

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

Date: January 10, 2023, 9:30 a.m.

Place: Maricopa County Administration Building  
Board of Supervisors Conference Room  
301 West Jefferson, 10<sup>th</sup> Floor  
Phoenix, Arizona  
-and -  
GoToMeeting - virtually

Presiding: Jim Rounds

Present: Jim Rounds, Lisa A. James, Rebecca Burnham, Andrew M. Cohn, Ronald L. Westad, Jose Martinez and Freddie Bracamonte

Absent: Ronald J. Castro, Jr. and Jeremey Stawiecki

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Mary Misic

Business Development Officer: Gregg Ghelfi

Attorney: William F. Wilder and John J. Fries of Clark Hill

Guests: Jake Hinman, Courtney LeVinus, Matt Berens, Tim Livengood, Zach Sakas, Scott Rolfs, Don Kuiper, Scott Riffle and Marc Paskulin

Mr. Rounds called the Regular Meeting of the Board of Directors to order at 9:34 a.m., noting the presence of a quorum.

**1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON NOVEMBER 8, 2022.**

On motion made by Ms. Burnham and seconded by Mr. Bracamonte, the minutes of the November 8, 2022, Regular Meeting were approved as written.

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

**2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$45,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF VALLEY CHRISTIAN SCHOOLS.**

The following persons were in attendance in support of the financing request: Tim Livengood and Don Kuiper of Valley Christian Schools (the "Applicant"), Matt Berens, Legal Counsel for the Applicant, Scott Rolfs of Ziegler the Investment Banker, and Zach Sakas of Greenberg Traurig, Bond Counsel.

*Lisa James arrived at 9:35 a.m.*

Mr. Fries explained that the Applicant currently operates K-12 schools located in Tempe and Chandler. The Applicant is requesting approximately \$45 million to pay off existing debt of approximately \$12 million and \$35 million to acquire the Sun Valley Community Church's Tempe campus and renovate and equip the existing buildings. The Applicant will sell a 15-acre undeveloped parcel and use a portion of those proceeds to purchase the new property.

Mr. Fries noted the school has had great success, with a 98% college placement from their high schools.

Mr. Fries said the financing documents are in substantially final form, and he would recommend the project for consideration by the Authority Board.

Mr. Livengood and Mr. Kuiper gave a brief background on the Applicant and the schools they operate. They reported the schools now have approximately 1,100 students and hope to grow to 1,500 students if they can acquire this additional property.

After further discussion and upon motion made by Ms. Burnham 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 \$45,000,000 The Industrial Development Authority of the County of Maricopa Educational Facilities Revenue Bonds (Valley Christian Schools Project), Series 2023.

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

**3. DISCUSSION AND ACTION AS DETERMINED REGARDING AN INVESTMENT INTO THE HOME IN 5 ADVANTAGE DOWN PAYMENT ASSISTANCE PROGRAM.**

Mr. Ghelfi gave some historical background on the Home in 5 Program and reviewed a slide presentation.

Mr. Ghelfi explained that with the recent escalation of median priced homes, the lack of affordable homes in the state and the rise in mortgage interest rates, the Home in 5 Program needs additional solutions to continue to be a viable program.

The Authority, PIDA and Stifel are considering three new products to offset the market volatility:

- (a) A 30-year forgivable down payment assistance loan (to temporarily replace the 3-year forgivable loans);
- (b) The Authority and The Industrial Development Authority of the City of Phoenix, Arizona (“PIDA”) are applying for American Rescue Plan Act (“ARPA”) funds from Maricopa County and the City of Phoenix, each in the amount of \$1 million (4% DPA – 7-year forgivable loan to homebuyers at or below 80% of area median income); and
- (c) The Authority and PIDA would invest matching funds up to \$1.5 million (to be used as a 4% DPA amortized over 10-year at 5% interest – borrower would have a second payment). The investment would be used to pay down the interest rate to make it more affordable to the borrower.

Mr. Ghelfi introduced Scott Riffle and Marc Paskulin of Stiefel, administrators of the Home in 5 Program. Mr. Ghelfi explained that Stifel administers several different programs similar to the Home in 5 Program across the country, and they have found that without subsidies of some kind, there currently does not seem to be a market for these types of programs.

Mr. Riffle said the market no longer accepts the structures that worked in the COVID era, and investors are not as willing to buy mortgage-backed securities at high prices. The idea now is to bring in subsidies or investments to help buttress the program and come up with products that do work. The trend in the industry right now is using ARPA monies, along with subsidies from the housing finance authorities.

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

RESOLVED to adopt a Resolution authorizing the Authority’s Executive Director to invest up to \$1,500,000 of the Authority’s funds for down payment assistance under the Home in 5 Program and to enter into an agreement with the Phoenix IDA, the co-sponsor of the Home in 5 Program, and such other

entities as appropriate, under such terms and conditions as the Executive Director may approve in the exercise of her discretion.

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

**4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.**

Ms. LeVinus reported on two potential bills that may impact the Authority. One bill proposal is being brought by an affordable housing developer in Arizona who is interested in making changes to the state ceiling allocations for private activity bonds. Currently, 30% of the state ceiling is designated to the Director's Discretion, 35% is allocated to "mortgage revenue bonds" and "mortgage credit certificates" programs ("MRB/MCC"), and 15% is allocated to "residential rental" programs. The potential bill will be to reduce the MRB/MCC programs to 10% and increase to allocation for residential rentals to 45%. They will also be proposing a reduction in the "Other" category from 10% to 5%. Ms. LeVinus said she and Mr. Hinman will research how the allocations have been divided in years past.

Ms. LeVinus said the second bill proposal relates to The Industrial Development Authority of the County of Yavapai ("Yavapai IDA") on behalf of the Verde Valley Regional Economic Organization. They are interested in pursuing legislation removing the 7% population requirement for authorizing multifamily housing bond projects for the smaller IDAs. Currently, the IDAs of Maricopa, Pima, Phoenix, and Tucson are not required to get Arizona Department of Housing authorization for those projects.

Ms. LeVinus said once they complete their research on both matters, they will return to the Authority for an official position/direction.

Ms. LeVinus reported on the issues being faced by Governor Katie Hobbs.

**5. FINANCIAL REPORT.**

Ms. Scharbach referred to the financial statements included in the Board packages for the months ended November 30, 2022, and December 31, 2022. Ms. Scharbach reviewed the December statement and pointed out the negative variance in the Authority's revenue, largely due to the slowdown in the Home in Five Program, as reported in the past.

Ms. Scharbach also reported a negative variance in the expenses, for the most part, relating to the relocation of the Authority's office, along with a number of the Authority's monthly contracts that have increased in the past year.

Ms. James requested an update on the Tallwave investment.

*Mr. Martinez left the meeting at 10:35 a.m.*

**6. PAYMENT OF INVOICES.**

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the months ended November 30, 2022, and December 31, 2022.

Mr. Bracamonte moved to approve payment of the invoices as submitted for the months ended November 30, 2022, and December 31, 2022. Ms. Burnham seconded the motion.

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

**7. BUSINESS DEVELOPMENT OFFICER.**

Mr. Ghelfi had no report.

**8. PRESIDENT'S REPORT.**

Mr. Rounds requested to meet with Ms. Scharbach and Mr. Ghelfi regarding how economic conditions may impact the Authority's revenue.

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

Ms. Scharbach reminded the Board of the Valleywise Health facility tour taking place on January 12, 2023, and encouraged Board Members to attend.

**10. LEGAL COUNSEL REPORT.**

Mr. Fries had no report.

**11. COMMENTS FROM BOARD MEMBERS.**

There were no comments from 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 adjourned at 10:42 a.m., without objection.



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