



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

Date: April 14, 2015, 9:00 a.m.

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

Presiding: Gregg J. Ghelfi

Present: Gregg J. Ghelfi, Jeremey Stawiecki, Victor D. Vidales, Steven Bales, Jr., William McAllister, David M. Adame, and Charles P. Thompson

Absent: Merwin D. Grant and Lisa A. James

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson 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 9:03 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON MARCH 10, 2015.

On motion made by Mr. Vidales and seconded by Mr. Stawiecki, the minutes of the March 10, 2015 Board meeting were approved as submitted.

The motion passed unanimously by a vote of (5-0).

2. DISCUSSION AND ACTION AS DETERMINED REGARDING A GRANT REQUEST FROM THE VALLEY OF THE SUN UNITED WAY ON BEHALF OF THE FUNDERS COLLABORATIVE WITH RESPECT TO THE MEN'S OVERFLOW SHELTER (ENDORSED BY MARICOPA COUNTY BOARD

OF SUPERVISORS, PHOENIX MAYOR GREG STANTON AND TOM MANOS).

Messrs. Bales and Adame joined the meeting.

Ms. Scharbach introduced Tom Manos (Maricopa County Manager), Mike McQuaid (Human Services Campus) and Joan Serviss (Executive Director of Arizona Coalition to End Homelessness). Ms. Scharbach reminded the Board Members that the Authority previously granted Human Services Campus \$2 million in 2005 for the construction of the campus, along with an additional \$1 million in 2013 to be divided equally between the Welcome Center and Project H3 Vets. Funds spent to date for the Project H3 Vets total \$332,252, and no monies have yet been spent on the Welcome Center.

Ms. Scharbach also introduced Amy Schwabenlender (Vice President) and Brian Spicker (Senior Vice President), both of Valley of the Sun United Way ("VSUW).

Mr. Manos then introduced a number of other persons present in support of the current grant request including, Deanna Jonovich, Moises Gillegos, Riann Balch, (all from the City of Phoenix), and Mike Traylor (Director of the Arizona Department of Housing).

Mr. Manos explained that numerous fire safety citations have made it necessary for Maricopa County to close the Men's Overflow Shelter creating an immediate crisis with the displacement of 400-500 homeless persons that have been inhabiting the Men's Overflow Shelter and adjacent parking lot, forcing that entire homeless population to move into the parking lot.

Mr. Manos commented on the unprecedented collaboration of organizations working together on the homeless issue, and said that while attempting to address this crisis in the parking lot, the partners have realized there are better ways to assist the homeless population in the parking lot than has been done over the past 4-5 years. Historically, people just show up in the parking lot and no one really knows who they are, what their needs are, and nothing has been done to end their homelessness.

The \$1 million grant request will allow for 250 of those homeless persons to be put into a more permanent housing situation. The goal is to move the remainder of those people from the parking lot inside onto the floors of St. Vincent de Paul and the Lodestar Day Center, which would be an improvement over sleeping in the parking lot in the heat.

Mr. Manos said The Industrial Development Authority of the City of Phoenix, Arizona ("PIDA") has agreed to provide a \$1 million grant to the Rapid Rehousing project, with a request that they be kept up-to-date on the project and have one of their members attend the meetings. Mr. Manos said he felt the request was reasonable and would encourage the Authority to participate in the same manner.

Mr. McQuaid thanked the Authority for past participation in the development of the Human Services Campus, and updated the Board regarding progress relating to the

Authority's 2013 \$1 million contribution to finance the Welcome Center and Project H3 Vets, which was targeted for chronically homeless vets in the community with a goal of identifying housing for chronically homeless vets in order to get the population down to a "functional" zero.

Ms. Serviss thanked the Authority in helping Phoenix continue to claim it has reached a functional end to chronic homelessness. She explained that the progress in helping to end homelessness is information that has been shared with the White House Administration, so the Administration continues to monitor the program for its effectiveness.

Ms. Serviss said, through the work done by Human Services Campus, Project H3 Vets, VSUW, and many different agencies involved in the 25 Cities initiative, efforts continue to target veterans that reach the "chronically-homeless" definition to direct them to permanent supportive housing. This collaboration takes place mainly at the Human Services Campus.

Mr. Ghelfi asked when the remaining portion of the \$500,000 grant from the Authority for the Project H3 Vets will be requested. Ms. Serviss said it should be around July 1, 2015, in conjunction with their fiscal year. Since there are still some chronically homeless veterans identified, the remaining funds will be used to support the peer support navigator stationed at the Human Services Campus.

Mr. McQuaid explained that the Project H3 Vets was originally created to, over a three-year period of time, assess, identify, and house homeless veterans. Historically, ongoing services for the homeless individuals that stay in more permanent housing diminishes over time. Mr. McQuaid said they have experienced almost a 90% retention rate of individuals going into housing that are still in housing two years later. The majority of the Authority's funds have gone to the peer support navigator, and the program has been a success.

Mr. McQuaid said the purpose for the Welcome Center, which the Authority also granted \$500,000, was to engage and assess homeless individuals. Through the Authority's funding, they have been able to develop a scoring mechanism process which will be used by all providers to homeless individuals.

Mr. McQuaid reported on the issues with two different site locations chosen for the Welcome Center, including environmental and cost issues, along with excavation/archeological problems. He said the new plan is to locate the Welcome Center right in the heart of the Campus next to the success center. They have found that if the common assessment is done right at the front door, as much as 20% of the population can be diverted from shelter life. Mr. McQuaid said they estimate the Welcome Center should be completed by the end of 2015.

Beginning May 15, 2015, the Campus partners have agreed to take all homeless individuals in the parking lot and move them onto the Campus into the St. Vincent de Paul dining room and the Lodestar Day Resource day room where there will be services for these individuals, and, hopefully, reduce the number of days people stay

there. The funds VSUW is requesting from the Authority will go directly to this Rapid Rehousing project.

In response to a question from Mr. Adame, Mr. McQuaid reported that estimating expenses for 50 individuals that were rapidly rehoused in the last 90 days, if those persons were going in and out of emergency rooms, hospitalized, and going through rehabilitation, etc., the costs would clearly be between \$40,000 and \$60,000, as compared to an individual that is rapidly rehoused, with costs around \$10,000.

Mr. McQuaid said the contribution being asked by the Authority would be 20% of the overall budget of \$5 million.

Mr. Spicker also thanked the Board for their support with the homeless population. Mr. Spicker distributed a PowerPoint presentation and reviewed the same. He explained that the current model is grossly insufficient, and the urgency is critical to assist this homeless population.

Mr. Spicker said there is a backlog of homeless individuals on the street, and the goal is to move people through the system rapidly and get those individuals who don't need to be there diverted. 250 individuals have been identified that could benefit from the Rapid Rehousing program.

Ms. Schwabenlender explained that Rapid Rehousing is an intervention that evolved out of work with the federal government and the Department of Housing and Urban Development ("HUD"). Rapid Rehousing pairs dollars that provide rent subsidy for affordable housing and case management and is based on an average of 6 months assistance. This is a one-time investment per person to end their homelessness and prevent them from returning to homelessness again.

Ms. Schwabenlender said HUD requires a regional coordinated entry system which creates a common assessment tool for all providers in the region.

Ms. Schwabenlender reviewed the estimated timeline and invited someone from the Authority's Board to be part of their evaluation team to choose providers/contractors that are familiar with providing Rapid Rehousing services. She said the goal is to start the program by June 1st depending upon the selected providers and their ability to begin housing people. It may take through January 2016 to complete the process.

Ms. Schwabenlender said they would be happy to provide updates to the Authority on a monthly basis.

Mr. Manos introduced Bruce Liggett, Director of the Maricopa County Human Services Department, and explained the County plans to work closely with the workforce development centers for employment opportunities for this population.

Mr. Manos also introduced Maricopa County Board of Supervisor, Steve Gallardo, who was present in support of the program.

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

RESOLVED to approve a grant of \$1,000,000 to Valley of the Sun United Way on behalf of the Funders Collaborative to End Homelessness in Maricopa County for the Rapid Rehousing Program.

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

3. STATUS REPORT FROM CHARLIE LEWIS AND SHAUN BRENTON REGARDING THE ARIZONA STATE UNIVERSITY MARICOPA COUNTY MANUFACTURING VENTURE FUND.

Charlie Lewis of Arizona Technology Enterprises and Shaun Brenton of the Arizona State University Foundation (the "Foundation") were present to provide an update on the status of the Maricopa County Manufacturing Venture Fund (the "Fund").

Mr. Lewis reminded the Board that the Fund was approved by the Authority in February 2014 with a \$1 million grant to the ASU Foundation to be used for early-stage start-up support for manufacturing companies that have gone through ASU Foundation's accelerator program. With the assistance of the Board, criteria were established to be used in selecting companies that would be recipients from this Fund. The primary objective of the Fund is to stimulate next generation job and wealth creation by providing companies and entrepreneurs in Arizona access to early-stage risk capital. The money is to be used to provide growth capital and not for research and development. The Fund is an evergreen fund whereby any returns generated from the investments flow back into the Fund for future investment into new companies.

Mr. Lewis said at this point there are only two companies that have been selected to receive monies from the Fund – Bosse Tools (\$200,000 award) and KVZ Sports (\$200,000 award). Companies selected must secure matching funds for their award from the Fund. Bosse Tools has found matching funds, and has raised just under \$1 million in equity funding. They are in the market, producing, selling, and on the verge of hiring employees. They are in their second production run of over 1,000 pre-sold shovels. Bosse Tools is also in active dialogue with Home Depot and Lowe's, with very positive feedback.

Ms. Brenton reminded the Board that one of the critical criterion for the companies to receive funds is that they are committed to keep their headquarters in Maricopa County for a minimum of three years. Mr. Lewis added that the product must be something that emanated from within Arizona.

Mr. Lewis explained that KVZ Sports has received a \$200,000 reward from the Fund, but has not yet secured their matching component. KVZ Sports has revisited their use of funds, what their capital needs will be, and have subsequently scaled down from what would have been a very aggressive growth for the company to much smaller

steps. KVZ has been at numerous events/conferences around sportswear throughout the country and is receiving great feedback.

Mr. Lewis reviewed the Bosse Tools Convertible Promissory Note, and explained that the Note has a two-year term, upon which the company has the option to pay off the loan and any interest accrued or convert the Note into equity at that time.

Mr. Lewis then referred to a handout regarding Neolight, a medical device company, which is expected to be another strong opportunity for the Fund. Neolight's product treats jaundice in newborn and pre-term babies. Neolight's device is receiving very positive feedback and support from doctors and hospitals, who have indicated this product works better than what is currently available.

Mr. Lewis explained that the Foundation has recently launched a new initiative called the Start-Up Mill, which will bring more opportunities to the Fund.

4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Courtney LeVinus gave an update on matters currently taking place at the Legislature. Ms. LeVinus reported the 52nd Legislature – First Regular Session came to an end after 81 days – setting a record for the fastest completed session since 1965.

The Legislature introduced over 1,163 bills, some of which were technical bills to clean up bills that had been passed in previous sessions. 345 of those bills made it to the Governor's desk, and as of April 14th, the Governor had signed 320 bills, vetoed 14, and still has 10 bills pending. The Governor now has the ability to sign the bills, veto them, or allow them to go into law without his signature.

HB 2323, which was introduced by The Industrial Development Authority of the City of Phoenix, Arizona, was signed by the Governor, without any "no" votes from the House or Senate. Ms. LeVinus thanked Messrs. Wilder and Sundberg for their assistance with the bill. This bill will go into effect on July 3, 2015.

There was then a discussion regarding the state funds cut from universities and how the universities plan to deal with the cuts with raising tuition/surcharges to students. Ms. LeVinus explained this may potentially be a permanent funding cut.

Ms. LeVinus distributed a "hot list," and said she should have the legislative year-end report completed within the next couple of weeks.

5. DISCUSSION AND ACTION AS DETERMINED REGARDING PARTICIPATION IN THE GREATER PHOENIX CHAMBER OF COMMERCE IMPACT AWARDS LUNCHEON.

Ms. Scharbach explained that the Community Investment Committee ("CIC") agreed to recommend the \$950.00 purchase of a table for the Greater Phoenix Chamber of Commerce's ("GPCC") IMPACT Awards luncheon to the full Board. Since the time of the CIC meeting, follow-up information has been received regarding availability of

sponsorship opportunities, which include recognition in event signage and printed programs, along with recognition of GPCC's website.

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

RESOLVED to approve the "Friends of Small Business" sponsorship for the Greater Phoenix Chamber of Commerce's IMPACT Awards luncheon in the amount of \$1,500.

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

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

Ms. Scharbach referred to the Quarterly Board Summary as of March 31, 2015, prepared by Mark O'Brien of Raymond James. She said the program had closed, or is in the process of closing, 4,689 loans totaling over \$763 million. As of April 13th, the number of loans had increased to 4,832 loans totaling more than \$788 million. The program continues to grow with 96 lenders registered to process loans. The current mortgage loan rate in the program is 4.375% for a 30-year fixed loan.

7. REPORT FROM THE COMMUNITY INVESTMENT COMMITTEE ("CIC"), AND DISCUSSION AND ACTION AS DETERMINED REGARDING A BUSINESS DEVELOPMENT PLAN.

Mr. Ghelfi asked the Board Members whether they wanted to actively pursue business opportunities within the scope of the Authority's charter, and, if so, then the CIC could move forward to develop such a plan.

Ms. Scharbach referred to the Business Development Plan outline previously distributed to the Board Members, and said since the Authority does not have the staff to actively pursue business development opportunities, it may be necessary to hire someone for that position.

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

RESOLVED to authorize the Community Investment Committee to move forward with the development of a business development plan.

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

8. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended March 31, 2015, and reviewed the same.

Mr. Stawiecki moved to approve the payment of invoices as submitted for the period ended March 31, 2015. Mr. Bales seconded the motion.

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

9. FINANCIAL REPORT.

Ms. Scharbach distributed the unaudited financial statements for the period ended March 31, 2015, and gave a brief update.

10. PRESIDENT'S REPORT.

Mr. Ghelfi reported a new Board Member will be appointed by the Maricopa County of Supervisors to replace Merwin Grant, whose term as a Board Member had expired.

11. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach had no further report.

12. LEGAL COUNSEL REPORT.

Mr. Wilder explained that the IRS audit on the Dobson Village Apartments project is expected to be completed very soon without any issues.

Mr. Wilder reported the Coffelt-Lamoreaux project is now moving forward, and they hope to provide a status report to the Board at the May 12, 2015 Board meeting, and to request an extension of preliminary approval. They plan to close the transaction in the July/August timeframe.

Mr. Wilder said Christian Care will be submitting an application to the Authority for a new project in the west Valley.

Mr. Vidales congratulated Mr. Adame on his appointment as CEO of Chicanos Por La Causa, Inc.

Ms. Scharbach said she felt it was important to start adding an agenda item to future agendas for Board Member comments.

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 11:20 a.m., without objection.

A handwritten signature in cursive script, appearing to read "Deyton", is written over a horizontal line.