

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

Date: January 25, 2021, 9:30 a.m.

Place: Telephonically: 1-800-322-6099, Passcode: 9596846#

Presiding: Maria Spelleri

Present: Maria Spelleri, Andrew M. Cohn, Ronald J. Castro, Jr.,
Jeremy Stawiecki, Rebecca Burnham, and Jim Rounds

Absent: Ron Westad, Steve Bales and Lisa A. James

Executive Director: Shelby L. Scharbach

Administrators: Kathleen Jakubowicz

Business Development
Officer: Gregg Ghelfi

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

Guests: Michele Bax, Paul Briggs, Derek Hampshire, Lisa Replogle,
Saba Noorali, Charles W. Lotzar, Eric Schaefer, Robert Lee,
Cyrus Yee, Tim Nash, and Michelle Moussa

Maria Spelleri called the Special Meeting of the Board of Directors of the Authority to order at 9:32 a.m., noting the presence of a quorum.

**1. DISCUSSION AND ACTION AS DETERMINED REGARDING THE
ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR
THE ISSUANCE AND SALE OF NOT TO EXCEED \$350,000,000 OF THE
AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF
HONORHEALTH.**

The following persons were in attendance in support of the HonorHealth project:
Michele Bax of Ballard Spahr, Paul Briggs, Derek Hampshire, and Lisa Replogle of
HonorHealth, and Saba Noorali of Kaufman Hall.

Mr. Fries explained that HonorHealth (the “Applicant”) is requesting the Authority issue bonds in an amount not to exceed \$350,000,000 to finance/refinance various healthcare projects throughout the County. Approximately \$150,000,000 of new money will be used for new construction and improvement of existing facilities within Phoenix and Scottsdale. \$200,000,000 will be used to refinance prior bonds issued by the Arizona Health Facilities in 2015 and The Industrial Development Authority of the City of Scottsdale, Arizona in 2006.

Mr. Fries reminded the Board of the prior bond financings the Authority had done with HonorHealth in 2017 and 2019.

Mr. Fries said he has reviewed the relevant financing documents, and would recommend approval of the HonorHealth project.

Paul Briggs, Chief Financial Officer for HonorHealth, explained that given the current interest rate environment and reviewing the refunding plan on previous bond issues, this refinancing will lower their costs substantially over time. The primary project included in the \$150,000,000 new money is the Phase 1 expansion of the Deer Valley Medical Center master campus plan, including four new operating room suites, an expansion of the central processing pre-op, along with the construction of a four-story patient care tower. It will also afford them to add helipads to the campus for the level one trauma center.

Mr. Briggs said they are also looking at an additional \$50,000,000 of new money to support their ambulatory network, physician network, and refurbishment and reconstruction of their existing six hospitals.

Mr. Fries added the proposed project is slated to be considered by the Maricopa County Board of Supervisors on January 27, 2021, and the Applicant plans to close the bond issue on February 11, 2021.

Mr. Fries said the bonds will be issued in three series – Series A will be tax-exempt. Series B will be taxable and Series C will be privately-placed with the Royal Bank of Canada.

Mr. Briggs said their Fitch rating is A+ stable and Moody’s is A2 stable.

After further discussion and upon motion made by Ms. Burnham and seconded by Mr. Stawiecki, 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 \$350,000,000 The Industrial Development Authority of the County of Maricopa Hospital Revenue Bonds (HonorHealth Project), Series 2021.

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

2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING PRELIMINARY APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$20,000,000 OF THE AUTHORITY'S REVENUE BONDS TO FINANCE THE DEER VALLEY GARDENS APARTMENTS FOR THE BENEFIT OF DEER VALLEY GARDENS, LP.

The following persons were in attendance telephonically in support of the Deer Valley Gardens Apartments project: Charles Lotzar of the Lotzar Law Firm; Eric Schaefer of Step Builder, LLC; Robert Lee and Cyrus Yee of Spira Equity Partners; and Tim Nash and Michelle Moussa of Kutak Rock.

Mr. Fries explained that in 2004, the Authority issued bonds to finance the construction of the Deer Valley Gardens Apartments, located at 15051 West Deer Valley Drive in Sun City West, Arizona (the "Project").

On November 10, 2020, the Authority's Board approved the sale and assumption of the Project to FFAH Deer Valley Gardens, LLC (the "Buyer"), in anticipation of the closing that subsequently took place on December 18, 2020. Through the sale of the Project, the Buyer assumed the Regulatory Agreement encumbering the Project, which is schedule to expire in 2021.

The Buyer now plans to sell the Project to Deer Valley Gardens, LP (the "Applicant"), who would like to obtain bonds to finance the acquisition and renovation of the Project in an amount not to exceed \$20,000,000.

Mr. Fries said the bond closing is expected to take place in March 2021.

Mr. Lotzar explained that this Project has been financed in two phases, largely out of recognition for the limitations that the Arizona Department of Housing has as far as their ability to process some of the work they had at year end. The Buyer acquired the Project in December, and the second phase will allow for the refinancing and rehabilitation of the project. The initial acquisition involved the FreddieMac borrowing, and this next transaction will involve the FreddieMac tax-exempt loans.

There will be a 4% low income housing tax credit, which will involve the Arizona Department of Housing in a more intricate role.

Mr. Lotzar said the bonds will be privately-placed based on the FreddieMac tax-exempt loan program, and Kutak Rock will serve as bond counsel.

After further discussion and upon motion made by Mr. Stawiecki and seconded by Ms. Burnham, 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 \$20,000,000 The Industrial Development Authority of the County of Maricopa Multifamily Housing Revenue Bonds (Deer Valley Gardens Apartments Project), Series 2021.

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

3. 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 Special Meeting was adjourned at 9:50 a.m., without objection.

