



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

Date: October 14, 2014, 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, Gary M. Sundberg, Charles P. Thompson,
Victor D. Vidales, Steven Bales, Jr., William McAllister,
David M. Adame, Lisa A. James, and Merwin D. Grant

Absent: None

Executive Director: Shelby L. Scharbach

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

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

Mr. Ghelfi called the Regular Meeting of the Board of Directors of the Authority to order at 9:04 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON SEPTEMBER 10, 2014.

On motion made by Mr. McAllister and seconded by Mr. Thompson, the minutes of the September 10, 2014 Board meeting were approved as submitted.

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

4. REPORT AND UPDATE FROM ASU FOUNDATION REPRESENTATIVES REGARDING THE MARICOPA COUNTY MANUFACTURING VENTURE FUND.

Mr. Grant joined the meeting at 9:05 a.m.

Mr. Scharbach introduced Charlie Lewis, Shaun Brenton, and Mitzi Montoya of the ASU Foundation.

Mr. Lewis reminded the Board that the Maricopa County Manufacturing Venture Fund (the "Fund") was set up with rigid investment criteria for the companies that are under consideration by their Investment Committee.

To date, three companies have presented to the Investment Committee, of which two companies were selected by the Committee. One company, Bosse Tools, which manufactures ergonomically-improved shovels, has completed their \$200,000 matching funding requirement. Bosse Tools is currently in discussions now with Lowes and Home Depot.

The second company that received a conditional approval by the Committee was KVZ Sports, a sports apparel company; however, they have not yet completed their matching fund requirement.

Mr. Lewis reminded the Board that this program is for the entire State, not just for companies that originate from ASU.

Mr. Lewis explained that Mitzi Montoya has replaced Gordon McConnell, who has moved on to a university in Saudi Arabia.

Mr. Lewis added that ASU has recently received recognition as a top-rated university in the country for supporting veterans.

Ms. Montoya explained they are continuing to advance their accelerator programs. One thing they have done to take action is to re-launch their start-up school, which is the foundational backbone of all of their accelerators. They have three accelerators: one focused on students (from which the Bosse Tools founders emerged), one that is open to alumni and the community, and the furnace accelerator, which is their program for commercializing technology. They will also start working on a model to grow and advance existing small businesses in Arizona. Other focused programs will include working with woman and veterans.

David Adame joined the meeting by telephone at 9:17 a.m.

Mr. Sundberg questioned the cap on administrative expenses. Ms. Brenton said she will follow up with a financial summary for the Board. The amount of the original cap that was placed on administrative expenses was taken off the top, and there are no

operational expenses attached to the program. There are also no annual fees levied upon the Fund.

In response to a question from Mr. Sundberg, Ms. Montoya said they will be increasing their marketing efforts through recruiting from other statewide universities and the communities to work through one of their accelerator programs.

Ms. Scharbach explained that Ms. Brenton will be providing quarterly updates on the progress of the Fund.

2. DISCUSSION AND ACTION AS DETERMINED REGARDING A REQUEST BY DESERT MISSION NEIGHBORHOOD RENEWAL TO EXTEND THE TERM OF ITS LOAN.

Ms. Scharbach introduced Jo Ellen McNamara, Director of Desert Mission Neighborhood Renewal (“Desert Mission”), and Joel McCabe, Housing Development Director with Neighborhood Housing Services of Phoenix (“NHS”), and past Director of Desert Mission.

Ms. Scharbach explained that on September 17, 2014, the Authority’s Community Investment Committee voted unanimously (with Mr. Adame being absent) to recommend a two-year extension to the Desert Mission loan with a 1% interest rate.

Ms. McNamara explained that Desert Mission plans to enter into a partnership agreement with NHS to develop the property as it was originally planned. The two-year extension would allow Desert Mission and NHS to enter into their partnership agreement, get their financing in place, construct and begin selling the homes.

Ms. McNamara said she will provide written quarterly progress reports to the Board.

Mr. McCabe explained that the construction drawings and plans that were drawn up a number of years ago for this development are still the plans that will be used. All approvals had been received. Mr. McCabe said an updated appraisal will be provided to the Authority.

Ms. Scharbach said she would recommend Ms. McNamara and Mr. McCabe give a presentation to the Board in about a year as to their progress.

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

RESOLVED to extend the term of the Desert Mission Neighborhood Housing loan for a period of two years with a 1% interest rate, with progress reports to be provided to the Board on a quarterly basis.

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

3. REQUEST FROM MARC COMMUNITY RESOURCES, INC. FOR A GRANT FOR ITS PLANNED COMMUNITY ACTIVITY AND SENIOR CENTER FOR THE ELDERLY AND SEVERELY DISABLED.

Mr. Sundberg explained that at the Authority's Planning Meeting on September 3, 2014, the Board agreed to put a moratorium on grants until the Community Investment Committee could bring a grant proposal to the full Board within 90 days.

Mr. Sundberg said he felt it would be prudent for the Board to suspend that moratorium only for the purpose of considering this grant request.

MOTION by Mr. Sundberg and seconded by Mr. Bales to suspend the moratorium currently in place for making grants for the purpose of considering the Marc Community Resources, Inc. request. The moratorium for all other grants would continue until the Community Investment Committee provides a proposed grant policy to the full Board.

Amendment to motion by Mr. Vidales and seconded by Mr. Grant to consider grant requests during the moratorium if brought by the Executive Director or two or more Board of Supervisors.

Messrs. Vidales, and Adame voted aye; Ms. James and Messrs. Grant, Ghelfi, Sundberg, Thompson, Bales, and McAllister voted nay.

The amended motion failed by a vote of 2-7.

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

Mr. McAllister stepped down and did not participate in this matter because of a conflict of interest. Mr. McAllister is employed by Marc Community Resources, Inc. ("Marc Community").

Ms. Scharbach introduced Randy Gray, President and CEO, and John Moore, Deputy CEO, both of Marc Resources.

Ms. Scharbach referred to the Marc Community grant application for \$100,000 for a senior activity center. Ms. Scharbach reminded the Board of Marc Community's past relationship with the Authority.

Mr. Moore explained that back in the late 1970s and early 1980s, the Maricopa County Board of Supervisors assisted Marc Community with leasing the five acre parcel commonly known as Oasis Park. Oasis Park is the site on which the community senior center is now being built. Mr. Moore said the Authority has issued bonds for Marc Community twice in the past five years in order for them to expand services to their clients. Bond funds will also assist Marc Community to install solar panels at its largest location that will generate power for the site to become self-sufficient.

Mr. Moore explained that advancements in medical technology have made it possible for persons with developmental disabilities to increase their life span. Today Marc Community serves approximately 2,000 persons over the age of 55, as compared with 15 persons 20 years ago. Parents of these disabled persons are now struggling to care for their disabled children and need to place them in care centers such as Marc Community, at which point they generally live so far apart that it breaks up the family unit. It's this national trend that caused Marc Community to submit an innovative HUD grant in 2008. The idea was to put senior housing side by side with special needs housing, anchored by a community senior center. Marc Community's grant request was the first ever approved by HUD.

Mr. Moore said that over the past two years they have built the special needs housing portion of their project (28 units), and have almost completely filled the units. Now they are in the process of building the community senior center.

Mr. Moore said Canada is the only country that is actively developing activities, programs and retirement planning for seniors with developmental disabilities. Mr. Moore said they would like to replicate Canada's plan.

Mr. Moore went on to explain that one reason it is important for retirement planning for persons with developmental disabilities is because these persons are entitled to certain support services and medical benefits that come from Medicaid. For persons to keep these services and medical benefits, they cannot have more than \$2,000 of assets. Parents routinely leave their homes and other valuable assets after they pass to their children, making their children ineligible for the critical services and medical benefits they need. Through retirement planning, this situation could be avoided.

Mr. Moore said Marc Community has all the program operating funds they need, but is seeking one-time construction capital funds to help expand services and to target seniors.

Mr. Sundberg congratulated Marc Community for a well-run facility.

Mr. Gray added that they already have \$1,000,000 for their project and have strong commitments for funding from the Pima Salt River community, the Thunderbirds, Fry's Corporation, and private donations, and will continue asking for pledges from the community.

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

RESOLVED to approve a grant in the amount of \$100,000 for the benefit of Marc Community Resources, Inc.

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

Mr. McAllister abstained from voting.

Mr. Adame left the meeting at 10:15 a.m.

5. DISCUSSION AND ACTION AS DETERMINED REGARDING CONTRACTING WITH CAPITOL CONSULTING, LLC TO PROVIDE LEGISLATIVE SERVICES.

Mr. McAllister returned to the Board to participate in the remaining agenda items.

Ms. Scharbach explained that in 2011, the Authority entered into a three-year agreement with Courtney LeVinus of Capitol Consulting, LLC to provide legislative consulting services. That agreement will expire on October 31, 2014.

Ms. Scharbach said she would suggest the Authority extend the agreement with Capitol Consulting, LLC for a period of one year because of the positive relationship with Ms. LeVinus during the past three years. Ms. LeVinus' has proposed her monthly compensation to remain the same at \$2,500 per month.

Mr. Sundberg suggested a two-year extension rather than one year because of the cumbersome RFP process.

A discussion was then had on possibly entertaining an RFP process after the two-year extension. It was determined the process should begin 6 to 9 months prior to the end of the contract with Capitol Consulting, LLC if the Board determines they want to move forward with an RFP.

MOTION by Mr. Bales and seconded by Mr. McAllister to extend the contract for legislative services with Capitol Consulting, LLC for a period of two years, ending on October 31, 2016.

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

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

Ms. Scharbach reported that as of October 13, 2014, the program has closed, or is in the process of closing, 3,281 loans totaling over \$529,000,000. The program has continued to make great progress.

Ms. Scharbach said the program has become the Authority's major source of revenue.

Ms. Scharbach said a joint effort to issue a press release is being made with the Phoenix IDA.

7. PAYMENT OF INVOICES.

Ms. Scharbach referred to the invoices previously distributed to the Board Members.

Mr. Grant moved to approve the payment of invoices as submitted for the period ended September 30, 2014. Mr. Bales seconded the motion.

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

8. FINANCIAL REPORT.

Ms. Scharbach distributed the unaudited financial statements for the period ended September 30, 2014, and gave a brief update.

Ms. Scharbach explained that the Authority's Net Position will need to be adjusted by \$750,000 which is the amount the Authority still has committed for the Tallwave project.

9. PRESIDENT'S REPORT.

Mr. Ghelfi thanked the members of the Community Investment Committee for their continued work in creating the loan/grant policy and procedures.

10. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach asked the Board Members to review the draft press release distributed by the ASU representatives and provide comments as soon as possible.

11. LEGAL COUNSEL REPORT.

There was no legal counsel report.

12. CALL TO THE PUBLIC.

Mr. Thompson distributed packets from the recent Arizona Leadership Forum for Board Members that were not able to attend the forum.

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 10:40 a.m., without objection.

A handwritten signature in black ink, appearing to be "B. Bales", is written over a horizontal line.