



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

Date: April 12, 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,
Lisa A. James, Ronald L. Westad, Jeremy Stawiecki, William
McAllister and Maria Spelleri

Absent: None

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 SPECIAL MEETING OF THE BOARD HELD ON MARCH 1, 2016, THE REGULAR MEETING OF THE BOARD HELD ON MARCH 8, 2016, AND THE SPECIAL MEETING OF THE BOARD HELD ON MARCH 16, 2016.**

On motion made by Mr. Westad and seconded by Mr. McAllister, the minutes of the March 1, 2016 Special Meeting, March 8, 2016 Regular Meeting, and the March 16, 2016 Special 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 FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$12,000,000 OF THE AUTHORITY'S REVENUE NOTE FOR THE BENEFIT OF ALHAMBRA PARTNERS, LLP TO FINANCE THE ACQUISITION, REHABILITATION, EQUIPPING AND OPERATION OF ALTA VISTA VILLAGE LOCATED AT 4540-4647 NORTH 39TH AVENUE, PHOENIX, ARIZONA.**

Ms. Spelleri joined the meeting at 9:06 a.m.

Mr. Wilder introduced Glenn Walling, on behalf of Alhambra Partners, LP, the Applicant.

Mr. Wilder reminded the Board Members that this financing received preliminary approval on March 8, 2016, for a 182-unit multifamily residential rental housing project located at 4540-4647 North 39th Avenue, Phoenix, Arizona. 100% of this project will be set aside for persons or families whose income is at or below 60% of area medium income.

Mr. Wilder explained that funding for this project will include not only bonds issued by the Authority, but also a 4% tax credit. The financing is being structured under a Federal Home Loan Mortgage Corporation ("Freddie Mac") tax-exempt loan program.

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

RESOLVED to adopt a Resolution in the form presented to the meeting authorizing and approving the issuance of not to exceed \$12,000,000 The Industrial Development Authority of the County of Maricopa Multifamily Housing Revenue Note (Alta Vista Village Project), Series 2016.

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

3. **DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$26,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF REID TRADITIONAL SCHOOLS, INC. TO FINANCE THE ACQUISITION, CONSTRUCTION, RENOVATION, IMPROVEMENT AND EQUIPPING OF THE VALLEY CAMPUS AND PAINTED ROCK CAMPUS.**

Mr. Wilder introduced Heidi Mitchell of Reid Traditional Schools, along with the underwriter John Snider of RBC Capital Markets

Mr. Wilder reminded the Board that Ms. Mitchell was present at the March 8, 2016 Board meeting to discuss the proposed financing plan for this project, and subsequently submitted an application that was distributed to Board Members.

The proposed financing of approximately \$26 million will be used by Reid Traditional Schools to acquire and rehabilitate the two facilities which it currently operates – **Valley Campus** located at 1520 West Rose Garden Lane, Phoenix, Arizona, and **Painted Rock Campus** located at 14841 North Black Canyon Highway, Phoenix, Arizona. The facilities will then be leased back to the two affiliates of Reid Traditional Schools to operate the schools.

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

RESOLVED to adopt a Resolution in the form presented to the meeting authorizing and approving the issuance of not to exceed \$26,000,000 The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (Reid Traditional Schools Projects), Series 2016.

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

4. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$17,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF MESA AL PARTNERS, LP TO FINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF MARIPOSA POINT OF MESA, LOCATED AT 1248 SOUTH CRISMON ROAD, MESA, ARIZONA.

Mr. Wilder introduced Brigitte Finley Green of Greenburg Traurig, Bond Counsel.

Mr. Wilder explained that this financing originally began with the Arizona Health Facilities Authority and received all required approvals. However, due to the pendency of HB2666, and uncertainty of the bill, the Applicant has asked permission to transfer this project financing over to the Authority.

This financing is for the construction of a new affordable housing project with 49 assisted living units and approximately 30 memory care units, to be located at 1248 South Crismon Road, Mesa, Arizona, and to be known as Maricopa Point of Mesa.

It will be necessary for the Applicant to obtain volume cap for the project, which will most likely not be available until July 1, 2016.

Mr. Wilder explained that the resolution previously distributed will require a change in the minimum denomination of bonds being issued from \$100,000 to \$25,000.

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

RESOLVED to adopt a Resolution in the form presented to the meeting (to include the revision of the minimum denomination of bonds being issued to \$25,000) authorizing and approving the issuance of not to exceed \$17,000,000 The Industrial Development Authority of the County of Maricopa First Mortgage Revenue Bonds (Mariposa Point of Mesa Projects), Series 2016, in one or more tax-exempt and/or taxable series.

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

5. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Ms. LeVinus updated the Board on HB2666, and explained the bill has passed the Senate Rules Committee and will be pending a committee of the whole debate and a third revote in the House. It is anticipated there will be floor amendments included in the Bill to include the emergency clause, along with the dedication of some of the revenues of the Arizona Housing Finance Authority's Single Family Mortgage Revenue Bond Programs to be used to fund the Arizona Housing Trust Fund.

6. PRESENTATION AND STATUS REPORT BY NATE MORTENSEN AND JEFF PRUITT OF TALLWAVE. (NOT AN ACTION ITEM)

Ms. Scharbach introduced Nate Mortenson from Tallwave Capital. Ms. Scharbach reminded the Board the Authority made a \$1 million investment into the Tallwave Commercialization Fund (the "Fund") in June 2013.

Mr. Mortenson referred to the first quarter 2016 update previously delivered to the Board Members. Mr. Mortenson distributed a summary presentation regarding an overview of the Fund and he reviewed the same. (A copy of the summary is attached hereto.)

Mr. Mortenson said Tallwave Capital looks for innovators who have a game changing idea that can bring value to the Greater Southwest ecosystem, and explained that in 2015, Tallwave invested in only nine of out 450 applicants. In 2016, after review of 150 applicants, three were chosen for further review. Tallwave focuses its efforts in Arizona, California, Utah and Colorado. Tallwave has currently invested \$3.71 million in 11 companies, six of which are located in Arizona. Those six Arizona companies employ 88 people.

7. PRESENTATION AND STATUS REPORT BY LAUREL KIMBALL OF THE PHOENIX PHILANTHROPY GROUP AND DR. ANTHONY EVANS OF SEIDMAN INSTITUTE, W. P. CAREY SCHOOL OF BUSINESS, ASU REGARDING THE ARIZONA NONPROFIT ECONOMIC VITALITY STUDY. (NOT AN ACTION ITEM)

Mr. Vidales introduced Laurel Kimball of Phoenix Philanthropy Group and Dr. Anthony Evans of Seidman Institute, W.P. Carey School of Business.

Ms. Scharbach reminded the Board Members that the Authority had made a \$25,000 grant for the Arizona Nonprofit Vitality Study in November 2013, which has now been completed.

Ms. Kimball and Mr. Evans provided an overview and distributed a handout regarding the project and the importance of nonprofit organizations for the State.

8. DISCUSSION AND ACTION AS DETERMINED REGARDING THE 2012 HOME IN FIVE ADVANTAGE MORTGAGE ORIGINATION PROGRAM, INCLUDING MATTERS RELATING TO THE LETTER REQUEST FROM HOUSING AND DEVELOPMENT SERVICES, INC., D/B/A EHOUSINGPLUS, REQUESTING RELEASE OF INFORMATION TO A HUD SUBPEONA TO HOUSING AND DEVELOPMENT SERVICES, INC.

Ms. James left the meeting at 10:05 a.m.

Ms. Scharbach introduced Mark O'Brien of Raymond James to give an update on the program.

Mr. O'Brien reviewed his Quarterly Board Summary as of April 12, 2016, a copy of which is attached hereto, reporting that as of March 31, 2016, there were 9,808 loans that had closed or were in the process of closing, totaling over \$1.682 billion.

Mr. O'Brien then reminded the Board of the July 2015 audit of Nova Home Loans by HUD's Office of Inspector General (the "OIG"). This audit included similar non-bond programs to the Authority's program within Arizona, Nevada and Colorado. Mr. O'Brien said he believes the OIG has misinterpreted the "Premium Funding Rules" within the HUD Handbook that does not allow down payment assistance for FHA loans to be taken from a premium funded mortgage. HUD has subsequently disagreed with the OIG's interpretation.

The OIG has now served a Subpoenas Duces Tecum on Housing and Development Services, Inc., d/b/a/ eHousingPlus (the "Administrator"), and U.S. Bank (the "Servicer") (both of which do business throughout the country for the Home in Five Program and other similar programs) requesting information on all loans from 2012 to 2015 that received down payment assistance through housing finance authorities.

Mr. Wilder then referred to a letter the Authority received from legal counsel to eHousingPlus requesting the Authority's views on releasing the requested documentation to the OIG. Mr. Wilder said he is taking the position that the Authority's relationship with the borrowers has a degree of confidentiality, and it is

his opinion the Authority should not consent to the release of any information that would be confidential.

Mr. Wilder distributed a copy of a draft letter he prepared in response to eHousing's legal counsel and a similar letter prepared by the Phoenix IDA's legal counsel.

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

MOTION by Mr. Thompson and seconded by Ms. Spelleri to approve the response correspondence prepared by Mr. Wilder to the Law Office of Linda K. Davis, P.A. regarding the HUD Office of Inspector General Subpoena Duces Tecum to Housing and Development Services, Inc.

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

9. DISCUSSION AND ACTION AS DETERMINED REGARDING POSSIBLE BOND FINANCING OUTSIDE OF MARICOPA COUNTY AND THE STATE OF ARIZONA.

Mr. Wilder explained that he has been asked as to whether the Authority would be willing to finance a bond issue outside of the State of Arizona.

Mr. Wilder reminded the Board that the Arizona Industrial Development Authority Financing Act (the "Act") provides that an industrial development authority ("IDA") in the State of Arizona can issue bonds for a "Project" located anywhere within the State, other than housing, which must be done within each IDA's jurisdiction. The Act was amended in 2006/2007 to provide that a "Project" could be located **outside** of the State of Arizona, and bonds could be issued for that Project if the issuing IDA determines there is a benefit derived from that financing within the State of Arizona.

Two IDAs have taken the position that they can finance a Project outside of the State without a connection to the State in return for the payment of a significant fee that could be used for a "public purpose" within Arizona.

There was no decision made with respect to this matter.

10. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended March 31, 2016, and reviewed the same.

Ms. Spelleri moved to approve the payment of invoices as submitted for the period ended March 31, 2016. Mr. McAllister seconded the motion.

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

The motion passed by a vote of (6-1).

11. FINANCIAL REPORT.

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

12. DISCUSSION AND ACTION AS DETERMINED REGARDING THE AUTHORITY'S NEW WEBSITE AND ANY REQUIRED EQUIPMENT.

13. BUSINESS DEVELOPMENT OFFICER.

Agenda items 12 and 13 were taken together.

Mr. Ghelfi reviewed the Authority's newly-developed website, and there was discussion regarding using the website's portal to obtain materials for future Board meetings.

Mr. Ghelfi reported that he will be preparing monthly newsletters for email distribution.

Mr. Ghelfi then referred to his business summary memo previously distributed to the Board Members, and suggested the Authority may want to update their policies and procedures as they relate to bond financings.

14. PRESIDENT'S REPORT.

Mr. Vidales reminded the Board of the April 28th Planning Meeting and the GPEC IMPACT Awards luncheon. Mr. Vidales reported that meetings are being scheduled with each individual Board of Supervisor to determine their priorities for consideration at the planning meeting. Board Members were invited to attend the scheduled meeting with their respective Supervisor.

15. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach reported that the May 10th Board meeting has been rescheduled for May 3rd and there will not be a CIC meeting in May.

Ms. Scharbach reminded the Board of Mr. Manos retirement on May 2, 2016, at which time she will serve as the Interim County Manager until a replacement can be found for Mr. Manos.

16. LEGAL COUNSEL REPORT.

Mr. Wilder updated the Board on the upcoming payoff of bonds for the Authority's 2000 Charter School Pool financing, and explained that all bondholders will be paid.

17. COMMENTS FROM BOARD MEMBERS.

Mr. Thompson requested time be set aside at the upcoming Planning Meeting for discussion regarding Mr. Wilder's suggestions on revising the Authority's administrative fees.

Mr. Thompson asked that it should be made clear that the Authority's presiding President has the final say on approving Board meeting agendas.

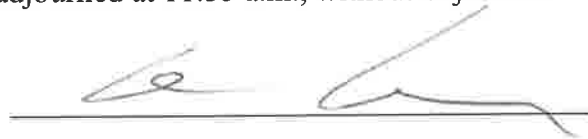
Ms. Spelleri suggested including a pre-development loan discussion at the Authority's Planning Meeting.

18. 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 11:35 a.m., without objection.

A handwritten signature in black ink, appearing to be a stylized name, is written above a horizontal line.