

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

Date: June 9, 2020, 9:30 a.m.

Place: GoToMeeting - virtually

Presiding: Ronald L. Westad

Present: Ronald L. Westad, Jeremey Stawiecki, Rebecca Burnham, Maria Spelleri, Andrew M. Cohn, Steve Bales, Lisa A. James, Ronald J. Castro, Jr. and Jim Rounds

Absent: None

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Kathleen Jakubowicz

Business Development Officer: Gregg Ghelfi

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

Mr. Westad called the Regular Meeting of the Board of Directors of the Authority to order at 9:34 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON APRIL 14, 2020, AND THE SPECIAL MEETING HELD ON APRIL 22, 2020.

On motion made by Ms. Spelleri and seconded by Mr. Castro, the minutes of the April 14, 2020 Regular Meeting and the April 22, 2020 Special Meeting were approved as submitted.

The motion passed unanimously by a vote of (9-0).

2. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Courtney LeVinus was in attendance to report on legislative matters.

Ms. LeVinus said the Arizona Legislature adjourned sine die on May 26th, with only 90 bills passing. It is anticipated that when the Legislature returns to its regular session in January, following the election, they will try to address the 200 plus bills that were making their way through the process before they prematurely died.

A special session may need to be called by the Governor in July to deal with things such as the budget, post COVID matters, unemployment, and police reform.

There were no bills introduced that would directly affect industrial development authorities.

Ms. LeVinus said she may delay the end of session legislative report to the Board so that she can include the 90 bills, the end of session, the revised budget and, potentially, any COVID legislation.

3. DISCUSSION AND ACTION AS DETERMINED REGARDING A PROPOSAL FROM PIPELINE AZ.

The following persons were in attendance in support of the proposed grant request: Dean Duncan, Executive Director for Partnership for Economic Innovation (“PEI”); John Graham, Chairman of PEI; Katherine Pappas, Director of Workforce Strategy of PEI; Mary Foote, Director of Industry Engagement of PEI; and Stephanie Tomlin, Director of Marketing of PEI.

Mr. Cohn announced he is a partner with John Graham on a number of transactions, so he would not be participating in this agenda item.

Mr. Duncan explained that PEI was set up post the great recession to help strengthen the local economy and make it better prepared for future great recessions and challenging times. One of the ways the PEI Board felt it was important to do that was through a workforce development strategy. Pipeline AZ, as a workforce development platform, is the expression of that strategy. Mr. Duncan thanked the Authority for their previous financial support of the platform.

Mr. Duncan said PEI will need an additional \$3.3 million over the next 3 years before becoming completely sustainable; however, at this time, they are requesting a grant of \$1.7 million from the Authority. If, after proving themselves, they would like to come back to the Authority in one year to request the balance.

Mr. Duncan discussed the two strategies being carried out by PEI to make Pipeline AZ successful - the long term industry centric strategy and a specific response to COVID 19.

Mr. Duncan reminded the Board that Pipeline AZ is a multi-sided platform, such as Amazon, Uber, and Opentable, where there are two sides of the platform that need to be developed – i.e. Uber drivers on one side and passengers on another. For Pipeline AZ, the two sides would be job seekers and jobs/career journey.

There were some challenges and barriers getting the platform up and running. The goal for 2020 is to end up with at least 9,000 end users, and project over 15,000 users by 2023.

Mr. Duncan and Ms. Pappas responded to questions from Ms. Burnham and Mr. Rounds regarding metrics, competition, connectivity and how Pipeline AZ differs from competitors.

Mr. Duncan explained that the industry segments being targeted for Pipeline AZ consist mainly of construction, healthcare & bioscience, IT & cyber, and manufacturing.

Ms. Burnham asked what other revenue sources are available to Pipeline AZ, other than funds from the Authority? Mr. Duncan said they recently received \$200,000 from Arizona Community Foundation, which was the first grant funds received outside of the Authority's funds. They have also identified (a) additional grants, (b) licensing revenue, and (c) being paid for custom events for other sources of income. Those three things, at least in the next year or two, are their initial foray into becoming sustainable. Mr. Duncan said they have also recently began working with a grant consultant.

Ms. Burnham asked if Pipeline AZ has received any federal grants. Ms. Pappas said (a) they are part of a research grant that Arizona State University received from the Department of Labor for building apprenticeship models for IT and cyber related positions, (b) an apprenticeship type of grant for Opportunity for Youth, and (c) a grant with Local First to bring Pipeline AZ to the rural communities.

In response to a question from Mr. Bales as to how the grant fund request would be utilized, Mr. Duncan explained that the \$1,700,000 would be spent on industry hub, marketing, management, software development, customer support, hardware & hosting, and operations.

The monies allocated for industry hub, software development, customer support, and hardware & hosting will go to Futures, Pipeline AZ's platform provider. Monies allocated for marketing and management operations will be used mainly for Pipeline AZ salaries.

The total \$3.3 million would be broken down as follows: 2020 Go to Market Strategy - \$900,000; 2021 Adoption and Revenue - \$1,400,000; 2022 Adoption and Revenue - \$1,000,000; and 2023 - \$0

Ms. Spelleri left the meeting at 10:36 a.m.

Mr. Westad voiced his concerns regarding the sustainability of Pipeline AZ, and discussion on sustainability ensued.

Mr. Rounds asked that PEI staff work closely with the Authority's staff to provide information regarding data collection and reporting in order to calculate the benefit of the platform.

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

RESOLVED to adopt a resolution approving the grant request for \$1.7 million to be used for the Pipeline AZ platform.

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

Mr. Cohn abstained from voting.

4. UPDATE, REPORT AND ACTION AS DETERMINED REGARDING RENEWAL OF INSURANCE.

Ms. Scharbach referred the Board Members to the memo in the package and explained that the proposal for the Authority's insurance coverage would keep the same coverage as last year, with the exception of changing the provider for the public officials' liability insurance policy from Ironshore Specialty Company to OneBeacon. This change is at the recommendation of the Arizona Group, the Authority's insurance broker, resulting in a significant premium savings to the Authority.

Mr. Westad explained that the Arizona Group is part of an entity called Arizona Federal Insurance Solutions, which is a wholly-owned subsidiary of Arizona Federal Credit Union, of which he is the President and CEO. Mr. Westad said he has consulted with the Authority's legal counsel and determined he does not have a conflict as he receives no financial benefit and is not compensated by the Arizona Group or Arizona Federal Insurance Solutions. Mr. Westad said his salary is from Arizona Federal Credit Union, so it has no impact on him personally or financially.

Mr. Westad explained that the selection of the Arizona Group was conducted several years ago as part of a competitive request for proposal process. The process was overseen and administered by staff and brought to the full Board for their determination.

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

RESOLVED to approve the renewal of the Authority's insurance coverage, as suggested.

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

5. DISCUSSION AND ACTION AS DETERMINED REGARDING CONTRACTING WITH JACOBSEN & WACHTERHAUSER TO PROVIDE ACCOUNTING SERVICES.

Ms. Scharbach referred the Board Members to Ms. Wachterhauser's proposed engagement letter, and pointed out there are no changes from the prior year. Ms. Scharbach recommended the continued engagement of Jacobsen & Wachterhauser.

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

RESOLVED to continue the engagement of the firm Jacobsen & Wachterhauser to serve as the accountants for the Authority on the terms set forth in the form of engagement letter presented to the Board, which letter an authorized officer of the Authority is authorized to execute.

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

6. DISCUSSION AND ACTION AS DETERMINED REGARDING APPOINTMENT OF A PERSON TO INTERVIEW BOARD MEMBERS AS TO WILLINGNESS TO SERVE AS OFFICERS OF THE AUTHORITY FOR THE COMING YEAR TO BE ELECTED AT THE AUGUST 2020 BOARD MEETING.

Mr. Westad reminded the Board that new officers are elected each August, and asked if any Board Member would volunteer to interview each Board Member to determine their willingness to serve in the capacity of an officer.

Mr. Westad appointed Ms. Burnham to poll the Board to determine each person's willingness to serve as an officer of the Board for the 2020/2021 period.

7. FINANCIAL REPORT.

Ms. Scharbach referred to the unaudited financial statements for the period ended May 31, 2020. Copies of those statements are attached hereto.

Ms. Scharbach reviewed the May 31, 2020 unaudited financial statements.

Mr. Rounds left the meeting at 11:11 a.m.

8. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the months ended April 30, 2020 and May 31, 2020.

Mr. Bales moved to approve the payment of invoices as submitted for the periods ended April 30, 2020 and May 31, 2020. Mr. Stawiecki seconded the motion.

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

9. BUSINESS DEVELOPMENT OFFICER.

Mr. Ghelfi reported there was a slow down in the Home in Five program in March and April, but loans seem to be picking up speed.

10. PRESIDENT'S REPORT.

Mr. Westad thanked the Board for their participation in the meeting,

11. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach thanked the Board and staff.

12. LEGAL COUNSEL REPORT.

Mr. Fries had no report.

13. COMMENTS FROM BOARD MEMBERS.

There were no comments from the Board.

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 11:16 a.m., without objection.


