

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

Date: March 13, 2018, 9:30 a.m.

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

Presiding: Steven Bales, Jr.

Present: Steven Bales, Jr., Doug Smith, Rebecca Burnham, Lisa A. James, Maria Spelleri, Jim Rounds and Ronald J. Castro, Jr.

Absent: Ronald L. Westad and Jeremey Stawiecki

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. Bales called the Regular Meeting of the Board of Directors of the Authority to order at 9:30 a.m., noting the presence of a quorum.

**1. APPROVAL OF MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON FEBRUARY 13, 2018.**

On motion made by Ms. Spelleri and seconded by Mr. Smith, the minutes of the February 13, 2018 Regular Meeting were approved as submitted.

**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 \$20,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF MARC COMMUNITY RESOURCES, INC.**

*Mr. Rounds joined the meeting at 9:31 a.m.*

Mr. Wilder reminded the Board Members of the past bond financing relationships between the Authority and Marc Community Resources, Inc. ("Marc" or the "Applicant") in 2009 and 2013.

Mr. Wilder explained that Marc is requesting the issuance of bonds in an amount not to exceed \$20,000,000, all of which will be purchased by Wells Fargo Bank. The bonds will be used to refund the outstanding 2013 bonds and provide funds for the acquisition of new housing facilities in various locations throughout the Valley (with an emphasis in the East Valley).

Mr. Wilder explained that Marc provides hiring, training, education, housing, medical services, etc. for developmentally-disabled individuals throughout the County.

*Ms. James joined the meeting at 9:35 a.m.*

John Moore, Chief Executive Officer, and Justin Ogburn, President, both of Marc, and Bryant Barber of Lewis Roca Rothgerber Christie LLP, Applicant's Counsel and Bond Counsel, were in attendance in support of the proposed project.

Mr. Moore gave some background on the organization and reported they served over 5,000 individuals in 2017. On October 6, 2017 Marc purchased Partners in Recovery, which serves approximately 8,000 individuals with serious mental illness in Maricopa County through seven clinics.

There were then discussions as to how the new minimum wage law has adversely affected Marc and the proposed bond financing in general.

After further discussion and upon motion made by Ms. Spelleri and seconded by Ms. Burnham, 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 \$20,000,000 The Industrial Development Authority of the County of Maricopa Direct Purchase Revenue Bonds (Marc Community Resources, Inc. Project), Series 2018.

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

**3. DISCUSSION AND ACTION AS DETERMINED REGARDING THE APPROVAL OF A FIRST AMENDMENT TO THE REGULATORY**

**AGREEMENT ENCUMBERING THE DESERT EAGLE ESTATES PROJECT.**

Mr. Wilder reminded the Board that the Authority issued bonds in 2003 to finance the Desert Eagle Apartments. The project was sold in the fall of 2017 to ReNUE Desert Eagle, LLC ("ReNUE"), and the Authority authorized a transfer of the Regulatory Agreement at the time of the sale. The 2003 bonds have been paid in full, and the Regulatory Agreement will continue until December 7, 2021. ReNUE is in the process of obtaining HUD financing on the project, and HUD is requiring the Authority's Regulatory Agreement be subordinate to the HUD Regulatory Agreement.

The Board is being asked to approve the First Amendment to Regulatory Agreement and Subordination Agreement.

After further discussion and upon motion made by Ms. Spelleri and seconded by Ms. Burnham, the following was adopted:

RESOLVED to adopt a Resolution in the form presented to the meeting consenting to the amendment of the Regulatory Agreement for the Desert Eagle Estates project and authorizing and approving a First Amendment to Regulatory Agreement and Subordination Agreement.

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

**4. INTRODUCTION OF REPRESENTATIVES OF DONOR NETWORK OF ARIZONA TO PRELIMINARILY DISCUSS BOND FINANCING PLANS. (NOT AN ACTION ITEM.)**

Mr. Wilder explained that Donor Network of Arizona ("DNA"), an Arizona non-profit corporation, has submitted an application for financing, and would like to request final approval from the Board at the April 17, 2018 meeting. DNA has a strong working relationship with Maricopa County's Medical Examiner's office.

Mr. Wilder introduced Kathy Kim, Director of Finance, and Kathy Mills, Chief Financial Officer, both of DNA. Bryant Barber of Lewis Roca Rothgerber Christie LLP, Applicant's Counsel and Bond Counsel, was also in attendance in support of the proposed project.

Ms. Mills explained that DNA is one of 58 federally-designated organ procurement organizations in the country which coordinates and organizes tissue donations from deceased owners for transplantation. Ms. Mills gave more background on the organization and explained that DNA is outgrowing their current facilities and is attempting to put all their programs under one roof, including their lab, in order to become more efficient.



Mr. Wilder said DNA has a firm commitment from JP Morgan Chase to purchase the bonds. The transaction will be bank-underwritten and will be held for the bank's investment account.

No action was taken.

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

Ms. Scharbach referred to the memorandum in the Board Member packages and reported that as of March 5, 2018 the program originated 17,799 mortgage loans totaling more than \$3.228 billion. There are currently 147 lending institutions registered to participate in the program.

Ms. Scharbach reported there are ongoing discussions with program partners regarding ways to become more competitive in the market and ways to improve the slowdown in mortgages. Ms. Scharbach explained that the slowdown is a trend that is happening nationally, not just in Arizona. Some factors that may be contributing to the slowdown are seasonality, the rising cost of home prices and interest rates, and the imposition of a second lien.

**6. PAYMENT OF INVOICES.**

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the month ended February 28, 2018.

Ms. Spelleri moved to approve the payment of invoices as submitted for the period ended February 28, 2018. Mr. Castro seconded the motion.

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

**7. FINANCIAL REPORT.**

Ms. Scharbach distributed copies of the unaudited financial statements for the period ended February 28, 2018, and reviewed the same. Copies of the unaudited financial statements are attached hereto.

Ms. Scharbach pointed out the decrease in the Authority's net operating income because of the slowdown in the Home in Five Program.

**8. BUSINESS DEVELOPMENT OFFICER.**

Mr. Ghelfi asked for direction from the Board in pursuing additional information with respect to a request from the Housing Authority of Maricopa County for a \$2,000,000 loan to be used for the purpose of gap funding for their 100-unit affordable housing project in Surprise. The project has received preliminary approval from the Authority

for a bond financing. The proposed loan would have a term of 4 years at 1% plus prime and would be secured by the project. The Board directed Mr. Ghelfi to request additional information.

Mr. Ghelfi then asked for direction on a request to invest in a project called the Phoenix Commons, to be located where the old Matador Restaurant once was. The location would be repurposed and used as a "community center" which would include food and beverage, along with meeting events and technology center. Board Members did not show an interest in the project, stating they did not have the expertise for this type of project.

Mr. Ghelfi reported on the progress of Pipeline AZ.

**9. PRESIDENT'S REPORT.**

Mr. Bales thanked the Board Members for attending and participating in the Planning Meeting held on Tuesday, February 20, 2018.

**10. EXECUTIVE DIRECTOR'S REPORT.**

Ms. Scharbach recognized the Maricopa County Communications Office for their assistance with recent check presentations and press releases.

Ms. Scharbach reminded the Board Members of the upcoming ribbon cutting event for Catholic Charities' Mana House on April 3, 2018.

**11. LEGAL COUNSEL REPORT.**

Mr. Wilder had no comments.

**12. COMMENTS FROM BOARD MEMBERS.**

There were no comments from Board Members.

**13. 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 11:13 a.m., without objection.

