



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

**Date:** December 8, 2015, 9:00 a.m.

**Place:** Maricopa County Administration Building  
Board of Supervisors Conference Room  
301 West Jefferson, 10<sup>th</sup> Floor  
Phoenix, Arizona

**Presiding:** Victor D. Vidales

**Present:** Victor D. Vidales, Steven Bales, Jr., Charles P. Thompson  
(telephonically), Ronald L. Westad, Jeremey Stawiecki  
(telephonically), and William McAllister

**Absent:** David M. Adame and Lisa A. James

**Executive Director:** Shelby L. Scharbach

**Administrators:** Janis L. Larson and Kathleen Jakubowicz

**Business Development  
Officer:** Gregg J. Ghelfi

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

Mr. Vidales called the Regular Meeting of the Board of Directors of the Authority to order at 9:05 a.m., noting the presence of a quorum.

**1. APPROVAL OF MINUTES OF THE ANNUAL AND REGULAR MEETING  
OF THE BOARD HELD ON NOVEMBER 10, 2015.**

Mr. Bales asked for a correction to the minutes regarding the voting outcome on agenda item 2, pointing out that he had voted nay on that matter.

On motion made by Mr. Westad and seconded by Mr. McAllister, the minutes of the November 10, 2015 Board meeting were approved as amended by Mr. Bales.

**The motion passed unanimously by a vote of (5-0).**

**2. DISCUSSION AND ACTION AS DETERMINED REGARDING ADOPTION OF A RESOLUTION GRANTING FINAL APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$25,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF COFFELT-LAMOREAUX, LLC TO FINANCE THE REDEVELOPMENT AND IMPROVEMENT OF THE COFFELT-LAMOREAUX PUBLIC HOUSING PROJECT LOCATED AT 1510 SOUTH 19<sup>TH</sup> DRIVE, PHOENIX, ARIZONA.**

Ms. Scharbach introduced Kelly McGuire of Kutak Rock (attending by telephone), Gloria Munoz, Executive Director of the Housing Authority of Maricopa County, and Zach Johnson of Gorman & Company, all of whom were in attendance in support of the project.

Mr. Wilder reminded the Board that the project is located on South 19<sup>th</sup> Avenue, and was originally constructed to provide housing for returning Korean War veterans in the mid-1950s. The project is currently owned by the Housing Authority of Maricopa County.

Mr. Wilder said since there are numerous sources of funding for this project, including bond proceeds, a guaranteed HUD loan, historic tax credits, low income housing tax credits, etc., it has taken a considerable amount of time to put all of the financing pieces in place. Subject to the final approvals by the Authority, the Maricopa County Board of Supervisors and HUD, a closing is expected in January 2016.

*Mr. Thompson joined the meeting at 9:09 a.m.*

Mr. Wilder referred to his previously-distributed memorandum to the Board Members, and explained that the bonds will be cash-collateralized at all points in time, and will have an outside maturity date of three years from the date of issuance. There will be a mandatory call on the bonds in two years to get them in house and ready for redemption. The bonds can be remarketed during that same period. Mr. Wilder said the permanent financing will be the HUD loan, which will be insured and rated AA at the outset. Mr. Wilder said it is possible the bonds could be paid off after two years.

Ms. Munoz explained there will be a rental subsidy agreement with HUD to provide affordable housing for the 301 units in the project. Amenities within the site will include a federally-designated clinic, a very large community center, computer center, etc. Current occupancy within the site is approximately 50% because the project has not been in a lease-up mode in anticipation of the rehabilitation project.

In response to a question from Mr. Thompson regarding the student base at the nearby school, Mr. Johnson said they do not plan to reduce the occupancy within the

Coffelt-Lamoreaux project any further, as they have enough vacant units at present to start the redevelopment of the project. Mr. Johnson added that they have been working closely with Hamilton School so the school is aware of the redevelopment and is comfortable with the timeline. Mr. Johnson explained that 75% of the students at Hamilton School come from the Coffelt-Lamoreaux project.

In response to concerns by Mr. Thompson, Ms. Munoz and Mr. Johnson said there will be solid block walls constructed to hide some of the unsightly businesses in the area.

Mr. Vidales voiced his support for the project.

Ms. Munoz added that the City of Phoenix has funded a permanent parks and recreation coordinator to be assigned to the project so services to the residents will be stabilized.

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

RESOLVED to adopt a resolution in the form presented to the meeting authorizing and approving the issuance of not to exceed \$25,000,000 The Industrial Development Authority of the County of Maricopa Multifamily Housing Revenue Bonds (Coffelt-Lamoreaux Apartment Homes Project), Series 2016, in one or more tax-exempt or taxable series.

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

**3. STATUS REPORT FROM CLIFTONLARSONALLEN REGARDING THE AUTHORITY'S AUDITED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015.**

Ms. Scharbach introduced Jean Dietrich of CliftonLarsonAllen, the person responsible for the Authority's financial annual audit.

Ms. Scharbach referred to the distributed financial audits for the period ended June 30, 2015.

Ms. Scharbach explained that Governmental Accounting Standards Board ("GASB") has issued a new statement regarding governmental entities with relationships similar to that between the Authority and Maricopa County, wherein governmental staff members also work for an entity such as the Authority. Ms. Scharbach explained that because of the new GASB rules, the Authority's audited financials now will be included in the County's financial statements.

Ms. Dietrich reviewed the audited financials, and said it is the opinion of CliftonLarsonAllen that there are no significant deficiencies or material weaknesses

found in the audit and there was no change in the accounting policy. Ms. Dietrich explained that they are now including a three-year comparative schedule in the financial statements.

*Mr. Thompson left the meeting at 9:30 a.m.*

**4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.**

Ms. LeVinus reported on the upcoming Legislative session that will be starting on January 11, 2016. Ms. LeVinus said there will be a number of significant issues coming up on the ballot in 2016, and, while they do not directly impact the Authority, they are important issues facing the state.

Some of those issues include:

- (a) **Proposition 123 – Education Reform** which would provide \$3.5 billion in additional education dollars over the next 10 years. This matter will be a special statewide election to expedite the educational funding, and will go to the ballot on May 17, 2017. Since there is much disagreement over this bill, there is a potential that even if it passes, this matter may need to be settled in the court system.
- (b) **antidiscrimination expansion to include LGBT community** which will include housing and employment.
- (c) **legalization of marijuana** which would disallow employers to use an “under the influence” category to determine whether an employee is using marijuana.

In response to a question from Mr. Bales regarding the Governor’s plan to reduce Boards and Commissions, Ms. LeVinus said she it was her opinion that the Governor was looking more at State agencies and commissions, and did not think it would include IDAs.

**5. REPORT AND UPDATE FROM REPRESENTATIVES OF DESERT MISSION NEIGHBORHOOD RENEWAL REGARDING THEIR SUNNYSLOPE DEVELOPMENT PROGRAM.**

Ms. Scharbach referred to the memorandum distributed to the Board Members prepared by Mr. Wilder regarding the \$260,000 loan provided to Desert Mission Neighborhood Renewal (“DMNR”) on or about March 1, 2008, to acquire a parcel of land in the Sunnyslope area. Ms. Scharbach explained that the loan had been extended a number of times, as well as a reduction in the interest rate.

Ms. Scharbach introduced Sue Sadecki of DMNR.

Ms. Sadecki explained that many changes have taken place with DMNR, along with Desert Mission Incorporated, both of which are under a parent company of Honor

Health. Honor Health just went through a huge transition merging the John C. Lincoln Health Network and Scottsdale Health Network. Ms. Sadecki explained that with the merger, there have been a number of staffing changes, and she was appointed to DMNR as of November 5, 2015. Ms. Sadecki said in order to move forward with this project in Sunnyslope, and others, it will be important to gain some staffing stability.

*Mr. Thompson rejoined the meeting at 9:55 a.m.*

Ms. Sadecki said they recently received a \$425,000 grant to create a financial stability opportunity within the Sunnyslope area, and they plan to develop that in the first quarter of 2016. This will provide education support, employment resources and some short-term financial stability, based on eligibility services.

Ms. Sadecki said DMNR has hired a housing representative, who is being trained in housing counseling, and it will be necessary to hire a new director – hopefully, in January 2016.

Ms. Sadecki said DMNR is still partnering with Trellis for the Sunnyslope project; however, still needs staff to work with Trellis on the project.

It was noted the interest rate on the original loan was dropped to 1% from 3%.

Mr. Wilder noted that the note matures September 30, 2016 unless the Authority Board extends the note. DMNR will need to determine how they plan to repay the loan.

Mr. Vidales requested representatives of DMNR and Trellis report back to the Board in February/March regarding progress made on this project.

**6. REPORT AND UPDATE FROM REPRESENTATIVES OF VALLEY OF THE SUN UNITED WAY REGARDING THE RAPID REHOUSING PROGRAM.**

Ms. Scharbach reminded the Board that the Authority had provided a \$1,000,000 grant for the Rapid Rehousing Program.

Ms. Scharbach introduced Kim Van Nimwegen and Brian Spicker, both of Valley of the Sun United Way (“VSUW”).

Mr. Spicker said he is the Chief Program Officer for VSUW and is responsible for all of the work relating to hunger, homelessness, financial stability and education. He explained that Ms. Van Nimwegen is the Director of Homelessness and has been working diligently on the Rapid Rehousing Project.

Mr. Spicker thanked the Board for their generous donation and explained the Rapid Rehousing Program is a collaboration among VSUW, the City of Phoenix, and the

Arizona Department of Housing which is focused on four areas: (a) diversion – getting people out of that system, (b) rapid rehousing for 250 homeless individuals; (c) shelter components; and (d) permanent supportive housing for the chronically homeless.

Mr. Spicker said the Rapid Rehousing project to house 250 individuals is not moving forward as fast as they had anticipated, due to issues involving the time it takes for assessment and the fact that the individual is allowed to choose where they want to live. Mr. Spicker said they hope to have all 250 individuals housed by February 2016.

Ms. Van Nimwegen reminded the Board that some of their partners include UMOM, (which plans to house 150 people) and A New Leaf (which will be housing 100 people). There is also a partnership with Home, Inc., who is the rent and utility administrator.

The program is in the process of expanding the number of landlords into the program. To date, 75 people have been housed. 50 people have their paperwork completed and have been briefed by Home, Inc. and should be in the process of signing contracts. The remainder of this group of people is engaged with services.

Ms. Van Nimwegen explained that they did not initially understand the difficulties with the complexity of the paperwork, locating these individuals and engaging with them on a regular basis.

Ms. Van Nimwegen said VSUW has hired a consulting firm from California, Focus Strategies, to help with the Rapid Rehousing program. Focus Strategies has had two site visits, and has reported the persons moving into housing are doing exceptionally well and are finding work quickly. Many newly-housed individuals are reporting they just needed this jump start.

Ms. Van Nimwegen said she has never seen a collective impact such as this in her entire career. The number of people working together to find solutions for this problem is astonishing.

Mr. Spicker noted some other contributors to the project include the United Way - \$250,000; Nina Mason Pulliam Foundation - \$125,000; and Arizona Community Foundation - \$125,000.

In response to questions from the Board Members regarding the dollar amount spent to date for housing these individuals, Ms. Van Nimwegen reported that approximately one-quarter of the \$250 million has been spent.

**7. REPORT FROM THE COMMUNITY INVESTMENT COMMITTEE REGARDING ITS MEETING ON DECEMBER 1, 2015.**

Mr. McAllister reported that he and Messrs. Stawiecki, Westad, Thompson, Vidales, Fries, Wilder, and Mmes. Scharbach, Jakubowicz and Larson attended the December 1<sup>st</sup> CIC meeting.

Mr. McAllister reviewed the memorandum prepared by Mr. Wilder regarding the outcome of the December 1<sup>st</sup> CIC meeting. He explained that no action was taken on the request for a \$435,000 loan for the Desert Willow Apartments, pending a loan process/procedure implementation by the Authority.

Mr. McAllister said there was also a presentation by the Brad Wright, Co-Chair of the Arizona Organizing Committee, requesting a \$250,000 grant toward activities for the upcoming college championship game. After a great deal of discussion, a motion was made to approve the grant; however there was no second, causing the motion to die.

Mr. McAllister then reported there was a presentation from Gary Molenda of Business Development Finance Corporation (“BDFC”) regarding small business loan opportunities in which the Authority may be able to participate. Mr. McAllister said BDFC has worked for many years with The Industrial Development Authority of the City of Tucson, Arizona, and BDFC may be an organization the Authority can partner with for a future loan program. No action was taken with respect to the presentation. The CIC will have more discussions regarding a potential loan program. Hopefully, by June or July 2016, the CIC will have guidelines available for a loan program.

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

Ms. Scharbach reported that as of December 7, 2015, the Home in Five Program had closed or was in the process of closing over 8,370 loans totaling over \$1.418 billion. Ms. Scharbach said the program continues to thrive.

Ms. Scharbach reminded the Board Members that a number of changes recently took place within the program because of modifications being requested by the master servicer, U.S. Bank, including (a) a change in the amount of down payment assistance to homebuyers with FICO scores between 640-659 for FHA loans, (b) no manufactured homes allowed, and (c) no manual underwriting.

Ms. Scharbach reminded the Board that on October 1, 2015, teachers and first responders were included into those homebuyers receiving an additional 1% down payment assistance. To date, the volume of loans for teachers and first responders has been quite low. Ms. Scharbach surmised that many first responders may not be eligible based on income levels.

Ms. Scharbach said the new brochures have been provided to Dr. Covey, Maricopa County Superintendent of Schools, and he has pledged to pass the information on to superintendents and principals of schools throughout the county.

**9. PAYMENT OF INVOICES.**

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended November 30, 2015, along with an amended version to that memorandum. Ms. Scharbach said the amendment includes a payment to Ethology, the selected vendor for the website. The additional invoice represents 50% of the contractual agreed-upon amount so Ethology can begin work on the website.

Mr. Bales moved to approve the payment of invoices as submitted for the period ended November 30, 2015. Mr. McAllister seconded the motion.

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

**10. FINANCIAL REPORT.**

Ms. Scharbach distributed the unaudited financial statements for the period ended November 30, 2015, and reviewed the same.

Ms. Scharbach said there is nothing out of the ordinary in the November financials.

**11. PRESIDENT'S REPORT.**

Mr. Vidales suggested holding a half-day retreat for Board Members to strategize on the Authority's vision for the future.

Ms. Vidales asked for Board Members to assist in structuring an agenda for the meeting.

**12. EXECUTIVE DIRECTOR'S REPORT.**

Ms. Scharbach said, with respect to Board vacancies, she is still working with District 4 to fill the vacancy from Mr. Ghelfi and District 5 to fill Mr. Adame's expired position.

**13. LEGAL COUNSEL REPORT.**

Mr. Wilder explained that the Christian Care Surprise project is having issues because the rating agency is requesting a restructure of the Series B Bonds.



**14. BUSINESS DEVELOPMENT OFFICER.**

Mr. Ghelfi reported on his activities, including (a) exhibiting at the Charter School Business Workshop, (b) meetings with California representatives regarding small issue private-placement bonds; (c) conversations with representatives of the East Valley Partnership; and (d) attempts made to contact a Utah servicer for servicing options with the Home in Five Program.

Mr. Ghelfi said he plans to meet next week with representatives of Ethology to begin the website redevelopment process, and is working with Mr. Wilder to revise the bond application to possibly use an on-line application process.

Mr. Wilder suggested the Board may want to reconsider its policy of requiring both preliminary and final approval for the application process for 501(c) organizations (like charter schools) since they are not required to go through the same steps as other companies. The Board Members could meet with representatives of a 501(c) organization informally (as opposed to preliminary approval) and then the applicant could come to the Board for final approval.

**15. COMMENTS FROM BOARD MEMBERS.**

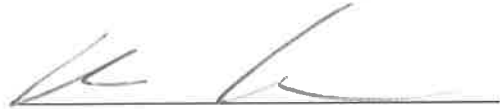
Mr. Vidales suggested a press release should be initiated for the Coffelt-Lamoreaux project. Ms. Scharbach reported there is a press release in the process.

**16. 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 11:08 a.m., without objection.

A handwritten signature in black ink, appearing to be a stylized name, located at the bottom right of the page.