



**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 12, 2014, 9:00 a.m.

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

Presiding: David M. Adame

Present: David M. Adame, Gregg J. Ghelfi, Gary M. Sundberg (by telephone), Charles P. Thompson, Victor D. Vidales, Steven Bales, Jr., and William McAllister

Absent: Merwin D. Grant and Lisa A. James

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. Adame 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.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON JUNE 10, 2014, AND THE SPECIAL MEETING OF THE BOARD HELD ON JUNE 17, 2014.

On motion made by Mr. Thompson and seconded by Mr. McAllister, the minutes of the Regular Meeting of the Board held on June 10, 2014 were approved as submitted.

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

On motion made by Mr. Thompson and seconded by Mr. Bales, the minutes of the Special Meeting of the Board held on June 17, 2014 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 \$5,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF CHRISTIAN CARE RETIREMENT APARTMENTS, INC., CHRISTIAN CARE MESA, INC., AND CHRISTIAN CARE ASSISTED LIVING (PHOENIX), INC. TO REFINANCE THE AUTHORITY'S SERIES 2005B BONDS ISSUED IN 2005 FOR THE ACQUISITION AND REHABILITATION OF THE FELLOWSHIP SQUARE PHOENIX PROJECT, THE FELLOWSHIP SQUARE MESA PROJECT, AND THE OASIS AT FELLOWSHIP SQUARE.

Mr. Wilder introduced Bryant Barber, bond counsel of Lewis Roca Rothgerber, and John Norris of Christian Care.

Mr. Wilder reminded the Board that Mr. Norris made an informal presentation to the Board on June 2, 2014, with regard to an application submitted to the Authority for the refinancing of two separate bond issues. Subsequent to that time, Christian Care has made a decision to withdraw the Christian Care Manor Refunding portion of the request, which was to refund bonds issued in 2005 by The Industrial Development Authority of the City of Phoenix, Arizona, since that financing is not feasible at this time.

Mr. Wilder explained that the proposal is to refund Christian Care's 2005B Subordinate Bonds issued by the Authority in order to secure a more favorable interest rate.

Mr. Wilder said the refunding will be for the benefit of Christian Care Retirement Apartments, Inc., Christian Care Mesa, Inc., and Christian Care Assisted Living (Phoenix), Inc.

Mr. Norris explained that Standard & Poor's has rated Christian Care's bonds BBB, and have put the matter on credit watch positive which, hopefully, will help them to receive a higher rating.

Mr. Norris said the current bonds carry a coupon of 6.5%, and the new bonds are expected to be under 4%, creating a fairly significant savings.

Mr. Norris said if they receive a favorable rating from Standard & Poor's, they plan to close the beginning of October.

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

RESOLVED to adopt the Resolution in the form presented to the meeting granting preliminary approval to Christian Care Companies for the issuance of not to exceed \$5,000,000 of refunding revenue bonds to refund the Authority's Subordinate Senior Living Facilities Revenue Refunding Bonds (Christian Care Retirement Apartments, Inc. Project), Series 2005B.

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

3. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING PRELIMINARY APPROVAL OF THE ISSUANCE AND SALE OF NOT TO EXCEED \$100,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF RIO SALADO DEVELOPMENT PARTNERS, LLC TO FINANCE THE ACQUISITION AND CONSTRUCTION OF A 262-UNIT ELDERLY CARE FACILITY LOCATED AT THE NORTHEAST CORNER OF RIO SALADO PARKWAY AND VISTA DEL LAGO DRIVE IN TEMPE, ARIZONA TO BE KNOWN AS THE VILLAS AT SOUTH-BANK.

Mr. Wilder introduced Matt Hinson of Piper Jaffray & Co., the underwriter, Kelly McGuire of Kutak Rock, bond counsel, and Tim McCaan of J Mitchell Advisors.

Mr. Wilder explained that it is anticipated the financing will be a combination of both tax-exempt and taxable bonds because the facility will be used for mixed purposes.

Mr. Wilder explained that the project is in the very early stages of development; however, the applicant is requesting approval at this time so that they can be protected under the Internal Revenue Code in order to be reimbursed for expenses out of bond proceeds from and after the point of preliminary approval. A definitive financing plan has not yet been developed.

Mr. Hinson explained that this is an elderly multifamily housing project, which will set aside at least 20% of the units for persons or families at or below 50% of area medium income.

Mr. Hinson said they hope to be able to close within the first quarter of 2015.

Mr. McCaan explained that they are still in the process of receiving approvals and will have most contractors and subcontractors in place very soon.

Mr. McCaan said the majority of the project is independent living; however, the facility will also include assisted living and some memory care. There are plans to include other amenities within the facility such as a small bank, bakery, health club, and small restaurant. They also plan to align with groups such as Arizona State University and Dignity Health to provide services within the facility.

In response to a question from Mr. Adame, Ms. McGuire explained that approximately 75% of the bonds are expected to be tax-exempt bonds.

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 Rio Salado Development Partners, LLC for the issuance of not to exceed \$100,000,000 of the Authority's tax exempt and taxable revenue bonds to provide financing for the acquisition, development, construction, equipping and furnishing of the Villas at South-Bank Project.

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

4. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION APPROVING AND CONSENTING TO THE SALE OF VILLAS DE MERCED APARTMENTS PROJECT AND THE ASSUMPTION OF THE REGULATORY AGREEMENT BY SONOMA HEIGHTS LLC.

Mr. Wilder reminded the Board that, with respect to agenda items 4 and 5, the Tax Regulatory Agreements encumbering the properties require the Authority's approval for the sale and assumption of the properties, as long as the sale takes place within the "qualified project period," which is generally a 15-year period.

Mr. Wilder gave a brief background on the Villas de Merced Apartments and explained that this sale and assumption will be from Mercy Housing Arizona – I, L.P. to Sonoma Heights (Phoenix) LLLP for the remaining portion of the qualified project period, which is less than one year.

Mr. Wilder reported the bonds for this property were paid off in 2010, and the property is in compliance with the Tax Regulatory Agreement. He recommended adoption of the proposed resolution.

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

RESOLVED to adopt the Resolution in the form presented to the meeting consenting to the sale of the Villas de Merced Apartments and approving, adopting and authorizing the execution of a form of Assignment and Assumption Agreement with respect to the Regulatory Agreement that encumbers Villas de Merced Apartments Project.

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

5. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION APPROVING AND CONSENTING TO THE SALE OF EMERALD SHORES APARTMENTS PROJECT AND THE ASSUMPTION OF THE REGULATORY AGREEMENT BY LILI RUBIN INVESTMENT PROPERTIES, L.L.C.

Mr. Adame stepped down and did not participate in this agenda item because of a conflict of interest. Mr. Adame is employed by an affiliate of the seller of the property.

At this point Mr. Ghelfi chaired the meeting for this item.

Mr. Wilder gave a brief background on the Emerald Shores Apartments and explained that this sale and assumption will be from Gran Victoria Housing, LLC to Mercy Court Apartments, LLC for the remaining portion of the qualified project period, which is approximately 9 months.

Mr. Wilder reported that this property was originally financed in a pool of 9 apartment projects, some of which have been previously sold. The proceeds from the sale of this property will pay down the outstanding bonds. Mr. Wilder said the property is in compliance with the Tax Regulatory Agreement, and recommended adoption of the proposed resolution.

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

RESOLVED to adopt the Resolution in the form presented to the meeting consenting to the sale of the Emerald Shores Apartments and approving, adopting and authorizing the execution of a form of Assignment and Assumption Agreement with respect to the Regulatory Agreement and Declaration of Restrictive Covenants that encumbers Emerald Shores Apartments Project.

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

Mr. Adame abstained from voting.

6. 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.

Mr. Adame resumed chairing the meeting.

Julie Guffey of JAG Compliance and Consulting and Tim Coffey of Grass & Coffey appeared before the Board and presented their findings for the multifamily housing projects' annual reviews. It was reported that all projects reviewed are performing in accordance with their respective regulatory agreement.

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

Ms. Scharbach reported that as of August 11, 2014, the program has closed, or is in the process of closing, 2,763 loans totaling over \$442,800,000. The current interest rate for a mortgage loan under this program is 4.5%. The program continues to grow and create a good deal of revenue for the IDAs.

Ms. Scharbach said Raymond James would like to host a joint recognition of the program sometime in October.

Ms. Scharbach reported there are over 70 lenders participating in the program, 60 of which have active loans. One lender in particular, Loan Depot d/b/a iMortgage, has closed approximately \$61,000,000 in loans with this program.

Mr. Adame asked if Raymond James could do an impact study for the IDAs to determine how the program has affected jobs and other economic development in the area.

Mr. Sundberg questioned whether the IDAs should reach out to Bank of America to become a participating lender.

8. 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 the past 12 years. Their proposed fee will remain the same at \$13,000.

Representatives of CliftonLarsonAllen will make a presentation to the Board of their findings after they have prepared the audit.

After further discussion and upon motion made by Mr. Vidales and seconded by Mr. McAllister, 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 2013-2014 financial statements, in accordance with the engagement letter dated June 23, 2014 submitted by CliftonLarsonAllen LLP.

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

9. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members. Ms. Scharbach pointed out the invoices for the ASU Summer Health Institute grant and for payment of the invoice to Willis of Arizona for directors' and officers' liability insurance.

Mr. Thompson moved to approve the payment of invoices as submitted for the periods ended June 30, 2014 and July 31, 2014. Mr. Bales seconded the motion.

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

10. FINANCIAL REPORT.

Ms. Scharbach distributed the unaudited financial statements for the periods ended June 30, 2014 and July 31, 2014, and gave a brief update.

Ms. Scharbach distributed a copy of a summary showing the history of grants made by the Authority since 1995.

11. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION DESIGNATING PERSONS TO BE AUTHORIZED SIGNERS OF AUTHORITY DOCUMENTS, AUTHORIZED SIGNERS ON AUTHORITY BANK AND INVESTMENT ACCOUNTS, DESIGNATING AUTHORIZED AUTHORITY REPRESENTATIVES TO CONDUCT PUBLIC HEARINGS AND RELATED MATTERS.

Mr. Wilder explained that this matter is for the purpose of authorizing all Board Members and the Executive Director to be signers on the Authority's financial accounts, to be authorized to execute Authority documents and to be able to conduct public hearings, irrespective of whether or not the Board Member is an officer.

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

RESOLVED to adopt a resolution in the form presented to the meeting designating persons to be authorized signers of documents, authorized signers of bank and financial accounts and designating persons authorized to conduct public hearings on behalf of the Authority.

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

12. 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. Adame referred to the annual report for the Authority's fiscal year ended June 30, 2014, which was included in the Board Member packets, and thanked the Board, staff and legal counsel for their assistance in the past year.

13. PRESIDENT'S REPORT.

There was no further President's report.

14. ELECTION OF OFFICERS.

Mr. Adame suggested the following slate of officers for the 2014/2015 year:

President	Gregg J. Ghelfi
First Vice President	Gary M. Sundberg
Second Vice President	Merwin D. Grant
Secretary/Treasurer	Victor D/ Vidales

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

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

15. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach reminded the Board of the September 3rd Planning Meeting.

Ms. Scharbach introduced Kathleen Jakubowicz, the Authority's newest staff member. Ms. Jakubowicz has approximately 25 years of banking experience and 9 years of auditing experience.

16. LEGAL COUNSEL REPORT.

Mr. Wilder reported on the Omega Academy charter school, which was part of the Authority's 2000 Charter School Pool bond financing. Mr. Wilder explained that Omega Academy has had financial issues for a number of years, and now has proceedings commenced against it to have a receiver put in place to take over the school operations.

Mr. Wilder then reminded the Board of a loan made to Desert Mission Neighborhood Renewal ("Desert Mission") (an affiliate of John C. Lincoln Healthcare Network) in 2008 to assist them in acquiring a parcel of land in the Sunnyslope area on which they planned to construct affordable single family housing. The owner of the property had donated 50% of the value of the land to Desert Mission, and the Authority loaned

them approximately \$250,000 to purchase the other half of the parcel. Desert Mission has come back to the Authority a couple of times to extend the loan, at which time the Authority reduced the interest rate on their loan. The loan matures on September 30, 2014. A representative of Desert Mission will be present the Board's with a status report at the Board's September meeting.

Mr. Sundberg questioned the current value of the property.

17. CALL TO THE PUBLIC.

No 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 10:58 a.m., without objection.

A handwritten signature in black ink, appearing to be "B. Sp. Dr.", is written above a horizontal line.