management, the bondholder representative, and they have agreed to waive the 600 student

requirement, but have asked for a one-year extension of the optional redemption date from July 2021 to July 2022.

Mr. Fries recommended approval of the resolution presented to the Board.

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

RESOLVED to adopt a Resolution authorizing the execution and delivery of the First Supplemental Indenture in connection with the issuance of its Charter School Revenue Bonds (Heritage Academy Projects), Series 2017, and related matters in form and substance acceptable to legal counsel to the Authority.

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

4. DISCUSSION AND ACTION AS DETERMINED REGARDING THE 2019 HOME IN FIVE ADVANTAGE MORTGAGE ORIGINATION PROGRAM.

Ms. Scharbach referred to the items distributed in the Board Member packages, and pointed out that there are currently 96 lenders participating in the program. As of January 6, 2020 there were 1,633 loans locked and 1,258 loans fully-funded.

Ms. Scharbach reported there are now over \$275 million of loans funded in the program.

5. FINANCIAL REPORT.

Ms. Scharbach referred to the unaudited financial statements for the period ended December 31, 2019. Copies of those statements are attached hereto.

Ms. Scharbach reviewed the December 31, 2019 unaudited financial statements, and pointed out that the Authority's net position in December 2019 and 2018 are very comparable.

In response to questions from Mr. Cohn and Ms. Burnham regarding the horizon on the Tallwave investment and the return on the investment, Ms. Scharbach said she would provide Board Members with the information after the meeting.

6. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended December 31, 2019.

Ms. Burnham moved to approve the payment of invoices as submitted for the period ended December 31, 2019. Ms. James seconded the motion.

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

7. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi gave a brief synopsis on competing industrial development authorities, and reported on the progress of the Home in Five Program. Mr. Ghelfi noted the number of FHA loans in the Home in Five Program is rising because of the changes made to conventional loan qualifications resulting in fewer people being able to qualify for conventional loans.

Mr. Ghelfi invited Board Members to the upcoming Urban Land Institute Trends Day event to be held on February 26, 2020.

Mr. Ghelfi reported there are continued attempts to include community colleges into the Pipeline AZ project. Mr. Ghelfi said representatives of Pipeline AZ have been invited to the February 11, 2020 Board meeting to update the Board on the progress of the project.

8. PRESIDENT'S REPORT.

Mr. Westad reported it is likely the Board will be asked to hold a telephonic special meeting in order to consider a financing for Marc Community Resources.

9. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach reported that Ryley Carlock & Applewhite would like to hold a joint happy hour event at Lon's at the Hermosa Inn with the Authority similar to the one that was held in April 2019. Ms. Scharbach asked the Board to provide contact information for anyone they would like to see invited to the event.

10. LEGAL COUNSEL REPORT.

Mr. Fries explained that the Authority had two recent bond closings: Gateway Academy which closed on December 23, 2019, and Creighton University which closed on January 8, 2020.

Ms. Scharbach praised Creighton University for their professionalism and ease in working with them on the recent bond closing.

11. COMMENTS FROM BOARD MEMBERS.

Mr. Rounds questioned whether the Board might be interested in working with GPEC and/or the Phoenix Chamber of Commerce for narrowing the gaps in projects such as workforce training. Mr. Rounds suggested inviting representatives to an upcoming

Board meeting to give a presentation regarding projects that could be of benefit to the county.

Mr. Westad said he would like more specific information prior to any consideration and invite for a presentation from either group. He asked Ms. Scharbach to reach out to GPEC and request information on projects they are working on that might go unfunded and ask for a recap of those projects, in writing, before further consideration by the Board.

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 10:27 a.m., without objection.


