



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

Date: March 10, 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, Jeremy Stawiecki, Victor D. Vidales, Steven Bales, Jr., William McAllister, and Lisa A. James

Absent: Merwin D. Grant, David M. Adame, and Charles P. Thompson

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Kathleen Jakubowicz

Attorney: William F. Wilder of Ryley Carlock & Applewhite

Mr. Ghelfi called the Regular Meeting of the Board of Directors of the Authority to order at 9:01 a.m., noting the presence of a quorum.

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

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

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

2. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Courtney LeVinus gave an update on matters currently taking place at the Legislature. Ms. LeVinus reported the State's \$9.1 billion budget has been approved by the Legislature. The new budget cut funding to the universities by \$99 million, shifted expenses for juvenile corrections incarcerations to each county, and reduced

child services, among other things. Public school funding remained unchanged. For the first time in many years, the State is finally starting to resolve the structural deficit. It is expected by fiscal year 2017 the State should have a fully-balanced budget.

Ms. LeVinus distributed a “hot list” and discussed the same. She explained that HB2323 passed the full House with unanimous support, and is scheduled for a hearing in the Senate Finance Committee.

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

Ms. Scharbach reported that as of March 9, 2015, the program had closed, or is in the process of closing, 4,410 loans totaling over \$715,000,000. The program continues to grow with over 80 lenders that have closed loans. The current mortgage loan rate in the program is 4.5% for a 30-year fixed loan. The program also continues to be a great source of revenue for the Authority, and the income from this program will be key for the Authority’s business plan.

Ms. Scharbach said the program set a weekly record last week with 102 loans totaling \$17.22 million.

Ms. Scharbach said the Nova Home Loans issue has not yet been resolved.

4. REPORT FROM THE COMMUNITY INVESTMENT COMMITTEE (“CIC”), CONSIDERATION OF RESOLUTION PROPOSED BY THE CIC AND ACTION AS DETERMINED.

Mr. Vidales explained that the CIC voted unanimously on March 3, 2015 to recommend to the full Board the form of resolution being presented to the Board. If the resolution is approved by the full Board, then the Authority can move forward with the grant program through Arizona Community Foundation (“ACF”).

Mr. Ghelfi explained that the proposed resolution will authorize the Authority’s Executive Director more leeway with investing the Authority’s monies. Mr. Ghelfi reminded the Board that the Authority currently follows the County’s investment guidelines, and the ACF has more liberal investments, which presumably would bring a higher rate of return on the Authority’s investments.

The resolution would also create the Maricopa County IDA Community Investment Fund (“MCIDA Fund”) with a deposit of \$25,000, and would allow an investment of \$5.5 million into the ACF Investment Fund.

Ms. Scharbach said the Authority will pay one basis point for funds deposited into the MCIDA Fund and a 1% investment management fee for monies in the ACF Investment Fund. Ms. Scharbach said she and Messrs. Thompson and McAllister

attended an ACF Investment Committee meeting, and felt the Investment Committee was made up of many diligent members.

Ms. Scharbach said she will report back to the Board at least quarterly regarding the Authority's investments with ACF.

Mr. Vidales clarified the Authority is still on moratorium regarding grants, but hopes to have the grant program in place by June.

Mr. Bales asked what allows the Authority to operate outside of the County's investment policy, and how does the Authority determine that this will be an acceptable level of risk? Ms. Scharbach said the Authority has not adopted an investment policy; however, the direction that was taken by the previous Executive Director was to follow the County's investment policy, which is statutorily driven. There is nothing that precludes the Authority from having a more aggressive investment policy based on the fact that the Authority is a separate governmental nonprofit, and is not limited by statute.

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

RESOLVED to adopt a resolution in the form presented to the Board of Directors authorizing the establishment of the Maricopa County IDA Community Investment Fund and authorizing certain investments with the Arizona Community Foundation.

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

Mr. Ghelfi explained that Mr. Adame will be stepping down from the CIC, so he asked for a volunteer to fill Mr. Adame's place.

5. DISCUSSION AND ACTION AS DETERMINED REGARDING A BUSINESS DEVELOPMENT/MARKETING PLAN.

Mr. Ghelfi said the next process for the CIC is to come up with ways to find new business.

Ms. Scharbach referred to the business development plan documents previously distributed to the Board Members and reviewed the documents. Mr. Scharbach said the Authority needs to be ready for market changes when rates go up making bond issues more feasible. To do so, it is important for the Authority to clearly define its business objectives.

Ms. Scharbach reviewed some ideas that the Authority may want to consider for developing new business, including how to attract new tax-exempt financings, creating new products, building relationships with the community and existing and

past clientele, marketing, redesigning the website, the possibility of staffing a business development person, and building a workforce program.

Mr. Ghelfi invited all members of the Authority to attend the April 7th CIC meeting to discuss in more detail what direction the Authority might want to take for business development.

Mr. Wilder suggested one way to help establish a more solid foundation with an existing client would be to consider providing a low cost predevelopment loan in conjunction with a potential upcoming bond financing.

6. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended February 28, 2015, and reviewed the same.

Mr. Bales moved to approve the payment of invoices as submitted for the period ended February 28, 2015. Mr. Stawiecki seconded the motion.

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

7. FINANCIAL REPORT.

Ms. Scharbach distributed the unaudited financial statements for the period ended February 28, 2015, and gave a brief update.

Ms. Scharbach said she plans to have representatives from the various organizations report to the Board at the April 14, 2015 meeting regarding Tallwave, the Project H3 Vets, the Human Services Campus Brian Garcia Welcome Center, and the ASU - Maricopa County Manufacturing Venture Fund.

8. PRESIDENT'S REPORT.

Mr. Ghelfi thanked the CIC for their continued work on the grant program and business development.

9. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach had no further report.

10. LEGAL COUNSEL REPORT.

Mr. Wilder reminded the Board that the IRS is auditing the Dobson Village Apartments project which was financed with bonds in 2006. The property was surrendered in lieu of foreclosure in 2010, and, at that time, the bond debt was satisfied. Since the original owner of the property no longer has a stake in the property and the trustee files have been transferred out of state, it may take a little longer to receive

information being requested by the IRS. Mr. Wilder said he does not expect any issues with the audit.

In response to a question from Mr. Vidales, Mr. Wilder said representatives with the Coffelt Lamoreaux project have indicated they would like to close by the end of June 2015.

11. 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 10:09 a.m., without objection.

A handwritten signature in black ink, appearing to be "D. J. Smith", is written over a horizontal line.