Meeting Minutes

ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING

Location: In-Person Meeting at Regus
2025 N. 3rd Street, Suite B300, Room 336, Phoenix, Arizona 85004

Date and Time: Thursday, November 6, 2025
3:00 p.m.

Board Members Present (Appearing in Person):
Ken Burns
Robin Romano

Board Members Present (Appearing via Zoom/Telephonically):
Marcel Dabdoub
Andre Whittington

Board Members Absent:
David Castillo (with prior notice)

Staff Present (Appearing in Person):
Dirk Swift, Executive Director
Dan Dialessi, Chief Financial Officer
Carson Folk, Conduit Bond Business Development Officer
Pat Ray, Conduit Bond Program Manager
Sierra Belisle, Kutak Rock LLP, Legal Counsel

Staff Present (Appearing via Zoom/Telephonically):
Deaun Hampton, Operations and Administrative Coordinator
Dongyan Jones, Accountant

Meeting Facilitator (Appearing in Person):
Kelly McGuire, Kutak Rock LLP

Presenters (Appearing in Person):
Carlos Liz, Dominium Inc.
Jacob Berger, Dominium Inc.

Presenters (Appearing via Zoom/Telephonically):
Robert Phillips, Smith Brighton Inc.
Peter Schroeder, Roers Companies
Jason Rastegar, The Wolff Company, LLC
Max Friedman, Banyan Interests LLC
Brandon Delk, Pedcor Investments

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 3:00 p.m. Board members Ken Burns and Robin Romano attended in person. Board members Marcel Dabdoub and Andre Whittington attended via Zoom. Roll was called by Kelly McGuire, as meeting facilitator. David Castillo was noted as absent, having previously informed Ms. Romano that he would be unable to attend. A quorum was declared present. Ms. Romano asked the Board members if they had any conflicts related to the items on the agenda. No Board member declared a conflict.

2. **Agenda Items Considered:**

Presentation, Discussion & Adoption
Approval of Resolution No. 2025-37 – Authorizing final approval of the issuance of not-to-exceed $145,000,000 of Multifamily Housing Revenue Bonds (The Verge at Ballpark Village Project), and Multifamily Housing Revenue Notes (The Verge at Ballpark Village Project), and authorizing the reallocation of carryforward volume cap, for the benefit of Goodyear Leased Housing Associates IV, Limited Partnership.

Carlos Liz of Dominium Inc. ("Dominium") presented the project to the Board. Mr. Liz noted The Verge at Ballpark Village is a new construction project located in Goodyear near Lower Buckeye Parkway and Bullard Avenue. The development will include 400 units serving families and individuals at or below 60% of the area median income ("AMI").

Ms. Romano noted the Board has seen this project a few times and asked if anyone had questions.

Mr. Dabdoub asked if Dominium is seeing costs being affected by tariffs, and if costs are stabilizing, coming down or continuing to go up. Mr. Dabdoub noted he loved the price per unit on The Verge project and all would benefit from learning how Dominium was able to achieve that.

Mr. Liz responded that prices are definitely higher, but Dominium is expecting costs to start coming down a little bit. On The Verge project specifically, it was helpful for Dominium to mix up the units. There are more one- and two-bedroom units than normally included, lowering the overall square footage, which helped Dominium get to a lower per unit construction price.

Mr. Dabdoub then asked if the change in unit mix matches up with Dominium's lease up projections in terms of demand for more one-bedroom and studio units.

Mr. Liz said Dominium is seeing a lot of two-, three-, and four-bedroom units coming onto the market, especially in Goodyear. Dominium wanted to offer more one- and two-bedroom units to provide more workforce housing especially, and still provide some three- and four-bedroom units for larger families.

Mr. Dabdoub said he understood and thanked Mr. Liz for his explanation.

Board member **Ken Burns** then motioned to approve Resolution No. 2025-37, as presented. Board member **Marcel Dabdoub** seconded the motion.

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

<u>*Presentation, Discussion & Adoption*</u>
Approval of Resolution No. 2025-38 – Authorizing final approval of the issuance of not-to-exceed $27,000,000 of Economic Development Revenue Obligations (Zenith STAR Project), for the benefit of Smith Brighton Inc.

Robert Phillips, the president of Smith Brighton Inc. ("SBI"), addressed the Board. He reminded the Board that SBI is based in Meridian, Idaho, and the project (public roads/infrastructure) benefits a mixed-use retail center and sees heavy commercial use being located on the corner of State Highway 69 and Lake Hazel in South Meridian. It is a growing area in need of infrastructure, mainly roads. Mr. Phillips explained the bonds are specifically part of Idaho's Sales Tax Anticipated Revenue ("STAR") Program. A large retailer is going into the commercial site and SBI is currently marketing to additional retailers for the site. The sales tax generated from retailer revenues will result in rebates under the STAR program that will repay the bonds. The STAR program was used to finance the Linder Village project bond-financed by AZIDA a few years ago. All the bond proceeds will be used specifically for roads and public infrastructure, not on-site developer costs. Mr. Phillips added there is a benefit to Arizona in that pecan, citrus and cotton crops are shipped to Idaho.

Mr. Phillips noted that, more significantly, a Scottsdale-based company is involved in one of SBI's other sites, so there is interaction with Arizona. SBI is looking at a couple other Arizona-based retailers, and they have one letter of intent from an Arizona-based company for this project. Mr. Phillips added that the STAR agreement with the Idaho Department of Transportation and the Ada County Highway District is fully approved and was included in the Board packet materials along with the budgeting documents, the financing documents related to the repayment structure and all the legal documents. He then offered to answer any questions.

Mr. Burns noted the project had been first presented to the Board recently and he remembered it very well.

Mr. Dabdoub agreed the project looked pretty straightforward.

Ms. Romano agreed that the project was straightforward, and she appreciated the plug for Arizona's citrus, pecans and cotton. She added that, as discussed when the project was first considered by the Board, Arizona trucks to drive up to Idaho.

Mr. Dabdoub then asked if the bonds would be serviced by the one retailer SBI has under contract or if the bonds are serviced by the totality of the retail expected over a period of time.

Mr. Phillips said SBI believes the one retailer can service the bonds by themselves, but the plan is for the sales tax from all the retailers to support repayment of the bonds. Current projections show the sales tax from one retailer would be sufficient to cover debt service, but there will be more retailers in the center.

Mr. Dabdoub noted that was great.

Board member **Andre Whittington** then motioned to approve Resolution No. 2025-38, as presented. Board member **Marcel Dabdoub** seconded the motion.

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

Ms. Romano noted the rest of the projects to be considered are preliminary approvals and five of them are for new construction projects in Buckeye. She added she understands they may not all receive volume cap at the same time, but it is possible that they all could or, they could receive volume cap within six months to a year of each other. Ms. Romano asked the representatives of the applicable projects to help the Board understand more about the viability of the projects since over 1,300 units could be coming online within months of each other. She added that, when possible, the Board would consider multiple requests from the same developer in a single presentation and motion.

Presentation, Discussion & Adoption
Approval of Resolution No. 2025-39 – Authorizing preliminary approval of not-to-exceed $73,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a qualified residential rental project in Buckeye, Arizona, for the benefit of Buckeye Leased Housing Associates V, LLLP;

Presentation, Discussion & Adoption
Approval of Resolution No. 2025-40 – Authorizing preliminary approval of not-to-exceed $64,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a qualified residential rental project in Buckeye, Arizona, for the benefit of Buckeye Leased Housing Associates VI, LLLP;

Presentation, Discussion & Adoption
Approval of Resolution No. 2025-41 – Authorizing preliminary approval of not-to-exceed $68,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a qualified residential rental project in Avondale, Arizona, for the benefit of Avondale Leased Housing Associates I, LLLP;

and

Presentation, Discussion & Adoption
Approval of Resolution No. 2025-42 – Authorizing preliminary approval of not-to-exceed $76,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a qualified residential rental project in Tolleson, Arizona, for the benefit of Tolleson Leased Housing Associates III, LLLP.

Agenda items 3, 4, 5 and 6 (considering Resolution Nos. 2025-39, 2025-40, 2025-41 and 2025-42) are all requests for preliminary approval from Dominium of the issuance of

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multifamily housing revenue bonds, notes or other obligations to finance qualified residential rental projects and were considered together.

Jacob Berger presented Dominium's four projects to the Board. The first project is seeking approval of not-to-exceed $73 million to develop 385 units located at the southwest corner of South Miller Road and West Broadway Road. The property is zoned for multifamily and will include a mix of two-, three- and four-bedroom units. Mr. Berger noted he doesn't know where the other non-Dominium Buckeye projects are located, but Dominium owns an existing multifamily housing community about two miles south of this project and it is 95% occupied. That project is really well-run and well-maintained. Even though this project is close to an existing property with a high occupancy rate, Dominium feels confident in the demand for that area.

Mr. Berger added that Buckeye is falling out of difficult development area ("DDA") status starting in 2026, and Dominium doesn't see a lot of new low-income housing tax credits ("LIHTC") coming online in the foreseeable future with the loss of the designation. He noted Buckeye has seen a lot of growth, roughly 4.5%, over the last five years. That said, Goodyear is approximately 640 square miles and is roughly 10% built out as of today – so there is a lot of room to grow.

Ms. Romano recalled the Buckeye land grab from many years ago and said it would be difficult to build the entire area out.

Mr. Berger agreed and noted Dominium is still seeing demand, especially with median home prices around $400,000 – it's definitely not a cheap area to buy a home.

Ms. Romano confirmed that the projects for Resolution Nos. 2024-39 and 2025-40 are going to be adjacent to each other.

Mr. Berger said that was correct. They are in the same location but two separate projects.

Mr. Berger then presented the next project for not-to-exceed $64 million for 306 units of general occupancy to be located at the southwest corner of South Miller Road and West Broadway Road in Buckeye. The property is zoned for multifamily and will include a mix of two-, three- and four-bedroom units, as well as walk-up and build-to-rent/townhome-style ("BTR") products, all for residents at 60% AMI. He added it's nice to have an option for a backyard, depending on the type of livability a resident may desire.

The next project Mr. Berger presented is for not-to-exceed $68 million for 291 units of BTR product to be located near Dysart and Van Burn in Avondale. The property is general occupancy for residents at 60% AMI and Dominium is expecting a lot of families at this community. The community will consist of 146 three-bedroom and 145 four-bedroom units.

The final project Mr. Berger presented is for not-to-exceed $76 million to finance 323 units located near 99th and Washington in Tolleson. The property will include a mix of two-, three- and four-bedroom units for residents at 60% AMI.

Ms. Romano noted that it appears Dominium acquired a whole swath of property in Buckeye and whoever was responsible for purchasing the land did a good job.

Mr. Burns added that it looks like there is a product at every exit off I-10.

Ms. Romano agreed and asked if there was anything else Mr. Berger would like to present.

Mr. Berger indicated that was all he had on the four projects and offered to answer any questions.

Mr. Dabdoub asked about the anticipated absorption/lease-up per month.

Mr. Berger asked which property Mr. Dabdoub was referring to.

Mr. Dabdoub clarified that he was referring to the properties in Buckeye, generally.

Mr. Berger responded that Dominium is showing a lease up period of around six months for those units, so a little bit longer that Dominium's average to lease up. However, he added the benefit with those properties is Dominium will be able to do a phased turnover. So as the buildings and units are completed, Dominium can start pre-leasing and getting heads in beds so residents can move in earlier. Mr. Berger added that even though it's a longer lease up timeline, some of those projects can start turning over buildings earlier than when lease-up doesn't start until an entire project is complete. It just depends on the product type, size and amount of parking available for residents.

Mr. Dabdoub asked for the total number of units in the Buckeye applications.

Mr. Berger responded 385 and 306.

Ms. Romano noted that totaled 691 units.

Mr. Dabdoub clarified that the lease up would be over a period of six months.

Mr. Berger explained he would have to double check, but he believes Dominium could start turning over buildings between six and nine months. Preleasing could occur as the buildings are turned over. Dominium could start phasing over buildings and pockets of the property over six to nine phases, working around the site, depending on location and site configuration.

Mr. Dabdoub noted this is a preliminary approval, but before final approval, it would be good to get a sense of what the lease-up strategy is to see what the impact is going to be on the housing market in that area. He added bringing a certain number of units online within a short period of time, with an absorption rate of over 100 units a month, is pretty aggressive, but he is good moving forward with preliminary approval.

Ms. Romano noted, looking at the Buckeye properties, the cost had gone up from one project to the other and wondered if it is because of the change in design, with some of the units having little grassy areas.

Mr. Berger confirmed the projects offer different product types. Both are a mix of BTR and walk-up, but some are heavier with BTR units. BTR projects are usually more expensive on a per unit basis, so generally the cost difference depends on whether the property is heavier on the BTR product or a walk-up or garden-style product.

Ms. Romano suspected as much, but since she is not a developer, she needs to ask those questions.

Mr. Dabdoub noted he didn't see the average cost per unit in the packet.

Ms. Romano responded that information was inadvertently omitted from the packet, but Mr. Swift emailed the information to the Board members that morning.

Mr. Swift confirmed he emailed a summary of the cost per unit for each property.

Board member **Ken Burns** then motioned to approve Resolution Nos. 2025-39, 2025-40, 2025-41 and 2025-42, as presented. Board member **Andre Whittington** seconded the motion.

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

Presentation, Discussion & Adoption
Approval of Resolution No. 2025-43 – Authorizing preliminary approval of not-to-exceed $62,500,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a qualified residential rental project in Apache Junction, Arizona, for the benefit of IH Apache Junction Apartments Owner LLC;

and

Presentation, Discussion & Adoption
Approval of Resolution No. 2025-44 – Authorizing preliminary approval of not-to-exceed $35,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a qualified residential rental project in Buckeye, Arizona, for the benefit of IH Buckeye Apartments Owner LLC.

Agenda items 7 and 8 (considering Resolution Nos. 2025-43 and 2025-44) were both requests for preliminary approval from Roers Companies ("Roers") for the issuance of multifamily housing revenue bonds, notes or other obligations to finance qualified residential rental projects and were considered together.

Peter Schroeder of Roers presented the projects to the Board. The Apache Junction project consists of 300 units located on the northeast corner of North Idaho Road and East Junction Street in Apache Junction, just south of City Hall. It will offer one-, two-, three- and four-bedroom units, all for residents at 60% AMI. Mr. Schroeder noted there is not a lot of existing affordable housing in this area specifically, and while going through predevelopment public hearings, two residents of Apache Junction voiced their support because affordable housing is urgently needed. Public support is great to see. He added that like Roers' last few projects, they will be utilizing solar, and because of that Roers will include an owner pay-all utility structure to lessen the utility cost burden on renters. Mr. Schroeder noted amenities will be similar to Roers' past projects in Arizona and include a dog run, pool, club room, fitness center, playground, laundry center, and much more. Roers is currently going through the site plan approval process and permitting and is looking to break ground in late spring of next year.

Mr. Schroeder then turned to the Buckeye project, which will be comprised of 168 units located on the southeast corner of Miller Road and East Irwin Avenue in Buckeye, a couple from blocks from Roers' existing Buckeye multifamily housing community, Solana Villas, which opened late 2024. Solana Villas has been a great performer and is 100% occupied, which is part of the reason Roers is pursuing a second project in Buckeye. Mr. Schroeder expanded on Mr. Berger's point, that with the area falling out of a DDA, Roers' mindset is: yes, there might be some supply coming online in the next couple of years, but even though it is falling out of the DDA designation, there is enough current demand and anticipated growth in the area such that Roers' doesn't see an issue with absorption. Mr. Schroeder added that like Dominium, Roers will also be doing a phased occupancy and is expecting about 20 units a month from final completion. Similar to the Apache Junction project, the Buckeye community will have a mix of one-, two-, three- and four-bedroom units, along with solar and the owner-pay-all utility structure, as well as the same community amenities. Both projects are on relatively the same timeline and Roers plans to break ground on both in early summer of 2026, once all permits in hand. He then offered to answer any questions.

Ms. Romano thanked Mr. Schroeder for that summary as asked if there were any questions.

Mr. Dabdoub said he had no questions, and he liked the costs, and that they were including solar.

Ms. Romano agreed solar is great and even though Roers isn't getting tax credits, they are doing solar, which she applauded.

Mr. Whittington said he particularly likes the location of the Apache Junction project.

Mr. Burns noted it is on the way to Canyon Lake and he is happy to see the area grow.

Ms. Romano is an "east sider" and really appreciates a project located north of U.S. 60, because so few projects are built there. The Apache Junction project is basically an infill project within Apache Junction. She offered kudos to Roers for that, since it is definitely needed. She was happy to hear local residents were supportive of the project.

Board member **Marcel Dabdoub** then motioned to approve Resolution Nos. 2025-43 and 2025-44, as presented. Board member **Andre Whittington** seconded the motion.

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

Ms. Romano then thanked everyone for presenting detailed information and for answering the Board's questions about the Buckeye area.

<u>*Presentation, Discussion & Adoption*</u>
Approval of Resolution No. 2025-45 – Authorizing preliminary approval of not-to-exceed $92,500,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a qualified residential rental project in Buckeye, Arizona, for the benefit of a tax credit limited liability company or partnership to be formed by The Wolff Company, LLC.

Jason Rastegar of The Wolff Company, LLC ("Wolff""), addressed the Board. He shared that the Monte Verde project will be located in Buckeye. The project will deliver approximately 276 units of low-income housing for families in a three-story garden, walk-up style project, consisting of one- and two-bedroom units, similar to the projects previously presented during this meeting. Mr. Rastegar added that Wolff also believes that Buckeye is rapidly growing in the West Valley, and Wolff has already had two meetings with the city about the project and the city has expressed strong support for it because it is part of the Monte Verde master plan. This project will be the first multifamily community within that master plan, located across from a high school, and will be the catalyst for retail growing adjacent to the site as well as other offsite improvements in the area. Mr. Rastegar acknowledged the concern about having five new projects in Buckeye and said it was correctly noted that Buckeye is losing its qualified census tract ("QCT") and DDA status in 2026, and Wolff is inducing this project to preserve that status. He noted there will be a large number of units delivered to this market, and the other Buckeye projects may start construction in 2026, but this project is targeted to begin construction in summer of 2027 so the number of units delivered to this market will be staggered.

Ms. Romano said that was a good point and asked if there were any other questions.

Mr. Dabdoub said that he would love to see a timeline of the lease ups for the various projects coming online in Buckeye as he is concerned about the overall impact on the housing market in the area. He understands the units will be staggered, and acknowledged Buckeye will be losing its DDA status, but he believes AZIDA needs awareness as to exactly how many units are coming online at a given time period, either monthly or quarterly.

Ms. Romano said that was a fair request and asked AZIDA staff for that information before final approval.

Ms. McGuire added that calendar year 2026 volume cap will be oversubscribed again, unfortunately, and the chances that all the Buckeye projects slotted for next year get volume cap is not high.

Ms. Romano agreed and added that AZIDA has no control over volume cap and would love to see changes in that process. She then thanked Mr. Rastegar for a very good presentation.

Board member **Andre Whittington** then motioned to approve Resolution No. 2025-45, as presented. Board member **Ken Burns** seconded the motion.

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

Presentation, Discussion & Adoption
Approval of Resolution No. 2025-46 – Authorizing preliminary approval of not-to-exceed $28,500,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a qualified residential rental project in Phoenix, Arizona, for the benefit of a tax credit limited liability company or partnership to be formed by Banyan Interests LLC;

and

<u>Presentation, Discussion & Adoption</u>
Approval of Resolution No. 2025-47 – Authorizing preliminary approval of not-to-exceed $26,500,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a qualified residential rental project in Apache Junction, Arizona, for the benefit of a tax credit limited liability company or partnership to be formed by Banyan Interests LLC.

Agenda items 10 and 11 (considering Resolution Nos. 2025-46 and 2025-47) were both requests for preliminary approval from Banyan Interests LLC ("Banyan") for the issuance of multifamily housing revenue bonds, notes or other obligations to finance qualified residential rental projects, one in Phoenix and one in Apache Junction, and were considered together.

Max Friedman of Banyan thanked the Board for the opportunity to present and noted it was Banyan's first time before the Board. He presented an aerial view of the Phoenix site as well as the site plan and explained the Van Buren project is centrally located in Phoenix, just north of the airport on Van Buren and along the light rail corridor. Banyan is planning to develop 166 units at this property in two, four-story mirrored buildings. Each building has an elevator supported by surface parking and a central clubhouse and leasing area where most of the project amenities are centered. The project will include a mix of one-, two-, three- and four-bedroom units with a full suite of amenities to include a fitness center, open park space for residents, and a dog run. Mr. Friedman added that Banyan conservatively sized their bond requests on both the Van Buren and Apache Junction projects to be sensitive to the volume cap issues in the state.

Ms. Romano said it looks like a nice layout and she loves a good infill project that meets the needs of an area that desperately needs housing. She noted there has been some work in the area but not as far down as Banyan's location, and with easy access to the light rail, this is a good location for this type of project. Ms. Romano said she thought the information presented was very good and liked the per-unit costs.

Mr. Friedman thanked Ms. Romano and added Banyan is excited about the project. Banyan has developed a lot in central Phoenix, really likes the market, and is excited to be able to provide an affordable solution in the area.

Mr. Burns added that it's great to see something near downtown that is affordable and urged Banyan to keep going with new residential projects downtown, since nobody can afford to live there.

Ms. Romano added this would be a great location for the people that work at Sky Harbor. She then asked if there were any more question about the Van Burn project. Seeing none she asked Mr. Friedman to move to his next presentation.

Mr. Friedman then presented a site plan of the Apache Junction project. The project will be located in central Apache Junction, north of U.S. 60 and west of Apache Trail. Banyan is planning to develop 152 units at this property in a two-story product. Mr. Friedman noted that Banyan met with the city of Apache Junction a number of times to discuss the project, and they initially contemplated a taller development that would allow a bit more density on the site. The city wanted to see something that meshed more closely with the property's adjacent neighbors, so Banyan reduced the height of the project, which will now be built in a series of six, two-story buildings. He added the primary entrance will be on Renick Drive, with a secondary entrance off of Virginia Street, and similar to the Van Buren site, the Apache Junction property will have a similar amenity package, including a primary leasing office, clubhouse, pool, and fitness center. Mr. Friedman said the project will be surrounded by the other building structures that front the street and is supported by surface parking. Also similar to the Van Buren project, there will be a mix of one-, two-, three- and four-bedroom units to try and differentiate the product offering and provide a host of solutions to residents looking for options in the market.

Ms. Romano asked who Banyan thinks will lease in this particular area, given Apache Junction's predominant love of snowbirds.

Mr. Friedman said Banyan believes there is a central pool of folks in terms of commuting patterns from Apache Junction to various places of work in Tempe and Mesa, that may also include the university, and those who do not want to commute from the West Valley to those central work hubs.

Ms. Romano said it will be interesting to see who would lease out there since Apache Junction has a very eclectic population.

Mr. Friedman responded that, fortunately with this type of build and the size of the project being fairly small, Banyan will be turning buildings over sequentially. The largest building has 40 units and will be turned over in phases over time, which allows Banyan to lease up the property more efficiently than leasing up a single building containing all units.

Mr. Dabdoub added AZIDA is really supportive of infill projects, and these are two great projects. The fact Banyan is able to do an infill project at these costs is pretty great.

Board member **Ken Burns** then motioned to approve Resolution Nos. 2025-46 and 2025-47, as presented. Board member **Marcel Dabdoub** seconded the motion.

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

<u>*Presentation, Discussion & Adoption*</u>
Approval of Resolution No. 2025-48 – Authorizing preliminary approval of not-to-exceed $40,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued to finance a qualified residential rental project in Buckeye, Arizona, for the benefit of Pedcor Investments-2025-CCXVII, L.P.

Brandon Delk of Pedcor Investments ("Pedcor") addressed the Board. He began by explaining that CCXVII means the 217th partnership Pedcor has formed since 1987. He jokingly noted that all of his Buckeye thunder has been stolen in the earlier presentations, but much like the Dominium, Pedcor is a large national developer of affordable housing, vertically integrated with in-house property management and construction. Mr. Delk noted that Pedcor is based out of Indianapolis, and this is their first project with AZIDA, and he thanked the Board for the opportunity. He explained the project was originally designed as a market rate deal, but Pedcor picked it up with a site plan already approved by the City of Buckeye, purchased the property and flipped it to affordable housing. Pedcor has gone through a bit of a redesign with the city, but they've been very supportive of the project and the fact that Pedcor is making it an affordable housing development. Mr. Delk said the project with consist of 204 units, with a mix of 14 studios, 64 one-bedroom, 100 two-bedroom, and 26 three-bedroom units. He noted that like the other presenters before him indicated, Buckeye is falling off the DDA list in 2026, and he heard a couple of questions about the timeline, and wanted to share two points of interest that could elongate timeline in which some of the supply would come online in terms of it not all hitting at once: (1) preservation of the DDA status is good for two years, and (2) once the buildings are placed in service, the developer has two years to initiate them for credit purposes. Pedcor is estimating 20 units per month in terms of a lease up, and typically sees 15 to 20 per month in most of our competitive metropolitan statistical areas so it's no different here. Mr. Delk added that it is no secret that as Taiwan Semiconductor Manufacturing Company ("TSMC") and other employers complete their projects, there is going to be a much higher demand for workforce housing across the Valley, in particular the West Valley, so there are no concerns from Pedcor's perspective in terms of overall demand and an elongated delivery timeline and natural staggering of some of the projects. He noted the site is located off I-10 and Watson, a very convenient project location, and because the project is in the Sundance planned area development, it has a guaranteed water supply, which is a key factor in Pedcor's selection of the site.

Ms. Romano agreed that is it a nice property and thanked Mr. Delk for his presentation.

Mr. Dabdoub indicated he didn't have any questions.

Mr. Whittington agreed the project is straightforward.

Mr. Burns said it's important to note that AZIDA loves TSMC, but he wanted to give a shout out to Amcor's newly announced $7 billion project in Peoria, so there is another big employer coming to the west side with more to come.

Ms. Romano said that was great news and added she was very much appreciative of all the presenters who answered questions about the Buckeye area.

Board member **Andre Whittington** then motioned to approve Resolution No. 2025-48, as presented. Board member **Marcel Dabdoub** seconded the motion.

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

3. **<u>Presentation and Discussion; No Board Action – Recycling Volume Cap</u>**

Carson Folk, the Authority's Conduit Bond Business Development Officer, gave a presentation on recycling volume cap. He shared it is a really exciting topic that is being talked about throughout the country right now, mainly due to the changes in the One Big Beautiful Bill ("H.R. 1") passed this summer. Mr. Folk explained that 4% LIHTC projects require a portion of the aggregate basis, which is the eligible basis plus land, to be financed with tax-exempt private activity bonds. As a result of the passage of H.R. 1, starting January 1, 2026, the percent that needs to be financed by new private activity bonds will be 25%, down from 50%. For instance, if a project had $20 million in aggregate basis, developers were having to request at least $10 million to meet the 50% test, but now a developer will only need to request $5 million.

Ms. Romano said that means volume cap can be used for more projects, presumably.

Mr. Folk agreed and mentioned he'd be going into that a little more later in the presentation. He then shared a U.S. map marked to reflect the states in which volume cap is oversubscribed as of April 1, 2025, one of which was Arizona. Currently, 23 out of the 50 states are oversubscribed, and Arizona has been oversubscribed since 2024. In 2025, Arizona had about $985 million in volume cap available on January 2nd, 40% of which is required to be set aside for the first quarter of the year for allocation to residential rental projects – almost $400 million. On January 2, however, there were over $1 billion of requests for residential rental volume cap alone. What has been happening with the 50% test was projects for which the long-term amount of debt that could be supported was less than the 50% were required to request enough cap to meet the 50% test so the project would qualify for tax credits. So, they'd use enough volume cap to meet the 50% test by using short term bonds that would be redeemed or paid down when the construction loan converted to perm – something called "bond burning." Now with the 25% test going into effect, developers typically request a little bit of a buffer, maybe 27.5% to 30% of their aggregate basis, but most of the deals can support beyond that. So, if they can support 35% to 45% of their aggregate basis in long-term debt, there currently is not any statute that is limiting the amount of cap a developer can request. Some states have a ceiling of maybe 30% to 35%. In Arizona, the amount of cap requested is the amount of cap allocated if a developer wins the volume cap lottery in January.

Mr. Swift added even though to obtain low-income housing tax credits, they only need 25%.

Mr. Folk agreed.

Both Ms. Romano and Mr. Swift noted that developers have been asking for more than what is absolutely necessary, at times.

Mr. Folk noted that the goal now is to incentivize developers to not only ask less, because of the lowering of the 50% test to 25%, but to reduce bond burning when projects only request the higher amount of bonds to meet that test and then redeem the "excess" at conversion to long term financing.

Mr. Folk added the goal is to maximize volume cap and get as many projects new volume cap in 2026 as possible. He again raised the question as to how AZIDA could incentivize projects to request a lower amount. He believes the answer is recycled volume cap. When short-term bond redemptions are happening on projects that have already closed and converting to permanent financing, at the time they redeem those bonds and pay them down, there is a window within which the volume cap used to issue the bonds being redeemed can be "recycled" and used for other multifamily projects – through a reissuance under the Code. Using recycled cap would allow projects to use additional tax-exempt financing and enjoy the lower rate, but not consume as much of the "new" volume cap. The key is that for purposes of the 50% test, and now 25% test, only bonds issued with "new" volume cap count toward satisfying the test. But a developer's cost of a project hasn't changed, even if the test has. To maximize new volume cap and allow developers to finance at the lowest possible borrowing cost, it might go like this – if a project can support 40% debt, the developer requests 27.5% of the aggregate basis in new volume cap to meet the 25% test, and then fills the gap using recycled volume cap for the remainder. The project can still get the benefit of a tax-exempt rate without digging in further to the new volume cap.

Mr. Swift said that if he takes 40% and needs 30%, there is an extra 10%, which is effectively just being tossed aside now. Through a recycling program, that extra 10% can be used almost like a 1031 exchange, almost like a manipulation to keep that volume cap available.

Ms. Romano asked whether the same person uses it or whether it goes into a bucket and can be distributed to somebody else?

Mr. Folk responded that recycled cap doesn't have to be used by the same developer. He added that staff is currently working to determine how to prioritize reallocation of recycled volume cap, but for the purposes of this presentation, he just wanted to demonstrate the overall concept.

Mr. Burns mentioned talking to our friends at the Arizona Finance Authority ("AFA").

Mr. Folk responded that he has had discussions with Mr. Ghelfi about the program.

Ms. Romano said she was a little confused about that and asked how AZIDA would make that determination.

Ms. McGuire explained that once AFA has awarded the volume cap, AFA has done what the IRS asked them to do – administer the "new" volume cap available to the state each year. In the recycling scenario, now it's a couple of years later, and it is available through redemption of AZIDA bonds, but it never goes back to AFA or returns to the "new" status. Only AZIDA is following redemptions of its bonds, so AZIDA can use it to reissue to benefit another project.

Mr. Folk noted AZIDA has the authority to reissue.

Mr. Burns asked if the recycle only happens within the issuer.

Mr. Folk responded AZIDA has the first right to the redemption.

Mr. Burns said that is where it falls in AZIDA's authority.

Mr. Folk added that when the 50% test was in effect, recycling didn't matter because developers were already requesting more than their supportable permanent debt because they needed to meet that 50% test. Now with the requirement at 25%, if you want to maximize cap and you still want to be able to get a full tax-exempt financing for as much debt as you can support, recycling can fill that gap and still maximize the new volume cap that is being allocated by AFA.

Mr. Swift reiterated the goal: to keep as much volume cap available as possible. But to do that, AZIDA has to set up the stage for the multifamily developers, so they have an idea what the plan for recycling volume cap looks like. If they have confidence in the recycling plan, they have a reason to request less new volume cap, because they know they'll still be able to finance the rest on a tax-exempt basis using recycled cap. One aspect of many recycling programs, however, is that there needs to be a credit facility to carry the cost of paying the redeemed bonds until the cap is redeployed to the new deal. So, there could be a cost of carry on that credit facility, and the developers using that recycled volume cap are going to have to cover the carry. So, there's a waterfall that we're working through as it relates to who gets first bite, who gets second bite, etc., how it all falls out. But there is a financial incentive to not take as much up front, and they have to make sure they do this right because they're going to have to cover the carry. There are only about four states right now doing recycling for multifamily. Colorado is one of them, but Arizona is not.

Mr. Folk added that recycling volume cap programs are going to expand rapidly now.

Mr. Swift agreed and noted it is a big conversation in the industry, and AZIDA staff is trying to get ahead of it. What staff is doing today is present the Board with a high-level understanding of the concepts and goals, so AZIDA can provide enough of a structure so that the developers know now what it would look like in 9 to 18 months, but then use that time to finalize the granular details.

Ms. Romano asked if the 25% comes online in 2026.

Mr. Swift said that was correct.

Ms. Romano noted we have volume cap games starting in January, and that's going to be under the 25% rules, but we don't have rules for recycling yet.

Mr. Folk responded that the rules staff will suggest for AZIDA recycling are in draft format and they are working on getting those established so that when developers submit their volume cap requests on January 2nd, they will know the guidelines that need to be met to access recycled volume cap.

Ms. Romano asked if staff would have the rules ready for the December meeting.

Mr. Swift said the recycling volume cap guidelines were supposed to be presented at this meeting, but the agenda was too long. He stated that he was confident they will be ready for the December 11th meeting.

Ms. Romano asked if this would go through the legal to ensure Ms. McGuire doesn't get hives.

Mr. Swift responded the Ms. McGuire has been involved in the conversations on recycling over the past four months so it's not the first conversation.

Mr. Dialessi noted that agencies across the country are already utilizing recycled volume cap programs.

Mr. Swift agreed, though it's more often used in the single-family space, and added that the plan is being discussed with AZIDA's stakeholders.

Ms. Romano said she and the other Board members are "dot your Is, cross your Ts" kind of people.

Mr. Swift assured the Board that others have been brought into the discussion, like the Department of Housing and the AFA, etc. so staff is not operating in a vacuum. Mr. Swift noted that it would be inefficient for each of the industrial development authorities develop its own program, so staff is also trying to figure out a way that the program can be scalable so that AZIDA may be able to assist other IDAs.

Mr. Folk said his estimates show there is going to be, in the next 2-1/2 years, $600 million of redeemed short-term bonds that could be recycled into new projects. So, if it doesn't get recycled, that recycled volume cap disappears.

Ms. Romano said she understands that part and asked that if AZIDA gets to make the determination of how it's going to deal with recycled volume cap and confirmed that AZIDA would not make that determination for the other IDAs, they would make their own rules.

Mr. Swift agreed that is true. But AZIDA could set up the program with the goal of being able to best serve its clients. For example, if AZIDA set up a recycling program and Dominium has a project financed by the Phoenix IDA, when the project converted and bonds were going to be redeemed, that is potentially making recycled volume cap available to be used for another project. If AZIDA had a program, we might be able to assist. We wouldn't necessarily require them to come back to AZIDA. We would see if we can facilitate that recycling effort, all while Dominium maintains their presence with the Phoenix IDA.

Mr. Folk added in such a scenario, because recycled cap can go between issuers, Phoenix IDA would potentially delegate their authority to have that recycled cap used for an AZIDA deal, or vice versa, but that using cap across issuers is down the road. First, Mr. Folk wants to focus on an AZIDA-specific program.

Ms. Romano said she agreed and thinks we need to make the rules for Arizona.

Mr. Folk agreed.

Mr. Swift added we're trying to be good stewards of volume cap for the benefit of the state.

Ms. Romano said AZIDA should work out the details so the others can also see the benefit.

Mr. Dabdoub added he thinks it's great AZIDA is getting ahead of this and commended staff, as the recycling tool is valuable.

Mr. Folk noted that even if AZIDA can preserve $40-$50 million of new volume cap by substituting it with recycled cap, that could be two more projects that would get volume cap.

Mr. Dabdoub agreed it is a meaningful amount.

Ms. Romano concurred and said there are several projects given preliminary approval today that were small and could be completed using the available new volume cap.

Mr. Swift reiterated that the presentation was just to communicate to the Board what staff is working on while all the parties are together. There is no commitment to the program or a credit facility yet, but again, we need to have it structured enough that our multifamily developers understand what it looks like or what it could look like in 8 to 9 months.

Mr. Folk added his goal is to have the guidelines the Board is asking for by the December 11th meeting for review.

Mr. Swift noted they are close and thanked the Board.

Mr. Swift noted that the recycling presentation is part of the Board package so the members can go through it in detail prior to the December meeting if they'd like.

Mr. Folk added that Arizona is sixth in the country right now in private activity multifamily issuances. There are a lot of private activity bonds being issued on the multifamily side.

Mr. Burns noted that the states with more issuances are bigger than Arizona.

Mr. Swift shared he had heard recently that Arizona is expecting an influx of close to a million new people in the next 10 years. Arizona doesn't have the infrastructure for that – water, electricity, housing, etc., so unless we stay at the forefront a little bit, we're going to have great jobs out here, but nowhere for anyone to live.

Mr. Burns said it all has to come together.

Ms. Romano agreed and added Arizona needs modernization and needs housing.

To wrap up, Mr. Swift noted staff wanted to make sure the Board was aware of what is being cooked up.

Ms. Romano expressed her appreciate and that of the whole Board.

4. **<u>Presentation and Discussion; No Board Action – Financial Report</u>**

Dan Dialessi, the Authority's Chief Financial Officer, presented the Q1 FY2025 Financial Report to the Board.

Ms. Romano noted the balance sheet looks good and suggested Mr. Dialessi start with the income statement since that is what the Board members care about.

Mr. Swift added this presentation complies with informing the Board of AZIDA's financial position at the end of each quarter.

Mr. Dialessi shared that the audited financials are almost done and are awaiting release by the auditors. He noted the profits and losses are doing well this quarter. Mr. Dialessi reminded the Board that the busy flow of closings for the conduit bond program is seasonal and mostly based on the timing of when volume cap expires. There will be some projects closing this quarter. Then there is a huge pipeline of projects, including what the Board approved today, but most of those need volume cap. That revenue is unknown because we don't know which projects will receive volume cap and will close in the first quarter of the calendar year.

Mr. Burns commented that he looks at numbers all day long, but without a comparison, it's hard to gauge AZIDA's financial position. He knows the budget is done yearly instead of month-to-month, but suggested a comparison between the same quarter for each year to see how AZIDA is trending.

Mr. Dialessi responded he could provide that comparison.

Mr. Burns noted revenue is more than expenses and he understands that is good, but would like to know how good it is compared to past years.

Ms. Romano agreed it was a fair point, the Board wants to be able to look at results from quarter to quarter and year to year, which should be easy to do with 2024.

Mr. Burns added that AZIDA has a good financial position, so he appreciates the report.

Mr. Dialessi noted that the profit and loss information is split by program, and he would probably have to do it in a sort of monolithic way to do it by timeline.

Ms. Romano suggested another column could be added to the right and Ms. Jones should be able to do that.

Mr. Dialessi noted that the extra column would just show totals.

Ms. Romano agreed the Board just needs totals – they're looking for Q1 vs. Q1 just to see how we're measuring up.

Mr. Swift then noted that the single family down-payment assistance side has picked up and the flow is getting better.

Ms. Romano agreed.

Mr. Burns said the improvement is hard to see as the numbers are presented.

Mr. Dialessi noted the mortgage revenue bond program is leveraged – there AZIDA is borrowing and slowly developing that sort of equity piece in the indenture. Then AZIDA takes that capital to fund the second liens to put the DPA in place, and it's tough to see a profit initially because AZIDA is just starting to invest in it.

Mr. Romano added it is hard to see it initially because it takes time for that interest income to generate.

Mr. Dialessi said the spread is built in.

Ms. Romano continued to her point that it takes a while for $1,000 to generate income.

Mr. Dialessi noted that as the program builds and gets larger, the spread stays the same in terms of basis points, but it's more monthly and so it becomes more self-sustaining. Mr. Dialessi then discussed the total income and total expenses to date for the fiscal year.

Mr. Dialessi then discussed the conduit bond issuance revenue for fiscal year 2026 compared to fiscal year 2025 to show the seasonality and noted the conduit bond program is again following along a similar kind of build-up. Mr. Dialessi stated he was hopeful to see a lot of conduit bond transactions close by December.

Ms. Romano added she remembers how busy November and December were last year.

Mr. Dialessi agreed and noted the single-family production presentation is broken out by the two different programs showing the pattern over months and quarters.

Ms. Romano noted the fabulous production on the first-time homebuyers' program and added staff did a good job with that program.

Mr. Dialessi thanked Ms. Romano and asked if there were any questions.

Ms. Romano said she is crossing all her fingers that delinquency rates remain low for that program.

Mr. Swift added that one of the reasons AZIDA changed master servicers was because of their servicing and collection efforts.

Ms. Romano added that, as one of the two lenders in this meeting, she anticipates delinquency rates getting worse.

Mr. Dialessi noted that because the Arizona Is Home program is so focused on rural communities, it's such a more diversified bit of the state than if we were just doing it population weighted, because we could go anywhere. So, we won't catch the same, quite the same regional problems.

Ms. Romano said she hopes that is true and thanked Mr. Dialessi and Ms. Jones for a lovely presentation.

Mr. Dabdoub also expressed his thanks.

5. **<u>Discussion and Possible Board Action – Contract Terms of a Third-Party Origination Agreement</u>**

Ms. McGuire began by noting that if the topic of compensation or other specific contract terms related to the negotiation of a third-party origination agreement is discussed, the Board may go into executive session. She then turned the discussion over to Mr. Swift to begin the general conversation regarding the agreement.

Mr. Swift explained this is a continuation of previous conversations about the conduit revenue bond channel. At the June meeting, the Board gave the authorization to either bring the business development position in-house or look to an outside contract. He reminded the Board that subsequently, AZIDA brought Mr. Folk on board with his background in multifamily housing from the Department of Housing. As conversations continued, there was discussion of the idea to have a third-party contractor bringing AZIDA business too, not necessarily an either/or but more of an either/and – the option to bring on an in-house person and a contract with a third party if beneficial. In the information provided to the Board is a result of the Board's previous conversations, conversations with Pat Ray and his company, Cathedral Rock Issuer Services ("CRIS"), as well as the work and suggestions of staff. Mr. Swift added that during the previous presentation the Board approved the payout terms and parameters that were acceptable to work within. Mr. Swift believes they have worked out a structure under which a third party can bring business to AZIDA and AZIDA can track how that's going to be identified and credited. Mr. Swift added that the tracking and credit part was personally very important to him because he spent 30 years in the private sector managing salespeople, and if you have salespeople in similar markets, crediting origination can be a mess if the process is not set up carefully. So, those two ends of the spectrum on the go forward and the payout for a third-party originator are established. Today's conversation is about the existing pipeline following expiration of the contract with CRIS on October 13th.

Board member **Robin Romano** motioned to enter into executive session for the purpose of consulting with AZIDA's attorneys in order to consider the Board's position and instruct AZIDA's attorneys regarding the third-party origination contract under negotiation, pursuant to A.R.S. § 38-431.03(A)(3) and/or (4). Board member **Marcel Dabdoub** seconded.

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

Ms. Romano noted that members of the public in attendance in person had left the room and those participating via Zoom were moved to a separate Zoom room. The open session was recessed, and the executive session was convened.

The public meeting was reconvened at 4:41 p.m.

Board member **Marcel Dabdoub** motioned to authorize the Executive Director and AZIDA's attorneys to finalize the third-party origination agreement within the contract parameters as directed in the November 6, 2025, executive session. Board member **Andre Whittington** seconded.

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

6. **Adoption of Minutes of the September 18, 2025, AZIDA Regular Board Meeting**

Board member **Ken Burns** moved to adopt the minutes of the September 18, 2025, AZIDA regular board meeting. Board member **Andre Whittington** seconded the motion.

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

7. **Call to the Public**

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

Mr. Ray requested to speak. Mr. Ray, with CRIS, explained there had been a discussion in the lobby during the executive session about the volume cap recycling program and it brought to mind a comment he'd like to make. He noted one of the things the Board should take into consideration is that recycling and giving up volume cap is sometimes a function of interest rates. When interest rates are high, that is, the gap between taxable and tax-exempt rates is large, people want to use tax-exempt bonds. In that environment, developers don't "burn" their bonds; they use all they can because the lower rate/borrowing cost makes a difference. If they have a $50 million project, they want $50 million in bonds. It has nothing to do with the 4% rules on how much you have to have to meet a test. So, it's not always going to be that people are giving away their cap for recycling, so that's one thing. The other thing he wanted to say, and Ms. McGuire won't say this because she's so modest, is that Kutak Rock's tax department created the concept of recycling private activity bonds. The best program in the country right now is the Colorado Housing and Finance Authority recycling program, and it was created by the Kutak Rock tax department in Denver. So, you've got the best law firm working for you to help you with your recycling program and you should take some comfort in that.

Ms. Romano said that was an excellent comment and good to know. She added that most of life is driven by interest rates as all of us in the Phoenix market who have interest rates on our mortgages below 3% are not moving. Which goes directly to his point. She thanked Mr. Ray for a very nice comment.

8. **Announcements**

Ms. Romano announced that the next regular meeting of the Arizona Industrial Development Authority is scheduled to be held in person on Thursday, December 11, 2025, at 3:00 p.m., but noted that people should consult the AZIDA website for any changes to meeting details.

9. **Adjournment**

Board member **Marcel Dabdoub** motioned for adjournment of the AZIDA Board meeting at 4:45 p.m. Board member **Andre Whittington** seconded.

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

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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

December 11, 2025

Date of Board Action