



Minutes
of the
Community Investment Committee
The Industrial Development Authority of the County of Maricopa
(the "Authority")

Date: May 5, 2015, 12:00 p.m.

Place: Ryley Carlock & Applewhite
One North Central Avenue, 12th Floor
Phoenix, Arizona 85004

Present: Victor D. Vidales, William McAllister, Charles P. Thompson and
Jeremy Stawiecki

(Gregg Ghelfi and Steven Bales were also present)

Absent: None

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Kathleen Jakubowicz

Attorney: John J. Fries and William F. Wilder

Guests: Murray Boess, Margery Brown, Kathleen Lee, John Graham, and
Gregory Cross

Mr. Vidales called the meeting to order at 12:02 p.m., noting the presence of a quorum.

The Authority's Community Investment Committee ("CIC") met to discuss, consider and take legal action as determined on the following:

- 2. CONTINUED DISCUSSION REGARDING A REVISED GREATER PHOENIX ECONOMIC COUNCIL VELOCITY PROPOSAL AND ACTION AS DETERMINED.**

Margery Brown, Chief Operating Officer for Greater Phoenix Economic Council (“GPEC”), Kathleen Lee, Senior Vice President of Research and Strategy of GPEC, and John Graham, President and CEO of Sunbelt Holdings and Interim Chairman of Velocity who also serves on GPEC’s Board, were introduced in support of the Velocity proposal.

Ms. Brown referred to the distributed proposal and briefly reviewed the same.

Ms. Lee went into more detail relating to the requests, and said the ultimate goal is about job creation and quality jobs.

Project one – bring on EWI, an Advanced Manufacturing Innovation Institute – (\$330,000)

Ms. Lee gave some background on EWI, explaining that EWI provides research and development services to small and mid-size manufacturers to assist them in developing new products, technology and techniques so the manufacturers can be more productive in bringing new products to the market and generating new revenue. EWI is currently looking to expand into the southwest and likes the Phoenix area because of the large manufacturing base. The grant request will support Phase 1, which includes an in-depth market assessment. The goal is to have EWI self-sustaining over a five-year period.

Project two – build the groundwork to establish two sustainable R&D consortia in the region: (a) the Innovation and Commercialization Center for Advanced Manufacturing in Sensor Technology (\$250,000) and (b) Advanced Flexible Hybrid Electronics Institute (\$50,000)

Ms. Lee said Velocity has received initial funding from the US Department of Commerce for Sensor Technology, and a number of local companies have been identified for possible opportunities. Ms. Lee said it will be necessary to have this type of project private-sector lead in order to be successful.

Ms. Lee said, with respect to the Advanced Flexible Hybrid Electronics Institute, ASU assisted Velocity in applying for and winning a grant through the National Institute of Standards and Technology. ASU is a strong leader in flexible display and related technology research. The project will include a technical component as well as a strong economic development and workforce component, and must be self-sustaining within five years.

Ms. Lee explained that flexible electronics is taking things like circuit boards and applying them to flexible components, such as fabrics. The applications for flexible technology use have a very wide range, and could also be something that is injected into the body or, on a larger scale, applied to bridges or other types of infrastructure to detect how something is functioning.

Project three – begin the implementation of an export plan (\$50,000)

Ms. Lee explained the export plan has been put together by many regional and statewide partners and should be released by the end of the month. The plan has been tailored to local industry and location strengths. The Arizona Small Business Association will implement the export plan, assisting small and mid-size companies to export more products.

Project four – develop and implement an Entrepreneurial Asset Map, which is the development of a website linking together accelerator groups, investors, businesses, etc. (\$50,000)

Ms. Brown said this request is to assist in the development of an on-line portal to include all of the start-ups across the region.

After a lengthy discussion, the Committee Members agreed they would like to support bringing EWI to the area and the flexible sensor technology institute. They agreed that once the other portions of the Velocity proposal were developed further, they would reconsider those items.

MOTION by Mr. Vidales and seconded by Mr. Stawiecki to recommend to the full Board approval of a grant for the Velocity project in an amount of \$380,000, \$330,000 to be used to bring in EWI and \$50,000 for the Advanced Flexible Hybrid Electronics Institute.

The motion passed unanimously by a vote of (4-0).

3. DISCUSSION AND ACTION AS DETERMINED REGARDING ESTABLISHING A MORTGAGE CREDIT CERTIFICATE PROGRAM TO BE ISSUED JOINTLY WITH THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA.

Murray Boess of The Industrial Development Authority of the City of Phoenix, Arizona (“PIDA”) was present to update the Committee Members regarding the proposed mortgage credit certificate program (“MCC Program”).

Mr. Boess reminded the Committee Members that at the last CIC meeting, he was asked to follow up with lenders regarding their interest in the proposed MCC Program and how earned income credit would work with this program.

Mr. Boess said PIDA surveyed 95 Participating Lenders in the Home in Five program and had approximately 18 lenders respond to the survey. The vast majority of the lenders rated their response 9 out of 10.

Mr. Boess said, with his research of how the earned income credit would work with the Home in Five’s current home purchasers, he would estimate a significant number of persons participating in the Home in Five program would have been able to take advantage of the MCC Program.

Mr. Boess explained that eHousing would train lenders and be the resource for the lenders.

Mr. Boess said PIDA would either like the Authority to participate in the program, sharing all costs and income, or at least allow PIDA to issue the MCC Program throughout Maricopa County.

Mr. Boess said he estimates program costs on PIDA’s current allocation of \$53 million would be approximately \$50,000 to \$55,000 that would be divided between the two industrial development authorities, and it would take approximately 100 loans to break even. Mr. Boess estimated the \$53 million would cover 300 mortgage loans. After the breakeven point, the revenue generated per loan would be in the neighborhood of \$525.00 per loan.

Cost to the borrower would be \$275.00 upfront, plus ½ a percent. No annual fee would be charged to the homeowner.

Discussion ensued regarding whether the program would truly be beneficial to homeowners. The Committee Members agreed not to participate in the proposed program at this point.

MOTION by Mr. McAllister and seconded by Mr. Stawiecki to recommend to the full Board to allow The Industrial Development Authority of the City of

Phoenix, Arizona to use their 2015 single family allocation to issue an MCC Program throughout Maricopa County.

The motion passed unanimously by a vote of (4-0).

1. APPROVAL OF MINUTES OF THE COMMUNITY INVESTMENT COMMITTEE HELD ON APRIL 7, 2015.

Mr. Vidales referred to the minutes distributed in the Committee Member packages.

MOTION by Mr. McAllister and seconded by Mr. Thompson to approve the minutes from the April 7, 2015 Community Investment Committee meeting.

The motion passed unanimously by a vote of (4-0).

4. UPDATE AND STATUS REPORT REGARDING THE ROLE OF ARIZONA COMMUNITY FOUNDATION REGARDING GRANT PROCESS AND RELATED INVESTMENT MATTERS.

Ms. Scharbach reported the Authority's funds have been transferred to Arizona Community Foundation, and plans are to open the first round of grants on June 1, 2015.

5. CONTINUED DISCUSSION AND ACTION AS DETERMINED REGARDING ESTABLISHING A BUSINESS DEVELOPMENT PLAN.

There was no discussion.

6. UPDATES AND COMMENTS FROM CIC MEMBERS.

Mr. Ghelfi reported that he had met with Supervisor Chucuri and Todd Hardy and Steve Miller, both of ASU, regarding a \$75 million federal grant for which ASU has applied for a flexible technology institute. The \$75 million grant is for a five year program, and will require matching funds, either in kind or cash. ASU is in a very good position to receive this federal grant because it already has a flexible technology display center. ASU plans to make a request to the Authority at the June CIC meeting for a grant of \$1 million a year for five years for this program.

Mr. Vidales asked that Committee Members to consider ways to improve the Authority's core business through education, outreach and accessibility.

Mr. Vidales also asked that only one matter relating to grants be included on an agenda.

ADJOURNMENT:

With no further business to come before the Community Investment Committee, the meeting adjourned at 1:53 p.m.