



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

Date: February 9, 2016, 9:00 a.m.

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

Presiding: Victor D. Vidales

Present: Victor D. Vidales, Steven Bales, Jr., Charles P. Thompson,
Ronald L. Westad, Jeremy Stawiecki, William McAllister
(telephonically) and Maria Spelleri

Absent: Lisa A. James

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Kathleen Jakubowicz

Business Development
Officer: Gregg J. Ghelfi

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

Mr. Vidales called the Regular Meeting of the Board of Directors of the Authority to order at 9:01 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON JANUARY 12, 2016.

On motion made by Mr. Thompson and seconded by Mr. Stawiecki, the minutes of the January 12, 2016 Board meeting were approved as submitted.

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

2. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING PRELIMINARY APPROVAL FOR THE

ISSUANCE AND SALE OF NOT TO EXCEED \$12,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF ALHAMBRA PARTNERS L.P., TO FINANCE THE ACQUISITION, REHABILITATION, EQUIPPING AND OPERATION OF AN APPROXIMATELY 182 UNIT MULTIFAMILY RESIDENTIAL HOUSING PROJECT LOCATED AT 4510-4647 NORTH 39TH AVENUE, PHOENIX, ARIZONA, COMMONLY KNOWN AS ALTA VISTA VILLAGE APARTMENTS.

Mr. Wilder explained that this financing will be structured as "notes" under a direct placement, without a bond trustee and underwriter. The project is a 182-unit apartment complex located at 4510-4647 North 39th Avenue, Phoenix, Arizona.

Mr. Wilder introduced the applicants, Glenn and Mary Walling, the principals of Alhambra Partners LP, who together have over 58 years of experience in the development, rehabilitation and management of affordable multifamily housing.

Mr. Wilder explained that during the construction period, the notes will be held by Sterling Bank. Upon completion of the rehabilitation, they will be transferred to Greystone Servicing Corporation; however, will eventually be transferred to Freddie Mac, who will be the ultimate holder of the notes for the remaining 18 years. The financing will be structured under a Freddie Mac tax-exempt loan program which affords a lower interest rate.

Mr. Wilder said Mr. Walling will also obtain 4% tax credits from the Arizona Department of Housing, which will assure that 100% of the units will be set aside for households with income at or below 60% of area median income.

Mr. Walling explained that the project currently has approximately 33 of its 184 units rented, and is in need of repair. The project will be totally rehabilitated with new floors, appliances, paint, roof repair, landscaping, pool decks, etc. MEB Management Services will manage the property and will also assist the owners throughout the rehabilitation process. MEB Management Services is very familiar with compliance issues in ensuring the tenants meet the qualifications required with a tax credit program.

After further discussion and upon motion made by Mr. Bales and seconded by Mr. Thompson, the following was adopted:

RESOLVED to adopt the Resolution in the form presented to the meeting, granting preliminary approval to Alhambra Partners, LP for the issuance of tax-exempt notes in an amount not to exceed \$12,000,000 to assist in financing the acquisition, rehabilitation, equipping and operation of the Alta Vista Village Apartments Project located at 4510-4647 North 39th Avenue, Phoenix, Arizona.

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

3. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING PRELIMINARY APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$35,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF CASA GRANDE INVESTMENTS I, LLC, OR AN AFFILIATED ENTITY, TO FINANCE THE ACQUISITION, REHABILITATION, EQUIPPING AND OPERATION OF AN APPROXIMATELY 324 UNIT MULTIFAMILY RESIDENTIAL HOUSING PROJECT LOCATED AT 34807 NORTH 32ND DRIVE, PHOENIX, ARIZONA, COMMONLY KNOWN AS IRONHORSE AT TRAMANTO APARTMENTS.

Mr. Wilder explained that Ironhorse at Tramanto Apartments, a 324-unit apartment complex, is located at 34807 North 32nd Drive, Phoenix, Arizona, which is north of the Carefree Highway and east of the I-17. The project is being acquired by Tramanto Apartments LLC, which is an affiliate of Casa Grande Investments I, LLC.

Mr. Wilder reminded the Board that in 2013, the Authority financed two multifamily projects for Henderson Global Investors (America), Inc. ("Henderson Global"). Subsequent to those financings, Henderson Global was acquired by TIAA-CREF Alternative Advisors ("TIAA"), the nation's largest pension operator for the education system, which has billions of dollars available for investments of this nature. As part of this proposed financing, the company intends to invest up to \$11 million in equity and rehabilitation over and above the bond proceeds.

Mr. Wilder introduced Bryant Barber of Lewis Roca Rothgerber Christie LLP, bond counsel, to provide information to the Board regarding the proposed project.

Mr. Barber explained that this project will be purchased by a large institution that needs to invest capital to meet their annuity and pension responsibilities with higher yielding investments without taking on too much risk.

Mr. Barber said there will be 20% of the units set aside for households with incomes at or below 50% of area median income, which in this case would be 65 units.

After further discussion and upon motion made by Mr. Thompson and seconded by Mr. Stawiecki, the following was adopted:

RESOLVED to adopt the Resolution in the form presented to the meeting, granting preliminary approval to Casa Grande Investments I, LLC or its affiliate for the issuance of not to exceed \$35,000,000 of the Authority's revenue bonds to assist in financing the acquisition, rehabilitation, equipping and operation of the Ironhorse at Tramanto Apartments Project located at 34807 North 32nd Drive, Phoenix, Arizona.

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

6. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Courtney LeVinus reported that Governor Ducey is proposing the creation of the Governor's Economic Opportunity Office ("GEOO") through HB 2666, which is being introduced by Representative Karen Fann. The proposal will consolidate several state agencies, some of them being the analytical and data collection agencies, so that there is only one clearing house for the statistical information that is important for existing businesses and those businesses considering moving to Arizona. Most of the focus will be on data collection, benchmarking, comparing Arizona to other states, additional ways to reduce regulatory burdens and increasing tax competitiveness.

Ms. LeVinus said one of the major provisions of this proposal may have a direct impact on industrial development authorities ("IDAs") throughout the state since there is a proposal to create a statewide IDA, which may compete with all other IDAs in the state. This proposal would combine several of the state's finance authorities that currently exist, such as the Water Infrastructure Finance Authority, the Greater Arizona Development Authority, the Arizona Housing Finance Authority, the Arizona Health Facilities Authority and the Arizona International Development Authority into the Arizona Industrial Development Authority ("Arizona IDA"). The Arizona IDA would be run by a Governor-appointed Director and five members who would serve three year terms.

The Arizona IDA would be exempt from Arizona Department of Housing hearings on new projects, and they would also exempt themselves from the Arizona Attorney General review of projects, which other IDAs are required to do. This proposal would also eliminate the allocations of private activity bonds, which are statutorily mandated. It would be up to the Board to make those allocation policies, and, in the future, the allocations would be eliminated.

Mr. Thompson suggested research be done on which states have statewide IDAs and the success of those IDAs.

Board Members suggested contacting other IDAs and agencies that may be affected throughout the State to determine their position on the proposed bill, along with other legislators for their initial feedback.

Ms. LeVinus reported that HB 2693, which was introduced by Representative Darren Mitchell, may also impact the Authority. Representative Darren Mitchell has been focused on eliminating or reducing the State's personal income tax. HB 2693 has two additional areas that can be taxed at the State level – personal services and financial services. Some personal services being considered in the bill are things such as salon services, funeral services, dry cleaning, personal accounting services and financial services, which include mortgage loan brokers, credit card transactions, banking, investment brokers, etc.

Mr. Vidales delegated Mr. Thompson, Ms. Spelleri and himself to assist with matters relating to HB 2666.

4. DISCUSSION AND ACTION, IF ANY, AS DETERMINED REGARDING A PRESENTATION AND UPDATE FROM FUNDERS COLLABORATIVE TO END HOMELESSNESS IN MARICOPA COUNTY, AND A POSSIBLE REQUEST FOR ADDITIONAL FUNDING.

Ms. Scharbach introduced Bruce Liggett, Director of Maricopa County Human Services Department; Amy Schwabenlender, Vice President of Valley of the Sun United Way (“VSUW”); and Brian Spicker, Sr. Vice President Community Impact of VSUW.

Mr. Liggett updated the Board on the Rapid Rehousing project, and said the goal of the Funders Collaborative is to provide services, support and engagement around the clock for every person experiencing homelessness. The original target of the Rapid Rehousing project was to place 250 people in housing, and there are currently 119 persons who have been placed in Rapid Rehousing to date. As part of a broader initiative, 101 persons have been placed in public housing with permanent supportive housing that was identified by the City of Phoenix. Since the project began in July 2015, 220 individuals have been placed in housing.

The Funders Collaborative has realized the entire system needs to be fixed, so they are currently looking at massive system changes, such as improved coordinated entry, campus governance at Human Services Campus, data collection, and reduction of the length of shelter stays.

The current problem is the lack of available funds to support the temporary overflow for homeless individuals after the end of February until their new fiscal year begins after June 30, 2016. They have already used Maricopa County general and federal funds and Arizona Department of Housing monies.

The Funders Collaborative is currently asking the Arizona Department of Housing, the Authority and the Phoenix IDA each to pick up one third of the cost to run the temporary overflow shelter from March through June (or \$170,000 each). The Arizona Department of Housing has already contributed \$170,000 to this effort, and the Phoenix IDA will consider the request at their next Board meeting.

Mr. Thompson voiced his concerns, and said he did not think the proper procedures that had been agreed upon in bringing a grant request to the Board had been followed. Ms. Scharbach said the Board did allow for exceptions to their procedures in allowing requests to come straight to the Board when not in a grant cycle, and because there was no Community Investment Committee meeting scheduled in February and this request is time sensitive, the matter was included on this agenda.

Mr. Liggett added that Arizona Community Foundation was also contributing \$125,000 into the Rapid Rehousing match.

Mr. Thompson said although he does support homelessness efforts, he does not like all of the continued grant requests for this project coming to the Authority.

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

RESOLVED to approve a grant in the amount of \$170,000 to Valley of the Sun United Way on behalf of the Funders Collaborative for the temporary overflow shelter, with a request to be provided with a comprehensive plan for addressing this homelessness issue in order to address the matter long-term, including a list of partners, and how the Authority can participate in order to be proactive.

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

Mr. Thompson abstained from voting.

5. DISCUSSION AND ACTION, IF ANY, AS DETERMINED REGARDING A \$25,000 GRANT REQUEST FROM SI SE PUEDE FOUNDATION FOR ITS SEAPERCH COMPETITION.

Ms. Scharbach introduced Alberto Esparza, President and Mike Acevedo, Vice President, both of Si Se Puede Foundation (the "Foundation"). Also present was John Gomez, Deputy Chief of Staff for Supervisor Gallardo.

Ms. Scharbach explained that both Supervisors Gallardo and Barney support this grant request. Ms. Scharbach reminded the Board that this request would also be considered an exception to the rule for bringing grant requests to the Board because there is currently no grant cycle in place and there is a timing issue involved.

Mr. Gomez reminded the Board of the importance of students with skills in science, technology, engineering and mathematics (STEM).

Mr. Acevedo said the Foundation was founded in 1993 and has since primarily served the East Valley, including students between the ages of 8 to 18 who attend Title 1 schools. The Foundation's program is recognized as one of the foremost programs for youth in STEM throughout the State of Arizona, based on awards and recognitions received over the years. The program is unique in that it offers courses in physics, calculus and chemistry, which many other programs do not provide. The program helps provide the students with a pathway to a college education and a successful career. Over the years the Foundation has sent 85 students to college as a result of going through the STEM program, many of them attending Harvard University, Massachusetts Institute of Technology ("MIT"), the University of Illinois, Georgia Tech, Arizona State University ("ASU") and many other large engineering

schools throughout the United States. ASU is one of the Foundation's partners and works closely with the Foundation to offer the Foundation's students scholarships and opportunities to attend ASU.

Mr. Acevedo said the Foundation has recently extended their STEM program into south Phoenix, currently serving 150 students in Caesar Chavez and South Mountain High Schools. These schools will also be part of the upcoming competition.

Mr. Acevedo said SeaPerch is a nonprofit organization that is sponsored by the United States Navy and MIT. There has never been a regional SeaPerch competition in the State of Arizona, so the local students have never had the opportunity to participate in a regional competition, which, if they do well in that competition, could move on to the international competition. The first annual competition will be held at Chandler High School's Aquatic Center in Chandler, Arizona.

Mr. Acevedo said they have a great deal of support from the community, the City of Chandler, the Chandler Unified School District, ASU, and the Chandler Community College. These partners provide educational opportunities, instructors and facilities that reduce the costs and ultimately put more money into the programs.

Mr. Acevedo said if the Authority was to support this event, the Authority's signage/logo would be displayed at the event, and the Authority's logo would also be included on the event t-shirts.

Mr. Acevedo said they currently have approximately \$5,000 in commitments for the event, and do have outstanding requests for funding into Maricopa County, SRP and COX. Mr. Acevedo said the total cost of the event is \$25,000.

Mr. Acevedo said some of the Foundation's financial supporters for their STEM program are State Farm Insurance (\$50,000), Maricopa County Attorney RICO Funding (\$35,000), City of Chandler (\$35,000), Blue Cross Blue Shield (\$5,000), APS (\$5,000), SRP (\$5,000), along with personal and anonymous donations and fund raising events.

Mr. Stawiecki questioned whether the Chandler High School had been asked to donate the rental fee for their aquatic center. Mr. Esparza said they have asked the school to donate the rental; however, have had no response from the school. Mr. Esparza added the school does provide in kind services throughout the year to the Foundation, with a value estimated to be approximately \$150,000 per year, in terms of field usage and space. Mr. Esparza explained that there are other organizations that use the aquatic center and pay for the center, so the school does lose revenues when the center is not rented out.

Mr. Westad said he did not feel this program fit within the mission statement of the Authority.

Mr. Thompson suggested the Foundation request funds from a more appropriate source, such as the approximately 16 educational foundations within Maricopa County. Mr. Thompson said he felt it was inappropriate for the Foundation to come to the Authority for this grant request.

Mr. Esparza explained that they had gone to the educational foundations and were told their programs did not fit within their mission.

Mr. Vidales and Ms. Spelleri both said it was their opinion that this program does fit within the Authority's mission statement and guidelines.

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

RESOLVED to approve a grant in the amount of \$25,000 for the benefit of Si Se Puede Foundation for their SeaPerch Underwater Robotics Competition.

The motion failed by a vote of (3-4).

Ms. Spelleri and Messrs. Vidales and McAllister voted aye. Messrs. Bales, Stawiecki, Thompson and Westad voted nay.

7. DISCUSSION AND ACTION AS DETERMINED REGARDING THE 2012 HOME IN FIVE ADVANTAGE MORTGAGE ORIGINATION PROGRAM.

Ms. Scharbach referred the Board Members to the information in their Board packages, and reported as of February 1, 2016, there were 8,932 mortgage loans originated totaling approximately \$1.5 billion, with over 100 Participating Lenders in the program. Numbers for teachers/first responders are rising.

8. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended January 31, 2016, and reviewed the same. Ms. Scharbach pointed out the payments to the website developer and the financial auditors. Ms. Scharbach also referred to a revised Accounts Payable Summary, which includes reimbursements to Maricopa County for partial benefits of Ms. Scharbach and Mmes. Larson, Jakubowicz and Venegas, which were inadvertently omitted from the County's invoices of August through December 2015. Rather than invoicing one large lump sum, Ms. Scharbach said the County will invoice partial reimbursements over the next few months.

Mr. Westad moved to approve the payment of invoices as submitted for the period ended January 31, 2016. Mr. Stawiecki seconded the motion.

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

9. FINANCIAL REPORT.

Ms. Scharbach distributed the unaudited financial statements for the period ended January 31, 2016, and reviewed the same.

10. PRESIDENT'S REPORT.

Mr. Vidales said he decided to postpone the February 18th planning session until he can find a third-party facilitator to assist the Board with their mission and vision. The meeting will be rescheduled for some time in April or May.

11. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach said there has been a number of organizations waiting for potential funds through the Authority's next grant cycle with Arizona Community Foundation ("ACF"). Ms. Scharbach said she has been working with Morgan Bishop of ACF, and was told the grant cycle could be opened up as early as later this week, with final recommendations to be made in April. Mr. Scharbach asked for direction from the Board as to their desire of when to open the next grant cycle.

Mr. Ghelfi added that he has a list of approximately 15 organizations with interest in participating in the next grant cycle, and he would email that list to the Board Members for their consideration and comments.

Ms. Scharbach updated the Board with respect to the Cowley loan request, and explained that after the Authority's January 12, 2016 Board Meeting wherein representatives of The Arizona Bank said they may have issues putting together this financing, Mr. Cowley met with representatives of the Biltmore Bank. The Biltmore Bank also had a number of issues and was not able to come to an agreement for the financing, so Mr. Cowley is now back in communications with the Arizona Bank for potential financing. LaRaza Development may also have interest in financially backing the project. Further updates will be provided to the Board at their next Regular meeting.

The Board gave Ms. Scharbach direction to move forward with the next grant cycle.

12. LEGAL COUNSEL REPORT.

Mr. Wilder explained that the Series 2000 Charter School Pool financing has been somewhat unsuccessful, and now only one school is left in the pool. The Bank of New York has appointed a receiver for the final property left in the pool, and a sale of that property is pending, with sufficient monies to pay the bondholders.

Mr. Wilder reported the Coffelt and Christian Care financings are expected to close in March.

Mr. Wilder then suggested the Board consider modifying their fee schedule to suspend charging administrative fee for the first year for applicants with new construction since there wouldn't be income generated on the property for at least the first year.

13. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi noted that Tom Manos will be retiring at the beginning of May 2016.

Mr. Ghelfi said the Phoenix IDA is having some issues with certain Phoenix City Councilmembers who oppose charter school financings, so those financings may be going to other industrial development authorities.

Mr. Ghelfi reported on various meetings he has been attending, including meetings with representatives of the City of Surprise and the Tallwave investor meetings. He also reported on the progress of the Authority's new website – with plans to hopefully be live by the end of March.

14. COMMENTS FROM BOARD MEMBERS.

Mr. Thompson said he will be attending the ASU Manufacturing Venture Fund meeting, and will report back to the Board.

Mr. Vidales welcomed Maria Spelleri to the Authority's Board.

15. 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 11:32 a.m., without objection.

A handwritten signature in black ink, appearing to be "M. Ghelfi", written over a horizontal line.