

Draft Minutes of the Maricopa HOME Consortium Public Meeting
November 21, 2019
9:30 a.m.

Consortium Members Present:

Marsha Chavez, City of Avondale
Karin Bishop, City of Chandler (Telephonically)
Melanie Dykstra, Town of Gilbert (Telephonically)
Matthew Hess, City of Glendale (Telephonically)
Rachel Milne, Chair, Maricopa County
Jaime Gonzalez, City of Peoria
Michele Payakovich, City of Scottsdale (Telephonically)
Adam Lane, City of Surprise (Telephonically)
Elizabeth Garcia, City of Tempe (Telephonically)

Others Present:

Sandy Lopez, City of Avondale
Mario L. Aniles, HAMC (Telephonically)
Gloria Munoz, HAMC (Telephonically)
Regina Murette, Maricopa County
Carissa Cyr, Maricopa County
Matt Utyro, Maricopa County
Zelia Miranda, Maricopa County (Telephonically)
Ray Thimesch, City of Mesa (Telephonically)
Adriane Clarke, City of Surprise (Telephonically)
Maryna Leyvas, City of Tempe (Telephonically)

1. Call to Order

At 9:35 a.m., Rachel Milne, the Chair, called to order the November 21, 2019 Maricopa HOME Consortium Public Meeting, held in the Roosevelt Room, at 234 North Central Ave., 3rd Floor, Phoenix, Arizona 85004.

2. Roll Call

Regina Murette called the roll and a quorum was established.

3. Approval of Minutes (10/17/19)

Rachel Milne noted the minutes from the last meeting were revised to correct spelling errors. She called for a motion to approve the revised minutes of the October 17, 2019 monthly HOME Consortium Public Meeting. Melanie Dykstra motioned to approve. The motion was seconded by Jaime Gonzalez and passed unanimously.

4. Maricopa Revitalization Project (MRP, LLC) HOME Loan-forgiveness discussion

At the last meeting the Consortium made a decision to require MRP, LLC to pay off their outstanding loan under the false assumption that the Housing Authority of Maricopa County (HAMC) would be able to sell a unit or two in order to pay back the \$570,000 loan. Since then, the Consortium has learned that all 35 of the properties are under a LIHTC (Low Income Housing Tax Credits) LURA (Land Use Restrictive Agreement) for an additional 15 years, set to expire December 31, 2033. Therefore, selling any of the properties is not an option.

HAMC provided a background information sheet to the Consortium with the following suggested action items:

1. Authorize Mesa to amend the HOME Agreement to extend the HOME loan on the MRP Project to match the LIHTC LURA.
2. Authorize Mesa to negotiate the repayment with MRP, LLC to pay the loan from the project's cash flow after operations, replacement reserves, and other cash outflows.

3. The outstanding principal will be due and payable in full within 90 days of the end of the extended use period which is December 31, 2033.
4. Any outstanding interest will be forgiven.

Karin asked if HAMC could include the \$570,000 in the loan they plan to secure for the duplex rehabilitation project. Mario Aniles said that the cash flow and the amount needed for capital improvements and rehabilitation would not support the additional \$570,000 and the lender would not accept those terms. Karin asked if the resources they were using for the duplex prototype would be a viable option to repay the existing HOME loan and what would happen if HAMC discovers additional extraordinary repairs are needed to any of the units. Mario indicated that HAMC is using its own operating funds for the prototype and those funds can only be used as a last resort for unexpected issues and does not leave any room for funds to be used for loan repayment.

Adam Lane clarified that the \$570,000 will ultimately be utilized for 15 additional years of affordable units. Mario indicated that yes, the \$570,000 will continue to be invested in affordable units.

Karin asked that the City of Mesa discuss their plan for future monitoring. Ray Thimesch indicated that the City of Mesa will release the restrictive covenants on the properties since the HOME required Period of Affordability of 15 years has been met. Also, Mesa will extend the timeframe for the Deed of Trust and Promissory Note for an additional 15 years and will execute an Assignment of Beneficial Interest to Maricopa County, allowing the payoff of the loan in 15 years to go directly to the County. Rachel indicated that the County will not be conducting ongoing HOME monitoring of the project since the project has completed the 15 year affordability period.

Elizabeth Garcia clarified that the motion discussed not only requires payback at the completion of the 15 year LURA, but also annual payments via cashflow if available. Gloria Munoz indicated that MRP, LLC will make cashflow payments annually, if available.

Rachel asked the Consortium to consider the forgiveness of the minimal .5% interest. The Consortium determined it would not include the interest forgiveness in their motion.

Karin Bishop made a motion to:

1. Not to recommend forgiveness of the loan or interest
2. Require full payment within 90 days of the end of the LIHTC LURA and require annual payments from cash flow after operations, replacement reserves and other cash outflows
3. Request audited financial statements and project updates annually
4. Request the City of Mesa to execute an Assignment of Beneficial Interest to Maricopa County.

The motion was seconded by Melanie Dykstra and passed unanimously.

Rachel requested that the City of Mesa provide a portfolio of their HOME projects that are still within the HOME affordability period. Ray agreed to present this information at the January Consortium meeting.

5. Update-NCDA Training class-Advanced HOME Underwriting- 20 person minimum

Adriane Clarke shared that the NCDA is awaiting responses from the trainers on the previously proposed dates for training. She will notify Maricopa County once a response is received.

6. Environmental Review-Programmatic Agreement (PA) and Upcoming Training

Matt Utyro informed the Consortium that a consultation meeting will be held on Jan 22, 2020 to discuss the PA. All interested parties will be invited, which is a requirement that must be met prior to obtaining approval from the Advisory Council on Historic Preservation. He expects the process to last from 4 to 6 months, to include final approval and signatures.

The interactive ER training will be held on December 16, 2019 from 9:00 a.m. to 4:00 p.m. The training will include reviewing the CENST process and the CEST process of a single family home rehabilitation.

7. Consortium Member Updates

- Regina Marette announced the CHDO RFP is out and is due December 6, 2019.
- Sandy Lopez of the City of Avondale introduced Marsha Chavez as the new Housing and Community Development Manager for the City of Avondale.

8. Call to Public

The public had no comment.

9. Adjournment

There being no other business, the Chair entertained a motion for adjournment by Jaime Gonzalez and seconded by Marsha Chavez. The motion passed unanimously. The meeting was adjourned at approximately 10:10 a.m. The next scheduled public meeting will be 1/16/2020.

Respectfully submitted,



Zelia Miranda, Recording Secretary

DRAFT