THE INDUSTRIAL
DEVELOPMENT AUTHORITY
OF THE COUNTY OF MARICOPA

County Administration Building
301 West Jefferson, 10th Floor
Phoenix, Arizona 85003
www.mcida.com

Minutes
of the
Community Investment Committee
The Industrial Development Authority of the County of Maricopa
(the "Authority")

| | |
|---|---|
| Date: | February 3, 2015, 12:00 p.m. |
| Place: | Ryley Carlock & Applewhite<br>One North Central Avenue, 12th Floor<br>Phoenix, Arizona 85004 |
| Present: | Victor D. Vidales, William McAllister and Charles P. Thompson (Gregg Ghelfi was also present) |
| Absent: | David Adame |
| Executive Director: | Shelby L. Scharbach |
| Administrators: | Joyce A. Gott, Janis L. Larson and Kathleen Jakubowicz |
| Attorney: | John J. Fries and William F. Wilder |
| Guests: | None |

Mr. Vidales called the meeting to order at 12:06 p.m., noting the presence of a quorum.

The Authority's Community Investment Committee ("CIC") met to discuss, consider and take legal action as determined on the following:

**1. CONTINUED DISCUSSIONS AND ACTION AS DETERMINED ESTABLISHING AN AUTHORITY LOAN AND GRANT POLICY AND GUIDELINES.**

Ms. Scharbach explained that she and Mr. Fries have had further communications with representatives of Arizona Community Foundation ("ACF"), and have been supplied with documents for the Collaborative Fund Agreement. Through some negotiations with ACF, a new approach has been presented wherein the Authority would have a Non-Profit Reserve Fund and a Donor Advised Fund. The Authority would keep the majority of its money in the Non-Profit Reserve Fund, which would enable the Authority to have longer term investments and higher yield with lower administrative fees. During grant cycles, the Authority would be able to funnel money from the Non-Profit Reserve Fund into the Donor Advised Fund, and then money would be funneled out to grants through the Donor Advised Fund. There would be no charge to transfer funds from one account to the other.

Ms. Scharbach explained that there will be an irrevocable $25,000 balance requirement in the Donor Advised Fund. Although ACF refers to the $25,000 as "irrevocable" funds, they really just want the Authority to maintain a balance in the account. If the Authority decides to end its relationship with ACF, the Authority would just leave the $25,000 in the Donor Advised Fund until a final grant disbursement is made. At that point, the relationship with ACF would be over.

Mr. Fries explained that ACF's proposed Collaborative Fund would not work for the Authority because it gives away the Authority's control over the funds, so rather than the Collaborative Fund, the Authority would be able to have a corporate Donor Advised Fund, wherein the Authority could name its own fund. Mr. Fries suggested Maricopa County Industrial Development Authority Community Investment Fund.

Mr. Fries said ACF was fairly insistent that they have approval over any grant that runs through their system. Some ways to work around this issue would be if the Authority does not want to make a grant that ACF approves, then the Authority would just not transfer funds into the Donor Advised Fund. On the other hand, if ACF is unwilling to fund a grant request that the Authority would like to fund, the Authority can then make a direct grant outside of ACF.

Mr. Fries commented further on the $25,000 irrevocable balance in the Donor Advised Fund explaining that the funds are considered irrevocable because most people/entities take the immediate tax deduction on their donation.

Ms. Scharbach said some steps that will need to be taken if the Board decides they want to partner with ACF would be to complete the legalese review of the documents and make sure the Authority's guidelines line up with ACF, along with verifying the fees charged by ACF.

Ms. Scharbach said she felt the finalization of this matter could be brought to the full Board for consideration at the March 10, 2015 Board meeting.

Mr. Wilder said the CIC will need to review a proposed resolution at their March 3rd meeting that would then be presented to the full Board on March 10th.

There was a discussion on how often the Non-Profit Reserve Fund would need to be replenished. Ms. Scharbach suggested the program could be evaluated quarterly and the fund could be replenished at the end of the pilot year if the program is successful.

**2. DISCUSSIONS AND ACTION AS DETERMINED REGARDING ESTABLISHING A MARKETING PROGRAM.**

Mr. McAllister suggested setting up a meeting with Bill Jabjiniak, the Development Director in Mesa, to share ideas and determine if there is a possible partnership.

Ms. Scharbach suggested putting together a document to outline the marketing efforts already made by the members, i.e. meetings with the Phoenix Chamber of Commerce, GPEC, East Valley, etc.

Mr. Vidales said Neighborhood Housing Services ("NHS") has been building their loan portfolio and now is looking at an acquisition/rehabilitation program for families that don't have the ability to qualify for a loan. They would like to create a program where NHS could borrow money from the Authority so they could fund the loans for owner occupancy. NHS would service and underwrite the loan and take the risk, but they need "cheap" money in order to create a successful program. This could make a large impact within the county.

Discussion ensued regarding various ideas for marketing.

Ms. Scharbach invited Committee Members to forward their ideas for programs they may be aware of wherein the Authority could partner so she could compile the ideas.

Mr. Ghelfi gave an update on HB 2323 legislation being proposed by The Industrial Development Authority of the City of Phoenix, Arizona ("PIDA"). Mr.Ghelfi reminded the members that, for the most part, PIDA would like to have the ability to issue bonds for commercial projects outside of designated areas, and is looking for the Authority's support.

Mr. Wilder explained that the concept of limiting certain kinds of commercial projects in designated areas was introduced into Arizona legislation in 1984. That was at a time when there was a lot of turmoil in Washington, D.C. over the continued use of tax-exempt bonds. Up until 1986 when the tax laws were changed, doctors' offices, medical office buildings, commercial ventures, etc. could be financed with tax-exempt bonds.

Mr. Wilder explained that a designated area is one that was created by Maricopa County, and encompasses a large portion of western Maricopa County.

Mr. Wilder said PIDA believes there is an opportunity to do pooled financings so that small borrowers can borrow money.

Ms. Scharbach explained that Mr. Salgado would like to give a presentation to the Authority's full Board regarding the proposed legislation.

**3. DISCUSSION REGARDING GREATER PHOENIX ECONOMIC COUNCIL VELOCITY PROPOSAL.**

Ms. Scharbach explained that GPEC developed the idea of Velocity for economic development within Arizona. GPEC will eventually be passing the project off, and Velocity will eventually become a stand-alone 501(c)(3) that will be housed at Arizona Community Foundation.

Ms. Scharbach said to fund part of the project, it was determined it will be necessary to impose a one-quarter of one cent temporary sales tax on non-food products for 10 years. Public opinion in October 2014 showed the plan was supported by 66% of voters polled.

Mr. Ghelfi said he thought it was important to change the "ask" to revolve around the EWI organization with a Velocity component and then hone in on which specific industries were the most important for the area and what real money it would take for those industries. At that point, private industry could be brought in, and if private industry likes the concept, they could then get behind the sales tax, versus a politician getting behind the sales tax.

Ms. Scharbach said if the sales tax never passes, the Velocity backers said they still plan to move forward; however, it will just take longer.

Velocity's grant request from the Authority is $750,000, which would go to management, a grant writer, marketing, EWI, a sensor technology center, an export plan launch, and an entrepreneurial ecosystem.

The Committee agreed to meet again at noon on March 3, 2015.

**ADJOURNMENT:**

With no further business to come before the Community Investment Committee, the meeting adjourned at 1:45 p.m.