

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

Date: September 14, 2021, 9:30 a.m.

Place: GoToMeeting - virtually

Presiding: Jim Rounds

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

Absent: Ronald L. Westad

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

Guests: Brenda Schaefer, David Bixby, Mary Foote, Dean Duncan, and
Jake Hinman

Mr. Rounds 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 ANNUAL AND REGULAR MEETING
OF THE BOARD HELD ON AUGUST 10, 2021.**

On motion made by Mr. Bales and seconded by Mr. Stawiecki, the minutes of the August 10, 2021 Annual and Regular Meeting were approved as written.

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

2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$305,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF BANNER HEALTH.

Maria Spelleri joined the meeting at 9:32 a.m.

The following persons were in attendance, virtually, in support of the proposed financing for the benefit of Banner Health (the "Applicant"): Brenda Schaefer, Vice President and Treasurer, and David Bixby, Chief Legal Counsel.

Mr. Fries explained the Authority is being asked to issue bonds in an amount not to exceed \$305,000,000 for the benefit of Banner Health, as the representative to the Banner Obligated Group, consisting of Banner-University Medical Center Tucson Campus, LLC; Banner-University Medical Center South Campus, LLC, and Wyoming Medical Center, Inc., for (a) the reimbursement in the approximate amount of \$200 million for the acquisition of the Wyoming Medical Center in Casper, Wyoming which was added to the Obligated Group in January 2021 and (b) refunding of bonds issued by the Arizona Health Facilities Authority in 2015, the proceeds of which were used by the Obligated Group to acquire: (i) Banner—University Medical Center Tucson located in Tucson, Arizona; (ii) Banner—University Medical Center North Campus located in Tucson, Arizona; (iii) Banner Administrative Offices located in Tucson, Arizona; (iv) Banner Payson Medical Center located in Payson, Arizona; and (v) to construct a car parking garage at Banner-University Medical Center Phoenix located in Phoenix, Arizona; and (c) reimbursement for costs of issuance.

The purpose of refunding the 2015 bonds is to obtain a lower interest rate. If the Arizona Finance Authority, as successor to the Arizona Health Facilities Authority, is able to refund the 2015 Bonds, then it will not be necessary for the Maricopa County Authority to include that portion in the proposed bond financing, which would drop the proposed bond issuance by approximately \$100,000,000. Banner has requested the refunding of the 2015 bonds be included in this bond issuance to give Banner flexibility if the rate conversation with the Arizona Finance Authority does not occur.

Mr. Fries explained that because a portion of the proposed bonds would be used to finance the Wyoming Medical Center, it is necessary for the Authority to show this financing has a benefit to the State of Arizona.

Some of the major benefits to the State include: (i) the Borrower maintains its corporate headquarters in Phoenix, Arizona; (ii) the Borrower owns and operates hospital, medical and health care facilities in different locations both in the State and in other states; (iii) the Borrower is one of the major employers in the State; (iv) the Borrower is one of the largest providers of hospital, medical and health care services in the State; and (v) the Borrower typically uses tax exempt or taxable bond financing on a system-wide rather than a project basis to finance and refinance capital expenditures to its facilities, wherever located.

Mr. Fries said he has reviewed the financing documents, which seem to be in substantially final form, and would recommend approval of the financing.

In response to a question from Mr. Bales, Mr. Bixby explained that Banner has been serving Wyoming since the 1940s, and has hospitals in Worland, Wheatland and Torrington, Wyoming. The Wyoming Medical Center in Casper is a major referral and Level II trauma center.

After further discussion and upon motion made by Mr. Stawiecki 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 \$305,000,000 The Industrial Development Authority of the County of Maricopa Revenue Bonds (Banner Health), Series 2021.

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

Ms. Spelleri left the meeting at 9:42 a.m.

3. PRESENTATION BY REPRESENTATIVES OF PIPELINE AZ, AND ACTION AS DETERMINED.

The following representatives of Pipeline AZ were present in support of the request for funding for the Pipeline AZ platform: Mary Foote, Managing Director of Pipeline AZ, and Dean Duncan, Executive Director of Partnership for Economic Innovation (“PEI”).

Mary Foote reviewed a PowerPoint presentation, which is attached to these minutes. Ms. Foote explained they are seeking \$4.9 million from the Authority for a 2 ½ year period. Ms. Foote said Pipeline AZ has increased its number of employers using the platform more than 350% in the past year.

Ms. Foote reviewed Pipeline AZ’s revenue sources, including education contracts, university lead generation contracts, grants and industry hubs, and reported they currently have more than \$600,000 in grant asks outstanding.

Ms. Foote explained that Pipeline AZ’s average annual grant request from the Authority has been \$1.7 million. Pipeline AZ is now seeking the remaining balance of the 2021 grant request, with plans to use the bulk of those dollars next year for improving the platform, marketing and the platform’s ability to attract users and provide relevant messaging to those users across the platform. They can also begin to actively fundraise from government and foundation grantors, as well as industry partners.

Ms. Foote said the investment from the Authority will allow Pipeline AZ to improve tracking and marketing, which will eventually lead to a decrease in funding from the Authority, while significantly increasing their economic impact back to Maricopa County.

Ms. Foote went on to say it is difficult to project what the financial needs for the Pipeline will be for more than a three-year period; however, conservatively speaking, Pipeline AZ will most likely still need an additional \$608,000 from the Authority in 2024.

Lack of funding from the Authority may put Pipeline AZ at serious risk of losing current client contracts because their clients are part of a connected system that plan to serve users throughout their careers.

There was then a lengthy discussion by the Board regarding certain conditions to be met by Pipeline AZ/PEI prior to the Authority approving any additional funding for the platform. The Board Members agreed that the Authority should have a representative on PEI's Board of Directors; there should be more financial reporting from Pipeline AZ and/or PEI; and staff and legal counsel should create a funding agreement that would include certain conditions to be met prior to additional funding.

Mr. Rounds recused himself from voting, stating that because he works with a lot of economic development needs, a possibility exists there could be joint projects with one or more of his current clients.

At this point Mr. Rounds stepped down and did not participate in the voting process. Ms. James, First Vice President, presided over the meeting.

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

RESOLVED to approve the grant funding request from Pipeline AZ for the remainder of the 2021 calendar year.

The motion passed by a vote of (6-0-1).

Mr. Rounds did not vote.

Upon motion made by Mr. Castro and seconded by Mr. Bales, the following was adopted:

RESOLVED to approve the grant funding request from Pipeline AZ for the 2022 calendar year, with the stipulation a funding agreement, to be approved by the Board, is drafted and approved prior to the end of 2021.

The motion passed by a vote of (6-0-1).

Mr. Rounds did not vote.

Mr. Rounds then continued to preside over the remainder of the meeting.

6. PAYMENT OF INVOICES.

This agenda item was taken out of order.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended August 31, 2021.

Mr. Bales moved to approve the payment of invoices as submitted for the period ended August 31, 2021. Ms. James seconded the motion.

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

Ms. James and Mr. Cohn left the meeting at 10:49 a.m.

4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Mr. Hinman was in attendance to report on the current legislative session.

Ms. Burnham left the meeting at 10:58 a.m.

Mr. Hinman reported on the lawsuits filed by the City of Phoenix and a group of educators and school districts challenging some of the budget reconciliation bills passed in the 2020 session. Probably the most obvious piece of the challenges relate to public health measures, including the prohibitions on cities, towns and counties to require COVID vaccines and the mask mandate.

Mr. Hinman also reported that as the State continues to open and the economy rebounds, the State has far exceeded its budget projections and revenue collections.

5. FINANCIAL REPORT.

Ms. Scharbach referred to the unaudited financial statements for the period ended August 31, 2021; a copy of which is attached hereto. Ms. Scharbach reported the Authority is still seeing a very healthy net position.

7. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reported home sales are leveling off in the Home in Five Program as it becomes more difficult for homebuyers to purchase a home. The median home price has increased in the past 1 ½ years from \$225,000 to \$270,000. The Home in Five team continues to look at new options to keep the program viable.

8. PRESIDENT'S REPORT.

Mr. Rounds said he would like to meet with staff at some point within the next year to discuss potential joint economic development projects that can be done with the Maricopa County Board of Supervisors.

9. **EXECUTIVE DIRECTOR'S REPORT.**

Ms. Scharbach invited Board Members to attend the Greater Phoenix Chamber 2022 Economic Outlook event to be held on October 14, 2021.

10. **LEGAL COUNSEL REPORT.**

There was no legal counsel report.

11. **COMMENTS FROM BOARD MEMBERS.**

There were no comments from the 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 11:06 a.m., without objection.



A handwritten signature in blue ink, reading "Ronald J. Canty", is written over a horizontal line.