



**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, April 13, 2017 at 3:30 pm** located at **Phoenix City Hall, 200 W. Washington Street, 20th Floor East Conference Room, Phoenix, Arizona**.

One or more board members may participate via teleconference.

The agenda for the meeting is as follows:

Call to Order

1. Consent Agenda.

- a. **Approval of Board of Director Meeting Minutes.** March 9, 2017 Regular Session
- b. **Multifamily Housing Revenue Bonds (La Palmilla Apartments Project), Series 2017.** Presentation, discussion, and possible action to approve the issuance of Multifamily Housing Revenue Bonds (La Palmilla Apartments Project), Series 2017, to be issued in one or more tax-exempt and/or taxable senior and subordinate series in an aggregate principal amount not to exceed \$18,500,000.

2. Local First Arizona Foundation Loan Request. Presentation, discussion and possible action to approve a loan to Local First Arizona Foundation for the Source AZ program.

3. Open Meeting Law and Ethics Policy. Presentation and discussion regarding Arizona Open Meeting Law and the Phoenix IDA's ethics policy.

4. March 29, 2017 Communications and Government Affairs Report.

5. Home in Five Advantage. Presentation and discussion of the quarterly update.

6. President's Report.

7. Call to the Public.

Adjournment

For reasonable accommodations, please call Lydia Lee at Voice/602-534-9655 or TTY/602-534-5500, as early as possible to coordinate needed arrangements.

Date Posted: April 11, 2017

Item 1a

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

March 9, 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, March 9, 2017 at 3:30 p.m., at Phoenix City Hall, 200 W. Washington Street, 20th Floor, East Conference Room, Phoenix, Arizona.

Board Members present:

Mr. David Lujan (*telephonic*)
Mr. Bruce Mosby (*telephonic*)
Ms. Nicole Ong Colyer
Ms. Darcy Renfro
Mr. Sal Rivera
Mr. Lawrence Robinson
Ms. Christa Severns

Board Members absent:

Ms. Barbara Ryan Thompson
Ms. Charlene Tarver

Also present for all or portions of the meeting were:

Mr. James Barham, Phoenix IDA
Mr. Evan Becker, Evan Becker Consulting (*telephonic*)
Mr. Murray Boess, Phoenix IDA
Ms. Sarah Cline, Phoenix IDA
Ms. Elisa de la Vara, Arizona Community Foundation
Ms. Inger Erickson, City of Phoenix
Ms. Karen Farugia, OH Partners
Ms. Gina Flores, Phoenix IDA
Ms. Rita Hamilton, City of Phoenix
Ms. Shereka Jackson, City of Phoenix
Mr. Karl Kendall, City of Phoenix
Ms. Terry Lawler, City of Phoenix
Ms. Lydia Lee, Phoenix IDA
Mr. Paul Magallanez, Phoenix IDA
Ms. Kelly McGuire, Kutak Rock LLP (*telephonic*)
Mr. David Richardson, Take Charge America
Ms. Robin Roman, Marisol Federal Credit Union
Mr. C.W. Ross, Fennemore Craig, P.C.
Mr. Juan Salgado, Phoenix IDA
Mr. Mike Santellanes, Phoenix IDA
Mr. Craig Tribken, Central Arizona Shelter Services
Mr. Daniel Valenzuela, City of Phoenix
Ms. Cissy Watson, Psalms 127, LLC (*telephonic*)

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.

Director Rivera called the Board meeting to order at 3:45 p.m. A quorum was noted.

ITEM 1: Consent Agenda

- a. Approval of Board of Director Meeting Minutes
- b. Multifamily Housing Revenue Bonds (Broadway Terrace Apartments Project), Series 2017

Director Severns moved to approve the Consent Agenda for this meeting. Director Mosby seconded the motion. **Motion carried unanimously.** A copy of Resolution 2017-02 is attached hereto, and by this reference is made a part hereof.

ITEM 2: CodePHX

Mr. Salgado introduced CodePHX, and asked Mr. Valenzuela to brief the Board members on the City of Phoenix's request for the Phoenix IDA's financial support. Mr. Salgado then introduced Ms. Lee who provided the Board members with a brief overview.

Mr. Valenzuela, Ms. Erickson, and Ms. Jackson briefed the Board on the item, as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

Discussion ensued regarding the project.

Staff recommended approval of a \$250,000 award to support the CodePHX program.

Director Robinson moved to approve financial assistance from the Community Development Fund in the amount of \$250,000 to support operations and marketing of the program. Director Renfro seconded the motion. **Motion carried unanimously.**

ITEM 3: Lend A Hand

Mr. Salgado introduced Mr. Magallanez and requested that he brief the Board on the item.

Mr. Magallanez reported on the Lend a Hand program to the Board, as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

Mr. Salgado introduced the following partners in the Lend a Hand program: Mr. Richardson, Take Charge America; Ms. Romano, Marisol Credit Union; and Ms. de la Vara, Arizona Community Foundation and invited them to brief the Board on their support and involvement in the program.

Staff recommended approval of a \$70,000 award to support the Lend a Hand program.

Director Severns moved to approve the investment of up to \$70,000 from the Community Impact Fund for the Lend a Hand Program. Director Renfro seconded the motion. **Motion carried unanimously.**

ITEM 4: **Open Meeting Law and Ethics Policy**

This item was tabled.

ITEM 5: **President's Report**

Director Rivera referred Board members to the President's report, which covered the 2017 Communications and Marketing Plan, the Phoenix IDA Today Newsletter, and updates on the Community Development Fund Awards, and the property located on the SW Corner of 3rd Street and McDowell Road, as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

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

ITEM 6: **Call to the Public**

Director Rivera made a call to the public. There were no comments.

With no further business to come before the Board, being duly moved and seconded, the Board meeting was adjourned at 4:48 p.m.

Item 1b

MEMORANDUM

DATE: April 13, 2017
TO: Members, Board of Directors
FROM: Juan Salgado, Executive Director
SUBJECT: Multifamily Housing Revenue Bonds (La Palmilla Apartments Project), Series 2017

BACKGROUND

On December 8, 2016, Gung Ho Partners, LLC, a Delaware limited liability company (the “Applicant”), obtained preliminary Board approval for a multifamily project known as La Palmilla Apartments Project. The Applicant also received Board approval for Reliant - Palmilla, LLC (now known as Reliant - La Palmilla, LLC), a then to-be-formed Delaware limited liability company (together with its assignees and designees, the “Borrower”) to be the borrowing entity that will acquire, rehabilitate, improve, equip, and operate the project site (the “Project”).

The Borrower is now seeking the Board’s final approval for the issuance of the Phoenix IDA’s subject Multifamily Housing Revenue Bonds (the “Bonds”), in an aggregate principal amount not to exceed \$18,500,000. The Borrower will seek Phoenix City Council approval on May 10, 2017, pending Phoenix IDA Board approval.

THE PROJECT

The Project contemplates the purchase and rehabilitation of an existing 267-bed facility called La Palmilla Apartments that serves low-income residents. The Project is located at 3838 West Camelback Road, on the northeast corner of 39th Avenue and Camelback Road, and is within Phoenix City Council District 5, represented by Councilman Daniel Valenzuela.

The Borrower anticipates completing the rehabilitation work by June 2018.

PLAN OF FINANCING

According to the Borrower, a portion of the Bonds will be issued in series as determined by the underwriter, Citigroup Global Markets Inc. The maturity of the longest series will be no more than 40 years. It is expected that the fixed rate Bonds will be sold in a public offering at the then prevailing market rate. The Borrower expects to complete the transaction by May 2017.

RECOMMENDATION

Kutak Rock, as legal advisor to the Phoenix IDA, and I recommend that approval be granted subject to the terms and conditions contained in the Board final approval resolution, as reviewed by same.

RESOLUTION NO. 2017-03

A RESOLUTION GRANTING FINAL APPROVAL TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS (LA PALMILLA APARTMENTS PROJECT), SERIES 2017 AND TO THE ISSUANCE OF SUBORDINATE MULTIFAMILY HOUSING REVENUE BONDS (LA PALMILLA APARTMENTS PROJECT), SERIES 2017 OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, TO BE ISSUED IN ONE OR MORE TAX-EXEMPT AND/OR TAXABLE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$18,500,000 (TOGETHER, THE “BONDS”) WHICH MAY BE CASH COLLATERALIZED TO FINANCE A PROJECT FOR THE BENEFIT OF RELIANT - LA PALMILLA, LLC, A DELAWARE LIMITED LIABILITY COMPANY; AUTHORIZING THE EXECUTION AND DELIVERY OF A SENIOR INDENTURE OF TRUST, A SUBORDINATE INDENTURE OF TRUST, A LOAN AGREEMENT, A SUBORDINATE FINANCING AGREEMENT, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A BOND PURCHASE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, AND OTHER DOCUMENTS REQUIRED IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE BONDS; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE BONDS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF THE BONDS

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 the Industrial Development Financing Act, A.R.S. §§ 35-701 through 761 inclusive, as amended (the “Act”), to issue industrial development revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans for the purpose of financing the acquisition, rehabilitation, improvement or equipping of a “project” (as defined in the Act) whenever the Board of Directors of the Authority (the “Board”) finds such loans to be in furtherance of the purposes of the Authority or in the public interest; and

WHEREAS, the term “project” includes within its meaning under the Act any land, any building or other improvements, and all real and personal properties which are suitable for any “residential real property for dwelling units located within the municipality approving the formation of the corporation;” and

WHEREAS, Reliant - La Palmilla, LLC, a Delaware limited liability company (together with its assignees and designees, the “Borrower”), has previously requested the Authority to issue its Multifamily Housing Revenue Bonds (La Palmilla Apartments Project) Series 2017 in one or more tax-exempt or taxable series in an aggregate principal amount not to exceed \$18,500,000 and loan the proceeds thereof to the Borrower; and

WHEREAS, pursuant to Resolution 2016-11 (the “Preliminary Resolution”) of the Authority adopted at its December 8, 2016 meeting, the Authority has previously granted preliminary approval to issue and sell the bonds described above, pursuant to the Act, in one or more series in an aggregate principal amount not to exceed \$18,500,000; and

WHEREAS, the Borrower now requests that the Authority grant its final approval to the issuance and sale of its Multifamily Housing Revenue Bonds (La Palmilla Apartments Project) Series 2017 (the “Senior Bonds”) and Subordinate Multifamily Housing Revenue Bonds (La Palmilla Apartments Project) Series 2017 (the “Subordinate Bonds” and, together with the Senior Bonds, the “Bonds”) in an aggregate principal amount not to exceed \$18,500,000, either of which series may be cash collateralized, and loan the proceeds from the sale of the Bonds to the Borrower to (a) finance the acquisition, rehabilitation, improvement, equipping and operation of a multifamily housing complex consisting of approximately 267 units located on certain real property located at 3838 W. Camelback Road in Phoenix, Maricopa County, Arizona, (b) fund any required reserve funds, (c) pay capitalized interest on the Bonds, if any, and (d) pay costs and expenses incurred in connection therewith (collectively, the “Project”), all in accordance with the Act; and

WHEREAS, in connection with the issuance of the Senior Bonds, the Borrower will obtain a separate loan from SunTrust Bank, which loan will be sold to the Federal National Mortgage Association (the “Fannie Mae Loan”), and some or all of the proceeds of the Fannie Mae Loan, along with earnings thereon, if any, will be deposited into an account established within the Senior Indenture to secure the timely payment of debt service on the Senior Bonds; and

WHEREAS, at the request of the Borrower, the Senior Bonds will be sold by Citigroup Global Markets Inc., as underwriter (the “Underwriter”), pursuant to a purchase contract (the “Bond Purchase Agreement”), among the Authority, the Borrower and the Underwriter, and the Underwriter will distribute to investors Preliminary Official Statement (the “Preliminary Official Statement”), which, together with certain changes thereto, will become the final Official Statement, relating to the Senior Bonds and describing the transaction (the “Official Statement”); and

WHEREAS, the Subordinate Bonds (i) at the request of the Borrower, will be directly purchased by Reliant CAP VIII, LLC, an investor eligible to make such an investment (the “Subordinate Purchaser”), (ii) will be subject to transfer restrictions as required by the Authority, and (iii) will not be offered pursuant to the Official Statement; and

WHEREAS, there have been prepared and presented to the Executive Director of the Authority the proposed, substantially final forms of the following documents (collectively, the “Documents”):

(1) the form of Senior Indenture of Trust (the “Senior Indenture”) to be entered into by and between the Authority and U.S. Bank National Association, as bond trustee (the “Senior Trustee”);

(2) the form of Subordinate Indenture of Trust (the “Subordinate Indenture” and, together with the Senior Indenture, the “Indentures”) to be entered into by and between the Authority and U.S. Bank National Association, as bond trustee (the “Subordinate Trustee” and, together with the Senior Trustee, the “Trustees”);

(3) the form of Loan Agreement (the “Loan Agreement”) to be entered into by and among the Authority, the Senior Trustee and the Borrower;

(4) the form of Subordinate Financing Agreement (the “Subordinate Financing Agreement”) to be entered into by and among the Authority, the Subordinate Trustee and the Borrower;

(5) the form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into by and among the Authority, the Trustees and the Borrower;

(6) the form of Bond Purchase Agreement; and

(7) the form of Preliminary Official Statement.

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. The Board of Directors finds and determines that the issuance of the Bonds and the making of a loan to the Borrower for the purpose of financing and/or refinancing all or a portion of the cost of the acquisition, rehabilitation, improvement, equipping and operating of the Project and the costs and expenses incidental thereto are in furtherance of the purposes of the Authority under the Act and the Project will constitute a “project” within the meaning of the Act.

Section 2. The Bonds, which shall be named as set forth herein or as otherwise set forth in the Indentures, are hereby approved and authorized to be issued pursuant to a plan of finance in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$18,500,000, to be dated, to mature (no later than 40 years after their date of issuance), to bear interest (not in any event to exceed 12% per year), to be subject to redemption and tender for purchase, to be payable as to principal, interest and any premium, and with such other terms, all as provided in the Indentures pursuant to which each series of the Bonds are issued. This approval is subject to the following terms and conditions:

2.1 If a series of Bonds has not received a rating of “BBB-” or better (or an equivalent rating) from a nationally recognized bond rating agency, each purchaser of such series of Bonds shall execute and deliver an investor acknowledgement letter in form and substance satisfactory to the Authority and its counsel setting forth, *inter alia*, eligibility requirements of any purchaser and restrictions on the transfer of such series of

Bonds; provided, however, the provisions of this paragraph may be waived by the Authority in its sole discretion prior to the issuance of the Bonds;

2.2 Notice regarding the issuance of the Bonds is given to the Arizona Attorney General in the manner contemplated by Section 35-721(F) of the Act and, within ten days of such notice, the Arizona Attorney General does not issue an opinion indicating that the project to be financed does not come within the purview of the Act;

2.3 All agreements, certificates, documents, or instruments requiring the execution or consent of the Authority are in a form and substance acceptable to the Authority's counsel;

2.4 The Authority receives such opinions, certificates, comfort letters and consent letters in connection with the Bonds as the Authority's counsel may deem necessary or appropriate, in form and substance satisfactory to the Authority's counsel and advisors;

2.5 The proceedings under which the Bonds are to be issued have been approved by the Council of the City of Phoenix, Arizona;

2.6 The Authority, its officers, directors, employees, agents and its Executive Director and the City of Phoenix, Arizona (the "City") are provided with full indemnification in connection with the issuance and sale of the Bonds, in form and substance satisfactory to the Authority's counsel, from a credit-worthy source; and

2.7 The Borrower agrees to make arrangements mutually satisfactory to the Authority as to the payment of the Authority's closing fees, annual administrative fees, and expenses, the terms and conditions of which will be incorporated into the Documents executed in connection herewith.

Section 3. The Bonds shall be payable solely from the receipts and revenues received by or on behalf of the Authority pursuant to the Indentures. Nothing contained in (a) this Resolution, (b) the Documents, or (c) any other agreement, certificate, document, or instrument executed in connection with the issuance of any of the Bonds shall be construed as obligating the Authority (except as a special limited obligation to the extent provided in such documents or instruments) or obligating the City or the State to pay the principal of or premium, if any, or interest on the Bonds, or as incurring a charge upon the general credit of the Authority, the City or the State, nor shall the breach of any agreement contemplated by this Resolution, the Documents, or any other instrument or documents executed in connection herewith or therewith impose any charge upon the general credit of the Authority, the City or the State. The Authority has no taxing power.

Prior to the issuance of the Bonds, the Authority has or will have issued, and subsequent to the issuance of the Bonds, the Authority may issue, bonds in connection with the financing of other projects (such bonds together with any bonds issued by the Authority between this date and the issuance of the Bonds shall be referred to herein as the "Other Bonds"). Any pledge, mortgage, or assignment made in connection with the Other Bonds shall be protected, and any funds pledged or assigned for payment of principal of or premium, if any, or interest on the

Other Bonds shall not be used for the payment of principal of or premium, if any, or interest on the Bonds. Any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and no funds pledged or assigned for the payment of the Bonds shall be used for the payment of principal of or premium, if any, or interest on the Other Bonds.

Section 4. The forms, terms, and provisions of each of the Documents, in the forms of such Documents (including the exhibits thereto) presented to this meeting, are hereby approved, with such insertions, deletions, and changes as are approved by the officers authorized to execute the documents (which approval will be conclusively established by their execution and/or delivery thereof). Upon satisfaction of the conditions set forth in Section 2 hereof, the Authority's President, Vice President, Secretary and Treasurer (each an "Authorized Officer") are each hereby authorized individually in such offices to execute and deliver each of the Documents and any related documents necessary to effectuate the financing contemplated by this Resolution or, with respect to any of the Documents not calling for execution by the Authority, to approve and deliver such documents, with respect to any one or more series of the Bonds. From and after the execution and delivery of each of the Documents, the officers, agents, employees and Executive Director of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents, certificates and assignments as may be necessary to carry out and comply with the provisions of each of the Documents (as executed and delivered) and this Resolution.

Signature pages for any Documents requiring the Authority's signature shall be delivered to Authority's counsel no fewer than seven (7) days prior to Bond closing or any other date on which an executed signature page is required, and once executed will be held in escrow by the Authority's counsel and delivered on the closing date or on such other date on which an executed signature page is required.

Section 5. After the Bonds are delivered by the Trustees to the holders upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Bonds and interest thereon shall have been fully paid, canceled, and discharged.

Section 6. Nothing contained in this Resolution, nor in any other instrument, may be considered as obligating the Authority or the City to any pecuniary liability or charge upon the general credit of the Authority or the City. Furthermore, it is understood that no costs are to be borne by the Authority with respect to the Project and the issuance and sale of the Bonds except those to be paid out of the proceeds of the Bonds, and that the Borrower will promptly reimburse the Authority for any other expenses reasonably incurred by the Authority, including the fees of its legal counsel and any financial advisor, whether or not the Bonds are issued or sold.

Section 7. The actions of the Borrower and those acting on its behalf in filing one or more requests from time to time for allocations for private activity bonding authority for the Bonds through the Arizona Commerce Authority and/or Arizona Finance Authority (whether in the form of carryforward allocations or otherwise) is hereby ratified and authorized in an aggregate principal amount which, inclusive of any and all such requests, shall not exceed \$18,500,000.

Section 8. In accordance with to Section 147(f) of the Code, the Authority has or will publish notice of and will hold a public hearing, the results of which will be reported to the City prior to its approval of the Bonds. The officers of the Authority, each acting alone, or any representative thereof, are hereby authorized and directed to hold such public hearing for and on behalf of the Authority.

Section 9. All actions of the officers, staff, directors, employees, agents and Executive Director of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance thereof, whether heretofore or hereafter taken, including but not limited to the engagement of Kutak Rock LLP, as the Authority's counsel, shall be and are hereby ratified, confirmed and approved. The proper officers, staff, directors, employees, agents and Executive Director of the Authority are hereby authorized and directed to do all such acts on behalf of the Authority as may be deemed necessary or desirable to carry out the terms and intent of this Resolution.

Section 10. 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 issuance of the Bonds or execution, delivery of performance of the Documents. The liability of the Authority with respect to any document executed in connection with the transactions contemplated hereby, including the Documents, shall be limited as provided in the Act and such documents.

Section 11. Any provisions 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 repealing any bylaw, order, procedural pamphlet or resolution or any part thereof.

Section 12. If any section, paragraph, clause or provision of this Resolution is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision does not affect any of the remaining provisions of this Resolution.

Section 13. It is found and determined that all formal actions of the Authority and its Board 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 State and the Authority.

Section 14. 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.

Section 15. This Resolution is effective immediately upon its adoption.

Section 16. Neither this Resolution, any of the Documents, nor any action taken by the Authority, any member of the Board or the Authority's counsel in connection with the issuance of the Bonds is intended to provide, and shall not be construed as providing, advice of any kind to the Borrower or to the Authority with respect to the issuance of the Bonds for purposes of 15 U.S.C. Section 78o-4(e)(4)(A)(i). The Authority is a conduit issuer and none of the Authority, the Board, or the Authority's counsel is acting or will act as a municipal advisor, financial advisor, or fiduciary to any party involved in the issuance of the Bonds.

[Remainder of Page Intentionally Left Blank]

Adopted and approved this 13th day of April, 2017.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By: _____
Juan Salgado, Executive Director

Item 2



MEMORANDUM

DATE: April 13, 2017

TO: Members, Board of Directors

FROM: Juan Salgado, Executive Director

SUBJECT: Local First Loan Request for Source AZ Program

BACKGROUND

In 2010, Local First Arizona (LFA) conducted a study of the purchasing habits of CopperPoint Insurance Companies (CPI), the state's largest workers compensation insurance provider and discovered that CPI locally sourced 82% of its goods and services. Additionally, key findings included two significant outcomes. First, CPI's purchasing budget of \$100,000 had a half billion-dollar impact on Arizona's economy because their substantial local spending dollars stayed here and recirculated. Second, the study showed that in addition to the 518 people directly employed by CPI an additional 3,600 jobs are indirectly supported by CPI.

Recognizing the economic impact created by local sourcing, LFA created an agreement with Wist Office Products (Wist) whereby all new business contracts brought to Wist by LFA would generate a 4% rebate to the LFA Foundation. After three years of experience this mutually beneficial agreement drives \$24,000 per year to the LFA Foundation.

PROGRAM SUMMARY

Based upon the promising results from the Wist agreement, LFA is pursuing a program to encourage anchor institutions in Arizona to source their goods and services from Arizona owned companies to diversify and strengthen Arizona's economy and stimulate job creation. The Source AZ Program seeks to replicate the Wist agreement with other local suppliers to increase their business opportunities while strengthening the supply chain for Arizona's anchor institutions.

LOAN REQUEST

LFA is requesting a \$75,000 working capital loan to launch the Source AZ Program. Funds will be utilized to hire a program manager who will focus on the development and execution of a marketing strategy to drive participation by local anchor institutions and local suppliers. This position will also be charged with making the supplier connections to anchor institutions, develop agreements and monitor program performance.

The loan terms include three years at 4% interest including a 12-month interest-only period.

RECOMMENDATION

I recommend approval of the \$75,000 loan request from LFA to finance startup working capital for the Source AZ Program.

Item 3

ETHICS POLICY

I. Conflicts of Interest

- Prohibition against soliciting or accepting “kickbacks”
- Avoid actual conflicts of interest
- Disclose and recuse

II. Confidential Information

- Board members cannot disclose confidential information of the Phoenix IDA.

III. Anti-Discrimination

- No discrimination based on race, color ancestry, national origin, sex, political or religious affiliation, sexual orientation, marital status, age, pregnancy, disability, citizenship status, veteran status, or military obligation.

IV. Employment

- For 12 months following board service a board member cannot represent private interests for compensation in front of the Phoenix IDA.

V. Gifts

- Prohibition of gifts that may lead to favoritism.
- Gifts of entertainment and sporting events must be declared to Board President

OPEN MEETING LAW

I. Actions and Activities Covered by Open Meeting Law

- A meeting “the gathering, in person or through technological devices, of a quorum of members of a public body at which they discuss, propose or take legal action, including any deliberations by a quorum with respect to such action.”
- Email communications may be considered a meeting
- Splintering the Quorum
- Serial Communications
- Communications through staff

II. Executive Sessions

- Personnel matters, confidential records, legal advice, litigation, contract or settlement negotiations, salary negotiation, purchase and sale or lease of real property.
- All discussions are confidential
- No action may be taken

III. Quorum

- What constitutes a quorum
- Impact of disqualification on quorum

IV. Call to the Public

- Statutory Requirements

IV. Penalties for Violation

- Nullification
- Investigation and Enforcement
- Civil Penalties
- Attorney’s Fees
- Removal from Office

The Industrial Development Authority of the City of Phoenix, Arizona

GOVERNANCE POLICY	No. 100
SECTION 100 ETHICS	Original Effective Date: March 11, 2008
SUBJECT CONFLICT OF INTEREST	Page 1 of 2 Effective Date: February 6, 2013

A. CONFLICT OF INTEREST AND INDUCEMENT

Members of the Board of Directors of the Industrial Development Authority of the City of Phoenix, Arizona (the "Authority"), the Executive Director, and employees of the Authority are prohibited from receiving compensation of any kind from vendors, realtors, brokers, contractors, mortgage lenders, clients, or any similar entities or individuals for the purpose of receiving preferential treatment of any kind.

"Kickback" means any money, fee, commission, credit, gift, gratuity, object of value, offer of employment, or compensation of any kind which is provided, directly or indirectly, to any member of the Board of Directors, the Executive Director or Authority employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with grant assistance programs, client referrals or contacts.

The Authority prohibits members of the Board of Directors, the Executive Director and any Authority employee from soliciting, accepting, or attempting to accept any kickbacks. The Authority also prohibits vendors, realtors, brokers, contractors, mortgage lenders, clients, or any similar entities or individuals from providing or attempting to provide any kickbacks to members of the Board of Directors, the Executive Director or Authority employees.

Authority employees will be immediately terminated from employment if it is determined that they are soliciting, accepting, or attempting to accept any kickbacks. Any vendors, realtors, brokers, contractors, mortgage lenders, clients, or any similar entities or individual in violation of this policy will be prohibited from doing business with the Authority. Finally, individuals or entities determined to be engaging in kickback practices may also be subject to additional civil or criminal penalties as provided under Arizona State Revised statutes and U.S. law.

B. CONFLICT OF INTEREST

Situations of actual or potential conflict of interest are to be avoided by all members of the Board of Directors, the Executive Director and employees of the Authority. A conflict of interest may exist when any such individual's personal activities or financial affairs adversely influence such individual's judgment or performance of duties for the Authority. An actual or potential conflict of interest occurs when such an individual is in a position to influence a decision that may result in a personal gain

The Industrial Development Authority of the City of Phoenix, Arizona

GOVERNANCE POLICY	No. 100
SECTION 100	Original Effective Date: March 11, 2008
ETHICS	
SUBJECT	Page 2 of 2
CONFLICT OF INTEREST	Effective Date: February 6, 2013

for that individual or for a relative or friend as a result of the Authority business dealing. Personal involvement with a competitor, supplier or subordinate employee of the Authority, which impairs an employee's ability to exercise good judgment on behalf of the Authority, creates an actual or potential conflict of interest.

Except for gifts allowed under subsection G of the "General Ethics Policy: Gifts, Favors, and Extra Compensation," no gifts or gratuities, unless deemed to be of minimal value, shall be accepted by the Executive Director, staff or any member of the Board of Directors from any individual or businesses that is in any way associated with the Authority. For purposes of this paragraph, minimal value shall be deemed as \$25.00.

C. PROCEDURES

Below is a key procedure to maximize the effectiveness of this policy:

- No later than 24 months after the last review period, the Board of Directors shall, upon action of the Executive Committee, review and act to continue and/or amend, or terminate this Policy.

The Industrial Development Authority of the City of Phoenix, Arizona

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The Industrial Development Authority of the City of Phoenix, Arizona ("the Authority") was established in 1981 by the City of Phoenix under the Industrial Financing Act, Arizona Revised Statute Section 35-701 et. seq. The Authority is an Arizona non-profit corporation and political subdivision of the State of Arizona possessing the corporate powers set forth in Section 35-706 of the Arizona Revised Statutes.

The City of Phoenix adopted the "City of Phoenix Ethics Policy" codified in the City Code, Ch. 2, Art. II, Section 2-52. Upon appointment to the Authority, each member of the Board of Directors of the Authority agreed to comply with the City of Phoenix Ethics Policy. The Authority formally adopts the following policies:

A. ATTENDANCE

If a member fails to attend three consecutive regular meetings, or more than 50% of all meetings of the Board of Directors held over a calendar year period, the City Council may declare the seat vacant and appoint a replacement. See City Code, Art. 1 § 2-40.

Comment: Members of the Board of Directors are expected to attend all regularly scheduled meetings and should make every effort to do so. The City Council appointed each member of the Board for each member's experience, background and perspective in a particular policy area, and wants the benefit of each member's consideration and judgment. Moreover, the Board of Directors shall not conduct any business unless a quorum is present. Accordingly, if a member of the Board of Directors must miss a meeting because of business, vacation or illness, please advise the chairperson of the Board of Directors or Committee of the Board of Directors and the Executive Director in advance of the meeting.

B. CONFLICTS OF INTEREST

As a political subdivision of the State of Arizona, the Authority is subject to and must comply with Arizona's Conflict of Interest Laws.

Comment: The Authority, members of the Board of Directors, the Executive Director and employees of the Authority must be constantly on guard against conflicts of interest. In short, a member of the Board of Directors, the Executive

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Director or an employee of the Authority should not be involved in any activity which might be seen as conflicting with the responsibilities of his or her position with the Authority. The people of Phoenix have a right to expect that members of the Board of Directors, the Executive Director and employees of the Authority act with independence and fairness toward all groups and will not favor a few individuals or themselves. The Authority considers Conflicts of Interest a very important ethical consideration that requires its own detailed policy.

C. CONTRACTS WITH THE CITY

Arizona law prohibits any member of the Board of Directors, the Executive Director or employee of the Authority who has, or whose relative has, "a substantial interest in any contract, sale, purchase, or service to" the Authority from participating in any way with the transaction. See A.R.S. § 38-503 (A).

Comment: As with other conflicts of interest, any member of the Board of Directors, the Executive Director or employee of the Authority in such a situation must (i) make known the substantial interest involved, and (ii) refrain from voting upon or otherwise participating in the transaction or the making of such contract or sale.

D. DISCLOSURE OF CONFIDENTIAL INFORMATION

Arizona law provides that, during an individual's employment or service with the Authority and for two years thereafter, no such individual may disclose or use confidential information without appropriate authorization. See A.R.S. § 38-504(B). "Confidential information" means any and all information which is not generally known but which becomes known as a consequence of the individual's employment or service with the Authority, whether relating to the Authority or a third party, whether oral or in writing, and whether or not marked "confidential", "proprietary" or "private." "Confidential information" does not include: (i) information that was generally available to the public at the time of disclosure; (ii) information that later becomes publicly known other than through the individual's actions; or (iii) information that was already known to the individual before he/she learned it from or through his/her relationship with the Authority. Moreover, if during the individual's employment or service with the Authority, such individual learns information that constitutes a trade secret, he/she shall be obligated to maintain the secrecy of the

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information for so long as the information constitutes a trade secret, but in no case for less than two years after the employment or service ends, unless the Authority authorizes him/her to reveal information.

Comment: Members of the Board of Directors, the Executive Director and employees of the Authority may have access to important non-public information regarding the property, operations, policies or affairs of the Authority and/or of the City of Phoenix. Such information may concern real estate transactions, expansion of public facilities or other City projects. The leaking of this inside information may benefit a few at the expense of a possible monetary loss to the Authority or the City and a deterioration of public confidence. If a member of the Board of Directors, the Executive Director or employee of the Authority are privy to confidential information, such individual may not disclose that information to any private citizen and should disclose it to other public employees only on a "need to know" basis.

E. DISCRIMINATION

Chapter XI, Section 2 of the City Charter provides: "No person shall be appointed to, removed from or in any way favored or discriminated against with respect to any city position because of race, color, ancestry, national origin, sex, political or religious opinions or affiliations." Illegal discrimination on the basis of sexual orientation, age, marital status, pregnancy, disability, citizenship status, veteran status, or military obligation or any other basis prohibited by law is also forbidden. Harassment on the basis of sex is a violation of Title VII of the U.S. Civil Rights Act of 1964, as amended. The United States Equal Employment Opportunity Commission (EEOC) defines sexual harassment as "unwelcome" sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when: 1) submission to such conduct is made wither explicitly or implicitly a term or condition of an individual's employment; 2) submission to or rejection of such conduct is used as the basis for employment decisions affecting an individual; or 3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

Comment: All people must be recognized, honored and mutually respected. The United States and Arizona Constitutions, as well as numerous federal, state

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and local laws, outlaw various forms of discrimination. The Authority should make available to every person – whether they are applying for a Board position or employment position of the Authority – every consideration, treatment, and advantage or favor that is the general practice to make available to all citizens. The equality of opportunity to enter into public service, besides being the object of various federal, state and local laws, is a central factor in achieving efficient public service and good morale. The Authority promotes an environment where all members, employees and citizens are respected and valued.

F. EMPLOYMENT

1. Representing Private Interests Before the Authority: For twelve months following the termination of a person's service as a member of the Board of Directors, or employment with the Authority, Arizona law prohibits such individuals from representing another person for compensation before the Authority concerning any matter with which that individual, during their time of service to the Authority, was directly concerned and personally participated in by a substantial and material exercise of administrative discretion. See A.R.S. § 38-504(A).

Comment: Members of the Board of Directors, the Executive Director and employees of the Authority may appear before the Authority on behalf of constituents in the course of performing duties as a representative of the electorate or in the performance of public or civil obligations, as long as they are not representing any private person, group or interest for compensation that is contingent on such activity.

2. Employment of Relatives: Arizona law prohibits members of the Board of Directors, the Executive Director and employees of the Authority from being involved in the appointment, hiring or supervision of a relative. See A.R.S. § 38-481 and A.R. § 2.91.

Comment: Because hiring and supervising a relative is a special type of a conflict of interest, it must be avoided.

G. GIFTS, FAVORS AND EXTRA COMPENSATION: Neither any member of the Board of Directors, the Executive Director or any employee of the Authority shall

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accept any gift, service or favor that would lead toward favoritism or the appearance of favoritism in any way.

Comment: Board Members or employees of the Authority should not accept gifts (monetary or otherwise, such as a service, loan, thing or promise), gratuities, or favors from anyone for the performance of acts within the regular course of official duties. Board Members and employees of the Authority should refuse any gifts or favors that reasonably may be interpreted to have been offered in order to influence an Authority decision. Compensation for an Authority employee performing that employee's duty is limited to salaries, fringe benefits and any personal satisfaction that such person may derive from doing a good job. While a Board Member or employee of the Authority is the first to decide whether to accept any gift, such person must recognize that others will decide if there is "the appearance of favoritism" for such person having accepted a gift. Finally, Board Members and employees of the Authority should be wary of accepting any gifts or benefits from individuals doing business with the Authority or the City or whose financial interests are affected by Authority action.

1. Board Members and employees of the Authority must consider ethical principles before accepting personal gifts of entertainment and sports/athletic activities.

Comment: After the above gift policy is applied, if a Board Member or employee of the Authority accepts the entertainment or sports/athletic activity gift and does not pay for it, such Board Member or employee must declare the gift with the President of the Board, within two working days, using a "Declaration Form." Gifts must be declared regardless of whether the gifts are actually used by the Board Member or employee. If the President of the Board accepts the entertainment or sports/athletic gift and does not pay for it, the President must declare the gift with the Vice President of the Board.

There are three examples of gifts that do not require declaration:

- a. A personal gift from a friend or relative, unless that friend or relative has done business with the Authority, is doing business with the Authority or is seeking to do business with the Authority.

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- b. Winning or receiving a promotional gift from a community business, where the opportunity to win/receive the gift is open to the community in general.
- c. Board Members or employees of the Authority who pay for a ticket or elect to make a charitable contribution in the name of the donor for the face value of the gift do not need to file a declaration.
- d. Acknowledgements of voluntary service from the Authority.
- e. All other gifts accepted must be declared regardless of whether the Board Member or employee of the Authority personally used the gift.

H. POLITICAL ACTIVITY

As citizens, Board Members and employees of the Authority can and should exercise their rights to register and vote in all elections including City elective offices. The City Attorney, in opinion No. 60-012, determined that the provisions of Chapter XXV, Section 11 of the City Charter, do not apply to citizen members of City boards and commissions and, therefore, Board Members may participate in political campaigns for City elective officials.

I. PUBLIC ACCESS: OPEN MEETINGS AND PUBLIC RECORDS

Numerous Arizona and City laws require that meetings of public bodies be open to the public and that public records be available for inspection. See Open Meeting Laws (A.R.S. §§ 38-431 through 431.09 and City Charter Ch. 4 & 5) and Public Records Laws (A.R.S. §§ 39-121 through 121.03 and City Charter Ch. 4 & 21).

Comment: As declared in state statute, it is the official public policy of Arizona that meetings of public bodies be conducted openly. Also, Arizona law allows broad access to public records. Open government gives the public confidence that public affairs are being performed properly.

J. USE OF EQUIPMENT, FACILITIES, OR PERSONNEL FOR PRIVATE GAIN

Members of the Board of Directors, the Executive Director and employees of the Authority should not use Authority or City facilities, equipment, personnel or supplies for private purposes, except to the extent they are lawfully available to the public.

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Comment: Public respect for its government is weakened when Authority-owned or City-owned facilities and equipment are used by members of the Board of Directors, the Executive Director or employees of the Authority for personal gain. Authority or City office supplies, work materials and equipment are to be used only for the Authority work. Taking Authority or City goods for private use is not a "fringe benefit," it is stealing. See A.R.S. §13-1802. Also, it is improper (and maybe unlawful) for supervisors to use subordinates for their personal benefit. Finally, members of the Board of Directors, the Executive Director and employees of the Authority should avoid waste of public supplies and equipment.

K. WHISTLEBLOWER POLICY

The Authority promotes ethical conduct, transparency and compliance with the law. Should any individual know of, or have a suspicion about, illegal or unethical conduct in connection with the finances or other aspect of the Authority's operations, that individual should inform the President of the Board of Directors. If the alleged wrongdoing concerns the President, then another officer or director of the Authority should be notified instead.

Should the President or another officer or director of the Authority receive information regarding alleged illegal or unethical conduct in connection with the finances or other aspect of operations, those officers or directors shall inform the full Board of Directors. The Board of Directors shall investigate all credible allegations at all times respecting the privacy and reputation of individuals involved.

There will be no punishment or other retaliation for the reporting of conduct pursuant to this policy. If the person providing the information requests anonymity, this request will be respected to the extent that doing so does not impede any investigation.

L. PROCEDURES

Below is a key procedure to maximize the effectiveness of this policy:

- No later than 24 months after the last review period, the Board of Directors shall, upon action of the Executive Committee, review and act to continue and/or amend, or terminate this Policy.

38-431.01. Meetings shall be open to the public

A. All meetings of any public body shall be public meetings and all persons so desiring shall be permitted to attend and listen to the deliberations and proceedings. All legal action of public bodies shall occur during a public meeting.

B. All public bodies shall provide for the taking of written minutes or a recording of all their meetings, including executive sessions. For meetings other than executive sessions, such minutes or recording shall include, but not be limited to:

1. The date, time and place of the meeting.
2. The members of the public body recorded as either present or absent.
3. A general description of the matters considered.
4. An accurate description of all legal actions proposed, discussed or taken, and the names of members who propose each motion. The minutes shall also include the names of the persons, as given, making statements or presenting material to the public body and a reference to the legal action about which they made statements or presented material.

C. Minutes of executive sessions shall include items set forth in subsection B, paragraphs 1, 2 and 3 of this section, an accurate description of all instructions given pursuant to section 38-431.03, subsection A, paragraphs 4, 5 and 7 and such other matters as may be deemed appropriate by the public body.

D. The minutes or a recording of a meeting shall be available for public inspection three working days after the meeting except as otherwise specifically provided by this article.

E. A public body of a city or town with a population of more than two thousand five hundred persons shall:

1. Within three working days after a meeting, except for subcommittees and advisory committees, post on its website, if applicable, either:

(a) A statement describing the legal actions taken by the public body of the city or town during the meeting.

(b) Any recording of the meeting.

2. Within two working days following approval of the minutes, post approved minutes of city or town council meetings on its website, if applicable, except as otherwise specifically provided by this article.

3. Within ten working days after a subcommittee or advisory committee meeting, post on its website, if applicable, either:

(a) A statement describing legal action, if any.

(b) A recording of the meeting.

F. All or any part of a public meeting of a public body may be recorded by any person in attendance by means of a tape recorder or camera or any other means of sonic reproduction, provided that there is no active interference with the conduct of the meeting.

G. The secretary of state for state public bodies, the city or town clerk for municipal public bodies and the county clerk for all other local public bodies shall conspicuously post open meeting law materials prepared and approved by the attorney general on their website. A person elected or appointed to a public body shall review the open meeting law materials at least one day before the day that person takes office.

H. A public body may make an open call to the public during a public meeting, subject to reasonable time, place and manner restrictions, to allow individuals to address the public body on any issue within the jurisdiction of the public body. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action.

I. A member of a public body shall not knowingly direct any staff member to communicate in violation of this article.

J. Any posting required by subsection E of this section must remain on the applicable website for at least one year after the date of the posting.

Item 4



MEMORANDUM

DATE: April 13, 2017

TO: Members, Board of Directors

FROM: Bruce Mosby, Chair, Communications and Government Affairs Committee

SUBJECT: March 29, 2017 Communications and Government Affairs Report

- A. 2017 Communications and Marketing Plan** – On March 29, 2017 the Committee approved the Phoenix IDA’s 2017 Communications & Marketing Plan. The document articulates a framework for the organization’s communication activities and provides messaging to describe the organization to external audiences and stakeholders. The goals of the plan include increasing visibility, furthering the Phoenix IDA brand, and advancing business objectives. Staff will present the approved plan to the full board at the May 11, 2017 meeting.
- B. 2017 Government Affairs Report** - The Committee received a report on Phoenix IDA government affairs efforts at its meeting on March 29, 2017. Dr. Marc Osborn of Kutak Rock LLP provided an update on the Arizona State Legislature, noting that the current legislative session has been quiet by design in the aftermath of the significant changes enacted under H.B. 2666 in 2016. Potential emerging issues for the 2018 legislative session include (i) streamlining the Arizona Department of Housing’s process for approving tax credit affordable housing projects, (ii) allowing more unused bond allocation capacity to be carried forward, and (iii) examining opportunities to “clean-up” the Arizona IDA Act. Finally, the local construction and finance industry appears to have a growing interest in expanding Arizona P-3 (public-private partnership) statutes, which are currently limited to transportation projects. In consultation with Dr. Osborn and other professionals, we will continue to monitor and, where feasible and prudent, actively participate in these important matters.

Item 5

RAYMOND JAMES[®]

Mark O'C. O'Brien
Managing Director

J. Robert Coleman
Managing Director

Stacy W. Houston
Vice President

\$275,000,000 (Revolving) The IDAs of Phoenix & Maricopa County Home in Five "Advantage" Mortgage Origination Program

Quarterly Board Summary – Phoenix IDA (4/13/17 - data as of 3/31/17...end of Q1 2017)

Program Sponsors: IDAs of Phoenix & Maricopa County

Program Size: \$275 million. Funds are revolving - currently no more than \$275 million in mortgage loans may be reserved at one time...increased over time from the original \$25 million facility size.

Professionals: Counsel – *Kutak Rock (PIDA) & Ryley Carlock (MCIDA)*, Structuring Agent/
MBS Purchaser – *Raymond James*, Trustee/Custodian & DPA Escrow Agent –
Zions Bank, Servicer – *US Bank*, Online Loan Reservations - *eHousingPlus*

Start/Structure: 9/4/12 – Mortgage loan reservations begin. The program is not funded through traditional tax-exempt single family mortgage revenue bonds, but rather through the Raymond James "Turnkey"/TBA platform...a pioneering "non-bond" mortgage origination & down payment assistance (DPA) program funded by Raymond James, and priced/hedged by us via the taxable forward "to be announced" (TBA) market for GNMA, Fannie Mae & Freddie Mac mortgage-backed securities (MBS).

Rates/DPA/Income: The Phoenix & Maricopa County IDAs *Home in Five Advantage* program mortgage rates change periodically to remain competitive with market, and were **4.875% for the GNMA-eligible loans & 5.125% for the Fannie Mae & Freddie Mac-eligible loans** as of 3/31/17, with a standard **3.5% DPA grant**...when a comparable unassisted "market" rate FHA mortgage was approximately 4.25%. **Qualified Veterans & Military Personnel currently receive an additional 1.00% DPA grant, as do First Responders & Teachers.**

Eligible Loans: FHA/VA/USDA-RD (all 30-year fixed rate & pooled into GNMA MBS). The program launched Fannie Mae "Conventional" loan reservations on 10/1/15 & Freddie Mac on 10/3/16 (also 30-year fixed rate, pooled into FNMA or FHLMC MBS)

Eligible Loan Area: Mortgage loans under the program may be made to qualifying borrowers throughout Maricopa County, including the City of Phoenix.

Program Requirements:

1. First-Time Homebuyers: Because this is not a bond program there is no first-time homebuyer requirement, and borrowers are not subject to federal “recapture tax.”
2. Income Limit: \$88,340 (140% of Area Median Family Income – AMFI)
3. Purchase Price Limit: \$300,000

Demographic and Loan Information to Date:

Program Averages:

Loan Amount – \$178,281...up \$1,111 since 12/31/16
 Purchase Price – \$181,987...up \$1,135 since 12/31/16
 Household Income – \$54,947...up \$131 since 12/31/16
 Borrower Age – 37
 Household Size – 2

Loan Type:

FHA – 95.25%; VA – 1.63%; USDA-RHS – 0.27%; Fannie Mae/Freddie – 2.90%

House Type:

Single Family Detached – 94%; Townhouse – 3%; Condo – 3%; Other – < 1%

Existing/New Home:

Existing Home – 92%; New Home – 8%

Ethnicity:

White – 50%; Hispanic – 34%; African-American – 7%; Asian – 2%; Other – 7%

First-time Homebuyers:

First-time Homebuyer – 99.86%; Non First-time Homebuyer – 0.14%

Male/Female Homebuyers:

Male – 61%; Female – 39%

Breakdown by City:

	City	No. of Loans
1	Aguila	10
2	Anthem	47
3	Apache Junction	29
4	Avondale	548
5	Buckeye	746
6	Carefree	23
7	Cave Creek	13
8	Chandler	699
9	Chandler Heights	1
10	El Mirage	335
11	Fountain Hills	12

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12	Gila Bend	54
13	Gilbert	894
14	Glendale	1,232
15	Glendale Luke AFB	2
16	Goodyear	375
17	Guadalupe	2
18	Higley	1
19	Laveen	409
20	Litchfield Park	86
21	Mesa	2,255
22	Morristown	4
23	New River	11
24	Palo Verde	134
25	Paradise Valley	5
26	Peoria	790
27	Phoenix	4,207 (28%)
28	Queen Creek	161
29	Rio Verde	1
30	Scottsdale	159
31	Sun City	179
32	Sun City West	24
33	Sun Lakes	13
34	Surprise	810
35	Tempe	270
36	Tolleson	391
37	Tonopah	5
38	Waddell	56
39	Wickenburg	4
40	Wittman	10
41	Youngtown	69
	Total	15,076

Lender Origination: 15,076 mortgage loans closed or in process from 121 program lenders totaling \$2.687 billion as of 3/31/17...that represents an increase of 1,031 loans (or 6.8%)/four lenders/\$199 million since 12/31/16. The top five lenders are listed below:

	<u>Participating Lenders</u>	<u># Loans/%</u>	<u>Loan Amount</u>
1	Academy Mortgage Corporation	1,776 (11.74%)	\$ 332,779,837
2	NOVA Financial & Investment Corp.	1,288 (8.54%)	227,527,443
3	LoanDepot.com, LLC, dba iMortgage	1,074 (7.12%)	187,331,130
4	Amerifirst Financial, Inc.	900 (5.96%)	157,922,557
5	Fairway Independent Mortgage	757 (5.02%)	140,995,065

Takeaways:

1. The Phoenix & Maricopa County IDAs initiated “**Home in Five Advantage**” as an innovative non-bond mortgage program four and a half years ago in September 2012 – 1st in Arizona & among the 1st in the nation.
2. Since that time, the program has expanded the business of 121 private sector mortgage lending partners.
3. It has enhanced the housing market & economic recovery throughout Phoenix & Maricopa County.
4. It has produced millions in net revenue per IDA.
5. It has provided more than \$2.687 billion in mortgage funds and \$100 million in DPA grants.
6. Finally & most importantly, the IDAs’ joint Home in Five Advantage program now has assisted some **15,076 low/mod first-time homebuyer families** in Phoenix & Maricopa County to achieve the American Dream of home ownership...an increase of 1,031 loans (6.8%) in Q1 of 2017!

Item 6



MEMORANDUM

DATE: April 13, 2017

TO: Members, Board of Directors

FROM: Sal Rivera, President, Board of Directors

SUBJECT: President's Report

- A. Annual Phoenix IDA Liability Insurance Policies** – Staff and our insurance broker, USI Insurance Services (USI), presented the renewal of the Phoenix IDA's liability insurance policies to the Executive Committee during its meeting on April 4, 2017. The \$10 million Errors and Omissions Liability policy and the \$4 million General Liability and Non-Owned and Hired Auto policy both expire on April 26, 2017. The Executive Committee approved the renewal of both policies, with a total cost of \$23,248.90 for the coming year, an overall increase of just over \$1,000.

Information was presented regarding additional coverage for Cyber liability insurance. This insurance is for Data breach, Cyber Extortion in which computer systems could be held hostage with ransom due in order to release, Network Asset Protection, Business Income in the event of a breach, and notification expenses to anyone whose information may have been breached. As this would involve new insurance coverage, this information is to be presented to the full Board of Directors for approval once quotes have been received by USI.

- B. Community Sponsorships** – the following sponsorships were approved in March:

- Heroes of Education – Maricopa Community Colleges Foundation – on Wednesday, April 26, 2017, the Maricopa Community Colleges Foundation will present the 12th annual Heroes of Education Recognition Dinner. Heroes of Education honors those who have a proven personal and professional commitment to supporting students and educational opportunities. This year's honoree is Dr. Ioanna Morfessis, President, IO.INC. Proceeds from this event provide funds to support scholarships to thousands of students who strive for a better future for themselves and their families. The Phoenix IDA was approached to consider sponsorship of this event. A Copper level sponsorship in the amount of \$3,000 has been approved.
- Mayor Greg Stanton State of the City Address and Luncheon – on Tuesday, April 25, 2017, the Greater Phoenix Chamber of Commerce and the City of Phoenix will host Mayor Greg Stanton's State of the City Address and luncheon. This annual event is attended by hundreds of Valley businesses and government leaders, Phoenix City Councilmembers and the Greater Phoenix Chamber of Commerce to hear Mayor Greg Stanton's priorities for 2017 and beyond. The Mayor's focus is on growing Phoenix's economy, increasing exports and promoting innovation. A table of ten has been approved in support of this year's luncheon at \$500.00.

- Star Spangled Celebration honoring our fallen Police, Fire Fighters and Veterans – this annual event is scheduled for Friday, May 26, 2017 in Council District 7. The festivities recognize and celebrate those brave men and women who have lost their lives while protecting our freedom both locally and nationally. This is a fun filled event featuring local vendors, nonprofits, children's activities, live music, a firework display and a ceremony honoring our local heroes. The Phoenix IDA was approached for a sponsorship. A Spirit level sponsorship at \$1,000 has been approved.
 - Leading for Change – is a non-profit, non-partisan training organization dedicated to developing the next generation of civic leaders in their quest to enhance the lives and opportunities in their communities. LFC was established to fill gaps in the training and preparation of emerging leaders planning to run for office, engaged in community organizing, developing policy and/or working within non-profit social justice organizations. Their training is designed to connect individuals with the resources, knowledge, networks and skills needed to advance principled values through elected office. The training takes place over the course of three weekends. At the culmination of the training, LFC organizes an event to recognize the current fellowship class of which Ms. Charlene Tarver is a current participant. The Phoenix IDA was approached on March 14, 2017 to consider sponsorship of this year's celebration. The event is scheduled for Friday, March 24, 2017 at the Pointe Hilton Squaw Peak. The minimum sponsorship amount of \$500 was approved because we received the request late in the process.
- C. Memorandum of Understanding** – The Phoenix IDA and the City of Phoenix (“City”) previously entered into an Intergovernmental Agreement, dated as of January 21, 2009 (“IGA”) to outline their respective roles and responsibilities, including the Phoenix IDA’s obligation to reimburse the City for salary and related costs of the Executive Director position. The City’s most recent audit of the Phoenix IDA, completed in June 2016, included a recommendation to update and formalize the IGA to more accurately reflect the interactions among the Phoenix IDA, the City and applicable City departments. The Phoenix IDA Executive Director and staff met with representatives from the City Manager’s office, as well as the City Clerk and the City Law Departments, and jointly concluded that the IGA would be replaced by a memorandum of understanding. The Phoenix IDA and the City entered into a Memorandum of Understanding, dated as of March 15, 2017 (“MOU”). The replacement of the IGA with the MOU, and the conversion of the Executive Director into a Phoenix IDA employee position, will enhance the Phoenix IDA’s ability to operate successfully in an increasingly competitive environment.