

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

Date: January 9, 2018, 10:30 a.m.

Place: Buckeye Valley Chamber of Commerce
508 West Monroe
Buckeye, Arizona

Presiding: Steven Bales, Jr.

Present: Steven Bales, Jr., Jim Rounds, Maria Spelleri, Ronald L. Westad, Ronald J. Castro, Jr., Lisa A. James, Jeremey Stawiecki, and Rebecca Burnham

Absent: Doug Smith

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. Bales called the Regular Meeting of the Board of Directors of the Authority to order at 10:38 a.m., noting the presence of a quorum.

Mr. Bales introduced the Authority's newest Board Member, Rebecca Burnham, who was appointed to the Board to replace Charles Thompson.

Mr. Bales thanked the Board for coming to Buckeye for the Board meeting and gave some background and history relating to Buckeye and his family.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON NOVEMBER 14, 2017.

On motion made by Mr. Westad and seconded by Ms. James, the minutes of the November 14, 2017 Regular Meeting were approved as submitted.

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

2. 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 January 2, 2018 the program originated 17,567 mortgage loans totaling approximately \$3.182 billion. There are currently 142 lending institutions registered to participate in the program.

Ms. Scharbach reported this program has been a main revenue source for the Authority since 2012; however, the program seems to be slowing down. An attempt is being made to try to determine what is causing the slowdown, but higher interest rates than market rates may be one issue.

3. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the months ended November 30, 2017 and December 31, 2017.

Ms. Spelleri moved to approve the payment of invoices as submitted for the periods ended November 30, 2017 and December 31, 2017. Ms. Burnham seconded the motion.

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

4. FINANCIAL REPORT.

Ms. Scharbach distributed copies of the unaudited financial statements for the month ended December 31, 2017 and copies of the audited financials for the fiscal year ended June 30, 2017, and reviewed the statements.

Ms. Scharbach explained that the audited financials were prepared by CliftonLarsonAllen, and they opined that the audit was clean. If the Board would like that firm to review their findings, they would be available for the February Board meeting.

Ms. Scharbach referred the Board to the Unrestricted Net Position, and pointed out the Authority's Net Position is approximately \$2 million less than the previous year;

however, the Authority deployed a significant amount of grant dollars for community investments over the past year, and committed over \$8 million in grants in September 2017.

Ms. Scharbach said the management letter prepared by CliftonLarsonAllen did not mention any significant findings.

Ms. Scharbach reminded the Board that the Authority's current grants payable is over \$12 million.

Ms. Scharbach said the Authority has invested a significant amount of funds with the Arizona Community Foundation, which has a different investment policy than that of the Authority's. Ms. Scharbach said the Board may want to consider refining its investment policy, and suggested this could perhaps be a topic of conversation at the Authority's upcoming planning session in February.

5. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reviewed his previously-distributed handout, IDA Bond Business 2017, and reported the State IDA financed more bond issues than the Phoenix IDA or the Authority during 2017; however, the Authority's total dollar amount of bonds issued was higher. Mr. Ghelfi contributed the larger number of bond issues being financed by the State IDA to the ease of receiving approvals from both the State IDA and the Governor, and noted the additional enhancement funds available through the State for charter schools.

Mr. Ghelfi explained that the Home in Five Program will now include a silent second mortgage for the down payment assistance, rather than a straight grant. This is to reduce the number of homeowners refinancing their homes within three years. The second mortgage will be completely forgiven after three years.

Mr. Ghelfi reported the AZ Pipeline project is currently in the testing phase and is expected to have a roll out event on or about March 6, 2018.

Mr. Ghelfi said the Authority will be a sponsor for the Urban Land Institute Trends Day to be held on February 23, 2018, and will have five available seats for anyone interested in attending.

6. PRESIDENT'S REPORT.

Mr. Bales reminded the Board of the upcoming planning session to be held on February 20, 2018.

Some ideas that were discussed to be included on the planning session agenda included:

- a. Bigger picture grants – i.e. education/scholarships, bond issue incentives;
- b. AZ Pipeline – workforce development; and
- c. Investment Policy – reevaluation.

7. EXECUTIVE DIRECTOR’S REPORT.

Ms. Scharbach had no report.

8. LEGAL COUNSEL REPORT.

Mr. Wilder reported that Doug Carr of The Arizona Group has unexpectedly passed away. Mr. Wilder reminded the Board Members that the Authority procured their liability insurance through Mr. Carr and The Arizona Group in 2017.

Mr. Wilder reported that the final Tax Reform Bill preserved private activity bonds, but eliminated advance refundings.

Mr. Wilder then noted it may be necessary to hold a telephonic special meeting to accommodate one of the Authority’s previous borrowers with the purchase of a multifamily housing project. The borrower will need an inducement resolution in order to apply for volume cap allocation for private activity bonds.

9. COMMENTS FROM BOARD MEMBERS.

There were no comments from Board Members.

10. 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 12:06 p.m., without objection.

A handwritten signature in blue ink, appearing to read "Steven Bales Jr.", is written over a horizontal line.