



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

Date: August 11, 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, Jeremy Stawiecki, Victor D. Vidales, Ronald L. Westad, Steven Bales, Jr., Charles P. Thompson and William McAllister

Absent: Lisa A. James and David M. Adame

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson 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 9:03 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON JULY 14, 2015.

On motion made by Mr. Bales and seconded by Mr. McAllister, the minutes of the July 14, 2015 Board meeting were approved as submitted.

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

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

Mark O'Brien, Robert Coleman and Stacy Houston of Raymond James were present by telephone.

Ms. Scharbach said the Home in Five Program continues to be very successful, with over 6,600 loans either closed or in the process of being closed, totaling over \$1.1 billion.

Ms. Scharbach said a recent change to the program that became effective on July 15, 2015, was the clarification/revision to the down payment assistance (“DPA”) grant letter wherein the homebuyer executes and acknowledges that the interest rate on the loan is above-market.

Ms. Scharbach said plans are underway to have a press release on or about September 1st or 15th in celebration of the program reaching \$1 billion in loans, and include the announcement of adding teachers and first responders to those homebuyers receiving an additional 1% DPA.

Mr. Vidales asked for clarification on lenders that may be suspending the Home in Five Program due to the Office of Inspector General’s audit of Nova Home Loans. Ms. Scharbach said she was only aware of one lender, Academy Mortgage, which has temporarily suspended the program. Ms. Scharbach explained that this issue is not just a local issue, but a national problem, and hopefully, HUD will provide a respond to the audit in the very near future.

4. DISCUSSION AND ACTION AS DETERMINED REGARDING THE INCLUSION OF FANNIE MAE’S HFA PREFERRED CONVENTIONAL LOANS INTO THE HOME IN FIVE ADVANTAGE MORTGAGE ORIGINATION PROGRAM.

Ms. Scharbach explained that previously Fannie Mae had limited their HFA Preferred Conventional Loan Program only to state housing finance agencies, but have recently opened the program up to local housing finance agencies. The Authority and The Industrial Development Authority of the City of Phoenix, Arizona (“PIDA”) are in the process of being approved by Fannie Mae in order to participate in this program.

It is anticipated the HFA Preferred Conventional Loan Program would work similar to the current Home in Five Program with the same DPA, homebuyer education class requirements, home inspection, etc., although the program would be limited to first-time homebuyers and will have lower costs due to no up-front mortgage insurance premium.

Mr. O’Brien explained that the mortgage loan interest rate for the conventional loans may be slightly higher than the FHA/VA/USDA-RD loans currently in the program by $\frac{1}{4}\%$ to $\frac{3}{8}\%$ because Fannie Mae/Freddie Mac certificates don’t trade as well GNMA certificates. Mr. O’Brien said conventional loans tend to be favored by homebuyers because the mortgage insurance goes away after the loan reaches 80% of loan-to-value, as opposed to FHA loans wherein the mortgage insurance premium never goes away.

In response to a question from Mr. Vidales regarding outreach efforts to Participating Lenders in the Home in Five Program with respect to the acceptance of a conventional component to the program, Murray Boess of PIDA said outreach efforts have been conducted, and the Participating Lenders were supportive of the conventional addition.

Mr. Boess explained that there are currently 2 ½ times as many conventional loans made within Maricopa County as compared to FHA loans, so the addition of conventional loans may bring more homebuyers to the program.

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

RESOLVED to authorize the inclusion of the Fannie Mae HFA Conventional Program into the Home in Five Advantage Mortgage Origination Program.

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

2. REPORTS BY MULTIFAMILY HOUSING COMPLIANCE REVIEW ADVISORS, ~~AND~~ DISCUSSION AND ACTION AS DETERMINED REGARDING COMPLIANCE WITH LAND USE RESTRICTION AGREEMENTS OR REGULATORY AGREEMENTS ENCUMBERING OUTSTANDING MULTIFAMILY HOUSING PROJECTS FINANCED BY THE AUTHORITY.

Julie Guffey of JAG Compliance and Consulting appeared before the Board and presented a report with respect to the annual compliance reviews on the Authority's bond financed multifamily housing projects. It was reported that all projects reviewed are performing in accordance with their respective regulatory agreement.

Mr. Vidales asked Ms. Guffey to provide to the Board how many properties have waiting lists and an idea of the number of persons on those waiting lists.

Mr. McAllister asked Ms. Guffey to provide a list of which properties may be in need of capital improvements.

5. DISCUSSION AND ACTION AS DETERMINED REGARDING GRANT REQUESTS SUBMITTED TO THE AUTHORITY THROUGH THE ARIZONA COMMUNITY FOUNDATION AND RECOMMENDED BY THE AUTHORITY'S COMMUNITY INVESTMENT COMMITTEE.

Mr. Vidales said the grant applications before the Board are those that were approved by the Community Investment Committee ("CIC") on August 4, 2015, after careful review and ranking through Arizona Community Foundation's ("ACF") on-line system.

Ms. Scharbach reminded the Board of the relationship with ACF and the funds that have been invested with ACF for the purpose of grant distribution. This was the first grant cycle with ACF, and it is expected the process will need to be refined for future cycles of grants. The relationship with ACF should prove to be very beneficial to the Authority with grant administration and reporting.

The Board was reminded that the 10 applications received for consideration for the first grant cycle were invited to submit applications. Future cycles will most likely occur on a semi-annual basis and possibly through an invitation process.

Mr. Vidales gave a brief background on the grant requests and reported the voting outcome from the August 4th CIC meeting.

Discussion and consideration of the applications followed.

▪ **Arizona Women's Education & Employment**

Purpose: CLASS – Career Ladders to Achieve Success and Security
Request: \$1,456,000 over a period of two years.

Motion by Mr. McAllister and seconded by Mr. Ghelfi to approve the resolution as presented authorizing a grant request as follows:

Year one funding:

Up to \$350,000, provided AWEE provides dollar-to-dollar matching funds in new contributions, subject to a \$100,000 minimum.

Year Two Funding:

If in year one there is a grant for \$350,000 with matching funds of \$350,000, then in year two there is an approved grant of up to \$350,000, contingent upon AWEE providing dollar-to-dollar matching funds in new contributions, subject to a minimum of \$100,000.

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

The motion passed by a vote of (5-2).

▪ **Discovery Triangle Development Corporation**

Purpose: Engine Rebuild for Fresh Express by Discovery Triangle
Request: \$30,000

Motion by Mr. Bales and seconded by Mr. Thompson to approve a grant request for \$18,500 for engine repairs only.

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

Motion failed by a vote of (2-5).

Motion by Mr. Vidales and seconded by Mr. McAllister to approve the resolution as presented authorizing the grant request of \$30,000.

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

Motion passed by a vote of (5-2).

▪ **Catholic Charities Community Services, Inc.**

Purpose: Transitional Veterans Housing
Request: \$500,000

Motion by Mr. Westad and seconded by Mr. Stawiecki to approve the resolution as presented authorizing the grant request for \$500,000.

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

▪ **UMOM New Day Centers**

Purpose: UMOM Workforce Development, Employment and Housing
Programs
Request: \$500,000

Motion by Mr. McAllister, seconded by Mr. Westad to approve the resolution as presented authorizing a portion of the grant request in the amount of \$200,000 to be used only for UMOM's Workforce Development Program.

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

Mr. Thompson requested a number of changes in the application process with ACF for future grant cycles, including the following requirements:

- (a) Inclusion of applicant's entire budget for the organization – along with a budget for the proposed use of the grant request and percentage of organization's total budget.
- (b) A detailed plan of how the grant monies will assist the organization in meeting their goals.
- (c) Statement as to how the applicant's grant request meets the Authority's goals for housing, jobs, vets, etc.

- (d) Names and positions of the applicant's Board of Directors, the Board Members' jobs and staff salaries from the latest IRS 990's.
- (e) A copy of the Applicant's Determination Letter from the Internal Revenue Service to the effect that the Applicant is an organization described in Code Section 501(c)(3).
- (f) A detailed plan of how the grant funds will be evaluated on a semi-annual basis, along with a matrix of how the applicant will determine success, i.e., more quality jobs, affordable housing, dollars per job, etc.

Mr. Thompson asked that these items be included on the next CIC agenda for discussion purposes.

Mr. Ghelfi thanked the CIC members for their work with this grant process.

6. DISCUSSION AND ACTION AS DETERMINED REGARDING CONTRACTING WITH CLIFTONLARSONALLEN TO PROVIDE AUDITING SERVICES.

Ms. Scharbach explained that CliftonLarsonAllen has provided auditing services for the Authority for approximately 13 years, and their fee for services will remain the same as the previous year at \$13,000.

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

RESOLVED to approve the engagement of the firm of CliftonLarsonAllen LLP to provide audit services to the Authority for the audit of the Authority's 2014-2015 financial statements, in accordance with the engagement letter dated August 4, 2015 submitted by CliftonLarsonAllen LLP.

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

Mr. Vidales suggested going out for an RFP for auditing services next year. Mr. Westad said given the unique nature of the operations of the Authority, he felt there is a good deal of comfort in having the same firm that understands the Authority's operations, and was not sure this situation would merit a change of accounting firms.

7. PAYMENT OF INVOICES.

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

Mr. Bales moved to approve the payment of invoices as submitted for the period ended July 31, 2015. Mr. Stawiecki seconded the motion.

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

8. FINANCIAL REPORT.

Ms. Scharbach distributed the unaudited financial statements for the period ended July 31, 2015, and reviewed the same.

Ms. Scharbach referred to the new schedule added to the financials setting forth grants approved by the Authority since June 11, 2013. She said she plans to provide quarterly updates to the Board on the progress of each of these projects beginning in September or October.

9. REPORT BY THE AUTHORITY'S PRESIDENT ON THE AUTHORITY'S CONDITION AS REQUIRED BY ARTICLE III, SECTION 1 OF THE AUTHORITY'S BY-LAWS.

Mr. Ghelfi referred to the President's report distributed in the Board packages and reviewed the report.

10. PRESIDENT'S REPORT.

Mr. Ghelfi announced that the Greater Phoenix Economic Council will be presenting an award to the Authority at their annual dinner on October 8th, and asked Board Members to mark their calendars for the event.

Mr. Ghelfi thanked the Board, staff, legal counsel and legislative consultant for their work during the past year.

11. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach thanked Mr. Ghelfi for his contributions during the past year and presented him with a gift.

12. LEGAL COUNSEL REPORT.

Mr. Wilder reminded the Board of the two pending bond issues – Coffelt-Lamoreaux and Christian Care Surprise. He said the Coffelt-Lamoreaux project is still awaiting some approvals, but is expected to close in late fall. The Christian Care Surprise project is expected to come back to the Board for final approval in September or October.

13. ELECTION OF OFFICERS.

Mr. Ghelfi suggested the following slate of officers for the 2015/2016 year:

President	Victor D. Vidales
First Vice President	Lisa A. James
Second Vice President	Charles P. Thompson
Secretary/Treasurer	Steven Bales, Jr.

After further discussion and upon motion made by Mr. Bales and seconded by Mr. Stawiecki, the proposed slate of officers as suggested by Mr. Ghelfi was approved.

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

14. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ENGAGEMENT OF GHELFI CONSULTING, LLC TO PROVIDE BUSINESS DEVELOPMENT, MARKETING AND CONSULTING SERVICES, AND APPROVAL OF AN AGREEMENT FOR CONSULTING SERVICES WITH GHELFI CONSULTING, LLC.

Mr. Ghelfi stepped down from the Board and left the room, at which time Mr. Vidales assumed the duties of Presidency.

Mr. Vidales reminded the Board that on July 14, 2015, the Board approved a business development plan which included hiring a Business Development Manager. Mr. Vidales said Mr. Ghelfi has expressed an interested in taking on that the role of the Authority's Business Development Manager, and does have the support of several of the Maricopa County Board of Supervisors and senior staff of Maricopa County.

Mr. Vidales said if the Board approves Mr. Ghelfi as its Business Development Manager, the contract would be between the Authority and Ghelfi Consulting, LLC.

Mr. Vidales said Mr. Ghelfi has gone above and beyond this past year in his position as President of the Authority, and he has been impressed by Mr. Ghelfi's dedication and hard work.

Ms. Scharbach reiterated Mr. Vidales' comments regarding the excellent work done by Mr. Ghelfi, and said she felt he was a perfect candidate for the position.

Mr. Ghelfi returned to the meeting and officially resigned as a Board Member, after which he left the meeting in anticipation of a potential vote.

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

RESOLVED to engage Ghelfi Consulting, LLC, an Arizona limited liability company, of which Gregg J. Ghelfi is a principal, to provide business development, marketing and consulting services to and for the benefit of the Authority, at an initial monthly compensation of \$9,166.66, plus reimbursement of expenses as approved by the Executive Director of the Authority, and to approve and authorize the execution of an Agreement for Consulting Services between the Authority and Ghelfi Consulting, LLC, a draft form of which has been presented to the Board of the Authority, subject to such changes thereto as are approved by the Executive Director of the Authority, acting with the advice of legal counsel to the Authority, provided the engagement of Ghelfi Consulting, LLC shall not commence until August 20, 2015 or such later date as approved by the Executive Director of the Authority, and the engagement of Ghelfi Consulting, LLC is conditioned upon Gregg J. Ghelfi's resignation as a Director of the Authority immediately following the August 11, 2015 meeting of the Board of Directors of the Authority.

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

15. COMMENTS FROM BOARD MEMBERS.


The Community Investment Committee members agreed to cancel the September 1, 2015 meeting.

16. 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 10:56 a.m., without objection.

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