

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

Date: October 4, 2016, 12:00 p.m.

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

Present: Jeremey Stawiecki, Ronald Westad and Charles P. Thompson

Absent: William McAllister

Executive Director: Shelby L. Scharbach

Business Development
Officer: Gregg Ghelfi

Administrators: Janis L. Larson and Kathleen Jakubowicz

Attorney: William F. Wilder and John J. Fries

Mr. Stawiecki called the meeting to order at 12:13 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:

1. APPROVAL OF MINUTES OF THE COMMUNITY INVESTMENT COMMITTEE HELD ON JUNE 7, 2016.

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

MOTION by Mr. Thompson and seconded by Mr. Westad to approve the minutes from the June 7, 2016 Community Investment Committee meeting.

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

2. UPDATE BY REPRESENTATIVES OF RAZA COMMUNITY VENTURES, LLC REGARDING THE PROPOSED PLAZA DE LAS CULTURAS PROJECT, AND ACTION AS DETERMINED.

The following persons were in attendance in support of the Plaza de las Culturas project: Tommy Espinoza, President and CEO of Raza Development Fund (“Raza”); Bryant Barber of Lewis Roca Rothgerber & Christie, David Cloud and Victor Vidales.

Mr. Espinoza explained that since this project was originally proposed to the Authority, Raza has re-examined their strategy and has decided there may be a better financial approach in order to attract the capital needed to make the project successful.

Bryant Barber reviewed the Plaza de las Culturas Public Private Partnership Overview, dated September 30, 2016, which was previously distributed to the Committee Members.

Mr. Barber pointed out that Raza’s Board of Directors has realized the importance of finding investors that could contribute a substantial amount of capital in order to make the project successful, and they have agreed that Raza should purchase the property from CEMEX, rather than ask the Maricopa and Phoenix IDAs to purchase the property and be brought into the chain of title. Raza’s plan is to offer CEMEX \$2 million to hold the land during the remediation phase and subordinate their interest during that time. Raza will also have a subordinate position below those funds contributed by the Maricopa and Phoenix IDAs.

The Maricopa and Phoenix IDAs will be asked to contribute \$3 million each for the remediation budget, which will be put into a credit facility and used as a first lien on the land solely for purposes of remediation (which is estimated to be between \$5 and \$6 million). If the City of Phoenix agrees, about 1/3 to 1/2 way through the remediation process, the City of Phoenix will begin installing offsites, streets, sewer and water.

Mr. Barber said it will be necessary to send out a request for proposal for a master developer, along with hiring an independent project engineer that would answer to the Authority.

The Authorities will be repaid as parcels of the property are sold off to the master developer.

Mr. Barber said the City of Phoenix's Council has not yet been asked to consider this proposal, but the City Manager's office has shown interest. It may be prudent to have an all hands meetings with representatives of the City of Phoenix's Manager's office and other interested parties.

In response to a question from Mr. Thompson, Mr. Barber said he would verify whether the property is in a flood zone.

Discussion continued, and no action was taken.

3. DISCUSSION REGARDING THE AUTHORITY'S COMMUNITY INVESTMENT FUNDS.

Mr. Ghelfi said he thought it might be in the Authority's best interest to have discussions on the formation of a separate nonprofit for the purpose of holding/protecting the Authority's community funds.

Mr. Wilder explained that as an Arizona nonprofit corporation, the Authority has the powers, obligations, and duties specified in the Industrial Development Financing Act and has all the powers of a nonprofit corporation under Arizona law. If the Authority were to form a separate nonprofit entity, that entity would be subject to taxation. It would not be an exempt entity, unless the Authority files for a 501(c)(3) exemption or unless the Authority was sponsored in, possibly by the County. Under Section 115 of the Internal Revenue Code, governmental entities/political subdivisions are exempt from taxation.

Mr. Wilder encouraged the Members to obtain a second opinion from counsel that is also knowledgeable in municipal law.

Discussion ensued.

4. UPDATES AND COMMENTS FROM CIC MEMBERS.

Mr. Westad asked Mr. Ghelfi if he had put together a plan to administer the deployment of the Authority's community investment funds. Mr. Ghelfi explained that he was hoping the development of the Futures, Inc. workforce ecosystem project was further along so that when the Authority starts working with workforce development groups, there is a viable program for which these groups would be required to use.

ADJOURNMENT:

With no further business to come before the Community Investment Committee, the meeting adjourned at 1:43 p.m.