



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

Date: September 17, 2014, 12:00 p.m.

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

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

Absent: David A. Adame

Executive Director: Shelby L. Scharbach

Administrators: Joyce A. Gott, Janis L. Larson, and Kathleen Jakubowicz

Attorney: John J. Fries

Guests: Jo Ellen McNamara and Joel McCabe

Mr. Vidales called the meeting to order at 12:08 p.m., noting the presence of a quorum.

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

1. REPORT AND REQUEST FROM DESERT MISSION NEIGHBORHOOD RENEWAL REGARDING THE OUTSTANDING LOAN FROM THE AUTHORITY.

Jo Ellen McNamara, Director of Desert Mission Neighborhood Renewal ("Desert Mission"), and Joel McCabe with Neighborhood Housing Services of Phoenix ("NHS"), past Director of Desert Mission, both were in attendance.

Mr. Fries reminded the Committee members that this \$260,000 loan was originally made in March 2008 as a 30-month loan with interest at 3%. (Current balance on the loan is \$248,000.) The loan came due September 30, 2010, at which time the Authority extended the term of the loan to September 30, 2011 at 3%. One year later the loan was extended again to September 30, 2012. The interest rate was at that time reduced to 1 ½% to revert back to 3% upon the new maturity. The third extension was granted to September 30, 2014, with another interest rate reduction to 1%. The interest rate was to revert back to 3% at maturity.

Mr. Fries said the loan is secured by 1½ acres, and is located in the area of 17th Avenue and Cholla. The loan was to assist with construction of affordable housing townhomes in the Sunnyslope area.

In 2008, an appraisal showed the value of the property at \$490,000. Half of the value of the land was donated, and the Authority's loan assisted in purchasing the remaining portion of the land.

Mr. Fries said Mr. Wilder had requested Desert Mission submit a renewal/payoff proposal to the Authority in writing; however, nothing was received in time for inclusion on the Authority's September 10, 2014 Regular Meeting agenda.

Ms. McNamara explained that she just began her employment with Desert Mission on June 9, 2014. During the past year, Desert Mission has not had someone who could focus on developing the projects that had previously been started by Mr. McCabe.

Ms. McNamara explained that Desert Mission does not have the capacity to develop their properties on their own, but hope to partner with NHS to develop this property and another property. Ms. McNamara said they would use the same 20-unit plan that was developed a number of years ago.

Mr. McCabe explained that the Desert Mission plans have been approved through the city planning and zoning. There will be 3 two bedroom units and 17 three bedroom units. The target to sell these affordable units will be to low-to-moderate income persons. The construction of these units was put on hold after the downturn in the market.

Mr. McCabe said they hope to be ready to go within a year, but will need to put together the financing and finalize any agreements between Desert Mission and NHS.

Ms. McNamara explained that they did attempt to sell the land, but offers were so low they would not have been able to pay the Authority back the full value of the loan.

Mr. McAllister said that since very little has been paid against the principal balance, he would like to see more updates on the status of the project.

After further discussion, Mr. Thompson made a motion to recommend to the Board as a whole that the loan to Desert Mission be extended for two additional years at 1% interest. Mr. McAllister seconded the motion.

The motion passed unanimously by a vote of (3-0).

Mr. Thompson said his motion was based upon receiving a letter of request from Desert Mission for the extension by the end of the day.

Ms. Scharbach asked if Desert Mission would be able to offer the Home in Five program to potential buyers. Ms. McNamara said at least a third of the homebuyers that use their services do use the Home in Five program.

Ms. McNamara said she will send updates to the Board on a quarterly basis.

The Committee agreed to include the extension request on the Board's October 14, 2014 Regular agenda.

2. ORGANIZATIONAL MEETING TO DISCUSS AND ESTABLISH PRIORITIES FOR CREATING AN AUTHORITY GRANT POLICY AND REVISIONS, IF ANY, TO THE AUTHORITY'S EXISTING GUIDELINES FOR LOW INTEREST LOANS, AND TO MOVE FORWARD WITH DEVELOPING SUCH.

Mr. Vidales said it is important for the Authority to create some consistency in the process of making loans and grants.

Mr. Vidales asked for input from the Committee members.

Mr. McAllister said he felt it would benefit the Authority to use an organization such as Arizona Community Foundation ("ACF") for the grant process since they have the expertise in this area. An organization like this would allow the Authority to set up its own guidelines for a grant program to ensure the monies would be used in a way that would further the Authority's mission.

Mr. Vidales said he agreed with Mr. McAllister in using an organization such as ACF if the Authority set up their own criteria.

Ms. Scharbach mentioned that The Industrial Development Authority of the City of Phoenix, Arizona (“PIDA”) uses ACF to manage their Community Development Fund, and also was able to find matching funds for their program.

Mr. Thompson said he felt it would be worthwhile to explore; however, he thought the cost for ACF to manage the fund needed to be considered.

Mr. Thompson suggested the Authority may want to enter into a partnership with Arizona Association for Economic Development on projects they are working on that might need some assistance.

Mr. Vidales said he would also like to invite Bryant Barber to talk to the Committee regarding business development.

It was agreed to invite representatives of ACF and AAED, along with Bryant Barber to the Committee’s next meeting.

Mr. Thompson then suggested the Authority’s current Loan Guidelines be modified to include grant language.

Mr. Vidales asked Mr. Thompson to work with legal counsel to modify the Loan Guidelines.

Mr. Thompson then suggested the following requests of the applicant be included in the Loan and Grant Guidelines:

1. Certificate of Insurance
2. IRS 990
3. IRS 501(c)(3) Determination Letter
4. Last 3 years of audited financials
5. Measure the effectiveness of the grant, what criteria are you using, and annually let the Authority know whether it was met
6. Provide names of other organizations with which you are collaborating

MOTION by Mr. Thompson that any proposal to the Authority coming from at least two members of the Board of Supervisors will have the request heard by the Community Investment Committee. The motion was seconded by Mr. McAllister

The motion passed unanimously by a vote of (3-0).

MOTION by Mr. Thompson that any proposal to the Authority coming from at least one member of the Board of Directors will have the request heard by the Community Investment Committee. The motion was seconded by Mr. McAllister.

The motion passed unanimously by a vote of (3-0).

The Committee agreed that the moratorium on all loan and grant requests continue; however, since a request came in for the Marc Center, which was endorsed by two members of the Board of Supervisors, if it is critical to move forward with the Marc Center request to accommodate their construction schedule, then that request should be considered by the Board.

MOTION by Mr. Thompson and seconded by Mr. McAllister to include the current Grant Guidelines which were approved by the Loan Committee on May 21, 2013 into the Loan and Grant Guidelines as follows:

- The Authority may entertain requests from a Board Member, the Board of Supervisors, and/or the Executive Director.
- The Authority strongly prefers to make loans instead of grants. The Board will consider making a grant when the request is for a purpose within the powers of the Authority.
- It would be preferable to have an entity involved which is capable of providing administrative services.

The motion passed unanimously by a vote of (3-0).

Other items for consideration would include:

- Application for loan or grant request must be completed before being heard by the Community Investment Committee.
- Application requests must be submitted to the Authority at least 45 days prior to a meeting.

Mr. Thompson suggested for loans, language be included as follows:

1. How do you intend to repay the loan;
2. What security will you use;
3. Name of guarantor(s)

Ms. Scharbach suggested a preference could be given to organizations for which the Authority has issued bonds.

Mr. Thompson suggested that once the Community Investment Committee develops its procedures/guidelines, the Committee consider meeting quarterly rather than monthly.

The Committee agreed to schedule their next meeting for 11:00 a.m. on October 7, 2014.

Mr. Vidales said his goal would be to have everything completed by the Committee on November 25th so it can be considered by the full Board on December 9, 2014.

ADJOURNMENT:

With no further business to come before the Community Investment Committee, the meeting adjourned at 1:45 p.m.