

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

Date: February 14, 2017, 9:00 a.m.

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

Presiding: Lisa A. James

Present: Lisa A. James, William McAllister (by telephone), Maria Spelleri, Ronald J. Castro, Jr., Charles P. Thompson, Ronald L. Westad, Steven Bales, Jr. and Jeremey Stawiecki

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

Ms. James called the Regular Meeting of the Board of Directors of the Authority to order at 9:05 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON NOVEMBER 8, 2016.

On motion made by Mr. Westad and seconded by Mr. Bales, the minutes of the November 8, 2016 Regular Meeting were approved as submitted.

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

2. REPORT FROM CLIFTONLARSONALLEN OF THE AUTHORITY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016.

Ms. Scharbach introduced Jean Dietrich of CliftonLarsonAllen to report on the audited financial statements for the period ended June 30, 2016.

Ms. Dietrich reviewed the audited financials and governance letter, and said it is the opinion of CliftonLarsonAllen that there are no significant deficiencies or material weaknesses found in the audit and no fraudulent transactions or irregularities. She explained that during the fiscal year there were no accounting policy changes, other than the adoption of Government Accounting Standards Board Statement (GASBS) Number 72.

3. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Ms. LeVinus reported that over 1,000 bills have been introduced in the current Legislative Session, with no pending legislation that would directly impact the Authority. Ms. LeVinus said the key issue this year in the Legislature is education funding.

The new House and Senate leaderships have been able to keep matters moving smoothly and quickly this year.

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

Mark O'Brien of Raymond James was present and reviewed his status report of the program for the quarter ended December 31, 2016. A copy of the quarterly report is attached hereto.

Mr. O'Brien reported that US Bank, the servicer for this program, presented an award to the Maricopa and Phoenix Authorities for the Home in Five Program for reaching One Billion Dollars in loans. Mr. O'Brien said the Home in Five Program was the only program through a "local" issuer that has reached over One Billion Dollars.

Mr. O'Brien then distributed an excerpt of Raymond James' 2016 Annual Report featuring the Home in Five Program.

5. REPORT, DISCUSSION AND ACTION AS DETERMINED REGARDING GREGG GHELFI EMPLOYMENT.

Ms. Scharbach explained that Mr. Ghelfi was originally hired by the Authority as an independent contractor to serve the role of Business Development Officer. Because of certain rules/requirements regarding an employee vs. an independent contractor, and after consulting with the Maricopa County HR Department and John Fries,

Ms. Scharbach said she thought it would be appropriate to hire Mr. Ghelfi as an employee of the County, with salary and benefits being reimbursed by the Authority.

Mr. Fries said if the Board is interested in having Mr. Ghelfi become an employee of Maricopa County, the current contract between the Authority and Ghelfi Consulting, LLC will need to be cancelled by written agreement.

Mr. Thompson voiced his concerns about making Mr. Ghelfi a fulltime employee, and questioned the amount of new business contributed to Mr. Ghelfi's position.

Ms. Scharbach said Mr. Ghelfi's position seems to be evolving. He has been, and will continue to be, involved with business development, along with various community investment projects with the Community Investment Committee. During his first year of service he was also very instrumental in the creation of the new website and new marketing materials. Mr. Ghelfi has been working on the revision of the Authority's grant guidelines to fall in line with the Authority's strategic plan for the deployment of funds on workforce development. Mr. Ghelfi has also been working on the Futures project, which is estimated to take approximately 75% of his time during the first 6 months of development.

A lengthy discussion regarding Mr. Ghelfi's position continued.

Mr. Stawiecki questioned whether the Authority should hire additional staff members.

In response to questions from the Board Members regarding Mr. Ghelfi's salary, Ms. Scharbach explained that she planned to keep his "net" salary the same as under the current contract; however, the benefits would add an additional cost to the County as the employer (reimbursed by the Authority). Ms. Scharbach said for at least the first six months, 75% of Mr. Ghelfi's salary would be reimbursed through the Authority's grant to the Futures project. Ms. Scharbach said she will confirm the cost of benefits for Mr. Ghelfi's salary.

It was pointed out that the Authority's investment in the Futures project is extremely large, and it would be in the best interest of the Authority to have someone watching over the investment.

Mr. Stawiecki and Ms. James requested updates on bond issues being closed by other industrial development authorities throughout the state.

Mr. Wilder explained that all bond issuers throughout the state have been very quiet.

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

RESOLVED to adopt a resolution terminating the existing contract between the Authority and Ghelfi Consulting, LLC and, in turn, approve hiring Mr. Ghelfi through Maricopa

County for the benefit of the Authority. Mr. Ghelfi's compensation shall remain the same as that agreed upon through the current contract between Ghelfi Consulting, LLC and the Authority, with the addition of all benefits to be paid at the expense of the employer. The Authority shall reimburse Maricopa County for salary and all benefit costs.

Mmes. James and Spelleri and Messrs. Stawiecki, Westad, Castro, and McAllister voted aye. Messrs. Thompson and Bales voted nay.

The motion passed by a vote of (6-2).

6. REPORT, DISCUSSION AND ACTION AS DETERMINED REGARDING THE FUTURES, INC. ARIZONA WORKFORCE ECOSYSTEM PROJECT.

Ms. Scharbach reminded the Board of the \$5.8 million grant for the Arizona Pipeline/Futures project, and pointed out that a good portion of the funds would meet the Authority's mission of workforce development.

Ms. Scharbach referred to the memo regarding the roles and responsibilities of the Project Manager and the Authority's Business Development Officer with regard to the Arizona Pipeline/Futures project. Ms. Scharbach said she thought it was important to have an Authority representative embedded into the project to protect the Authority's investment.

Ms. Scharbach said there have been a lot of relationships built through this process that will help the Authority be successful.

Ms. Scharbach said she would recommend the Authority enter into an employee loaning agreement with Partnership for Economic Innovation ("PEI"), which would clearly define Mr. Ghelfi's role(s) in relationship to the project.

In response to a question from Mr. Westad regarding a governance component to this project, Ms. Scharbach said, as part of the agreement that the Authority has with PEI, there was an Arizona Pipeline Advisory Board established to review all of the measurables and accomplishments of the project in order to release any funding. Ms. Scharbach said she has a limited role on that advisory board.

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

RESOLVED to adopt a resolution authorizing the Authority's Executive Director, in coordination with Maricopa County, to enter into an Employee Loaning Agreement with the Partnership for Economic Innovation ("PEI") on terms and conditions acceptable to the Executive Director, to permit Gregg Ghelfi to serve as a loaned employee to PEI to assist

with the Futures Project under the Arizona Pipeline Funding Agreement and to the extent permissible under Arizona law, the Authority waives any right, if any, under A.R.S. 38-511 to cancel the Arizona Pipeline Funding Agreement.

Mmes. James and Spelleri and Messrs. Stawiecki, Westad, Castro, Bales and McAllister voted aye. Mr. Thompson voted nay.

The motion passed by a vote of (7-1).

7. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the months ended November 30, 2016, December 31, 2016 and January 31, 2017. Ms. Scharbach explained that the invoices for Kutak Rock were for their services regarding a company called Suited Connected who was using the Home in Five URL to funnel potential homebuyers to their website. Natalie Anderson of Kutak Rock did an excellent job in solving the issue.

Mr. Bales moved to approve the payment of invoices as submitted for the periods ended November 30, 2016, December 31, 2016 and January 31, 2017. Mr. Stawiecki seconded the motion.

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

8. FINANCIAL REPORT.

Ms. Scharbach distributed copies of the unaudited financial statements for the period ended January 31, 2017, and reviewed the same. A copy of the unaudited financial statements is attached hereto.

In response to a question from Ms. Spelleri regarding a list of the Authority's grants, Ms. Scharbach said she would provide to the Board Members a summary of the grants made by the Authority to various organizations.

9. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi referred to his previously-distributed memorandum and briefly reviewed the same. Mr. Ghelfi said there were a couple of charter school financings that had expressed interest in proceeding with a financing through the Authority; however, those fundings have gone to the Arizona Industrial Development Authority, presumably because of additional incentives the state could offer the schools.

Mr. Ghelfi explained that one of the companies that Tallwave had invested in sold for \$20 million, so approximately \$100,000 from that sale will be going back into the revolving fund.

Mr. Ghelfi reported that the main person who would have been spearheading the Futures project has taken a leave of absence for at least 6 months, which is a great loss to the project. Mr. Ghelfi said, based on what he has seen so far, the project will be very impressive, and he estimated the project to be available to the public by the end of the summer.

10. PRESIDENT'S REPORT.

Ms. James said she and Ms. Scharbach plan to extend invitations to the Board of Supervisors to future Authority meetings.

11. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach noted that in addition to the award from US Bank mentioned earlier by Mr. O'Brien, the Authority also received the 2016 Council of Development Finance Agencies (CDFA) Distinguished Development Finance Local Agency Award and an award from Greater Phoenix Economic Council (GPEC) for outstanding regional contribution.

Ms. Scharbach distributed a copy of a *Site Selection* magazine in which the Authority placed a marketing piece.

Ms. Scharbach noted a ribbon cutting ceremony should be scheduled in the near future for the Brian Garcia Welcome Center, which is part of the Human Services Campus. Invitations to that event will be sent out.

Ms. Scharbach reported that she had the opportunity to tour the Coffelt Lamoreaux project on 19th Avenue and Buckeye, and they continue with their rehabilitation project and putting families back into the rehabilitated homes. Because of historical tax credits, the exteriors have remained the same; however, the interiors are completely new.

12. LEGAL COUNSEL REPORT.

Mr. Wilder reported that the Phoenix Children's Hospital bond financing will not take place, as they have negotiated the use of space on Dignity Health's East Valley campus.

Mr. Wilder reported the Christian Care Retirement and Christian Care Surprise financings have closed.

13. COMMENTS FROM BOARD MEMBERS.

There were no comments from Board Members.

14. 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 11:09 a.m., without objection.


