



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

Date: February 10, 2015, 9:00 a.m.

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

Presiding: Gregg J. Ghelfi

Present: Gregg J. Ghelfi, Jeremey Stawiecki, Charles P. Thompson,
Victor D. Vidales, Steven Bales, Jr., William McAllister,
David M. Adame (by telephone), and Lisa A. James (by
telephone)

Absent: Merwin D. Grant

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson, Joyce A. Gott and Kathleen Jakubowicz

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

Mr. Ghelfi called the Regular Meeting of the Board of Directors of the Authority to order at 9:04 a.m., noting the presence of a quorum.

Mr. Ghelfi announced that Joyce Gott, Administrator for the Authority, would be retiring at the end of February, so this would be her last Board meeting. Board Members and Mr. Manos thanked Joyce for her years of service.

**1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD
HELD ON JANUARY 13, 2015.**

On motion made by Mr. Thompson and seconded by Mr. Bales, the minutes of the January 13, 2015 Board meeting were approved as submitted.

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

Mr. Adame joined the meeting at 9:06 a.m.

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

Ms. Scharbach introduced Mark O'Brien of Raymond James.

Mr. O'Brien gave an update on the Home in Five Program giving the Board Members historical background on the program. Mr. O'Brien reminded the Board that the Home in Five program was the 3rd program of its kind in the country with Raymond James. Raymond James now has 11 state agencies using this program and 19 local housing finance agencies. Over 2/3rds of state agencies in the country are funding their programs in this way. Total mortgage originations nationwide are over \$3.5 billion under these programs through Raymond James.

Mr. O'Brien reviewed the Quarterly Summary report as of January 22, 2015, previously distributed to the Board Members.

In response to a question from Mr. Thompson regarding whether other state and local housing finance agencies grant additional down payment funds/benefits to veterans/military personnel, Mr. O'Brien said the State of Nevada also offers additional benefits to their veterans/military personnel.

2. LEGISLATIVE REPORT, PRESENTATION BY A REPRESENTATIVE OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA REGARDING PENDING HB 2323, DISCUSSION AND ACTION AS DETERMINED.

Courtney LeVinus, along with Juan Salgado, Executive Director of The Industrial Development Authority of the City of Phoenix, Arizona ("PIDA") and Marcus Osborn of Kutak Rock were present at the meeting to report on HB 2323.

Ms. LeVinus reminded the Board that HB 2323 is similar to the bill that was introduced last session. The Authority worked with PIDA last session to amend the bill; however the Authority took a neutral position on the proposed bill. The bill never went anywhere last session, so HB 2323 was reintroduced this session. PIDA has now decided to take a new approach with the bill.

Mr. Salgado explained that legislators have been questioning why the Authority remains neutral on this bill. Because the relationship between the Authority and PIDA has been so strong in the past years, PIDA hopes the Authority would join together to support HB 2323.

Mr. Osborn said after discussions with representatives of the Authority, they determined a more simplified way to change the legislation would be to amend the existing statute rather than create a new one. The proposed changes would: (a)

eliminate restrictions on doing commercial projects in designated areas; (b) retain approval for bond issues by the Arizona Attorney General; and (c) remove the definition of “designated areas.”

Mr. Osborn said they have received positive feedback from Arizona State Representatives Weninger and McGee, who have been two of the most important persons at the Capitol who support industrial development authorities.

Mr. Wilder explained that the concept of a “designated area” has been in the statute since 1984 when the Legislature attempted to restrict certain commercial projects from being financed with bonds.

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

RESOLVED to support HB 2323 as currently written.

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

Ms. LeVinus explained that the next step for HB 2323 is the Housing Banking Financial Services Committee, which meets in one week.

Ms. LeVinus said negotiations for the State’s budget are still underway. Ms. LeVinus reported she has also been monitoring Midwestern University’s proposed changes to legislation that was passed last session after determining there were ways to streamline their student loan program.

At the request of Mr. Adame, Ms. LeVinus updated the Board with respect to HB 2254, which would eliminate sales tax on residential rent. If the bill passes, it would have an \$87 million economic impact to the municipalities.

Mr. Thompson asked that Ms. LeVinus to either testify at the hearing or notify Legislators that the Authority supports HB 2323 as currently written. Ms. LeVinus agreed to do so.

4. STATUS REPORT FROM THE COMMUNITY INVESTMENT COMMITTEE AND DISCUSSION AND ACTION AS DETERMINED REGARDING THE GUIDELINES FOR THE AUTHORITY’S COMMUNITY INVESTMENTS AND PROCEDURES FOR THE COMMUNITY INVESTMENT COMMITTEE.

Mr. Vidales reminded the Board that the Community Investment Committee (the “CIC”) has been working with Arizona Community Foundation (“ACF”) to serve as a third party to administer grants on the Authority’s behalf; however, the CIC is not ready for the full Board’s approval at this time.

Ms. Scharbach explained the goal of the CIC is to come back to the full Board at the March meeting for approval. The approval will most likely include a resolution dictating what action the Board plans to take, the dollar amount of investment, and the procedures in dealing with ACF, etc.

Ms. Scharbach said negotiations are still underway with ACF.

The majority of the Authority's funds would be housed in a non-spendable, Non-Profit Reserve Fund with ACF. That account would be invested with a 1% investment management fee – and a sliding scale of 75 basis points on any funds over \$3 million. There would also be a Donor Advised Fund, which would be the mechanics for getting the grant out. There is a \$25,000 irrevocable amount that is required in the Donor Advised Fund, which is for tax purposes.

It is expected all grant requests will go through the ACF, with grant cycles being held twice a year. There would also be an allowance throughout the year to consider grant requests brought by two Board of Supervisors that are not within the regular grant cycles.

Mr. Fries reported on two issues that arose during negotiations with ACF. One issue was the requirement of an “irrevocable” deposit of \$25,000 into the Donor Advised Fund. ACF agreed that because the Authority is a non-profit entity, the last \$25,000 can be used as a grant.

Mr. Fries said the second issue relates to the fact that ACF wants control over all grants. Mr. Fries said he did not think this would create any issues because if the Authority does not wish to fund a grant approved by ACF, the Authority just wouldn't transfer funds into the Donor Advised Fund.

Ms. Scharbach said she felt comfortable that ACF will work collaboratively with the Authority to issue grants.

Ms. Scharbach said she will be meeting with ACF's CFO to go through their investment line up to determine how the Authority's funds will be invested. There is no fee for transferring funds between the Non-Profit Reserve Fund and the Donor Advised Fund.

Ms. Scharbach said Messrs. Wilder and Fries will prepare a resolution to be adopted by the full Board in March. Ms. Scharbach explained that the resolution will need to acknowledge the change in the Authority's investment strategy. Although not required to, the Authority currently follows the statutory guidelines for public funds, and investing with ACF will allow the Authority to be more strategic and possibly earn more interest on its investments.

Mr. Vidales said the CIC will move on to business development strategies once the grant procedures are finalized.

5. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended January 31, 2015, and reviewed the same.

Mr. Vidales moved to approve the payment of invoices as submitted for the period ended January 31, 2015. Mr. Thompson seconded the motion.

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

Mr. Adame left the meeting at 10:18 a.m.

6. FINANCIAL REPORT.

Ms. Scharbach distributed the unaudited financial statements for the period ended January 31, 2015, and gave a brief update.

7. PRESIDENT'S REPORT.

Mr. Ghelfi thanked the CIC for their work on the grant procedures.

8. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach thanked Ms. Gott for her years of service.

Ms. Scharbach said there have been questions on what is happening with ASU's fundraising activity for the manufacturing venture fund. Ms. Scharbach said Shawn Brenton will add a fundraising component to her March report to the Board.

Ms. Scharbach referred to the report from Arizona Coalition to End Homelessness previously distributed to the Board regarding the Project H3 VETS. The Authority has given them \$332,000 to staff "navigators" to work with veterans coming through the Human Services Campus.

Ms. Scharbach reminded the Board Members of the Arizona Veterans Stand Down invitation to be held at the Veterans Memorial Coliseum on February 12th and 13th.

Ms. Scharbach said she will request an update from Mike McQuaid on the men's overflow shelter and the welcome center at the Human Services Campus.

Ms. Scharbach requested direction from the Board to get a proposal(s) to revise the Authority's website and update its technology to use electronic documents for Board meetings. Ms. James suggested Ms. Scharbach request quotes from more than one company.

9. LEGAL COUNSEL REPORT.

Mr. Wilder explained that the Authority received notification from the IRS of an audit on the Dobson Village Apartments, which was financed through a bond issue in 2006. Mr. Wilder said he does not expect any issues with the audit; however, the bonds for this project are no longer outstanding because of a deed in lieu of foreclosure proceeding in 2010. The Regulatory Agreement was also terminated in 2010, and all applicable statutes of limitation have run.

Mr. Wilder said because he lacks technical expertise in dealing with the IRS, he suggested the Authority consider hiring Perry Israel, a leading tax attorney in the country, to advise the Authority.

10. CALL TO THE PUBLIC.

No other members of the public responded.

ADJOURNMENT

With no further business to come before the Authority, upon motion made and duly seconded, the Regular Meeting was adjourned at 10:40 a.m., without objection.

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