



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

Date: January 13, 2015, 9:00 a.m.

Place: Maricopa County Administration Building
Internal Audit Conference Room
301 West Jefferson, 6th Floor
Phoenix, Arizona

Presiding: Gregg J. Ghelfi

Present: Gregg J. Ghelfi, Jeremy Stawiecki, Charles P. Thompson,
Victor D. Vidales, Steven Bales, Jr., William McAllister,
David M. Adame (by telephone), and Lisa A. James (by
telephone)

Absent: Merwin D. Grant

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson, Joyce A. Gott and Kathleen Jakubowicz

Attorney: William F. Wilder and John J. Fries of Ryley Carlock &
Applewhite

Mr. Ghelfi called the Regular Meeting of the Board of Directors of the Authority to order at 9:04 a.m., noting the presence of a quorum.

Mr. Ghelfi welcomed the Board's newest member, Jeremy Stawiecki, who is replacing Gary Sundberg.

**1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD
HELD ON DECEMBER 9, 2014.**

On motion made by Mr. Vidales and seconded by Mr. Thompson, the minutes of the December 9, 2014 Board meeting were approved as submitted.

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

5. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Courtney LeVinus was present to give an update on legislative matters.

Ms. LeVinus explained that the Legislature formally started its new session on January 12, 2015, and the Governor delivered his state of the State address. The budget is his biggest priority. There is currently a \$500 million deficit in the State's budget and at least a \$1 billion budget deficit going into fiscal year 2016. The slow economic recovery in Arizona is not helping the situation. The Governor plans to release his budget on January 16, 2015. There is a potential for the budget to move quickly this year as the House and Senate leaderships seem to be working with the Governor.

Ms. LeVinus said The Industrial Development Authority of the City of Phoenix, Arizona ("PIDA") will be reintroducing their legislation from last year as H.B. 2323. This legislation was promoted as a Jobs Bill in 2014, and the Authority was able to amend the bill while in the Senate Appropriations Committee. The Authority did not support the bill, but stayed neutral.

Ms. James joined the meeting by telephone at 9:12 .m.

Ms. LeVinus reminded the Board that last year a suggestion was made to PIDA that rather than creating new legislation, maybe the current legislation could be expanded to include these types of projects in a non-tax-exempt status; however, PIDA did not want to expand current legislation.

Mr. Wilder said he felt the current legislation is already very broad, and what PIDA was eliminating was the approving actions of the City Council and Board of Supervisors, and eliminating the need to report matters to the Arizona Attorney General. Mr. Wilder said he felt all the changes they want to see could be done within the framework of the existing legislation.

Mr. Thompson asked that Ms. LeVinus provide the Board with the final proposed bill from last year as amended.

2. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION APPROVING AND CONSENTING TO THE SALE OF SHADOW CREEK APARTMENTS AND THE ASSUMPTION OF THE TAX REGULATORY AGREEMENT BY TEMPE 266, LLC.

Mr. Wilder explained that the Authority issued \$5.6 million of bonds in 1994 to finance the Shadow Creek Apartments project, located at 2334 West University Avenue, Mesa, Arizona. The original borrower in the transaction was Ambassador I, L.P. The project was encumbered by a regulatory agreement which required a portion of the units to be set aside for low to moderate income persons/families. Under the federal tax law, the regulatory agreement has a term of 20 years. The bonds were paid in full in 2009; however, the regulatory agreement continues through

the Qualified Project Period, which is 20 years. In August 2011, the Authority approved a transfer of the project to Green Leaf University, L.P., which assumed the obligations of the regulatory agreement. The regulatory agreement will expire on March 1, 2015; however, the sale of the property is expected to take place prior to March 1st. The project is in compliance with the set aside requirements.

The current owner is now proposing a sale and assumption of the regulatory agreement to Tempe 266, LLC.

Mr. Wilder said he would recommend adoption of the resolution distributed to the Board Members approving the sale and assumption of the regulatory agreement encumbering the Shadow Creek Apartments.

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

RESOLVED to adopt the Resolution in the form presented to the meeting consenting to the sale of the Shadow Creek Apartments Project to Tempe 266, LLC, a Washington State limited liability company, and approving, adopting and authorizing the execution of an Assumption and Amendment Agreement with respect to the Regulatory Agreement and Declaration of Restriction Covenants that encumbers the Shadow Creek Apartments Project.

3. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION DESIGNATING PERSONS TO BE AUTHORIZED SIGNERS OF AUTHORITY DOCUMENTS, AUTHORIZED SIGNERS ON AUTHORITY BANK AND INVESTMENT ACCOUNTS, DESIGNATING AUTHORIZED AUTHORITY REPRESENTATIVES TO CONDUCT PUBLIC HEARINGS AND RELATED MATTERS.

Mr. Wilder explained that with new Board Members recently added to the Authority's Board, he felt it would be appropriate to bring this resolution forward in order to authorize each Board Member to be a signer on documents, to be a signer on bank accounts and to be entitled to conduct public hearings, if need be.

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

RESOLVED to adopt a resolution in the form presented to the meeting designating persons to be authorized signers of documents, authorized signers of bank and financial accounts and designating persons authorized to conduct public hearings on behalf of the Authority.

4. DISCUSSION AND ACTION AS DETERMINED TO AUTHORIZE THE AUTHORITY TO RESERVE THROUGH THE ARIZONA COMMERCE AUTHORITY AN ALLOCATION OF VOLUME CAP FOR A SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM AND/OR QUALIFIED MORTGAGE CREDIT CERTIFICATE PROGRAM.

Mr. Wilder referred to a previously distributed memorandum to the Board regarding the allocation reservation process for single family MRB/MCC volume cap with the Arizona Commerce Authority. The total volume cap allocation for the State of Arizona for 2015 is \$673,148,400. Of that amount, the Authority's single family MRB/MCC allocation portion is \$87,734,932.

The Authority will need to reserve its allocation by January 31, 2015; however, would not be required to pay for the allocation until June 30, 2015 if the Authority determines to take down their allocation.

Mr. Wilder recommended the Authority reserve the 2015 allocation.

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

RESOLVED to authorize the Authority to reserve, through the Arizona Commerce Authority, a 2015 allocation of available amounts for tax-exempt financing for a qualified mortgage revenue bond and/or qualified mortgage credit certificate program to be undertaken either alone or jointly with one or more eligible entities.

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

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

Ms. Scharbach reported that as of January 12, 2015, the program has closed, or is in the process of closing, 3,942 loans totaling over \$637,000,000. The program continues to be very active with over 80 lenders in the program. Ms. Scharbach said iMortgage continues to be the top lender in the program with 11.3% of the total loans. Other top lenders include Nova Home Loans, Academy Mortgage, and AmeriFirst Financial. The current mortgage loan rate in the program is 4.5% for a 30-year fixed loan.

Ms. Scharbach reported that Mark O'Brien of Raymond James will attend the Authority's February 10, 2015 meeting to provide a full report to the Board.

Mr. Thompson requested information regarding the HUD examination. Ms. Scharbach explained that HUD's Office of the Inspector General first starting asking questions regarding Nova Home Loans, and said their audit was specific to Nova Home Loans. Documents being requested seem to indicate HUD is looking at

the program itself rather than just Nova Home Loans. Ms. Scharbach said both the Authority and the Phoenix IDA have been working closely with Raymond James to supply information to HUD.

Ms. Scharbach said she believed part of the issue with HUD is that they may not understand how the program works and may not realize the Authority and the Phoenix IDA are housing finance authorities (“HFAs”).

Mr. Thompson questioned whether HUD is reviewing Nova Home Loans in other cities around the country or just the local program. Ms. Scharbach indicated that Raymond James is using the same program with other HFAs in 11 states across the country, and she would request the information from Mr. O’Brien.

7. STATUS REPORT FROM THE COMMUNITY INVESTMENT COMMITTEE AND DISCUSSION AND ACTION AS DETERMINED REGARDING THE GUIDELINES FOR THE AUTHORITY’S COMMUNITY INVESTMENTS.

Mr. Vidales reminded the Board that the Community Investment Committee (the “CIC”) has been working on developing guidelines for Authority grants, and has been working with Jacky Alling of Arizona Community Foundation (“ACF”) to serve as a third party to administer grants.

A redlined version of the guidelines were distributed to the Board, taking into consideration the comments provided by Mr. Sundberg at the Authority’s December 2014 Board meeting and any additional issues that were previously discussed. A copy of the redlined version of the guidelines is attached hereto and made a part of these minutes.

Mr. Fries explained that the formation and function of the CIC was added to the guidelines, along with the addition of the ACF to administer grants. Mr. Fries reviewed each of the revisions made to the guidelines.

Mr. Fries pointed out that the revised guidelines now provides an opt-out provision wherein the full Board can consider an application without the matter first going through the CIC.

Mr. Fries stated that one request from Mr. Sundberg relating to requiring the majority of the Board to vote on a proposed grant was discussed by the CIC, and the CIC suggests that in order to keep with the Authority’s current practice on all other matters, that grants should be considered by a majority of the quorum rather than a majority of the Board.

After a long discussion regarding grant/loan approval by a majority of the Board vs. a majority of a quorum present at a meeting, the following motion was considered:

MOTION by Mr. Thompson to require a majority of the Board Members to approve a grant or loan request. The motion was seconded by Mr. Bales.

Mr. Thompson and Ms. James voted aye. Messrs. Bales, Vidales, Ghelfi, McAllister, and Stawiecki voted nay.

The motion failed by a vote of (2 to 6).

Mr. Fries said additional language was added to the Authority's public purpose to include economic development, affordable housing, veterans' programs, and educational programs.

MOTION by Mr. Vidales to approve the Guidelines for the Authority's Community Investments as written, seconded by Mr. Adame.

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

Mr. McAllister distributed a PowerPoint presentation and reviewed the same.

Mr. McAllister explained that the Authority does not have the staff and expertise to administer the grant process, so members of the CIC and Ms. Scharbach have met with ACF to help establish a program to administer grants. ACF does have the tools and expertise to administer a grant program.

Mr. McAllister said the CIC would recommend a partnership with ACF for its grant program.

Mr. McAllister explained that the CIC has narrowed down the areas that the Authority may want to consider for loans/grants - those areas being: (a) job growth/economic development, (b) affordable housing, (c) education (STEM and workforce development), (d) veterans; and (e) the homeless community.

Ms. Scharbach added that the Authority will still have some flexibility with ACF to consider other grant requests outside of those defined areas if they so choose.

After much discussion, it was decided to remove "homeless community" from page 3 of Mr. McAllister's PowerPoint presentation under the items that the Authority would promote.

Mr. McAllister said page 5 of the presentation is a template of the types of services ACF can provide, but is not necessarily the services that would be provided to the Authority. Those services will still need to be defined with ACF. The Authority will have the ability to review and approve the services to be provided by ACF.

Mr. McAllister explained that the proposed program with ACF would be a two-cycle, 1-year pilot program, with the possibility of non-cycle requests. Cycle dates have not yet been determined. Total investment with ACF is anticipated to be \$5.5 million, of

which \$3.5 million would be invested in the long term fund and \$2 million would be available for immediate grant requests. The Authority would have access to its funds if it decided to pull its funds out; however, monies invested in the long term fund could take 60 days to be returned.

Mr. McAllister said there may also be the opportunity for matching funds through ACF and its partners, based upon the criteria the Authority defines.

Mr. McAllister reviewed the fees to be charged by ACF, explaining that there will be a 1% management fee on the amount deposited into the grant fund, along with an administrative fee, which is based on a tiered level. The administrative fees are calculated annually and payable monthly, and are generally taken from the Authority's interest earnings. Net earnings are expected to be approximately 5%.

Mr. McAllister then reviewed the tentative timeline for working with ACF.

Mr. Thompson asked that the full Board have the opportunity to vote on the finalized agreements with ACF. Ms. Scharbach said she thought the agreement with ACF should be finalized sometime in February and may be ready for the Board's approval in March.

Ms. Scharbach reminded the Board that the Authority does not have a formalized investment policy; however, the Board will need to acknowledge that in working with ACF, the Authority's current investment strategy will change. Ms. Scharbach explained that Messrs. Wilder and Fries are currently reviewing documents provided by ACF.

Ms. Scharbach then reviewed her draft handout regarding Community Investment Procedures. Ms. Scharbach explained that this document is a supplement to the guidelines to be used for internal procedures. Grant requests can come from any potential applicant, any Board Member, Supervisor, County Manager, or Executive Director. The ACF will act as the grant administrator and all grant funding requests should be directed to the ACF for application process and ongoing grant administration.

Ms. Scharbach explained that ACF will require the Authority to establish a Collaborative Fund Committee to oversee the Collaborative Fund. It is anticipated the CIC will act as the Collaborative Fund Committee.

All grant requests will be reviewed by ACF, the CIC and the full Board before any action is taken for approval. Grant requests will be reviewed by the CIC on a semi-annual basis; however, the CIC will entertain off-cycle grant requests if the request is endorsed in writing by two Board of Supervisor members.

Ms. Scharbach reminded the Board that loans will not go through the ACF at this stage; however, applicants submitting loan requests will be required to complete the applicant questionnaire, which is included in the guidelines. Those applications will be submitted to the Executive Director. Loan requests can be rejected by the

Executive Director or submitted to the CIC for consideration. Upon recommendation by the CIC, the loan request would then go to the full Board.

Mr. Adame left the meeting at 10:53 a.m.

8. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the months ended December 31, 2014, and reviewed the same.

Mr. Bales moved to approve the payment of invoices as submitted for the period ended December 31, 2014. Mr. Thompson seconded the motion.

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

9. FINANCIAL REPORT.

Ms. Scharbach distributed the unaudited financial statements for the periods ended December 31, 2014, and gave a brief update.

10. PRESIDENT'S REPORT.

Mr. Ghelfi thanked the members of the CIC for their continued work in creating the loan/grant policy and procedures.

11. EXECUTIVE DIRECTOR'S REPORT.

There was no Executive Director report.

12. LEGAL COUNSEL REPORT.

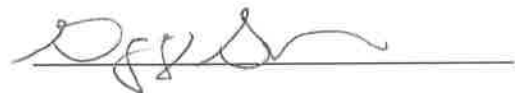
Mr. Wilder reminded the Board that his firm is entering their 14th year of serving as the Authority's legal counsel.

13. CALL TO THE PUBLIC.

No other members of the public responded.

ADJOURNMENT

With no further business to come before the Authority, upon motion made and duly seconded, the Regular Meeting was adjourned at 11:07 a.m., without objection.

A handwritten signature in black ink, appearing to be "D. Ghelfi", written over a horizontal line.