



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

**Date:** November 10, 2015, 9:00 a.m.

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

**Presiding:** Victor D. Vidales

**Present:** Victor D. Vidales, Steven Bales, Jr. (telephonically), Charles P. Thompson (telephonically), Ronald L. Westad, and Lisa A. James

**Absent:** David M. Adame, Jeremey Stawiecki, and William McAllister

**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. Vidales called the Regular Meeting of the Board of Directors of the Authority to order at 9:10 a.m., noting the presence of a quorum.

**1. APPROVAL OF MINUTES OF THE ANNUAL AND REGULAR MEETING OF THE BOARD HELD ON OCTOBER 13, 2015.**

On motion made by Mr. Bales and seconded by Mr. Westad, the minutes of the October 13, 2015 Board meeting were approved as submitted.

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

**2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE SELECTION OF A WEB DESIGNER AND THE APPROVAL OF A BUDGET FOR THE REDESIGN OF THE AUTHORITY'S WEBSITE.**

Mr. Ghelfi explained there were three website developers that submitted a proposal for services, which included IWS, Ethology, and Lucid Agency. All three companies were very qualified; however, staff and Mr. Ghelfi were most impressed with Ethology.

Mr. Westad asked how each company was evaluated. Mr. Ghelfi said they were evaluated by (a) whom the Authority would be working with, (b) the look of various websites developed by each company, (c) understanding the needs of the Authority, and (d) cost for services rendered.

Mr. Ghelfi said the Authority's new website would include a WordPress content management system, and could be easily maintained by Authority staff.

Ms. James and Mr. Vidales noted the quotes from these three companies seemed extremely excessive.

Mr. Thompson said it is his opinion that you get what you pay for and would agree with Mr. Ghelfi's assessment of the designers.

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

RESOLVED to adopt a resolution to approve contracting with Ethology, with a maximum budget of \$60,000.

**The motion passed by a vote of (3-2). Messrs. Thompson, Westad and Vidales voted aye. Mr. Bales and Ms. James voted nay. Ms. James noted she felt the cost for services was too high.**

**3. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.**

Ms. LeVinus distributed a summary of the education bill which was recently passed by the Legislature in special session, and discussed the same. The new bill will provide \$3.5 billion to schools over the next 10 years. Funding for this bill will come from the general fund and from reforms that will need to go to a special ballot in May 2016, which will impact the State Land Trust. Ms. LeVinus said she felt the bill will be successful because it has a lot of support; however, the question will be whether this bill will violate the enabling act.

Ms. LeVinus said, even though education funding is somewhat resolved, it is her belief there will continue to be education discussions in this next session.

Ms. LeVinus said the budget in general looks pretty good going into fiscal year 2017. This will be the first time in many years that there will be reoccurring revenue available. Revenue is finally expected to reach its prerecession level by fiscal year 2018.

Ms. LeVinus explained that Representative Kate Brophy McGee and Representative Weninger, who worked with the Authority this past year on the Phoenix IDA bill, has asked to meet before session for updates on the Authority's activities. Ms. LeVinus said Ms. Scharbach and Mr. Ghelfi plan to attend the meeting, and she welcomed other Board Members to attend as well. Mr. Vidales said he was interested in attending.

Ms. LeVinus reported the Governor is attempting to streamline government, and is focused on Boards and Commissions.

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

Ms. Scharbach said that as of November 9, 2015, the Home in Five Program had closed or was in the process of closing over 7,896 loans totaling over \$1.333 billion, with approximately 400 new loans being added per month. There are currently over 100 lenders participating in the program.

Ms. Scharbach reminded the Board that on October 1, 2015, teachers and first responders were included into those homebuyers receiving an additional 1% down payment assistance.

Ms. Scharbach updated the Board on the success of the press conference that was held on October 27<sup>th</sup> at the Franklin Police and Fire High School, and reported the program received great press from the conference.

Ms. Scharbach said she has been in contact with Dr. Don Covey, Maricopa County Superintendent of Schools, and representatives of the Maricopa County Sheriff's Office, and will be reaching out to firefighters and police associations to promote the program.

Ms. Scharbach explained that there have been a few changes made in the program, including the deletion of manufactured homes due to high delinquency rates, along with additional fees being charged for manual underwriting and charges for borrowers with FICO scores between 640 and 659. Ms. Scharbach said borrowers with FICO scores between 640 and 659 constitute approximately 25% of the program.

Ms. Scharbach reported on a meeting that was held with staff and representatives of Academy Mortgage regarding the program and lender compensation.

Ms. Scharbach said there still is no further update on the Nova Home Loans audit that was performed by the Office of Inspector General.

**5. PAYMENT OF INVOICES.**

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

Ms. Scharbach said all invoices are normal operating expenses, and requested approval of the invoices presented.

Mr. Westad moved to approve the payment of invoices as submitted for the period ended October 31, 2015. Ms. James seconded the motion.

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

**6. FINANCIAL REPORT.**

Ms. Scharbach distributed the unaudited financial statements for the period ended October 31, 2015, and reviewed the same.

Ms. Scharbach reported the annual audit is ongoing, and audited financial statements should be available in December.

Ms. Scharbach referred the Board Members to page 6, and thanked Ms. Jakubowicz for the first zero on the accounts receivable page.

**7. PRESIDENT'S REPORT.**

Mr. Vidales said Mr. Adame's term as an Authority Board Member will be up in December, and he has indicated he will be stepping down at the end of his term. With Mr. Adame stepping down, there will be two Board Member positions that will need to be filled.

Ms. Scharbach added there is currently a recommendation in to fill Mr. Ghelfi's vacant position, and Supervisor Gallardo is aware of the soon-to-be vacant chair for Mr. Adame.

Mr. Vidales requested an update on the Rapid Rehousing project.

Mr. Vidales said he his focus for the coming year would be (a) the loan program and (b) opportunities with the Health Impact Assessment ("HIA") for the light rail. He said he would like to meet with Ms. Scharbach and Mr. Ghelfi to find ways to work with other county departments that could benefit from some investments.

**8. EXECUTIVE DIRECTOR'S REPORT.**

Ms. Scharbach had no report.

**9. LEGAL COUNSEL REPORT.**

Mr. Wilder explained that it will be necessary for some changes to be made to the financing structure of the Subordinate B Bonds in the Christian Care Surprise project, which will postpone the closing of the transaction until at least January 2016.

Mr. Wilder then reported that the Coffelt-Lamoreaux project is progressing well, and said he expected the closing to take place in January or February 2016. The applicant expects to come back to the Authority for final approval in December.

Mr. Wilder said the Arizona Charter School Pool financing done in 2000 has had two schools fail. Five of the schools have decided to opt out of the pool, and, in doing so, forfeited considerable amounts of cash reserve. Those funds were then added to a cash reserve account. No schools are left in the pool, and one foreclosure action is pending with regard to the Westwind Academy. It is unclear whether there are sufficient funds in which to pay off the bonds. Mr. Wilder said there should be no legal or financial exposure to the Authority.

**10. BUSINESS DEVELOPMENT OFFICER.**

Mr. Ghelfi reported on the national conference of the Council of Development Finance Agencies ("CDFA") which he attended in the week prior to this Board meeting, and said CDFFA will have presentations on line that the Board will be able to access regarding ways to keep the bond financing business moving forward.

Mr. Ghelfi explained there are still discussions on possible tax reform that would eliminate tax-exempt bond financing. He said he has volunteered to participate with CDFFA on legislative matters so as to keep apprised of the potential tax reform.

Mr. Ghelfi said he has met with Tallwave representatives regarding their investments, and felt their process of evaluating the start-up companies seems to be very solid.

Mr. Ghelfi said he will be exhibiting at the November 19<sup>th</sup> Charter School Business Program event, which should be a great way to meet numerous contacts.

Mr. Ghelfi said he will be a speaker at CDFFA's 2015 Arizona Financing Roundtable to be held on November 16<sup>th</sup> and 17<sup>th</sup>. Mr. Ghelfi said he will be a speaker at the event regarding affordable housing and some of the Authority's community investments.

Mr. Ghelfi said he is also working on the development of a loan program.

**11. COMMENTS FROM BOARD MEMBERS.**


Ms. James reported she attended the tour of the Southwest College of Naturopathic Medicine, and was impressed with the facility.

**12. 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 10:39 a.m., without objection.

A handwritten signature in black ink, consisting of a stylized first letter and a long horizontal stroke, positioned above a solid horizontal line.