

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

Date: June 11, 2024, 9:30 a.m.

Place: GoToMeeting – virtually

Presiding: Ronald J. Castro, Jr.

Present: Rebecca Burnham, Leah Landrum Taylor, Freddie Bracamonte, Ronald J. Castro, Jr., and Vanessa Valenzuela Erickson

Absent: Lisa A. James, Andrew M. Cohn, Jose Martinez and Jeremy Stawiecki

Executive Director: Shelby L. Scharbach

General Counsel: Julie Arvo MacKenzie

Administrators: Janis L. Larson and Mary Misic

Special Counsel: Brigitte Finley Green of Squire Patton Boggs

Guests: Courtney LeVinus, Terry Warren, Jim Blandford, Ingmar Berg, Jon Jurich, Griffin Hitzel, David Wallace, Charles Lotzar, Gemma Molina

In the absence of Ms. James, Mr. Castro called the Regular Meeting of the Board of Directors to order at 9:35 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON MAY 14, 2024.

On motion made by Mr. Bracamonte and seconded by Ms. Valenzuela Erickson, the minutes of the May 14, 2024, Regular Meeting were approved as written.

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

2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$80,000,000 OF THE

AUTHORITY’S REVENUE BONDS FOR THE BENEFIT OF LEGACY TRADITIONAL SCHOOLS.

Brigitte Finley Green of Squire Patton Boggs noted she would be serving as Issuer’s Counsel and Bond Counsel on this transaction. Ms. Finley Green explained that the application/borrower is Legacy Traditional Schools (“Legacy”), which is comprised of approximately 22 organizations from Arizona, Nevada and Texas. This deal will refinance a bond financing issued by The Industrial Development Authority of the City of Phoenix, Arizona in 2014. There will be no new money projects involved in the proposed financing.

The following persons were present in support of the project: Ingmar Berg, CFO of Legacy Traditional Schools; Terry Warren, Borrower’s Counsel of Warren Charter Law, PLC; and Jim Blandford, Placement Agent/Underwriter of Robert W. Baird & Co.

Mr. Berg explained that Legacy owns and operates schools in three states, 21 are located in Arizona, including one on-line; three in Nevada; and three in Texas. The schools in Arizona and Nevada have formed an Obligated Group and have shown very strong financials over the past four to five years. S&P currently raised Legacy’s investment rating from BB+ to BBB-, so the bonds will now be considered investment grade bonds. Academically, 13 schools in Arizona are rated A, 3 are C rated, and the balance of the schools are rated B. Legacy is working diligently to ensure all schools are rated B and above.

Mr. Berg responded to a number of questions from Mr. Castro.

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

RESOLVED to adopt a final Resolution in the form presented to the meeting authorizing and approving the issuance of not to exceed \$80,000,000 The Industrial Development Authority of the County of Maricopa Education Revenue Refunding Bonds (Legacy Traditional Schools Projects), Series 2024.

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

3. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING PRELIMINARY APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$50,000,000 OF THE AUTHORITY’S MULTIFAMILY HOUSING REVENUE BONDS FOR THE DISTRICT AT LAVEEN APARTMENTS PROJECT.

Ms. Arvo MacKenzie explained that this request is for preliminary approval of a bond issuance in the amount of \$50 million for the construction of a 250-unit apartment complex to be known as the District at Laveen Apartments and located at 4900 West Baseline Road, Laveen, Arizona. Tenants residing in this facility will need to have

income that is at or below 60% of area median income. Financing for the project will include an allocation of 4% low-income housing tax credits (“LIHTCs”) from the Arizona Department of Housing.

The following persons were present in support of the project: Griffin Hitzel and David Wallace of DevCo; Jon Jurich, Bond Counsel of Pacifica Law Group; and Charles Lotzar, Borrower’s Counsel of Lotzar Law Firm.

Mr. Lotzar explained the key to this project is the LIHTCs and the fact that Devco will be deeply subordinating some of the debt relating to this project. In order to make this transaction work as new construction, Devco will provide a sponsor loan of \$7,750,000 that will not be paid back until all of the bonds are paid in full. Also, almost 75% of the developer fee – over \$11,000,000 – will be deferred.

Mr. Bracamonte thanked the borrower for choosing the Authority and asked why the developer chose the Authority over the Arizona IDA or the Phoenix IDA. Mr. Lotzar responded he has a very long-standing relationship with the MCIDA.

Mr. Lotzar responded to questions from Ms. Landrum Taylor as to whether the developer received community input and the property management plan. Mr. Hitzel added Devco has their own in-house management division called HNS who manages over 9,000 units in the state of Washington, and they will continue building a full management team in Arizona.

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

RESOLVED to adopt the preliminary approval Resolution in the form presented to the meeting authorizing and approving the issuance of not to exceed \$50,000,000 of The Industrial Development Authority of the County of Maricopa Multifamily Housing Revenue Bonds (District at Laveen Apartments Project), Series 2025.

The motion passed by a vote of (4-1).

Mmes. Burnham and Valenzuela Erickson and Messrs. Castro and Bracamonte voted aye. Ms. Landrum Taylor voted nay.

Ms. Landrum Taylor explained that she would like additional time to research the project for various reasons.

The following agenda items were taken out of order.

6. PAYMENT OF INVOICES, AND ACTION AS DETERMINED.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended May 31, 2024, and requested approval by the Board.

Ms. Burnham moved to approve payment of the invoices as submitted for the month ended May 31, 2024. Ms. Landrum Taylor seconded the motion.

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

7. DISCUSSION AND ACTION AS DETERMINED REGARDING CONTRACTING WITH G&A CPAS AND ADVISORS TO PROVIDE ACCOUNTING SERVICES.

Ms. Scharbach referred to the engagement letter from the Authority's accounting firm, G&A CPAs, and reported G&A CPAs is proposing a new rate of \$2,950 per month for their accounting services.

Ms. Scharbach said she would recommend renewal of their services.

Mr. Bracamonte moved to continue the engagement of the firm G&A CPAs and Advisors to serve as the accountants for the Authority on the terms set forth in the form of the engagement letter presented to the Board. Ms. Valenzuela Erickson seconded the motion.

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

Mr. Castro questioned whether renewal of an engagement letter should be handled as an administrative function rather than being brought before the Board for approval. Ms. Scharbach said legal counsel will research the matter for the future.

4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Courtney LeVinus said it is rumored the legislative leadership and the Governor's office has reached a consensus on the budget. Plans are to balance the \$1.3 billion deficit with funds from the water infrastructure improvement fund, changing and sweeping some agency funds, and delaying some infrastructure - primarily transportation projects.

The November ballot is expected to be rather large with the various referrals from the legislature.

5. FINANCIAL REPORT.

Ms. Scharbach referred to the financial statements included in the Board packages for the month ended May 31, 2024, and reviewed the same.

Ms. Scharbach pointed out the Supplemental Schedule of General Expenses wherein the cost of issuance for the single-family platinum program is broken down, as requested by Mr. Castro at a previous meeting.

Ms. Burnham left the meeting at 10:13 a.m.

8. PRESIDENT'S REPORT.

There was no president's report.

9. EXECUTIVE DIRECTOR'S REPORT.

There was no Executive Director's report.

10. LEGAL COUNSEL REPORT.

Ms. Arvo MacKenzie reported the last \$70 million tranche of the original \$200 million of single-family mortgage revenue bonds approved by the Authority has been priced and will be closing by June 27, 2024. In order to be in compliance with the state law and the federal tax code, the remaining program funds have already been reserved or used to complete the mortgage loan process. There is currently a set-aside of approximately \$10.7 million for manufactured housing and targeted area loans.

Because of the lack of state volume cap, it may not be possible to issue any bonds relating to the \$400 million single family mortgage revenue bonds approved by the Authority in May 2024 – until at least January 2025.

Ms. Arvo MacKenzie responded to a number of questions.

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, the Regular Meeting adjourned at 10:32 a.m.


