



**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, July 13, 2017 at 3:30 pm** located at **Phoenix City Hall, 200 W. Washington Street, 20th Floor East Conference Room, Phoenix, Arizona**. The Board may consider a motion to go into executive session in accordance with A.R.S. §§38-431.03(A)(1) for Item 3 and (A)(3) for Item 4.

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. June 8, 2017 Regular Session

2. Neighborhood Outreach Access to Health (NOAH) Loan Participation. Presentation, discussion and possible action to approve Phoenix IDA participation in a loan by the Arizona Community Foundation to NOAH.

3. Personnel Matters. Presentation and discussion regarding performance review matters.

4. Phoenix IDA Articles of Incorporation and By-Laws.

5. Home in Five Quarterly Report.

6. President's Report.

7. 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/602-534-5500, as early as possible to coordinate needed arrangements.

Date Posted: July 11, 2017

Item 1

DRAFT



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

June 8, 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, June 8, 2017 at 3:30 p.m., at Phoenix City Hall, 200 West Washington Street, 20th Floor, Conference Room 20 East, Phoenix, Arizona.

Board Members present:

Mr. David Lujan
Mr. Bruce Mosby (*telephonic*)
Ms. Nicole Ong Colyer
Ms. Darcy Renfro (*arrived 3:36 p.m.*)
Mr. Sal Rivera
Mr. Lawrence Robinson (*telephonic*)
Ms. Christa Severns (*arrived 3:36 p.m.*)

Board Members absent:

Ms. Barbara Ryan Thompson
Ms. Charlene Tarver

Also present for all or portions of the meeting were:

Ms. Rose Arck, Brydant
Mr. James Barham, Phoenix IDA
Mr. Murray Boess, Phoenix IDA
Ms. Sarah Cline, Phoenix IDA
Ms. Brigitte Finley Green, Greenberg Traurig
Ms. Gina Flores, Phoenix IDA
Mr. Eric Johnson, City of Phoenix
Mr. Xandon Keating, City of Phoenix
Mr. Corey Kennedy, Legacy Traditional Schools
Ms. Lydia Lee, Phoenix IDA
Mr. Paul Magallanez, Phoenix IDA
Ms. Vicki Negbee, USI Insurance
Mr. Pat Ray, Kutak Rock
Mr. C.W. Ross, Fennemore Craig, P.C.
Mr. Juan Salgado, Phoenix IDA
Ms. Tencha San Miguel, USI Insurance
Mr. Mike Santellanes, Phoenix IDA
Mr. Terry Warren, Warren Charter Law
Mr. Alonso Williams, Legacy Traditional Schools
Mr. Michael Zajas, Brydant

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 3:34 p.m. A quorum was noted.

ITEM 1: Approval of Meeting Minutes

Meeting minutes for the April 13, 2017 Board of Directors regular session were presented for approval. Director Lujan moved to approve the minutes. Director Ong Colyer seconded the motion. **Motion carried unanimously.**

ITEM 2: Senior Care Revenue Bonds (Bridlewood Senior Care Center Project), Series 2017

Mr. Salgado introduced the item, and requested Mr. Santellanes to brief the Board on the project; noting the applicant was seeking preliminary approval of bond financing in an amount not to exceed \$75,000,000 as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

Following Mr. Santellanes' report, Mr. Salgado noted that Mr. Ray was present at the meeting as part of the legal team involved in the transaction.

Mr. Ray, legal counsel for the Phoenix IDA for this transaction, advised the Board that since the applicant is seeking preliminary approval, there are no documents for review.

Mr. Aller gave a brief background summary to the Board.

Director Lujan moved to approve **Resolution 2017-04** as recommended by the executive director and legal counsel to the Phoenix IDA. Director Severns seconded the motion. **Motion carried unanimously.** A copy of **Resolution 2017-04** is attached hereto, and by this reference is made a part hereof.

ITEM 3: Education Facility Revenue Bonds (Legacy Traditional School – East Mesa Project) , Series 2017

Mr. Salgado introduced the item, and requested that Item 3 and Item 4 be discussed together. Mr. Salgado asked Mr. Santellanes to brief the Board on the project; noting that Legacy Traditional School was seeking approval of bond financing in an amount not to exceed \$22,500,000 for the East Mesa Project as well as for the Cadence Project, as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

Following Mr. Santellanes' report, Mr. Salgado requested that Mr. Ray offer his firm's decision as part of the legal team involved in the transaction.

Mr. Ray, legal counsel for the Phoenix IDA for this transaction, advised the Board that his/her firm had conducted a legal review of the project, noted that the documents were in substantially final form and recommended approval of the project.

Mr. Kennedy gave a brief background summary of Legacy Traditional Schools to the Board. Discussion ensued regarding the project.

Director Severns moved to approve **Resolution 2017-05** as recommended by the executive director and legal counsel to the Phoenix IDA. Director Lujan seconded the motion. **Motion carried unanimously.**

A copy of **Resolution 2017-05** is attached hereto, and by this reference is made a part hereof.

ITEM 4: Education Facility Revenue Bonds (Legacy Traditional School – Cadence Project), Series 2017

Director Severns moved to approve **Resolution 2017-06** as recommended by the executive director and legal counsel to the Phoenix IDA. Director Lujan seconded the motion. **Motion carried unanimously.** A copy of **Resolution 2017-06** is attached hereto, and by this reference is made a part hereof.

ITEM 5: West Fillmore Development Project

Mr. Salgado introduced the item, and requested that Mr. Johnson present an overview of the project.

Mr. Johnson presented background information describing the two-phase development process. Discussion ensued.

Director Lujan moved to approve the terms of the City of Phoenix agreement with the developer and plan to repay the Phoenix IDA and to authorize the executive director to finalize the agreement. Director Renfro seconded the motion. **Motion carried unanimously.**

ITEM 6: April 27, 2017 Finance Committee Report

Mr. Salgado introduced Mr. Boess and requested that he brief the Board on the financial statements for the period ending March 31, 2017.

Mr. Boess presented the financial statements as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

Director Renfro moved to ratify the Finance Committee's approval of the Financial Statements for the period ending March 31, 2017 and the Operating Budget for fiscal year 2017-2018. Director Mosby seconded the motion. **Motion carried unanimously.**

ITEM 7: 2017 Communications and Marketing Plan

Mr. Salgado requested that Ms. Lee introduce the item. Ms. Lydia introduced the item and then requested that Ms. Flores present the 2017 Communications and Marketing Plan to the Board.

Ms. Flores presented the plan, 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 8: Cyber Liability Insurance Coverage

Mr. Salgado introduced the item and requested that Mr. Boess brief the Board on the cyber liability insurance.

Mr. Boess explained the cyber liability coverage. Discussion ensued regarding the item.

This item was tabled. No action was taken.

ITEM 9: President's Report

Mr. Salgado referred Board members to the President's report, which covered the 207 E. McDowell property, Community Development Funds awards, and Three Year Strategic Plan, 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 10: 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 4:49 p.m.

Item 2



MEMORANDUM

DATE: July 13, 2017

TO: Members, Board of Directors

FROM: Juan Salgado, Executive Director

SUBJECT: Neighborhood Outreach Access to Health (NOAH)

INTRODUCTION

Arizona Community Foundation (ACF) has presented an opportunity for the Phoenix IDA to participate in a loan being considered for NOAH for up to \$1,375,000. I am proposing that the Phoenix IDA enter into a participation agreement with ACF in the amount of \$500,000, on a non-subordinate (pari-passu), basis with the following terms:

Borrower	NOAH
Total loan Amount	Up to \$1,375,000
Term	Seven years with interest only for the first six months and monthly principal and interest (P&I) amortized over 78 months
Principal Repayment	Fully amortizing 7-year term with monthly P&I
Interest Rate	3.5%
Monthly Payment	First six months: \$4,567. Next 78 months: \$20,048
Servicing Fee	.5%
Origination Fee	1% to be deducted from loan proceeds
Other Fees	Lien recording fee, any other fees associated with loan documentation
Collateral	Equipment
Guarantor	None
Use of Funds	Purchase of furniture and equipment for the build-out of two NOAH facilities
Source of Repayment	Cash flow from NOAH operations

BACKGROUND

NOAH began operating in 1997 as a division of HonorHealth to provide medical and dental services to underserved communities, focusing on working with patients while respecting their diverse cultures and needs. Additionally, NOAH offers enhanced health services for patients with special needs, including primary care services, speech and physical therapy, and chronic disease management. In 2010 NOAH became an independent operating entity, but still maintains an affiliate agreement with HonorHealth.

NOAH is currently providing services at nine locations within schools and clinics in underserved communities. With this loan, NOAH will relocate the Palomino Health Center and open the new Venado Valley Health Center, both within the city of Phoenix.

Mr. Robert Wilson, Partner with Stoney-Wilson Business Consulting, LLC, performed a review of this loan request on behalf of ACF and recommended approval, stating, “The borrower displays an acceptable financial condition and adequate resources to support the company’s operations and debt service requirements. The company has a strong management team and the business is seasoned and supported in the community.”

FINANCIAL ADVISOR

Mr. Edward Celaya, Sr. Vice President with Mutual of Omaha Bank, performed a review of this loan request on behalf of the Phoenix IDA.

RECOMMENDATION

Mutual of Omaha, as Financial Advisor to the Phoenix IDA and I recommend approval be granted to enter into a loan participation agreement with ACF, on a pari-passu basis, in the amount of \$500,000 in support of the NOAH loan request of up to \$1,375,000, based on the terms stated herein.

Items 3 & 4
Executive Session

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 (7/13/17 - data as of 6/30/17...end of Q2 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 – *Ryley, Carlock (MCIDA) & Kutak Rock (PIDA)*, 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 & 5.00% for the Fannie Mae & Freddie Mac-eligible loans** as of 6/30/17, with a standard **3.5% DPA grant**...when a comparable unassisted "market" rate FHA mortgage was approximately 4.125%. **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 – \$179,463...up \$1,182 since 3/31/17
 Purchase Price – \$183,198...up \$1,211 since 3/31/17
 Household Income – \$55,121...up \$174 since 3/31/17
 Borrower Age – 37
 Household Size – 2

Loan Type:

FHA – 94.95%; VA – 1.59%; USDA-RHS – 0.25%; Fannie Mae/Freddie – 3.21%

House Type:

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

Existing/New Home:

Existing Home – 92%; New Home – 8%

Ethnicity:

White – 52%; Hispanic – 35%; African-American – 5%; Asian – 2%; Other – 6%

First-time Homebuyers:

First-time Homebuyer – 99.88%; Non First-time Homebuyer – 0.12%

Male/Female Homebuyers:

Male – 61%; Female – 39%

Breakdown by City:

	City	No. of Loans
1	Aguila	12
2	Anthem	48
3	Apache Junction	30
4	Avondale	588
5	Buckeye	822
6	Carefree	23
7	Cave Creek	13
8	Chandler	727
9	Chandler Heights	1
10	El Mirage	354
11	Fountain Hills	12

RAYMOND JAMES®

12	Gila Bend	56
13	Gilbert	935
14	Glendale	1,311
15	Glendale Luke AFB	2
16	Goodyear	399
17	Guadalupe	2
18	Higley	1
19	Laveen	441
20	Litchfield Park	93
21	Mesa	2,388
22	Morristown	6
23	New River	11
24	Palo Verde	142
25	Paradise Valley	6
26	Peoria	858
27	Phoenix	4,554 (28%)
28	Queen Creek	175
29	Rio Verde	2
30	Scottsdale	166
31	Sun City	192
32	Sun City West	25
33	Sun Lakes	14
34	Surprise	863
35	Tempe	287
36	Tolleson	415
37	Tonopah	6
38	Waddell	59
39	Wickenburg	4
40	Wittman	10
41	Youngtown	71
	Total	16,124

Lender Origination: 16,124 mortgage loans closed or in process from 125 program lenders totaling \$2.893 billion as of 6/30/17...that represents an increase of 1,048 loans (or 6.4%)/four lenders/\$206 million since 3/31/17. The top five lenders are listed below:

	<u>Leading Lenders</u>	<u># Loans/%</u>	<u>Loan Amount</u>
1	Academy Mortgage Corporation	1,887 (11.70%)	\$ 354,727,651
2	NOVA Financial & Investment Corp.	1,370 (8.49%)	243,500,086
3	LoanDepot.com, LLC, dba iMortgage	1,073 (6.66%)	187,086,646
4	AmeriFirst Financial, Inc.	949 (5.89%)	168,231,669
5	Fairway Independent Mortgage	866 (5.37%)	163,306,723

Takeaways:

1. The Phoenix & Maricopa County IDAs initiated “**Home in Five Advantage**” as an innovative non-bond mortgage program less than five 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 125 private sector mortgage lending partners.
3. It has enhanced the housing market & economic recovery throughout Phoenix & Maricopa County.
4. It has provided more than \$2.89 billion in mortgage funds and \$100 million in DPA grants.
5. Finally & most importantly, the IDAs’ joint Home in Five Advantage program now has assisted some **16,124 low/mod first-time homebuyer families** in Phoenix & Maricopa County to achieve the American Dream of home ownership...an increase of 1,048 loans (6.4%) in Q2 of 2017!

Item 6



MEMORANDUM

DATE: July 13, 2017

TO: Members, Board of Directors

FROM: Sal Rivera, President, Board of Directors

SUBJECT: President's Report

- A. Community Sponsorship** – The National Council of La Raza (NCLR) held the 2017 annual conference in Phoenix, Arizona on July 8-11, 2017 at the Phoenix Convention Center. This year marked the 49th anniversary of NCLR – as a fitting tribute they returned to the place they were founded: Phoenix, Arizona. The theme of the conference was, *Nuestro Movimiento: Our American Journey*, highlighting the great accomplishments over nearly five decades of work in championing the Latino community in the United States and building a strong and lasting American institution. Speakers of national and international prominence were featured at many of the sessions – more than 4,500 attendees were in attendance coming from across the U.S. and locally.

The annual conference consisted of a youth summit, town halls, workshops, meal events, an evening awards gala, a concert/evening of entertainment and a family expo. Sponsor levels ranged from a high of \$300,000 to levels as low as \$15,000 to \$10,000. National sponsors included: Hyundai, Wells Fargo, Univision, UPS, Bank of America, Comcast NBCUniversal, Ford, Telemundo, Pepsico, AARP, AMGEN, Google, Nissan, Shell Oil, Toyota, MGM Resorts, Walmart, Verizon and Anheuser-Busch to name a few.

The Arizona Community Foundation approached the Phoenix IDA to consider a co-sponsorship of the 2017 Annual Conference for a session and reception NCLR planned entitled: *Charter School Convening*. The sponsorship level was \$45,000 (\$22,500 ea). The session convened 50 education leaders to discuss the most pressing issues facing the Latino community today. NCLR targeted leaders within the Affiliate charter school network that have grappled with quality cultural competency and what it should look like in any charter school serving Latino and English language learners. NCLR will produce a short white paper that identifies and documents key areas of focus that are necessary for any charter or traditional public school to be aware of when serving the needs of Latino and English language learners.

- B. codePHX Initiative** – A soft launch of the codePHX program was recently launched at two locations included in the Year One expansion – Tarver Learning Center and Cholla Public Library offering Little Bytes for ages 4-7 and coderDojo for ages 8-17. In the two weeks following the soft launch, more than 325 (unduplicated) young people have attended one or more sessions. The Burton Barr Library who has had coding programs for more than a year, relaunched their programs using the approved codePHX brand. The official launch of the program to be offered at 12 sites across the city (8 libraries and 4 community centers) is targeted

for early September. We will keep you posted on the locations and dates of launch and press conferences so you are able to participate in these activities.

- C. Three-Year Strategic Plan** – The strategic plan consultant is proceeding with the first phase of the project on schedule. Phase one is the environmental scan and includes individual interviews with Phoenix IDA staff, SWOT analysis and best practices research.
- D. Lend a Hand** – Marisol Federal Credit Union has approved one loan since proceeding with a soft launch of the program. Media launch was conducted on June 27th which included the distribution of a press release, social media outreach and home page articles on partner websites including a home page carousel and news article on the Phoenix IDA website.