

Meeting Minutes
ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING

Location: In-Person Meeting at CO+HOOTS
221 East Indianola Avenue, Phoenix, Arizona 85012
In the “Classroom”

Date and Time: Thursday, May 16, 2024
3:00 p.m.

Board Members Present (Appearing in Person):

Ken Burns
Robin Romano

Board Members Present (Appearing via Zoom):

David Castillo
Marcel Dabdoub
Andre Whittington (joined the meeting at 3:22 p.m.)

Staff Present (Appearing in Person):

Dirk Swift, Executive Director
Dan Dialessi, Chief Financial Officer
Pat Ray, Cathedral Rock Issuer Services, Bond Program Manager

Meeting Facilitator (Appearing in Person):

Kelly McGuire, Kutak Rock LLP

Presenters (Appearing in Person):

Brandon Kavanagh, Magnum, Wall, Stoops & Warden
Nicole Russel, Hobbs Straus, Dean & Walker LLP
Jarom Prows, Sage Memorial Hospital
Cheryl Thompson, Sage Memorial Hospital

Presenters (Appearing via Zoom/Telephonically):

Matthew Klein, Lincoln Avenue Capital
Sally Schwenn, Gorman & Company
Kenneth Anaeme, Sage Memorial Hospital
Melinda White, Sage Memorial Hospital
Kevin Sturgeon, Roers Companies

Actions:

1. **Call to Order:**

The meeting was called to order by Robin Romano, President of the Board of the Arizona Industrial Development Authority (AZIDA), at 3:02 p.m. Board members Ken Burns and Robin Romano attended in person. Board members David Castillo and Marcel Dabdoub attended via Zoom. Roll was called by Kelly McGuire, as meeting facilitator, and Mr. Whittington was noted as absent. A quorum was declared present. Mr. Whittington then joined the meeting at 3:22 p.m.

2. **Agenda Items Considered:**

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-18 – Authorizing the issuance of Multifamily Housing Bonds (Ironwood Ranch Apartments Project) and Multifamily Housing Notes (Ironwood Ranch Apartments Project) in a combined aggregate principal amount not-to-exceed \$60,000,000, each to be issued in one or more tax-exempt and/or taxable series, for the benefit of Ironwood Ranch Apartments, L.P.

Matthew Klein of Lincoln Avenue Capital (“LAC”) informed the Board that Ironwood Ranch is located in Maricopa, Arizona, and will provide homes for 252 families earning less than 60% of the area median income. LAC intends to close the financing at the end of June. LAC will begin construction in July and the first building is expected to be available for leasing in the fall of 2025. Mr. Klein thanked the Board for their consideration and offered to answer any questions.

Ms. Romano commended LAC for installing solar panels on the carports to help reduce the cost of electricity usage.

Board member **Ken Burns** then motioned to approve Resolution No. 2024-18, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 4 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-19 – Authorizing the issuance of Hospital Revenue Bonds (Navajo Health Foundation – Sage Memorial Hospital, Inc. Project) in an aggregate principal amount not-to-exceed \$80,000,000, in one or more tax-exempt and/or taxable series, for the benefit of Navajo Health Foundation – Sage Memorial Hospital, Inc.

Melinda White, the Chief Executive Officer of Sage Memorial Hospital (“SMH”), thanked the Board members for their consideration. Ms. White shared that construction of the project is currently 80-85% complete and is working to identify substantial completion dates to begin offering services at the new facility. Ms. White introduced Jarom Prows, the facility maintenance director and project manager, and Cheryl Thompson, SMH’s Chief Financial Officer, and offered to answer any questions.

Ms. Romano asked if construction of the hospital is in Phase I of Part A or Part B.

Brandon Kavanaugh, legal counsel for SMH, responded that there is only one phase at this time. He explained there are four buildings within the project, including a multifamily building, a community center with office space, a medical office building, and a 25-bed, critical care hospital. In the original phasing, there was the potential for future additional housing, but Mr. Kavanaugh stated that will not be happening at this time.

Ms Romano asked if there could be future phases there.

Mr. Kavanagh replied there could and those phases would be financed separately.

Mr. Dabdoub asked if the existing hospital building will be repurposed for housing.

Mr. Kavanagh replied that the existing building is a 1950s-era hospital that will be repurposed by SMH. Once the new 25-bed facility is completed, SMH will be better able to determine the best use for the existing building. Mr. Kavanagh explained that the existing building may not necessarily become housing, as there are other areas of the SMH campus outside of the existing hospital and the footprint of the new facility that would work for housing.

Mr. Dabdoub clarified that the existing building is going to be repurposed, but there is no indication right now as to how it will be repurposed.

Mr. Kavanagh said that is correct.

Mr. Castillo then asked about the Arizona Department of Transportation's ("ADOT") additional requirements, the impact of those requirements on costs and how those costs were being managed.

Jarom Prows shared that the SMH feasibility study and traffic assessment reported that SMH is expected to be responsible for 14% of the growth in Ganado. Based on that number, ADOT required SMH to build two traffic lights within roughly 550 feet of each other. Installation of both traffic lights is complete, though the cost was approximately \$6,200,000. During pre-construction pricing, the traffic lights were estimated to cost approximately \$1,200,000. This was an unexpected increase likely due to inflation and the remote location. Because of ADOT's requirements, SMH was required to install both traffic lights, not just the light that serves the SMH campus. The off-campus light is located at State Highways 264 and 191, both major roads through the Navajo Nation. SMH would have preferred to invest the \$6,200,000 into an outpatient dialysis center, which it has the shell space for as part of the originally planned project, but had to stop construction on that space and allocate that money to the traffic lights in order to open the hospital. Mr. Prows explained that SMH plans to build out the dialysis center in the future, but it all depends on planning and budget.

Mr. Castillo asked if the cut backs on the services offered, particularly the dialysis center, will affect the revenue that comes into SMH, either through the 638 contract or otherwise, and, ultimately, SMH's ability to repay its obligations.

Mr. Prows replied that SMH had never included revenues from the dialysis center in projections, so not being able to construct and open it now would not have any impact on whether SMH could pay debt service.

Ms. White thanked Mr. Castillo for the question and explained that SMH currently offers inpatient hemodialysis. If SMH receives any type of reimbursement from the Navajo Nation or ADOT for the second traffic light, they plan to complete the outpatient hemodialysis clinic. SMH is not including hemodialysis in feasibility studies but offering that service is part of SMH's strategic planning. There are a number of other services that SMH has expanded on with construction of the new facilities, primarily in the outpatient area and the specialty area. The new hospital will have a four-bed ICU, labor/delivery and surgery services. The surgery services are a top priority since a number of patients are referred to medical facilities in the Valley and Flagstaff for general and orthopedic surgery. SMH uses purchase preferred care (services referred outside of SMH) data to determine the priority of additional services. Ms. White indicated service volume has increased by approximately 25% over the past year. SMH has been able to serve the community through a mobile unit, by expanding outpatient services, offering inpatient hemodialysis, and utilizing SMH's critical access hospital status.

Mr. Castillo asked for clarification regarding the unexpected costs related to the ADOT requirements. He summarized that while SMH would be reducing the amount of new services offered, their service numbers had grown, and therefore, the budget changes resulting from ADOT's requirements did not affect SMH's pro formas and revenue projections such that it would affect their ability to repay.

Ms. White agreed that was correct.

Ms. Romano then asked for a brief summary of the four active litigation matters disclosed to AZIDA and whether decisions against SMI would have any negative impact on the project.

Mr. Kavanagh introduced Nicole Russell from Hobbs Straus, Dean & Walker LLP, the attorney handling the litigation. He explained the litigation began in October 2021 and relates only to activities at SMH while under the management of the prior executive management team. With Ms. White joining SMH and hiring of the new executive management team, SMH has achieved 80-85% construction success on the project. He further noted that the existing SMH team is very stable and productive and has no tie to the prior litigation. He deferred to Ms. Russell on the timing and status.

Ms. Russell informed the Board that of the four pending litigation actions, three are from the same underlying fact pattern and are not anticipated to have any substantive effects on the project. She then offered to answer any specific questions about the discrete litigation items.

Mr. Kavanagh added that the fourth piece of litigation is actually a SMH suit to recover funds and would be a net positive if SMH prevailed. There are a number of different claims pursuing in excess of \$11,000,000 with possible multipliers.

Ms. Romano indicated her main concern regarding the litigation was whether it would have a negative impact on the ability of the project to move forward or of SMH to repay the bonds.

Mr. Kavanagh said it would not.

Ms. Romano then stated she had reviewed some of the articles provided in the staff report, especially the one from the *Navajo Times*, and wanted to commend SMH's ability to blend traditional and tribal medicine together.

Board member **David Castillo** then motioned to approve Resolution No. 2024-19, as presented. Board member **Ken Burns** seconded the motion.

By a vote of 4 ayes, 0 opposed and 0 abstentions, the motion passed.

Ms. McGuire noted for the record that Mr. Whittington joined the meeting at 3:22 p.m.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-20 – Authorizing the reallocation of carryforward volume cap for the benefit of Villas on McQueen, LLC.

Ms. McGuire noted that volume cap reallocations have been requested from the Board in the past but always in conjunction with final approval of a project. She realized after the fact that the Villas on McQueen reallocation request had been included in board packets without context and, if the Board was amenable, she wanted to provide a quick refresher on the volume cap reallocation process. Ms. McGuire explained that a new statute went into effect in October 2023 permitting carryforward volume cap to be reallocated. She shared that volume cap is the authorization to do a tax-exempt bond deal, not money, and because it is limited, it is a resource. In Arizona, volume cap has historically been tied strictly to a specific project. If financing of the identified project could not be completed, for any number of reasons, that volume cap allocation was lost—there was no way to use it for another project. The new statute allows for an issuer to inform the Arizona Finance Authority that the volume cap is being reallocated to a different project, so long as it is for the same purpose (multifamily has to be used for multifamily, etc.) and with the same issuer as the original award of carryforward cap. The purpose is to be as efficient as possible and ensure not a dollar of volume cap authority is lost. With respect to the action being requested, Gorman & Company (“Gorman”) is the developer of both the Fort Whipple project in Prescott, which was previously granted preliminary approval, and the Villas on McQueen project, a RAD conversion of the City of Chandler public housing, for which AZIDA has already granted final approval. Fort Whipple has carryforward volume cap of \$15,000,000 that expires at the end of 2024. Gorman plans to close Fort Whipple in 2024, but there is a lot of Veterans Affairs interplay on the transaction, which could lead to delays and throw the financing off schedule. Fort Whipple's volume cap will expire December 31, 2024, and there is no leeway on that date or a way to extend its expiration date. Villas on McQueen also has a carryforward volume cap allocation, but it does not expire until December 31, 2025. Consequently, the most efficient and “safest” way to proceed and ensure no volume cap is wasted would be for Villas on McQueen, which will close in June, to use Fort Whipple's expiring volume cap. So the plan is to use Fort

Whipple's reallocated carryforward volume cap and a portion of Villas on McQueen's carryforward volume cap to close Villas on McQueen. Then the remaining portion of the Villas on McQueen carryforward will be reallocated to Fort Whipple when it is ready to close, which again, is expected to be in late 2024. However, by using the reallocation feature now permitted in statute, Gorman reduces the risk of volume cap loss if the Fort Whipple transaction were to slide into January 2025. Ms. McGuire then introduced Sally Schwenn from Gorman, who is working on both transactions, in case the Board wished to be reminded of project details or had additional questions.

Ms. Romano commented that, as there are often delays, by approving the requested reallocation, AZIDA is effectively ensuring both projects can close without losing any volume cap allocations. Ms. McGuire stated that was correct.

Ms. Romano then asked the Board if there were any questions for Ms. Schwenn.

Mr. Burns asked if the approval requested was for both transactions or whether the Fort Whipple reallocation would need to be approved separately.

Ms. McGuire confirmed the Fort Whipple reallocation would be approved at another time.

Mr. Burns then thanked Ms. McGuire for the explanation of the reallocation process.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2024-20, as presented. Board member **Andre Whittington** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-21 – Authorizing preliminary approval of not-to-exceed \$61,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a multifamily qualified residential rental project in Goodyear, Arizona, for the benefit of Roers Companies LLC, on behalf of a yet-to-be-formed tax credit limited liability company or partnership.

Kevin Sturgeon of Roers Companies ("Roers") reminded the Board of Roers' current projects with AZIDA. Solana Villas in Buckeye, Mesa Vista in Casa Grande and Alto Apartments in Maricopa are all currently under construction and making great progress. Roers has started lease up on the Buckeye project and, at just a few weeks in, the project is approximately 25% leased, with over 1,000 prospects. Roers' most recent financing with AZIDA, Sierra on 66 in Flagstaff, a 221-unit project that closed in December 2023, is also moving along really well through the construction process.

Mr. Sturgeon informed the Board that Roers is now seeking preliminary approval for up to \$61,000,000 in multifamily housing revenue bonds for a new construction project to be located in Goodyear, Arizona. The project is expected to be comprised of 204 units all at or below 60% AMI. This project is similar to Roers' other projects, as well as those they plan to bring to Arizona in the future. Various resident amenities that will be offered at the project include a fitness center, pool, playground and dog run. Roers plans to close this transaction in November 2024.

Mr. Sturgeon stated Roers is enjoying a lot of success on its projects with AZIDA and looks forward to continuing the relationship. He then offered to answer any questions.

Mr. Dabdoub asked for clarification on the not-to-exceed amount of bonds being requested.

Mr. Sturgeon confirmed Roers is seeking not-to-exceed \$61,000,000.

Ms. Romano commented that Goodyear is a good area to build lower income housing.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2024-21, as presented. Board member **Ken Burns** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-22 – Authorizing preliminary approval of not-to-exceed \$77,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a multifamily qualified residential rental project, preliminarily referred to as ‘Laveen Village I’, in Phoenix, Arizona, for the benefit of Roers Companies LLC, on behalf of a yet-to-be-formed tax credit limited liability company or partnership.

Kevin Sturgeon informed the Board that Roers is seeking preliminary approval for up to \$77,000,000 for a new construction project in Phoenix, specifically located in the Laveen area. The project is expected to consist of 264 units, all at 60% AMI or below. Indoor and outdoor project amenities will be very similar to Roers’ project in Goodyear. Roers expects to close the transaction in November 2024.

Ms. Romano gave a “thumbs up” to Roers for referring to the Laveen Area Conveyance Channel as “The Ditch.” She has multiple employees working in Laveen and that is exactly what they call the area.

Board member **Ken Burns** then motioned to approve Resolution No. 2024-22, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-23 – Authorizing preliminary approval of not-to-exceed \$62,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a multifamily qualified residential rental project, preliminarily referred to as ‘Laveen Village II’, in Phoenix, Arizona, for the benefit of Roers Companies LLC, on behalf of a yet-to-be-formed tax credit limited liability company or partnership.

Kevin Sturgeon shared with the Board that Roers is also seeking preliminary approval for up to \$62,000,000 for another new construction project in the Laveen area of Phoenix. The project is considered to be phase two of the previously approved project and is expected to consist of 202 units, all at 60% AMI or below, with similar indoor and outdoor amenities. Roers expects to close this transaction in November 2024.

Ms. Romano asked if both phases will be done simultaneously.

Mr. Sturgeon indicated Roers plans to close both transactions at the same time, however, construction would be staggered to allow for more time in the schedule for the second phase, while being cognizant of construction efficiencies related to timing and planning for the lease up process.

Board member **Andre Whittington** then motioned to approve Resolution No. 2024-23, as presented. Board member **Ken Burns** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-24 – Authorizing and approving the creation of the Authority’s Statewide Technical Assistance for Communities (STAC) Program, encumbering \$200,000 for the purpose of funding such program, and authorizing and directing implementation of the program.

The Authority may vote to discuss this matter with the Authority’s attorneys in executive session (which will not be open to the public) pursuant to A.R.S. § 38-431.03(A)(3) to discuss and consider this item. The Authority will reconvene in open session prior to voting on the matter or may defer decision to a later date.

Ms. Romano asked if the Board wants to move to executive session or if she can give a summary of the proposed program.

Ms. McGuire stated the item is noticed for executive session to seek legal advice, but discussion on the program generally would need to be done in open session.

Ms. Romano stated there have been discussions about encumbering a small amount of money to benefit only government bodies to assist with planning and advice on projects for rural areas, although Ms. Romano noted that the resolution as presented does not expressly limit the program to rural areas. The thought process was in furtherance of AZIDA’s goal to be a good partner with AFA and the Greater Arizona Development Authority (“GADA”) and be able to give grant monies to a rural community, like Ajo, Arizona, for instance. Ms. Roman noted, for example, that Ajo may want to build a solar farm on the outskirts of town on some unused city land. In order to do that, Ajo would probably need expertise and advice on strategy. The proposed program would be designed to allow rural Arizona counties, and Maricopa and Pima counties, if appropriate, to be able to think about projects and receive adequate planning advice, which may ultimately lead to a project that perhaps GADA could help fund in the future, though the singular goal of the program would not be project generation for GADA. Ms. Romano noted that the funds cannot be used for any individuals or for any 501(c)(3) organizations and that use of the funds would be restricted. Ms. Romano then asked for questions from Board members.

Mr. Burns stated he would like to understand how AZIDA got to this point with this proposal because he couldn’t recall a discussion before the Board. Mr. Burns questioned whether, if AZIDA has extra funds, the proposed program is where AZIDA should expend them. He also questioned whether establishing the program is the role of AZIDA and that

he doesn't believe it is something AZIDA should consider. He explained that the Arizona Commerce Authority ("ACA") has a \$1,000,000 fund to provide technical assistance to rural communities to help them seek financing to develop plans, though, mostly working with nonprofits and not so much the city governments themselves. Mr. Burns stated that he believes the ACA is more in tune with who should be running these types of programs and that the ACA actually stopped its program a few years ago due to a lack of applicants from the rural communities, which weren't prepared to even take assistance. Mr. Burns reiterated that he does not believe that the program is AZIDA's role as an industrial development authority and does not believe that is where AZIDA should be spending funds if it has extra funds available. Mr. Burns then also questioned whether AZIDA can legally authorize such a program and noted that the Board may need to go into executive session to discuss.

Ms. Romano asked for questions from other Board members.

Mr. Dabdoub asked if, in a situation where AZIDA's mission is not being advanced just because of a lack of awareness or information in the market, whether it would be AZIDA's role to provide the proposed type of assistance in order to further AZIDA's mission.

Ms. Romano shared that she thinks the program falls within AZIDA's mission to create jobs and improve the welfare and health of the citizens of Arizona. She suggested it was possible the ACA found it to be hard to disseminate money out into rural areas and specifically to governments, because many of the small rural areas are run by part-time people who have to do their job and then run the city government. The funds would be set aside to be able to help these communities be able to think about the things that they are going to need in the future. GADA can lend money out to groups, but this program would provide a grant for purposes of thinking and creating and contemplating what projects could be used in their communities. She said there is quite a bit of money coming through the Inflation Reduction Act, specifically for energy and so forth, and some of these communities might be able to benefit from available funds but absolutely have no idea what to do with them. Ms. Romano said she thinks that is part of AZIDA's overall mission, whether or not it comes back to AZIDA as a bond transaction in 10 years, is to benefit these communities and give them the ability to think about and strategize about what is best for their community.

Mr. Whittington agreed with Ms. Romano. He added that, especially in rural parts of the state, because it is tough to do the work there, that part of AZIDA's role is to help with capacity building and ecosystem building. He allowed that creating programs like the one proposed will definitely help, but it may take some time. Mr. Whittington noted that the Board likely wouldn't see traction right away but AZIDA had a role in building that capacity and making sure community leaders knew exactly where to go to get support and training. Program outreach would also allow AZIDA to tap into communities and get a better understanding of their needs to make the process easier.

Ms. Romano added that AZIDA can partner with GADA, now that it has a director to do this kind of work, and she thinks it is positive overall for AZIDA.

Mr. Swift stated that AZIDA had carved out funds to self-fund the Down Payment Assistance program ("DPA") in the past, and noted that the resolution authorizing encumbrance of those funds included parameters for the use of the funds, a timeline,

expiration date, and condition that if the funds were not used for DPA before the expiration date, they would flow back to the Housing Trust Fund as would have otherwise been required by statute.

Ms. Romano indicated AZIDA has the funds to encumber the \$200,000 and is looking for approval to create the program but that some of the more specific details would need further documentation, ideally by December 31, 2024, and of course, specific recipients could not yet be identified.

Ms. McGuire concurred.

Mr. Burns then asked if a gap analysis was done to determine whether there is a gap in providing this type of service across the state and who might already be in this space. Mr. Burns reiterated that he does not believe the program is part of AZIDA's mission, as the full mission statement on the AFA website actually says it is to provide low-cost access to capital and affordable housing for nonprofits and other businesses and to promote and assure job opportunities—basically, the provision of credit is how AZIDA fulfills its mission statement. Mr. Burns stated that the proposed program is jumping ahead to the outcomes of AZIDA's efforts. Mr. Burns noted that AZIDA's focus should be on providing affordable financing to a broad community which will result in jobs and similar things. He said that the program is AZIDA doing economic development, but that there are already many groups doing economic development in the state. Mr. Burns said he doesn't believe that industrial development authorities belong in the economic development business directly. He then asked if a statewide analysis was done to identify available resources. He asked why this is something AZIDA would take on as an organization when it is not specifically tied to providing deal flow to AZIDA, to the DPA, or even to GADA, if it is decided that GADA is also part of what AZIDA is intended to support. Mr. Burns stated that there are already 100 or more economic development organizations across the state doing all kinds of great work, and he is not sure that this is a gap AZIDA needs to fill.

Mr. Castillo disagreed with that characterization. He believes what is being talked about here is rebuilding AZIDA's history. Mr. Castillo said comparing the program against ACA's inability to reach rural areas as a reason why the program might fail is not appropriate. He thinks the proposed program would put AZIDA in a place where it can reach rural communities in an impactful way and do better in terms of generating opportunities for those communities to access resources.

Board member **Ken Burns** motioned to enter into executive session for the purpose of obtaining legal advice from the Authority's attorney, pursuant to A.R.S. § 38-431.03(A)(3). Board member **Andre Whittington** seconded.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Members of the public in attendance were asked to leave the meeting room during the executive session or, if attending via Zoom, were placed in a waiting room. The Board then convened in executive session.

The public was invited back into the meeting room and moved from the Zoom waiting room to regular Zoom access. The meeting was then reconvened in open session at 4:20 p.m.

Ms. Romano stated there has been discussion about potentially encumbering money and having GADA administer a statewide technical assistance program because GADA can lend money, but they cannot grant money. She then asked if GADA would be amenable to administering a grant program if the moneys were encumbered to do so by AZIDA.

Ms. Foote, Executive Director of GADA, replied that GADA would do so.

Ms. Romano asked if those funds would be helpful to GADA in being able to go out and meet with rural communities.

Ms. Foote replied that they would.

Ms. McGuire then asked for clarification of the program goal. She understands it to be providing small amounts of money to different, mostly rural, communities and municipalities to allow them to effectively seek and access more meaningful larger amounts of money.

Ms. Romano replied that was correct. Those smaller communities could also use those funds for strategic planning and conversations about their needs and how to fulfill those needs.

Ms. McGuire asked if this would be prior to approaching GADA for assistance.

Ms. Foote replied yes. She said she had been having a lot of conversations with rural communities and while some have projects ready for GADA financing, there are many projects that still need a little bit of assistance to become project ready. She indicated that when GADA started its technical assistance lending, it was specifically to help rural communities prepare projects to come to GADA for financing. GADA is actively out having conversations with rural communities to understand their needs and plugging them into available support channels.

Mr. Ghelfi added that GADA is already set up on that side of things [inaudible].

Ms. McGuire asked if GADA was statutorily authorized to provide grants.

Ms. Foote said that she would need to review the GADA rules.

Mr. Dialessi suggested using the phrase “technical assistance” rather than grants.

Mr. Ghelfi agreed and stated that AFA can provide grants as well.

Mr. Dialessi added that using the term “grants” can become difficult because there is an overlay or rules and regulations that have to be complied with.

Ms. McGuire agreed.

Ms. Romano added that she did not wish to send money to another organization that might not be able to administer the program for the purpose intended. She further noted that if AZIDA can encumber the funds and have GADA administer the program on behalf of AZIDA, ultimately that may be the best use of the funding. She then asked the Board members if they would be amenable to table this item until the June meeting.

Mr. Dabdoub indicated he would be in favor of tabling and noted that AZIDA would always have a duty to ensure the funds are being applied by whomever is in the best position to apply them.

Ms. Romano agreed.

Mr. Dabdoub further stated that AZIDA must avoid wasting funds and ensure the funds get in the hands of the right entities, groups or organizations. He noted that it didn't really make a difference if GADA is that vehicle, just so the funds get to the entities that can best deploy them.

Ms. Romano and Mr. Whittington agreed with Mr. Dabdoub.

Board member **Marcel Dabdoub** then motioned to table Resolution No. 2024-24, as presented. Board member **Andre Whittington** seconded the motion.

By a vote of 4 ayes, 0 opposed and Mr. Burns abstaining, the motion passed.

3. **Adoption of Minutes of the April 18, 2024, AZIDA Board Meeting**

Board member **Ken Burns** moved to adopt the minutes of the April 18, 2024, AZIDA Board Meeting. Board member **Andre Whittington** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

4. **Discussion; No Board Action – “Arizona is Home” Mortgage Revenue Bond Program**

Dirk Swift reminded the Board of his email communication regarding staff reports. Upon deeper review of open meeting laws, legal staff had determined that a general summary/update from AZIDA staff cannot include discussions with the Board or Board feedback. Instead, to allow Board discussion and feedback, the topics to be covered in a “Staff report” need to be specifically identified on the meeting agenda.

Mr. Swift shared with the Board that the “Arizona is Home” mortgage revenue bond program has a pipeline of 53 loans, totaling just over \$14,000,00. To date, the average loan size is \$270,000. Mr. Swift noted that staff had anticipated an average of \$300,000, so it's a little less than expected, which means the program should have a broader reach in helping people. So far, a majority of the incoming loans that are active and in the pipeline are from Pinal, Yuma and Cochise counties. There are a few hits from other counties, but those loans haven't made it through the process yet. Because there is funding from the Housing Trust Fund (“HTF”), loans made under AZIDA's single family mortgage program can only be made to borrowers earning at or below 80% of the AMIs for their area. AMI limits

change every year, and surprisingly, in three counties, the limits have dropped dramatically. Mr. Swift has delivered the data to the Governor's Office and the Department of Housing so they can determine the AMI limits to use going forward to continue to comply with the HTF requirements. He added that in 10 of the 13 counties, the limits went up. He will brief the Board once there is a final determination as to which AMI limits to use.

Ms. Romano asked which three counties saw their AMIs go down.

Mr. Swift answered that they were Coconino, Cochise and Yuma counties, which, unfortunately, are 24% of the program's business so far. Mr. Swift further shared that the AMI in Cochise county not only went down, but went down by \$15,000, which he has never seen. Mr. Swift noted that he had never seen AMIs move so significantly and, frankly, was surprised to see upward movement in a few counties of \$2,000-3,000. There have been years where the AMIs have moved \$200, and it wasn't worth adjusting documentation to reflect the new AMIs. Mr. Swift reiterated that he is waiting for direction from the State with respect to homeowner income limits because the program needs to remain compliant with the HTF rules.

Mr. Swift then provided an update on the bond financing for the program and noted that the process is well under way and the bonds have received a Moody's rating, the preliminary official statement has been posted along with the investor roadshow presentation, and a pricing analysis has been done and a marketing period identified. The feedback from the syndicate of underwriters has been good and all assumptions have been solid, such that the program hasn't had to move off targeted loan rates so far. The bond financing working group is taking a conservative approach and rates have been maintained despite the markets doing what they are. The bonds will be offered Monday or Tuesday.

Ms. McGuire noted the bond closing is scheduled for June 20th.

Mr. Swift noted that it would be before the end of the fiscal year and is moving along well. He shared that some of the other industrial development authorities came out with a similar product earlier in the year which originated faster than the AZIDA program is currently tracking, however the other industrial development authorities have a higher income limit not being restricted to 80% AMI. Mr. Swift explained that, as a result, slower originations under AZIDA's program was expected, but thought the pace has been really quite good. All in all, with the exception of the little curveball of income limits going down, things have been pretty good.

5. **Call to the Public**

Ms. McGuire announced a call to the public for comments.

No members of the public appeared in person or by telephone to comment.

6. **Announcements**

Ms. Romano announced that the next meeting of the Arizona Industrial Development Authority is scheduled to be held on Thursday, June 20, 2024, in the same location, at 3:00

p.m., but noted that people should consult the AZIDA website for any changes to meeting details.

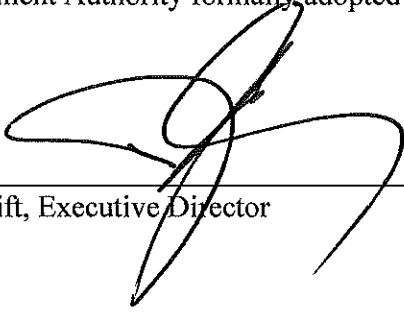
7. **Adjournment**

Board member **Marcel Dabdoub** motioned for adjournment of the AZIDA Board Meeting at 4:31 p.m. Board member **Ken Burns** seconded.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

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Approval: The undersigned hereby certifies that the Board of Directors of the Arizona Industrial Development Authority formally adopted these Minutes on the date shown below.



Dirk Swift, Executive Director

June 20, 2024

Date of Board Action