



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

Date: July 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, Lisa A. James, Jeremey Stawiecki, Victor D. Vidales, Ronald L. Westad, Steven Bales, Jr., and David M. Adame (telephonically)

Absent: Charles P. Thompson and William McAllister

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Kathleen Jakubowicz

Attorney: John J. Fries of Ryley Carlock & Applewhite

Mr. Ghelfi called the Regular Meeting of the Board of Directors of the Authority to order at 9:02 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON JUNE 9, 2015.

On motion made by Mr. Bales and seconded by Mr. Stawiecki, the minutes of the June 9, 2015 Board meeting were approved as submitted.

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

(Mr. Adame and Ms. James joined the meeting by telephone at 9:03.)

2. REPORT, DISCUSSION, AND ACTION AS DETERMINED REGARDING THE RENEWAL OF THE AUTHORITY'S POLICY OF PUBLIC OFFICIALS LIABILITY INSURANCE.

Mr. Fries explained the liability insurance policy has an aggregate limit of \$5 million with a \$50,000 per wrongful act deductible. The premium is the same as in the previous year - \$22,200. Mr. Fries said he would recommend approval of the renewal of the policy.

Mr. Bales asked if the Board Members could be provided a comparison of this policy to that which is used by The Industrial Development Authority of the City of Phoenix, Arizona. Ms. Scharbach said she would follow up on the request.

After a number of questions regarding the policy, Ms. Scharbach suggested Mr. Wilder report on the process of obtaining liability insurance at the next regular Board meeting.

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

RESOLVED to accept the renewal of the Authority's public officials liability insurance through a policy issued by National Union Fire Insurance Company of Pittsburgh, PA and to ratify the premium payment made on behalf of the Authority in the amount of \$22,200.00.

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

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

Mark O'Brien of Raymond James was present to report on the program.

Mr. O'Brien referred to the quarterly summary report as of June 30, 2015 previously distributed in the Board packages, and reported on the success of the program with over \$1 billion of mortgage loans as of July 1, 2015. Mr. O'Brien said the Home in Five Program is the most successful program of its type in the country.

In response to a question from Mr. Vidales regarding the default rate in this program, Mr. O'Brien reported there currently are no defaults.

Mr. O'Brien updated the Board Members regarding the Nova Home Loans OIG audit, reporting the OIG's audit report has been finalized and submitted to HUD's headquarters and published on the OIG website. OIG's two major issues with this type of program were (a) the mortgage rate is above market, and the proceeds of a "premium priced mortgage" (or a mortgage with an above-market interest rate) cannot be used for down payment assistance; and (b) the grant is repayable.

Mr. O'Brien explained that some problems with the OIG audit are: (a) HUD has never categorized housing financing authority loans similar to this as "premium priced mortgages"; and (b) the grant is not being paid back. The borrowers have voluntarily taken the "gift" at a slightly higher rate in order to get the grant funds because it was a better option for them. Additionally, the difference in the interest rate they pay for their mortgage does not come back to the Authorities, but goes to the premium GNMA holder or bond holder, as the case may be.

Many people are of the opinion the OIG's report is faulty, and the report is just a "recommendation" to HUD.

Mr. O'Brien said both NCSHA and NALHFA have written to HUD to oppose the OIG's recommendation.

Mr. Adame requested a report on the impact the Home in Five Program has on the local economy.

There was a discussion regarding program marketing and an upcoming press release touting the billion dollar mark reached in the program, and ways to personalize the stories in the press release(s).

Ms. Scharbach explained that there have been discussions regarding the inclusion of first responders and teachers to receive an additional 1% of down payment assistance similar to the benefit received by military personnel – possibly with a cap of \$1 million.

Mr. Vidales said HUD's Good Neighbor Next Door Program may be useful for definitions regarding first responders/EMTs, etc.

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

RESOLVED to include teachers and first responders to Home in Five borrowers receiving an additional 1% of down payment assistance.

The motion passed unanimously by a vote of (6-0).

Lisa James abstained from voting, explaining that her daughter, who is a teacher, is in the process of obtaining a loan through the program.

5. REPORT FROM THE COMMUNITY INVESTMENT COMMITTEE ("CIC"), AND DISCUSSION AND ACTION AS DETERMINED.

Ms. Scharbach said the first round grant period closed on June 19, 2015, and Messrs. Vidales, McAllister, and Stawiecki have ranked each application through the Arizona Community Finance ("ACF") portal. There were 10 applications submitted. Because of the lack of a quorum at the July 7, 2015 CIC meeting, the Committee was unable

to consider the applications; however, will do plan to discuss the applications at the August 4th CIC meeting with full Board consideration on August 11, 2015.

Ms. Scharbach said she felt the relationship with ACF has been very positive and should be beneficial to the Authority.

Ms. Scharbach also said the Authority has seen great market results on investments being handled through ACF as compared to other Authority investments.

Mr. Ghelfi updated the Board on the Advanced Flexible Hybrid Electronics Institute to which the Authority has made a commitment, and said the United States Department of Defense did a site visit on July 7th to consider Arizona for a grant. Reports say the visit went very well. Mr. Ghelfi added that the State of Massachusetts has contributed \$20 million to the project, and will be a partner in the institute. Northern California is the only competition for the grant.

6. DISCUSSION AND ACTION AS DETERMINED REGARDING THE APPROVAL OF A BUSINESS DEVELOPMENT PLAN.

Mr. Vidales said the CIC members have been considering the benefit of hiring a business development person to improve on relationships and expand the Authority's core business.

Mr. Vidales said the CIC is recommending approval of the proposed Business Development Plan as distributed in the Board packages, which includes a proposed budget for hiring a Business Development Manager.

With respect to the business development budget, Ms. James said she felt the conference registration dollar amount should be increased. Mr. Scharbach explained that the amount budgeted for conference registration would be strictly for the Business Development Manager, not event registrations for the Authority as a whole. Ms. Scharbach said there are numerous sponsorship opportunities that could be funneled to the Business Development Manager to make sure the Authority gets proper exposure. The Business Development Manager may need to develop a more realistic budget. Ms. Scharbach said this budget was started months ago being conservative, and since that time, the Authority has had numerous sponsorship opportunities. The Board may want to approve the budget today and recognize the fact that conference registration fees will be significantly higher.

Mr. Stawiecki suggested developing a matrix system that could be added to the Business Development Manager's compensation package to incentivize him/her and hold them accountable. Ms. Scharbach suggested because this is a new role, it might be best to see how the first year goes before adding a matrix system. Results might not be seen within the first year.

Ms. Scharbach said she would envision the position to be a contract position and not an employee of Maricopa County or the Authority. Ms. Scharbach reminded the

Board of the Intergovernmental Agreement between Maricopa County and the Authority which gives her the ability to provide and oversee staffing to the Authority. The business development person could also report through Ms. Scharbach with monthly reporting to the Board on progress made.

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

RESOLVED to approve the Business Development Plan as presented, including the hiring of a Business Development Manager.

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

4. DISCUSSION AND ACTION AS DETERMINED REGARDING A SPONSORSHIP FOR THE GREATER PHOENIX CHAMBER OF COMMERCE – ECONOMIC OUTLOOK BREAKFAST 2016.

Ms. Scharbach explained that the Greater Phoenix Chamber of Commerce (“GPCC”) will be holding their Economic Outlook Breakfast 2016 on September 2, 2015 at the Arizona Biltmore. If the Board chooses, the Authority has the opportunity to be a sponsor for the event or may alternatively want to purchase a table.

Mr. Ghelfi said Maricopa County is a huge contributor to GPCC, and thought it would be worthwhile to see whether the Authority could be included within the Maricopa County sponsorship, rather than spending a large amount of money on a sponsorship.

Mr. Westad said he did not feel the funding of this type of event serves the Authority appropriately.

Ms. Scharbach said she will research Maricopa County’s economic development contracts with organizations such as GPCC, Greater Phoenix Economic Council, and the Greater Phoenix Convention and Visitors Bureau to see how the Authority can leverage the County’s relationships with these organizations.

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

RESOLVED to purchase a table for the GPCC Economic Outlook Breakfast 2016.

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

Ms. Scharbach said she will check to see if the Authority can receive the membership pricing for a table at the event.

Mr. Adame left the meeting at 10:10.

7. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended June 30, 2015, and reviewed the same.

Mr. Westad moved to approve the payment of invoices as submitted for the period ended June 30, 2015. Mr. Stawiecki seconded the motion.

The motion passed by a vote of (6-0).

8. FINANCIAL REPORT.

Ms. Scharbach distributed the “draft” unaudited financial statements for the period ended June 30, 2015, and gave a brief update.

Ms. Scharbach said that a comparative balance sheet will be done for the July unaudited financial statements at the request of Mr. Westad, along with a grant summary. Ms. Scharbach gave a breakdown of the grant payables, which include the Advanced Flexible Hybrid Electronics Institute, Velocity, and the Human Services Campus Welcome Center and the Vet H3 project.

9. EXECUTIVE DIRECTOR’S REPORT.

There was no report.

10. PRESIDENT’S REPORT.

Mr. Ghelfi reminded the Board Members that new officers will need to be chosen at the Authority’s August Board meeting. Mr. Ghelfi appointed a nominating committee of Messrs. Ghelfi, Vidales and Bales to determine a suggested slate of officers for the fiscal year 2015/2016.

11. LEGAL COUNSEL REPORT.

Mr. Fries reported that the Coffelt-Lamoreaux project is expected to close at the end of October, 2015, and Christian Care Surprise still has no closing date set.

12. COMMENTS FROM BOARD MEMBERS.

There were no comments.

13. CALL TO THE PUBLIC.

Mary Rose Wilcox congratulated the Board for approving its Business Development Plan, and said she would be happy to help in the recruitment process if the Board needed assistance.

ADJOURNMENT

With no further business to come before the Authority, upon motion made and duly seconded, the Regular Meeting was adjourned at 10:24 a.m., without objection.

A handwritten signature in cursive script, appearing to read "B. G. [unclear]", is written above a horizontal line.