



**NOTICE OF PUBLIC MEETING  
THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA  
BOARD OF DIRECTORS**

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of **THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, BOARD OF DIRECTORS**, and to the general public, that **THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, BOARD OF DIRECTORS** will hold a meeting open to the public on **Thursday, January 18, 2018 at 3:30 pm** located at **Phoenix City Hall, 200 W. Washington Street, 20th Floor East Conference Room, Phoenix, Arizona**. The Committee may consider a motion to go into executive session in accordance with A.R.S. § 38-431.03 (A)(7) for Item 2.

One or more board members may participate via teleconference.

The agenda for the meeting is as follows:

**Call to Order**

**1. Approval of Meeting Minutes.**

a. December 14, 2017 – Regular Session

**2. 207 East McDowell Road Property.** Presentation and discussion regarding a potential Phoenix IDA real estate transaction.

**3. Marines, Army, Navy, Air Force (MANA) House Loan Participation.** Presentation, discussion and possible action to approve Phoenix IDA participation in a loan by the Arizona Community Foundation for the MANA House project.

**4. Chairman's Report.**

**5. Call to the Public.** Comments will be limited to two minutes.

**Adjournment**

For reasonable accommodations, please call Lydia Lee at Voice/602-534-9655 or TTY: use 7-1-1, as early as possible to coordinate needed arrangements.

Date Posted: January 17, 2018

# Item 1

**MINUTES OF PUBLIC MEETING  
THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA  
BOARD OF DIRECTORS**

**December 14, 2017**

A public meeting of the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona (the “Phoenix IDA”) was convened on Thursday, December 14, 2017 at 3:30 p.m., at Phoenix City Hall, 200 W. Washington Street, 20<sup>th</sup> Floor, East Conference Room, Phoenix, Arizona.

**Board Members present:**

Mr. David Lujan (*telephonic*)  
Mr. Bruce Mosby (*telephonic*)  
Ms. Nicole Ong Colyer  
Ms. Darcy Renfro  
Ms. Christa Severns  
Ms. Charlene Tarver

**Board Members absent:**

Mr. Sal Rivera  
Mr. Lawrence Robinson  
Ms. Barbara Ryan Thompson

**Also present for all or portions of the meeting were:**

Mr. James Barham, Phoenix IDA  
Mr. Murray Boess, Phoenix IDA  
Ms. Jennifer Demoney, Phoenix IDA  
Mr. Peter Flanagan-Hyde, Flanagan-Hyde Associates, LLC  
Ms. Gina Flores, Phoenix IDA  
Mr. Mark Holleran, Arizona Housing, Inc.  
Ms. Lydia Lee, Phoenix IDA  
Mr. Joseph Losada, Phoenix IDA  
Mr. Paul Magallanez, Phoenix IDA  
Mr. C.W. Ross, Fennemore Craig, P.C.  
Mr. Juan Salgado, Phoenix IDA  
Mr. Mike Santellanes, Phoenix IDA

Any member of the public that was present during the meeting was able to hear all discussions and actions taken by Board Members that were present, in person and over the phone, via a teleconferencing phone system.

Mr. Salgado called the Board meeting to order at 3:40 p.m. A quorum was noted.

**ITEM 1:      Approval of Meeting Minutes**

Meeting minutes for the November 9, 2017 regular and executive sessions, and November 16, 2017 regular session were presented for approval. Director Renfro moved to approve the minutes. Director Ong Colyer seconded the motion. **Motion carried unanimously.**

**ITEM 2: Phoenix IDA Strategic Plan for 2018 – 2020.**

Mr. Salgado introduced the item, and requested that Mr. Magallanez brief the Board on the Phoenix IDA Strategic Plan for 2018 – 2020.

Mr. Magallanez briefed the Board on the vision and phases that transpired to initiate the Phoenix IDA Strategic Plan for 2018 – 2020, as reflected in the Phoenix IDA’s records for this meeting (available upon request).

Mr. Magallanez introduced Mr. Flanagan-Hyde who was engaged by Phoenix IDA to lead the team through the process.

Discussion ensued. It was noted that a commitment to provide an update on the progress of Phoenix IDA Strategic Plan for 2018 – 2020 would occur in six months.

Director Severns moved to approve the Phoenix IDA Strategic Plan for 2018 - 2020. Director Tarver seconded the motion. **Motion carried unanimously.**

**ITEM 3: Nonprofit Loan Participation Program.**

Mr. Salgado introduced the item, and requested that Mr. Magallanez brief the Board on the Nonprofit Loan Participation Program.

Mr. Magallanez briefed the Board on the possible action to approve the formation of a Phoenix IDA Nonprofit Participation Program, as reflected in the Phoenix IDA’s records for this meeting, (available upon request).

Discussion ensued.

Director Ong Colyer inquired about the program guidelines and term lengths and Director Tarver suggested a change in verbiage from “non-compete” to “non-disclosure” in the program documents. Mr. Magallanez advised that such matters have not yet been firmly established as the program is in the early stages of guideline completion.

Director Tarver moved to approve the Nonprofit Loan Participation Program in the amount of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000) in accordance with the terms and conditions presented. Director Mosby seconded the motion. **Motion carried unanimously.**

**ITEM 4: 2017 Multifamily Housing Tax Regulatory Agreements Annual Report.**

Mr. Salgado introduced the item, and requested Mr. Barham brief the Board on the annual update.

Mr. Barham briefed the Board on the highlights of the 2017 Multifamily Housing Tax Regulatory Agreements Annual Report, as reflected in the Phoenix IDA's records for this meeting (available upon request).

This report was for information only. No action was taken.

**ITEM 5:      Chairman's Report**

Mr. Salgado referred Board members to the Chairman's report, as reflected in the Phoenix IDA's records for this meeting (available upon request).

This report was for information only. No action was taken.

**ITEM 6:      Call to the Public**

Mr. Salgado made a call to the public.

Mr. Holleran, Chief Executive Officer of Arizona Housing, Inc., introduced himself and shared with the Board the initiatives his organization is working on in the community.

With no further business to come before the Board, being duly moved and seconded, the Board meeting was adjourned at 4:29 p.m.

## Item 2



# Arizona School for the Arts

A COLLEGE PREPARATORY AND PERFORMING ARTS TRADITION

## Presentation to the Phoenix IDA

### January 18, 2018

Leah Fregulia, Head of School/CEO

# Our History Since 1995

- Public charter for 5<sup>th</sup> – 12<sup>th</sup> grades serving 850 students
- Our mission and results
- Phoenix IDA & ASA relationship
- Downtown infill project
- Growing demand





# Vision – A Youth Arts Campus

- Meeting the existing demand
  - Increased student capacity and revenue
  - Additional classrooms and performance space
- Creating opportunity for low-income kids
  - Collaborative co-working and office space
  - Specialized arts classrooms and resources
  - Afterschool programs and camps
  - Performance space
- Becoming a national model for collective impact

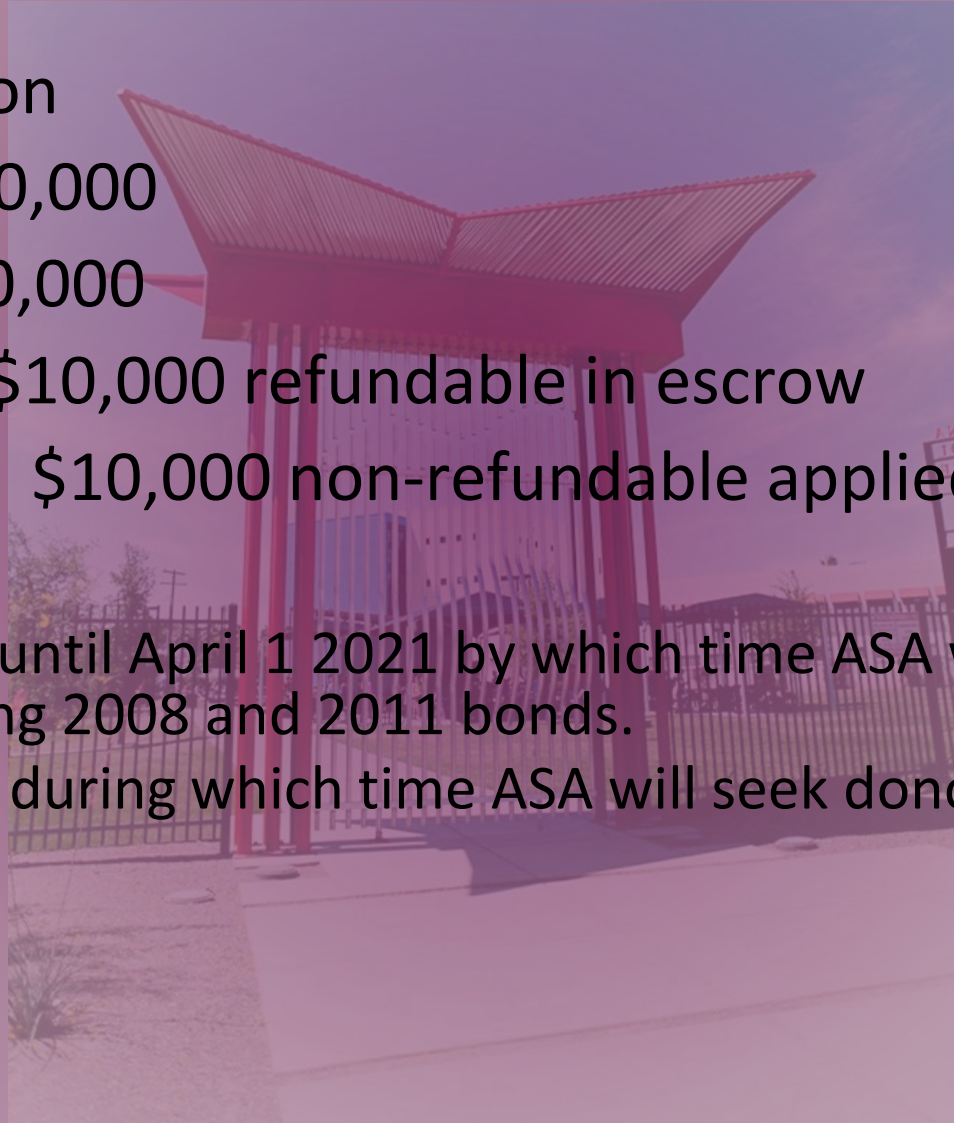


# Community Impact - Arts Education

- **Builds** community cohesion
- **Expands** Central Arts District scope to include programming for youth in a distinct PLACE
- **Develops** organizational sustainability for existing and nascent arts youth service providers
- **Advances** a national model for collaboration between public and private partners
- **Elevates** other organizations and potentially thousands of additional students served
- **Drives** economic development



# Financial Ask for 207 E McDowell Avenue



- **Purchase Price:** \$2 Million
- **Payable at closing:** \$200,000
- **Seller Financing:** \$1,800,000
- **Initial Earnest Money:** \$10,000 refundable in escrow
- **Second Earnest Money:** \$10,000 non-refundable applied toward purchase price
- **Terms of financing:**
  - 4% paying interest only until April 1 2021 by which time ASA will refinance IDA loan in combination with existing 2008 and 2011 bonds.
  - Due Diligence: 120 days during which time ASA will seek donors to alleviate need for financing.

## Item 3



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## MEMORANDUM

**DATE:** January 18, 2018

**TO:** Members, Board of Directors

**FROM:** Juan Salgado, Chief Executive Officer

**SUBJECT:** Marines, Army, Navy, Air Force (MANA) House Loan Request

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### BACKGROUND

Catholic Charities Community Services, Inc. (“Catholic Charities” or “CCCS”) is an 84-year old 501(c)(3) nonprofit organization representing one of the state’s most vital and largest nonprofit organizations. With a paid staff of approximately 500, together with hundreds of volunteers, CCCS serves the needs of Central and Northern Arizona communities with services that protect and nurture children, strengthen families and assist individuals in crisis in Maricopa County and six other counties. For example, during 2014-2015, CCCS touched 87,000 lives through 22 programs including education, foster care, refugee and immigration services, pregnancy counseling and housing stability.

In 2013, the CCCS board of directors committed to a deeper involvement to support veterans in its strategic plan. In 2015, CCCS integrated the MANA (Marines, Army, Navy, Air Force) House into its expanding services for veterans experiencing homelessness. The new MANA House will provide a full array of on-site vocational training and other services designed to move veterans from homelessness to self-sufficiency. The facility is anticipated to open in February 2018 and will serve approximately 120 veterans per year.

Catholic Charities is highly experienced in projects of this size and scope. CCCS currently owns 40 properties, operating more than 220 facilities either through direct ownership, leases or management agreements.

### PROJECT

This project supports Catholic Charities’ initiative to renovate and improve a vacant Phoenix building located at 2422 West Holly Street into a transitional housing facility with 50 beds (eventually expanding to 70), showers, kitchen, and modern functional spaces for outreach programs for homeless veterans. The MANA House was originally started in 2008 by a small group of homeless veterans and was known as the Madison Street Veterans Association. The existing MANA House location was recently purchased by Banner Health, and Catholic Charities is engaged in a process to fully fund the relocation of MANA House, rehabilitate the new site and building, enhance and increase services, and provide resources for veterans in all of its service regions. The property includes a 22,595 square foot building on 1.23 acres of land. The investment components include:

- Land and building purchase: \$400 thousand (completed)
- Building renovation hard costs (including a community room, all-faith chapel, coffee roaster): \$3 million (under construction)

- Equipment, furnishings: \$150 thousand
- Program enhancements, including access to guidance counseling for personal and spiritual healing, additional outreach and programs for non-resident veterans, work force development with training in technical skills and workplace competencies.
- Operations, maintenance and other indirect costs.

Catholic Charities has contracted with Chasse Building Team to renovate the Holly Street location. The hard costs of design, tear-down, and construction is \$3 million, and the ancillary costs (e.g., environmental assessments, inspections, testing, permitting, risk policies, engineering, design, etc.) total \$304,429. Renovation and improvement costs total approximately \$3.7 million, and the work is scheduled to be completed 1/18/18.

**REQUEST**

I am requesting approval for Phoenix IDA to participate in up to \$500,000 of a \$1,500,000 loan being made by the Arizona Community Foundation to CCCS.

**PLAN OF FINANCING**

The 5-year term loan would amortize over 25 years, and yield 3.50% fixed interest Phoenix IDA would receive a pro rata share of the interest income.

With a total cost of \$3.7 million, the \$2.2 million balance of funding required will be provided by:

Government Grants (Maricopa IDA)	\$500,000
Capital Campaign*	\$600,000
Other Fundraising**	\$600,000
Cash on Hand, RLOC	\$500,000
Total	\$2,200,000

\* DBacks, TBirds, Estate, Other

\*\* [will distribute list during Board meeting]

CCCS is currently using its cash on hand and line of credit to cover funding gaps.

**RECOMMENDATION**

I recommend that approval be granted subject to the terms and conditions contained in the Board approval resolution, as reviewed by same.

## Credit Summary

Date: 01/03/18

<b>Borrower:</b> Catholic Charities Community Services, Inc. (CCCS)	<b>Project to be financed:</b> MANA House	<b>Relationship Manager:</b> Paul Magallanez
<b>Borrower Address:</b> 4747 N. 7th Avenue Phoenix, Arizona 85013	<b>Project Address:</b> 2422 W. Holly Street Phoenix, AZ 85009	<b>Type of Business:</b> 501(c)(3)
<b>Principal Contact(s):</b> Eric Becker, Sr. Director of Accounting & CFO Paul Mulligan, President & CEO	<b>Website:</b> www.catholiccharitiesaz.org	<b>Tax ID:</b> 86-0223999

<b>Loan Amount</b>	Up to \$1,500,000
<b>Lead Lender</b>	Arizona Community Foundation (ACF)
<b>PCDIC Participation</b>	Up to \$500,000
<b>Loan Term</b>	5 years, with monthly principal and interest amortized over 25 years.
<b>Prepayment Penalty</b>	None
<b>Interest Rate</b>	4.0% gross, 3.5% net after servicing fee. Interest shared pro rata among loan participants.
<b>Monthly Payment</b>	\$7,918
<b>Servicing Fee</b>	.5%
<b>Loan Servicer</b>	Business Development Finance Corporation (BDFC), a private, nonprofit corporation based in Phoenix.
<b>Origination Fee</b>	\$15,000 to be deducted from loan proceeds. Origination fee is not shared with loan participants.
<b>All Other Fees</b>	\$3,750 application fee. To be deducted from origination fee if loan closes. Borrower to pay: appraisal fee, legal fees, and other out of pocket expenses (i.e., UCC search). Application fee is not shared with loan participants.
<b>Use of Funds</b>	Building renovations to create transitional housing for homeless veterans.
<b>Collateral</b>	First deed of trust on housing facility being renovated.
<b>Loan to Value (LTV)</b>	Pending appraisal results. Estimated to be approximately 50% LTV.
<b>Repayment Source(s)</b>	Primary: Operating cash flow Secondary: Sale of housing facility.
<b>Guarantor</b>	None
<b>Financial Covenants</b>	<ul style="list-style-type: none"> <li>• DSC ratio of 1.2, tested annually.</li> <li>• Receipt of audited financial statements within 120 days after fiscal YE.</li> <li>• Quarterly financial statements within 30 days from quarters end.</li> <li>• Borrower will not materially change the senior management unless reviewed by ACF</li> <li>• Annual Social Statement.</li> </ul>

**RESOLUTION NO. 2018-01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, GRANTING APPROVAL OF A PARTICIPATION LOAN IN THE AMOUNT OF \$500,000; AUTHORIZING THE EXECUTION AND DELIVERY OF A PARTICIPATION AGREEMENT AND OTHER DOCUMENTS REQUIRED IN CONNECTION WITH THE PARTICIPATION LOAN; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE PARTICIPATION LOAN; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH COMPLETING THE PARTICIPATION LOAN.**

**WHEREAS**, The Industrial Development Authority of the City of Phoenix, Arizona (the “Authority”), is an Arizona nonprofit corporation designated as a political subdivision of the State of Arizona (the “State”) empowered under A.R.S. §§ 35-706(A)(3) of the Industrial Development Financing Act, as amended (the “Act”), to make secured and unsecured loans for the purpose of financing the acquisition, construction, improvement or equipping of a “project” (as defined in the Act) on terms and conditions as its board of directors may deem advisable for the purposes set forth in the Act; and

**WHEREAS**, the Authority has entered into negotiations with respect to a Participation Agreement (the “Contract”) with Arizona Community Foundation, an Arizona nonprofit corporation (“ACF”), with respect to a loan in the amount of \$1,500,000 (the “Loan”) made by ACF to Catholic Charities Community Services, Inc., an Arizona nonprofit corporation, to finance the costs of renovating and improving a building to be used for transitional housing for homeless veterans at 2422 West Holly Street, Phoenix, Arizona (the “Project”); and

**WHEREAS**, in furtherance of the purposes of the Act, the Authority is considering the purchase of an interest in the Loan in the amount of \$500,000 (the “Participation Loan”) to assist in the financing of the rehabilitation and improvement of the Project; and

**WHEREAS**, ACF has provided, or will provide, to the Authority the Contract and all other documents required in connection with the Loan (collectively, the “Participation Documents”).

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona as follows:

**Section 1. Conditional Consent to Participation Loan.** Upon satisfaction of all conditions referenced in Section 2 below, the Authority hereby consents to the Participation Loan.

**Section 2. Conditions.** The Authority’s consent to the Participation Loan is subject to the approval of the final version of the Contract by the Executive Director and legal counsel to the Authority, the satisfactory completion of all conditions to the Contract, and the Authority’s receipt of the Participation Documents and any other instruments which the Executive Director and legal counsel to the Authority reasonably deem to be necessary or appropriate under the circumstances.



**Section 3. Approval of Contract.** The Authority hereby approves and consents to the Contract in the general form presented in this meeting, with such changes, additions or deletions as may be approved by legal counsel to the Authority.

**Section 4. Execution of Documents and Further Actions.** The Executive Director of the Authority is authorized to enter into, execute and deliver the Contract, the Participation Documents and any other agreement, amendment or other document or consent, upon advice of legal counsel to the Authority, deemed necessary or appropriate (a) to evidence the foregoing actions, or (b) to carry out the intent of this Resolution.

**Section 5. Ratification of Actions.** All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, agents or its Executive Director, including but not limited to the engagement of legal counsel, directed toward the completion of the Participation Loan, are hereby approved and ratified.

**Section 6. Further Actions.** The Executive Director of the Authority, upon satisfaction of the conditions set forth in Section 2 hereof, shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby, including without limitation, the execution and delivery of the Participation Documents required to be delivered in connection with the Participation Loan.

**Section 7. Severability.** If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

**Section 8. Waiver.** Any provision of any bylaws, orders, procedural pamphlets and resolutions of the Authority inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any bylaw, order, procedural pamphlet or resolution or any part thereof.

**Section 9. Open Meeting Laws.** It is found and determined that all formal actions of the Authority and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the Authority and the State.

**Section 10. Effectiveness.** This Resolution shall take effect immediately.

**Section 11. Liability.** The Executive Director of the Authority, the members of the governing body of the Authority and any director, officer, official, employee or agent of the Authority shall not be subject to any personal liability or accountability by reason of the completion of the Participation Loan. The liability of the Authority with respect to any document executed in connection with the transactions contemplated hereby, including the Participation Documents, shall be limited as provided in the Act and such documents.

**Section 12. Headings.** Subject headings included in this Resolution are included for purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

**Section 13. Notice.** Notice of Arizona Revised Statutes Section 38-511 is hereby given. The provisions of that statute by this reference are incorporated herein to the extent of applicability to matters contained herein under the laws of the State.

[Remainder of Page Intentionally Left Blank]

PASSED, ADOPTED, AND APPROVED on this 18<sup>th</sup> day of January 2018.

THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA

By: \_\_\_\_\_  
Juan Salgado, Executive Director & CEO

## Item 4



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**MEMORANDUM**

**DATE:** January 18, 2018

**TO:** Members, Board of Directors

**FROM:** Sal Rivera, Chairman, Board of Directors

**SUBJECT:** Chairman's Report

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**codePHX** – The fall session for codePHX was a tremendous success and exceeded our expectations. More than 1,300 students participated at locations throughout Phoenix (11 total sites), and over 14,2576,800 seconds of coding education was provided. Registration has begun for the spring session at neighborhood recreation centers and drop-in classes are available at local library branches. Additionally, we are pleased that a location has been temporarily opened at Park Central to host classes for students who had used the Burton Barr Library. Over the next few months we will share information with you on events that are planned to continue spreading the excellent work of codePHX!

**Communications and Government Affairs** – The Communications and Government Affairs Committee meeting scheduled for January 31, 2018, was cancelled. Phoenix IDA staff anticipated introduction of various matters during the current Arizona legislative session. However, the submissions have been delayed, thus the cancellation. Phoenix IDA staff will update the Communications Plan in 2018, and the Committee will be updated on communications and government affairs matters during its next meeting scheduled for April 25, 2018.

**Phoenix Community Development & Investment Corporation** – Phoenix IDA staff are assisting the PCDIC in the review of policies and procedures relating to new markets tax credits, sponsorships, scholarship and loan programs, financial management, and corporate governance. Staff is also assisting PCDIC with revisions to existing policies and the development of new programs.

**Tax Cut and Jobs Act** - The Phoenix IDA Board of Directors previously received a briefing on the Tax Cuts and Jobs Act (the "Act"), which was introduced on November 2, 2017 in the U.S. House of Representatives. As initially proposed, the Act would have eliminated private activity bonds (PABs), advance refundings, and new market tax credits (NMTCs). The final version of the Act was signed into law by President Trump on December 20, 2017. Fortunately, the Act preserved tax-exempt qualified PABs in their entirety, and left the NMTC program in place through 2019. Advance refundings, however, were eliminated effective January 1, 2018.