

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

Date: June 13, 2017, 9:15 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, Maria Spelleri, Ronald J. Castro, Jr., Charles P. Thompson (telephonically), Ronald L. Westad, Steven Bales, Jr. (telephonically), Jeremy Stawiecki and Jim Rounds

Absent: William McAllister

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 9:13 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON MAY 9, 2017.

On motion made by Mr. Stawiecki and seconded by Mr. Westad, the minutes of the May 9, 2017 Regular Meeting were approved as submitted.

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

Mr. Thompson joined the meeting by telephone following the vote.

Ms. Scharbach introduced the Authority's newest Board Member, Jim Rounds.

2. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$5,200,000 OF THE AUTHORITY'S EDUCATION REVENUE BONDS FOR THE BENEFIT OF CAMELBACK EDUCATION, INC. D/B/A CAMELBACK ACADEMY AND CAMELBACK COMMUNITY CHURCH, BOTH ARIZONA NONPROFIT CORPORATIONS.

Mr. Wilder introduced Karen and James Kordon of Camelback Academy, Charles Sands of Kosan Associates, Financial Advisor, and Brian Watson of Burr & Forman LLP, Bond Counsel.

Mr. Wilder explained that the Applicants are refinancing conventional debt which has been incurred by the church and the school. Compass Mortgage Corporation will purchase all of the bonds and hold for their own account.

Mr. Wilder said it is a sound transaction, and a closing for this issue is expected to take place by the end of June 2017.

After further discussion and upon motion made by Ms. Spelleri and seconded by Mr. Bales, 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 \$5,200,000 The Industrial Development Authority of the County of Maricopa Education Revenue Bonds (Camelback Academy Project), Series 2017.

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

3. REPORT FROM REPRESENTATIVES OF ASU FOUNDATION REGARDING THE MARICOPA COUNTY MANUFACTURING VENTURE FUND PROJECT.

Ms. Scharbach reminded the Board Members that in January 2014, the Authority approved a \$1,000,000 grant to fund the Maricopa County Manufacturing Venture Fund (the "Venture Fund") in partnership with the ASU Foundation.

Ms. Scharbach introduced Charlie Lewis, Senior VP of Venture Development, Arizona Technology Enterprises (AzTE).

Mr. Lewis explained that the Venture Fund provides early stage capital for manufacturing companies that will remain based in Arizona and whose principal(s) have gone through an entrepreneurial program at ASU. Mr. Lewis reported that three companies have received assistance through the Venture Fund: Bosse Tools, Arizona

Ceramic Coatings and Neolight. Representatives of each company attended the meeting and gave updates on their companies' progress.

4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Jake Henman of Capitol Consulting was present to give a legislative update. Mr. Henman distributed an End of Session Report for 2017, and reported this session was relatively quiet for the Authority. Arizona Department of Housing was continued until 2025. Senate Bill 1416 passed relating to quality jobs and incentive tax credits and will impact larger manufacturing companies extending the quality job program enacted in 2011 and continuing to 2025.

5. DISCUSSION AND ACTION AS DETERMINED REGARDING CONTRACTING WITH JACOBSEN & WACHTERHAUSER TO PROVIDE ACCOUNTING SERVICES.

Ms. Scharbach reminded the Board that the Authority has been using the services of Jacobsen & Wachterhauser for a number of years, with Lynette Wachterhauser being the individual working with the Authority's staff. Ms. Wachterhauser's proposed rate for services will remain at \$180 per hour. Ms. Scharbach said she thought the rate was reasonable, and asked the Board to consider renewing the contract with Jacobsen & Wachterhauser.

There was a discussion as to whether the contract could be renewed for more than one year.

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

RESOLVED to authorize Ms. Scharbach to engage in a contract with Jacobsen & Wachterhauser for multiple years at the same rate.

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

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

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

Ms. Scharbach referred to the memorandum in the Board Member packages and reported that as of June 13, 2017 the program originated 15,816 mortgage loans totaling more than \$2.8 billion. There are currently 136 lending institutions registered to participate in the program.

Ms. Scharbach explained that US Bank, the Servicer of the program, has raised issues on the structure of the program in that some homebuyers are refinancing their mortgage loans rather quickly, which is affecting the securities in the market. US Bank would like the Authority to consider taking steps to reduce the early payoffs of mortgage loans. More discussions will follow with US Bank and the Authority's partners in the program.

7. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended May 31, 2017.

Mr. Stawiecki moved to approve the payment of invoices as submitted for the period ended May 31, 2017. Mr. Westad seconded the motion.

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

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

8. FINANCIAL REPORT.

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

With respect to the outstanding grants on the Supplemental Schedule of Grants, Ms. Scharbach noted that \$15,000 remains to be paid on the Velocity/EWI project; Catholic Charities has now started the groundbreaking process, so the outstanding \$500,000 will most likely be paid out in the near future; the City of Phoenix Neighborhood Planning project has just invoiced the Authority for the \$50,000 grant, and that amount will be paid prior to next month's financial statement; and \$1,024,642 has been paid out on the Arizona Talent Project (\$24,642 reflects 75% of Mr. Ghelfi's salary that is offset by the grant).

9. UPDATE, REPORT AND ACTION AS DETERMINED REGARDING INSURANCE MATTERS.

Mr. Wilder updated the Board on the status of obtaining insurance and pointed out that The Arizona Group has provided quotes for public officials' liability insurance, employment practices and general liability insurance, including non-owned automobile coverage. Mr. Wilder said he and Ms. Scharbach will still need to review the options and make a decision.

The Board Members agreed that a \$100,000 deductible would be sufficient rather than the current \$50,000 deductible as in years past.

Mr. Westad disclosed that he had referred Mr. Wilder to The Arizona Group, which is an agency wholly-owned by his employer, Arizona Federal Credit Union. Mr. Westad said he has no interest what-so-ever in The Arizona Group.

Mr. Wilder said Mr. Westad's compensation does not fall within the purview of a legal conflict of interest.

10. DISCUSSION AND ACTION AS DETERMINED REGARDING APPOINTMENT OF A NOMINATING COMMITTEE TO NOMINATE PERSONS TO BE ELECTED AT THE AUGUST 2017 BOARD MEETING TO SERVE AS OFFICERS OF THE AUTHORITY FOR THE COMING YEAR.

Ms. James reminded the Board that new officers will be appointed in August, and in order to determine a proposed slate of officers for 2017/2018, a Nominating Committee should be formed to poll Board Members to determine their willingness to serve as an officer. Ms. Spelleri and Mr. Castro were appointed to the Nominating Committee.

11. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi updated the Board on the current grant cycle with Arizona Community Foundation ("ACF").

Mr. Ghelfi said 18 organizations were offered the opportunity to participate in this grant cycle. Letters of intent were due on June 9th, and 18 organizations submitted letters of intent, for a total of approximately \$12 million.

All of those organizations which submitted letters of intent have met the basic qualifications for workforce development and non-profit status (with the exception of one, which is yet-to-be-determined). Full proposals are due July 5th, and CIC Members will have the opportunity to review the proposals on July 10th. The full Board will then be able to consider those organizations suggested by the CIC Members.

12. PRESIDENT'S REPORT.

Ms. James reported that the Authority was fortunate to be part of the Greater Phoenix Chamber of Commerce IMPACT Awards Luncheon which was held on May 10, 2017. The luncheon was successful and very well attended.

13. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach said there is a possibility of cancelling the Authority's July Board meeting, and the meeting in August will be held on August 22nd.

14. LEGAL COUNSEL REPORT.

Mr. Wilder reported the Camelback Academy and GreatHearts Arizona bond issues should be closing within the next month.

15. COMMENTS FROM BOARD MEMBERS.

No comments from the Board.

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 10:48 a.m., without objection.
