

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

Date: April 11, 2017, 9:00 a.m.

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

Presiding: Lisa A. James

Present: Lisa A. James, Maria Spelleri, Ronald J. Castro, Jr., Charles P. Thompson, Ronald L. Westad, Steven Bales, Jr. and Jeremy Stawiecki (by telephone)

Absent: 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

Ms. James called the Regular Meeting of the Board of Directors of the Authority to order at 9:06 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON MARCH 14, 2017.

On motion made by Mr. Bales and seconded by Mr. Thompson, the minutes of the March 14, 2017 Regular Meeting were approved as submitted.

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

2. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING PRELIMINARY APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$26,775,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF VALDERRAMA APARTMENTS, LLC TO FINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF A NEW APPROXIMATELY 168-UNIT MULTIFAMILY HOUSING PROJECT TO BE LOCATED AT 2822 NORTH 59TH AVENUE, PHOENIX, ARIZONA.

Mr. Wilder explained that the Valderrama Apartments will be a 168-unit affordable multifamily housing project to be located at 2822 North 59th Avenue, Phoenix, Arizona. The projects will have tax credit investors, and the financing is expected to close either the end of the year or early 2018, depending upon when the tax credit investors are ready to make an investment in the project.

Mr. Wilder explained that preliminary approval is being sought at an early stage so that the Applicant can be flexible as far as applying for volume cap and will allow the expenditures incurred by the Applicant within 60 days prior to preliminary approval to be financed with bond proceeds.

Thomas Mannschreck of Thomas Development Co., who attended in person, introduced Claire Casazza, Senior Affordable Development Manager of The Pacific Companies; Brad Britzmann, Applicant's Legal Counsel of Rosenblum Goldenhersh; and Douglas Gibson of Pacific West Architecture, all who attended by telephone.

Mr. Mannschreck gave a brief description of the project and the financing participants.

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

RESOLVED to adopt the Resolution in the form presented to the meeting, granting preliminary approval to Valderrama Apartments LLC, or its affiliate, for the issuance of not to exceed \$26,775,000 of the Authority's revenue bonds to assist in financing the acquisition, construction, improvement and equipping of the Valderrama Apartments Project to be located at 2822 North 59th Avenue, Phoenix, Arizona.

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

3. DISCUSSION AND ACTION AS DETERMINED REGARDING APPROVAL OF THE REISSUANCE/RESTRUCTURING OF THE AUTHORITY'S \$16,000,000 EDUCATION FACILITIES REVENUE BONDS FOR THE BENEFIT OF SOUTHWEST COLLEGE OF NATUROPATHIC MEDICINE, SERIES 2013.

Mr. Wilder explained that in 2013, the Authority issued \$16,000,000 of bonds for the benefit of Southwest College of Naturopathic Medicine ("SCNM"). Those bonds were purchased in their entirety by Western Alliance Bank in a private placement transaction. Western Alliance Bank would like to keep the bonds in place but extend the maturity date of the bonds by an additional four years to 2027. According to the Internal Revenue Service, the extension of the maturity date of the bonds triggers a "reissuance of the bonds." The bonds will remain outstanding; however, to continue the tax-exempt status of the bonds, there will need to be a technical reissuance of the bonds.

Ms. Spelleri noted a potential conflict of interest, stating she had worked on the original financing for SCNM, and stepped down from the Board and did not participate in this agenda item.

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

RESOLVED to adopt the Resolution in the form presented to the meeting authorizing the restructuring and reissuance of the Authority's Education Facilities Revenue Bonds (SCNM Project), Tax-Exempt Series 2013A, Taxable Series 2013B and Tax-Exempt Series 2013C, through amendments and supplements to the Modification Documents, as defined in the form of Resolution.

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

Ms. Spelleri returned to the Board and participated in the remainder of the agenda items.

4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Ms. LeVinus was not in attendance to report on legislative matters. Ms. Scharbach said Ms. LeVinus will be at the Authority's Board meeting in May.

5. REPORT, 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 status of the program. Mr. O'Brien referred to the previously-distributed Raymond James report for the quarter ended March 31, 2017, and he reviewed the same.

In response to a question from Ms. Spelleri, Mr. O'Brien discussed the HUD Office of Inspector General report that recently was released, which included a very strong rebuttal letter from HUD's staff, dated March 3, 2017, questioning why the OIG's office was still proceeding with this.

Ms. Scharbach reported that the Maricopa and Phoenix IDA's have funded \$1.5 million for 823 loans that received an additional 1% for down payment assistance.

6. REPORT FROM THE COMMUNITY INVESTMENT COMMITTEE REGARDING A GRANT REQUEST FOR THE COFFELT-LAMOREAUX PROJECT AND DISCUSSION AND ACTION AS DETERMINED.

Ms. Scharbach explained this grant request was heard by the Authority's Community Investment Committee ("CIC") on April 4, 2017, at which the Committee Members unanimously agreed to recommend to the Authority's Board as a whole the \$500,000 grant being requested for the Coffelt-Lamoreaux project.

Ms. Scharbach introduced Gloria Munoz, Executive Director of the Housing Authority of Maricopa County, and Ben Shunk, Arizona Director of Construction of Gorman & Company, Inc.

Ms. Munoz explained that construction of the Coffelt-Lamoreaux project is well underway and expectations are that the project will be completed by the end of the year. During construction there were a number of issues that were discovered which depleted their contingency funds, i.e. asbestos costs (\$1.2 million), road issues causing potholes and sinking (\$500,000), soil issues that required new ventilation, etc.

Ms. Munoz showed a PowerPoint presentation on the progress of the project.

Mr. Westad explained that at the CIC meeting, the Committee Members learned that the project could be completed without the Authority's grant; however, the project's community center would have to be sacrificed, and that community center is vital to the project's residents.

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

RESOLVED to approve a grant to the Housing Authority of Maricopa County/Gorman & Company, Inc, for the Coffelt-Lamoreaux Apartment Homes project in the amount of \$500,000, as recommended to the Board by the Community Investment Committee.

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

7. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended March 31, 2017.

Mr. Westad moved to approve the payment of invoices as submitted for the period ended March 31, 2017. Mr. Castro seconded the motion.

Mmes. James and Spelleri and Messrs. Westad, Castro, Bales, and Stawiecki voted aye. Mr. Thompson voted nay.

The motion passed by a vote of (6-1).

8. FINANCIAL REPORT.

Ms. Scharbach distributed copies of the unaudited financial statements for the period ended March 31, 2017, and reviewed the same. A copy of the unaudited financial statements is attached hereto.

Ms. Scharbach said she did a comparison of net assets from the audited financial statements as of June 30, 2012 to March 31, 2017, and found the Authority's net assets have increased by \$4.2 million, after the Authority invested almost \$12 million in community investments/grants. Most of the Authority's increase has been related to its Home in Five Program.

Ms. Scharbach explained that one of the companies financed through the Authority's Tallwave Commercialization Fund has been sold, and the Authority will be seeing a return of \$58,573 from that sale.

Mr. Westad questioned whether it would be beneficial to the Authority to have a better sense of the Authority's investment performance and how the Authority's funds are deployed.

Ms. Scharbach explained that the majority of the Authority's funds that are invested follow the investment policy that is used by the Maricopa County Treasurer. The Board may want to form an Investment Committee for further review.

Ms. Scharbach said she can add more information to her financial report in the future with respect to the Authority's investments.

Ms. Spelleri recommended an annual review of the Authority's investments, at a minimum.

9. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reported he has been having conversations with individuals with respect to a few potential bond issues, along with various non-profits in the workforce area for the next Arizona Community Foundation grant cycle, which will coincide with the AZ Pipeline project and the Maricopa County At Works groups.

AZ Pipeline will be having a hiring event at the end of April in conjunction with Mesa Community College.

In response to a question from Mr. Thompson requesting a report on a recent meeting, Ms. Scharbach said there was a meeting called by Supervisor Chucuri with President Crow, Joy Rich, Gregg Ghelfi, representatives of ASU and herself regarding opportunities with the County and the Authority, for the most part related to economic development and the AZ Pipeline project.

10. PRESIDENT'S REPORT.

Ms. James reported on the ribbon cutting ceremony at the Brian Garcia Welcome Center, and said there was a garden at the center dedicated in the name of Tom Manos' son.

Ms. James explained that at the last Board meeting, there was a discussion of having an odd number of committee members for the Community Investment Committee ("CIC"); however, after speaking with Mr. Wilder, she realized there could be other complications of adding an additional member since that would make a quorum of the full Board. Ms. James asked Board Members to provide comments regarding how to proceed with Committee Members for the CIC, and said the matter will be on the agenda for the next meeting for full Board consideration.

11. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach had nothing further to report.

12. LEGAL COUNSEL REPORT.

Mr. Wilder reminded the Board that their directors' and officers' liability insurance policy expires on June 30, 2017, so he has begun the process of getting quotes from various vendors, including a policy for non-owned automobile coverage to ensure Board Members are covered while commuting to and from meetings.

13. COMMENTS FROM BOARD MEMBERS.

There was a conversation about the possibility of changing the time of the Board meetings. It was determined there should be a poll of each Board Member for various times (9:15 a.m., 10:00 a.m., 12:00 p.m., and 3:00 p.m.) to determine a time.

14. 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 10:40 a.m., without objection.


